Berlin KGI A/S

Gl. Torv 2, 1. 4., DK-5800 Nyborg

Annual Report for 1 January - 31 December 2021

CVR No 31 17 10 83

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 23/5 2022

Jesper Kim Pedersen
Chairman of the General Meeting

Contents

Management’s Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Berlin KGI A/S for the financial year 1 January - 31 December 2021.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 31 December 2021 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2021.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Nyborg, 9 May 2022

Executive Board

Jesper Kim Pedersen

Board of Directors

Søren Krarup Chairman	Brian Djernes	Niels Peter Nielsen
Torben Hjort Friderichsen	Lars Melchior Kongsted Kjeldsen	

Independent Auditor’s Report

To the Shareholder of Berlin KGI A/S

Opinion
In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2021 and of the results of the Group’s and the Parent Company’s operations and of consolidated cash flows for the financial year 1 January - 31 December 2021 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Berlin KGI A/S for the financial year 1 January - 31 December 2021, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows (”the Financial Statements”).

Basis for Opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the ”Auditor’s responsibilities for the audit of the Financial Statements” section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management’s Review
Management is responsible for Management’s Review.

Our opinion on the Financial Statements does not cover Management’s Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management’s Review and, in doing so, consider whether Management’s Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management’s Review provides the information required under the Danish Financials Statements Act.

Based on the work we have performed, in our view, Management’s Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management’s Review.

Independent Auditor's Report

Management's responsibilities for the Financial Statements
Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Group or the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Odense, 9 May 2022
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Line Hedam statsautoriseret revisor mne27768	Brian Petersen statsautoriseret revisor mne33722

Company Information

The Company	Berlin KGI A/S Gl. Torv 2, 1. 4. DK-5800 Nyborg CVR No: 31 17 10 83 Financial period: 1 January - 31 December Municipality of reg. office: Nyborg
Board of Directors	Søren Krarup, Chairman Brian Djernes Niels Peter Nielsen Torben Hjort Friderichsen Lars Melchior Kongsted Kjeldsen
Executive Board	Jesper Kim Pedersen
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Munkebjergvænget 1, 3. og 4. sal DK-5230 Odense M

Financial Highlights

Seen over a five-year period, the development of the Group is described by the following financial highlights:

	Group				
	2021	2020	2019	2018	2017
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Revenue	69,210	66,620	64,393	58,493	55,580
Gross profit/loss	175,306	222,184	182,363	141,075	274,928
Operating profit/loss	163,957	213,777	173,732	133,784	269,540
Profit/loss before financial income and expenses	163,957	213,777	173,732	133,784	269,540
Net financials	-3,785	-4,727	-4,847	-4,947	-6,011
Net profit/loss for the year	134,009	176,622	142,581	107,842	216,563
Balance sheet					
Balance sheet total	1,699,791	1,528,384	1,343,731	1,177,553	1,041,150
Equity	814,600	792,456	636,053	511,028	419,622
Cash flows					
Cash flows from:					
- operating activities	35,989	35,990	33,930	393	32,784
- investing activities	-39,286	-19,681	-32,502	-45,160	-28,269
including investment in property, plant and equipment	-23,892	-19,350	-32,502	-45,160	-28,269
- financing activities	18,023	-16,890	1,849	40,221	5,031
Change in cash and cash equivalents for the year	14,726	-581	3,277	-4,546	9,546
Number of employees	25	23	22	21	19
Ratios					
Gross margin	253.3%	333.5%	283.2%	241.2%	494.7%
Profit margin	236.9%	320.9%	269.8%	228.7%	485.0%
Return on assets	9.6%	14.0%	12.9%	11.4%	25.9%
Solvency ratio	47.9%	51.8%	47.3%	43.4%	40.3%
Return on equity	16.7%	24.7%	24.9%	23.2%	103.2%

Management's Review

Primary activities

The purpose and activities of the Company are investment in rental properties, primarily residential properties, located in and around Berlin as well as related activities. The investments are made through German companies.

Development in the year

The Group's profit for the year amounts to DKK 160,172 thousand before tax and DKK 134,009 thousand after tax. The profit excl. value adjustment of investment properties is considered satisfactory and in line with the expectations for the year. The profit for the year is positively affected by a value adjustment of the investment properties of DKK 117,790 thousand.

Equity incl. minority interests amounts to DKK 814,601 thousand at 31 December 2021 compared to a consolidated balance sheet total of DKK 1,699,791 thousand.

