
Berlin KGI A/S

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

Annual Report for 1 January - 31 December 2022

CVR No 31 17 10 83

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
22/5 2023

Jesper Kim Pedersen
Chairman of the General
Meeting



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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 2022.

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 2022 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2022.

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, 12 May 2023

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 2022 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 2022 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 2022, 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 Financial 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

Independent Auditor's Report

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, 12 May 2023

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				
	2022	2021	2020	2019	2018
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Revenue	71,733	69,210	66,620	64,393	58,493
Gross profit/loss	69,462	175,306	222,184	182,363	141,075
Operating profit/loss	54,541	163,957	213,777	173,732	133,784
Profit/loss before financial income and expenses	54,636	163,957	213,777	173,732	133,784
Net financials	-5,486	-3,785	-4,727	-4,847	-4,947
Net profit/loss for the year	40,986	134,009	176,622	142,581	107,842
Balance sheet					
Balance sheet total	1,733,965	1,699,791	1,528,384	1,343,731	1,177,553
Equity	812,771	814,600	792,456	636,053	511,028
Cash flows					
Cash flows from:					
- operating activities	31,887	35,989	35,990	33,930	393
- investing activities	-39,323	-39,286	-19,681	-32,502	-45,160
including investment in property, plant and equipment	-29,645	-23,892	-19,350	-32,502	-45,160
- financing activities	-8,912	18,023	-16,890	1,849	40,221
Change in cash and cash equivalents for the year	-16,348	14,726	-581	3,277	-4,546
Number of employees	30	25	23	22	21
Ratios					
Gross margin	96.8%	253.3%	333.5%	283.2%	241.2%
Profit margin	76.2%	236.9%	320.9%	269.8%	228.7%
Return on assets	3.2%	9.6%	14.0%	12.9%	11.4%
Solvency ratio	46.9%	47.9%	51.8%	47.3%	43.4%
Return on equity	5.0%	16.7%	24.7%	24.9%	23.2%

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 49,150 thousand before tax and DKK 40,986 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 before tax is positively affected by a value adjustment of the investment properties of DKK 8,938 thousand. The positive value adjustment is due to disposal of condominiums during the financial year.

Equity incl. minority interests amounts to DKK 812,771 thousand at 31 December 2022 compared to a consolidated balance sheet total of DKK 1,733,965 thousand.

Outlook

Net revenue in 2023 is expected to increase by 2-5% as a result of expected rent adjustment. Profit in 2023 before value adjustment of properties, tax and Minority interests is expected to decrease by 50-60% due to increase in operating expenses and financial expenses.

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 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	
		2022	2021	2022	2021
		TDKK	TDKK	TDKK	TDKK
Revenue		71,733	69,210	0	0
Value adjustments of assets held for investment		8,938	117,790	0	0
Other operating income		95	0	0	0
Property costs		-9,205	-7,964	0	0
Other external expenses		-2,099	-3,730	-264	-918
Gross profit/loss		69,462	175,306	-264	-918
Staff expenses	1	-14,508	-11,208	-3,659	-3,865
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	2	-318	-141	0	0
Profit/loss before financial income and expenses		54,636	163,957	-3,923	-4,783
Income from investments in subsidiaries		0	0	45,039	138,346
Income from investments in associates		200	54	-165	70
Financial income	3	37	36	74	479
Financial expenses		-5,723	-3,875	-39	-103
Profit/loss before tax		49,150	160,172	40,986	134,009
Tax on profit/loss for the year	4	-8,164	-26,163	0	0
Net profit/loss for the year		40,986	134,009	40,986	134,009

Balance Sheet 31 December

Assets

	Note	Group		Parent Company	
		2022 TDKK	2021 TDKK	2022 TDKK	2021 TDKK
Investment properties	6	1,642,314	1,616,869	0	0
Other fixtures and fittings, tools and equipment	5	881	618	0	0
Property, plant and equipment		1,643,195	1,617,487	0	0
Investments in subsidiaries	7	0	0	814,819	794,146
Investments in associates	8	38,245	15,543	0	165
Other investments	9	387	387	0	0
Deposits	9	10,630	10,862	0	0
Other receivables	9	879	858	879	858
Fixed asset investments		50,141	27,650	815,698	795,169
Fixed assets		1,693,336	1,645,137	815,698	795,169
Raw materials and consumables		269	189	0	0
Inventories		269	189	0	0
Trade receivables		4,011	3,430	0	0
Receivables from group enterprises		0	0	0	17,191
Receivables from associates		1,111	657	1,111	657
Other receivables		4,223	2,984	0	441
Prepayments	10	15	44	0	0
Receivables		9,360	7,115	1,111	18,289
Cash at bank and in hand		31,000	47,350	482	1,587
Currents assets		40,629	54,654	1,593	19,876
Assets		1,733,965	1,699,791	817,291	815,045

Balance Sheet 31 December

Liabilities and equity

	Note	Group		Parent Company	
		2022 TDKK	2021 TDKK	2022 TDKK	2021 TDKK
Share capital	11	4,197	4,197	4,197	4,197
Reserve for net revaluation under the equity method		0	0	808,554	789,620
Reserve for exchange rate conversion		-2,714	-2,706	0	0
Retained earnings		811,267	793,089	0	763
Proposed dividend for the year		0	20,000	0	20,000
Equity attributable to shareholders of the Parent Company		812,750	814,580	812,751	814,580
Minority interests		21	20	0	0
Equity		812,771	814,600	812,751	814,580
Provision for deferred tax	13	175,031	172,246	0	0
Provisions		175,031	172,246	0	0
Mortgage loans		91,867	415,985	0	0
Deposits		10,632	10,874	0	0
Long-term debt	14	102,499	426,859	0	0