Outlook

Net revenue in 2022 is expected to increase by 5-10% as a result of expected rent adjustment. Profit in 2022 before value adjustment of properties, tax and Minority interests is expected to increase by 1-2%.

Particular risks

The Company and the Group are affected by the interest development and the general development on the property market in Berlin.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

The continued Coronavirus pandemic has not and is not expected to have significant impact on the Group's financial statement, as the Group's revenue is primarily rental income from residential property.

The added market uncertainties i.a. as a result of rising energy prices, requirements due to climate change and the crisis in Ukraine have been subsumed in the valuation of investment properties based on best estimates.

Income Statement 1 January - 31 December

	Note	Group		Parent Company	
		2021	2020	2021	2020
		TDKK	TDKK	TDKK	TDKK
Revenue		**69,210**	**66,620**	**0**	**0**
Value adjustments of assets held for investment		117,790	166,153	0	0
Property costs		-7,964	-3,759	0	0
Other external expenses		-3,730	-6,830	-918	-248
Gross profit/loss		**175,306**	**222,184**	**-918**	**-248**
Staff expenses	1	-11,208	-8,185	-3,865	-3,949
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	2	-141	-222	0	0
Profit/loss before financial income and expenses		**163,957**	**213,777**	**-4,783**	**-4,197**
Income from investments in subsidiaries		0	0	138,346	181,069
Income from investments in associates		54	-336	70	-336
Financial income	3	36	19	479	536
Financial expenses		-3,875	-4,410	-103	-450
Profit/loss before tax		**160,172**	**209,050**	**134,009**	**176,622**
Tax on profit/loss for the year	4	-26,163	-32,428	0	0
Net profit/loss for the year		**134,009**	**176,622**	**134,009**	**176,622**

Balance Sheet 31 December

Assets

		Group		Parent Company	
	Note	2021	2020	2021	2020
		TDKK	TDKK	TDKK	TDKK
Investment properties	6	1,616,869	1,476,273	0	0
Other fixtures and fittings, tools and equipment	5	618	233	0	0
Property, plant and equipment		**1,617,487**	**1,476,506**	**0**	**0**
Investments in subsidiaries	7	0	0	794,146	694,735
Investments in associates	8	15,543	250	165	250
Other investments	9	387	388	0	0
Deposits	9	10,862	10,183	0	0
Other receivables	9	858	839	858	839
Fixed asset investments		**27,650**	**11,660**	**795,169**	**695,824**
Fixed assets		**1,645,137**	**1,488,166**	**795,169**	**695,824**
Raw materials and consumables		189	231	0	0
Inventories		**189**	**231**	**0**	**0**
Trade receivables		3,430	3,927	0	0
Receivables from group enterprises		0	0	17,191	95,232
Receivables from associates		657	1,053	657	1,053
Other receivables		2,984	1,487	441	280
Prepayments	10	44	853	0	0
Receivables		**7,115**	**7,320**	**18,289**	**96,565**
Cash at bank and in hand		**47,350**	**32,667**	**1,587**	**852**
Currents assets		**54,654**	**40,218**	**19,876**	**97,417**
Assets		**1,699,791**	**1,528,384**	**815,045**	**793,241**

Balance Sheet 31 December

Liabilities and equity

	Note	Group 2021	Group 2020	Parent Company 2021	Parent Company 2020
		TDKK	TDKK	TDKK	TDKK
Share capital	11	4,197	4,444	4,197	4,444
Reserve for net revaluation under the equity method		0	0	789,620	690,140
Reserve for exchange rate conversion		-2,706	-2,441	0	0
Retained earnings		793,089	754,879	763	62,297
Proposed dividend for the year		20,000	35,556	20,000	35,556
Equity attributable to shareholders of the Parent Company		**814,580**	**792,438**	**814,580**	**792,437**
Minority interests		20	18	0	0
Equity		**814,600**	**792,456**	**814,580**	**792,437**
Provision for deferred tax	13	172,246	151,368	0	0
Provisions		**172,246**	**151,368**	**0**	**0**
Mortgage loans		415,985	544,904	0	0
Deposits		10,874	10,195	0	0
Long-term debt	14	**426,859**	**555,099**	**0**	**0**
Mortgage loans	14	270,971	12,649	0	0
Trade payables		3,682	2,256	99	38
Corporation tax		4,877	2,239	0	0
Other payables		4,229	7,237	366	766
Deferred income	15	2,327	5,080	0	0
Short-term debt		**286,086**	**29,461**	**465**	**804**
Debt		**712,945**	**584,560**	**465**	**804**
Liabilities and equity		**1,699,791**	**1,528,384**	**815,045**	**793,241**

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Statement of Changes in Equity

Group

	Share capital	Reserve for net revaluation under the equity method	Reserve for exchange rate conversion	Retained earnings	Proposed dividend for the year	Equity excl. minority interests	Minority interests	Total
	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	4,444	0	-2,441	754,880	35,556	792,439	18	792,457
Exchange adjustments	0	0	-265	0	0	-265	0	-265
Cash capital reduction	-247	0	0	-75,798	0	-76,045	0	-76,045
Ordinary dividend paid	0	0	0	0	-35,556	-35,556	0	-35,556
Net profit/loss for the year	0	0	0	114,007	20,000	134,007	2	134,009
Equity at 31 December	**4,197**	**0**	**-2,706**	**793,089**	**20,000**	**814,580**	**20**	**814,600**

Parent Company

	Share capital	Reserve for net revaluation under the equity method	Reserve for exchange rate conversion	Retained earnings	Proposed dividend for the year	Equity excl. minority interests	Minority interests	Total
Equity at 1 January	4,444	690,140	0	62,297	35,556	792,437	0	792,437
Exchange adjustments	0	-265	0	0	0	-265	0	-265
Cash capital reduction	-247	0	0	-75,798	0	-76,045	0	-76,045
Ordinary dividend paid	0	0	0	0	-35,556	-35,556	0	-35,556
Net profit/loss for the year	0	99,745	0	14,264	20,000	134,009	0	134,009
Equity at 31 December	**4,197**	**789,620**	**0**	**763**	**20,000**	**814,580**	**0**	**814,580**

Cash Flow Statement 1 January - 31 December

	Note	Group 2021 TDKK	Group 2020 TDKK
Profit before financial income and expenses		163,957	213,779
Adjustments	16	-117,649	-165,931
Change in working capital	17	-3,934	-3,901
Cash flows from operating activities before financial income and expenses		**42,374**	**43,947**
Financial income		36	19
Financial expenses		-3,874	-4,410
Cash flows from ordinary activities		**38,536**	**39,556**
Corporation tax paid		-2,547	-3,566
Cash flows from operating activities		**35,989**	**35,990**
Purchase of property, plant and equipment		-23,892	-19,350
Acquisition etc. of financial assets		-15,394	-331
Cash flows from investing activities		**-39,286**	**-19,681**
Repayment of mortgage loans		-12,641	-133,426
Raising of mortgage loans		142,265	134,314
Cash capital reduction		-76,045	0
Dividend paid		-35,556	-17,778
Cash flows from financing activities		**18,023**	**-16,890**
Change in cash and cash equivalents		**14,726**	**-581**
Cash and cash equivalents at 1 January		32,667	32,868
Exchange adjustment of current asset investments		-43	380
Cash and cash equivalents at 31 December		**47,350**	**32,667**
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		47,350	32,667
Cash and cash equivalents at 31 December		**47,350**	**32,667**

Notes to the Financial Statements

	Group		Parent Company	
	2021	2020	2021	2020
	TDKK	TDKK	TDKK	TDKK

1 Staff expenses

	2021	2020	2021	2020
Wages and salaries	9,973	7,634	3,844	3,912
Pensions	486	308	0	0
Other social security expenses	556	366	21	31
Other staff expenses	193	-123	0	6
	11,208	**8,185**	**3,865**	**3,949**
Remuneration to the Executive Board and Board of Directors	**1,227**	**1,086**	**826**	**1,086**
Average number of employees	**25**	**23**	**3**	**5**

2 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment

	2021	2020	2021	2020
Depreciation of property, plant and equipment	141	222	0	0
	141	**222**	**0**	**0**

3 Financial income

	2021	2020	2021	2020
Interest received from group enterprises	0	0	479	536
Interest received from associates	28	12	0	0
Other financial income	8	7	0	0
	36	**19**	**479**	**536**

Notes to the Financial Statements

4 Tax on profit/loss for the year

	Group		Parent Company	
	2021	2020	2021	2020
	TDKK	TDKK	TDKK	TDKK
Current tax for the year	5,185	5,358	0	0
Deferred tax for the year	20,937	28,861	0	0
Adjustment of tax concerning previous years	41	-1,791	0	0
	26,163	**32,428**	**0**	**0**

5 Property, plant and equipment

Group

	Other fixtures and fittings, tools and equipment
	TDKK
Cost at 1 January	1,495
Additions for the year	526
Cost at 31 December	2,021
Impairment losses and depreciation at 1 January	1,262
Depreciation for the year	141
Impairment losses and depreciation at 31 December	1,403
Carrying amount at 31 December	**618**

Notes to the Financial Statements

6 Assets measured at fair value

	Group
	Investment pro-perties
	TDKK
Cost at 1 January	716,740
Exchange adjustment	-270
Additions for the year	23,366
Cost at 31 December	739,836
Value adjustments at 1 January	759,533
Exchange adjustment	-290
Revaluations for the year	117,790
Value adjustments at 31 December	877,033
Carrying amount at 31 December	**1,616,869**

Assumptions underlying the determination of fair value of investment properties

As described in the accounting policies, the Group's investment properties are measured at fair value based on external assessments and management estimates. Management's estimate is based on a rate-of-return model. An external valuer has assisted in the assessment of the properties at a total fair value of DKK 265m. For other properties totaling DKK 1.352m the fair value has been calculated by management based on previous years valuation by external valuer, key figures from the external assessments and managements own current estimate which are based on three calculated reference values on each property. The calculated reference values lie within a span of DKK 17m (2020: 4m).

Building projects in progress is added to cost, or the recoverable amount, if lower.

The Group has divided a number of properties into condominiums in 2021. No condominiums have been sold, and the properties are treated as investment properties until the time, when the Group intends to sell individual condominiums. The costs related to creation of condominiums have been added to the cost of the properties.

Return on the total property portfolio amounts to an average of 3.9% (2020: 3.69%), with an average price factor of 21,6 times the annual rent (2020: 22,7), and an average market price of DKK 20.123 per m 2 (2020: 18.614 per m 2). If the market price was calculated using an alternative rate of return of 4,0% the fair value would amount to 1.577m instead.

All the Group's 18 properties are situated in or around Berlin and are primarily residential properties. Vacancy level for the portfolio is low.

Notes to the Financial Statements

	Parent Company	
	2021	2020
	TDKK	TDKK
7 Investments in subsidiaries		
Cost at 1 January	3,880	3,880
Cost at 31 December	3,880	3,880
Value adjustments at 1 January	690,855	512,226
Exchange adjustment	-265	-2,440
Net profit/loss for the year	138,346	181,069
Dividend to the Parent Company	-38,670	0
Value adjustments at 31 December	790,266	690,855
Carrying amount at 31 December	**794,146**	**694,735**

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Corporate form	Votes and ownership
Berlin KGI GmbH	Germany, Berlin	GmbH	100%

Berlin KGI GmbH owns shares in 8 German subsidiaries. The Share of ownership amounts from 94% to 100%.

Disclosures on subsidiaries have been omitted in accordance with S. 97a of the Danish Financial Statements Act.

	Group		Parent Company	
	2021	2020	2021	2020
	TDKK	TDKK	TDKK	TDKK
8 Investments in associates				
Cost at 1 January	808	558	808	558
Additions for the year	15,394	250	0	250
Cost at 31 December	16,202	808	808	808

Notes to the Financial Statements

8 Investments in associates (continued)

	Group 2021	Group 2020	Parent Company 2021	Parent Company 2020
	TDKK	TDKK	TDKK	TDKK
Value adjustments at 1 January	-713	-377	-713	-377
Net profit/loss for the year	54	-336	70	-336
Value adjustments at 31 December	-659	-713	-643	-713
Equity investments with negative net asset value amortised over receivables	0	155	0	155
Carrying amount at 31 December	**15,543**	**250**	**165**	**250**

Investments in associates are specified as follows:

Name	Place of registered office	Corporate form	Votes and ownership
REK Berlin Home Service GmbH	Germany, Berlin	GmbH	30%
REMH ApS	Nyborg	ApS	25%
EBH KGI Verwaltungs GmbH	Germany, Berlin	GmbH	40%
EBH KGI 2021 GmbH & Co. Beteilungs KG	Germany, Berlin	GmbH	40%

9 Other fixed asset investments

	Group			Parent Company
	Other investments	Deposits	Other receiv-ables	Other receiv-ables
	TDKK	TDKK	TDKK	TDKK
Cost at 1 January	388	10,183	839	839
Exchange adjustment	-1	0	0	0
Additions for the year	0	679	19	19
Cost at 31 December	387	10,862	858	858
Carrying amount at 31 December	**387**	**10,862**	**858**	**858**

Notes to the Financial Statements

10 Prepayments

Prepayments consist of prepaid expenses.

11 Share capital

The share capital is broken down as follow:

	Nominal value
	TDKK
A-shares	3,753
B-shares	444
	4,197

The share capital has developed as follows:

	2021	2020	2019	2018	2017
	TDKK	TDKK	TDKK	TDKK	TDKK
Share capital at 1 January	4,444	4,444	4,444	4,000	4,000
Capital increase	0	0	0	444	0
Capital decrease	-247	0	0	0	0
Share capital at 31 December	**4,197**	**4,444**	**4,444**	**4,444**	**4,000**

12 Distribution of profit

	Group		Parent Company	
	2021	2020	2021	2020
	TDKK	TDKK	TDKK	TDKK
Proposed dividend for the year	20,000	35,556	20,000	0
Reserve for net revaluation under the equity method	0	0	99,745	180,733
Minority interests' share of net profit/loss of subsidiaries	2	2	0	0
Retained earnings	114,007	141,064	14,264	-4,111
	134,009	**176,622**	**134,009**	**176,622**

Notes to the Financial Statements

13 Provision for deferred tax

	Group		Parent Company	
	2021	2020	2021	2020
	TDKK	TDKK	TDKK	TDKK
Provision for deferred tax at 1 January	151,368	123,062	0	0
Amounts recognised in the income statement for the year	20,937	28,861	0	0
Amounts recognised in equity for the year	-59	-555	0	0
Provision for deferred tax at 31 December	**172,246**	**151,368**	**0**	**0**

14 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	Group		Parent Company	
	2021	2020	2021	2020
	TDKK	TDKK	TDKK	TDKK
Mortgage loans				
After 5 years	8,568	143,519	0	0
Between 1 and 5 years	407,417	401,385	0	0
Long-term part	415,985	544,904	0	0
Within 1 year	270,971	12,649	0	0
	686,956	**557,553**	**0**	**0**
Deposits				
Between 1 and 5 years	10,874	10,195	0	0
Long-term part	10,874	10,195	0	0
Within 1 year	0	0	0	0
	10,874	**10,195**	**0**	**0**

15 Deferred income

Deferred income consists of prepayments from lessees.

Notes to the Financial Statements

		Group	
		2021	2020
		TDKK	TDKK
16	**Cash flow statement - adjustments**		
	Depreciation, amortisation and impairment losses, including losses and gains on sales	141	222
	Value adjustments of investment property	-117,790	-166,153
		-117,649	**-165,931**

		2021	2020
17	**Cash flow statement - change in working capital**		
	Change in inventories	42	-66
	Change in receivables	-192	-4,333
	Change in trade payables, etc	-3,784	498
		-3,934	**-3,901**

18 Contingent assets, liabilities and other financial obligations

Charges and security

The following assets have been placed as security with mortgage credit institutes:
The Group has raised mortgage debt at a carrying amount of DKK 686,956 thousand at 31 December 2021, which is secured on investment properties at a carrying amount of DKK 1,616,869 thousand at 31 December 2021.

Deposits under fixed asset investments are held in escrow accounts and cover the deposits paid by the lessees.

Contingent liabilities

The Group has 4 Investment properties located on leased land. The lease agreements run until 2058, 2062, 2063 and 2064, respectively. At the expiry of the lease agreements, the buildings are passed to the owner of the land with compensation payment according to an expert fair value assessment. There is no obligation to pay rent for the plots of land.

The Parent Company has guaranteed for the subsidiaries’ mortgages. The share of group enterprises’ mortgage debt guaranteed by the Parent Company has a carrying amount of DKK 564,532 thousand at 31.12.2021.

Notes to the Financial Statements

19 Related parties

Transactions

The Company has chosen only to disclose transactions which have not been made on an arm’s length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act. No transactions with related parties have been made, which are not on arm's length basis.

Notes to the Financial Statements

20 Accounting Policies

The Annual Report of Berlin KGI A/S for 2021 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Consolidated and Parent Company Financial Statements for 2021 are presented in TDKK.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, Berlin KGI A/S, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

On consolidation, items of a uniform nature are combined. Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

The Parent Company’s investments in the consolidated subsidiaries are set off against the Parent Company’s share of the net asset value of subsidiaries stated at the time of consolidation.

Notes to the Financial Statements

20 Accounting Policies (continued)

Minority interests

Minority interests form part of the Group's total equity. Upon distribution of net profit, net profit is broken down on the share attributable to minority interests and the share attributable to the shareholders of the Parent Company. Minority interests are recognised on the basis of a remeasurement of acquired assets and liabilities to fair value at the time of acquisition of subsidiaries.

Business acquisitions carried through before 1 July 2018

Minority interests are recognised at the carrying amounts of the acquired assets and liabilities at the time of acquisition of subsidiaries.

On subsequent changes to minority interests where the Group retains control of the subsidiary, the consideration is recognised directly in equity.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Income Statement

Revenue and Fair value adjustments of investment property

Revenue from property operations includes rental income regarding letting of investment properties and related income from letting out. The lessees contribution to cover the costs of the properties regarding heat supply and contributions to cover operating costs that eventually rest with the lessee are set off against paid costs in the balance sheet as other receivables or payables.

Fair value adjustments of investment property comprise adjustments for the financial year of the Entiy's investment properties measured at fair value at the balance sheet date.

Notes to the Financial Statements

20 Accounting Policies (continued)

Property costs

Property costs include costs incurred to operate the Entity's properties in the financial year, including repair and maintenance costs, property tax and electricity, water and heating, which are not charged directly from the lessee.

Other external expenses

Other external expenses comprise indirect expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of property, plant and equipment.

Income from investments in associates

The item "Income from investments in associates" in the income statement includes the proportionate share of the profit for the year.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

Balance Sheet

Investment properties and other property, plant and equipment

Investment properties

Investment properties constitute land and buildings held to earn a return on the invested capital by way of current operating income and/or capital appreciation on sale.

Notes to the Financial Statements

20 Accounting Policies (continued)

On acquisition investment properties are measured at cost comprising the acquisition price and costs of acquisition.

After the initial recognition investment properties are measured at fair value. Value adjustments of investment properties are recognised in the income statement.

Fair value is determined by using external assessment and management estimates based on a yield-based model as the calculated value in use of expected cash flows from each property. The calculation is based on budgeted net earnings for the next year that has been adjusted to normal earnings, and using a required yield rate that reflects current market yield rates for similar properties. The value is adjusted for factors not reflected in normal earnings, for example, actual vacancy rate, major refurbishments etc.

Other property, plant and equipment

Other property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other fixtures and fittings, tools and equipment	5-7 years

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amounts of property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

Investments in subsidiaries and associates

Investments in subsidiaries and associates are recognised and measured under the equity method.

The items“Investments in subsidiaries” and “Investments in associates” in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised inter-

Notes to the Financial Statements

20 Accounting Policies (continued)

company profits or losses.

The total net revaluation of investments in subsidiaries and associates is transferred upon distribution of profit to “Reserve for net revaluation under the equity method“ under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries and the associates.

Subsidiaries and associates with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

Fixed asset investments

Other investments comprise securities and shares measured at cost at the balance sheet date.

Other fixed asset investments

Other fixed asset investments consist of other investments, deposits and other receivables.

Inventories

Inventories consist of fuel oil for the properties. Inventories are measured at cost applying the FIFO method.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Equity

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

Notes to the Financial Statements

20 Accounting Policies (continued)

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

Loans, such as mortgage loans and loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Other debts are measured at amortised cost, substantially corresponding to nominal value.

Deferred income

Deferred income comprises payments received in respect of income in subsequent years.

Cash Flow Statement

The cash flow statement shows the Group´s cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Group´s cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes

Notes to the Financial Statements

20 Accounting Policies (continued)

in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise ”Cash at bank and in hand”.

The cash flow statement cannot be immediately derived from the published financial records.

Financial Highlights

Explanation of financial ratios

Gross margin	$\frac{\text{Gross profit x 100}}{\text{Revenue}}$
Profit margin	$\frac{\text{Profit before financials x 100}}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit before financials x 100}}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end x 100}}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year x 100}}{\text{Average equity}}$