Balance Sheet 31 December

Liabilities and equity

	Note	Group		Parent Company	
		2022	2021	2022	2021
		TDKK	TDKK	TDKK	TDKK
Mortgage loans	14	629,177	270,971	0	0
Credit institutions		273	0	273	0
Trade payables		6,036	3,682	0	99
Payables to group enterprises		0	0	4,032	0
Corporation tax		423	4,877	0	0
Other payables		5,147	4,229	235	366
Deferred income	15	2,608	2,327	0	0
Short-term debt		643,664	286,086	4,540	465
Debt		746,163	712,945	4,540	465
Liabilities and equity		1,733,965	1,699,791	817,291	815,045
Distribution of profit	12				
Contingent assets, liabilities and other financial obligations	18				
Related parties	19				
Accounting Policies	20				

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	4,197	0	-2,706	793,089	20,000	814,580	20	814,600
Exchange adjustments	0	0	-8	0	0	-8	0	-8
Ordinary dividend paid	0	0	0	0	-20,000	-20,000	0	-20,000
Extraordinary dividend paid	0	0	0	-23,000	0	-23,000	0	-23,000
Other equity movements	0	0	0	193	0	193	0	193
Net profit/loss for the year	0	0	0	40,985	0	40,985	1	40,986
Equity at 31 December	4,197	0	-2,714	811,267	0	812,750	21	812,771

Parent Company

Equity at 1 January	4,197	789,620	0	763	20,000	814,580	0	814,580
Exchange adjustments	0	-8	0	0	0	-8	0	-8
Ordinary dividend paid	0	0	0	0	-20,000	-20,000	0	-20,000
Extraordinary dividend paid	0	0	0	-23,000	0	-23,000	0	-23,000
Dividend from group enterprises	0	-24,551	0	24,551	0	0	0	0
Other equity movements	0	196	0	-3	0	193	0	193
Transfer to reserves	0	-1,577	0	1,577	0	0	0	0
Net profit/loss for the year	0	44,874	0	-3,888	0	40,986	0	40,986
Equity at 31 December	4,197	808,554	0	0	0	812,751	0	812,751

Cash Flow Statement 1 January - 31 December

	Note	Group	
		2022 TDKK	2021 TDKK
Profit before financial income and expenses		54,636	163,957
Adjustments	16	-8,715	-117,649
Change in working capital	17	1,558	-3,934
Cash flows from operating activities before financial income and expenses		47,479	42,374
Financial income		-37	36
Financial expenses		-5,723	-3,874
Cash flows from ordinary activities		41,719	38,536
Corporation tax paid		-9,832	-2,547
Cash flows from operating activities		31,887	35,989
Purchase of property, plant and equipment		-29,645	-23,892
Sale of property, plant and equipment		12,641	0
Acquisition etc. of financial assets		-22,319	-15,394
Cash flows from investing activities		-39,323	-39,286
Repayment of mortgage loans		-35,874	-12,641
Raising of mortgage loans		69,962	142,265
Cash capital reduction		0	-76,045
Dividend paid		-43,000	-35,556
Cash flows from financing activities		-8,912	18,023
Change in cash and cash equivalents		-16,348	14,726
Cash and cash equivalents at 1 January		47,350	32,667
Exchange adjustment of current asset investments		-2	-43
Cash and cash equivalents at 31 December		31,000	47,350
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		31,000	47,350
Cash and cash equivalents at 31 December		31,000	47,350

Notes to the Financial Statements

	Group		Parent Company	
	2022 TDKK	2021 TDKK	2022 TDKK	2021 TDKK
1 Staff expenses				
Wages and salaries	12,861	9,973	3,627	3,844
Pensions	705	486	0	0
Other social security expenses	785	556	27	21
Other staff expenses	157	193	5	0
	14,508	11,208	3,659	3,865
Remuneration to the Executive Board and Board of Directors	1,668	1,227	842	826
	1,668	1,227	842	826
Average number of employees	30	25	3	3
2 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment				
Depreciation of property, plant and equipment	318	141	0	0
	318	141	0	0
3 Financial income				
Interest received from group enterprises	0	0	45	479
Interest received from associates	29	28	29	0
Other financial income	8	8	0	0
	37	36	74	479

Notes to the Financial Statements

	Group		Parent Company	
	2022	2021	2022	2021
	TDKK	TDKK	TDKK	TDKK
4 Tax on profit/loss for the year				
Current tax for the year	5,534	5,185	0	0
Deferred tax for the year	2,786	20,937	0	0
Adjustment of tax concerning previous years	-156	41	0	0
	8,164	26,163	0	0

5 Property, plant and equipment

Group

	Other fixtures and fittings, tools and equipment
	TDKK
Cost at 1 January	2,021
Exchange adjustment	-1
Additions for the year	581
Disposals for the year	-386
Cost at 31 December	<u>2,215</u>
Impairment losses and depreciation at 1 January	1,403
Depreciation for the year	318
Reversal of impairment and depreciation of sold assets	-387
Impairment losses and depreciation at 31 December	<u>1,334</u>
Carrying amount at 31 December	<u>881</u>

Notes to the Financial Statements

6 Assets measured at fair value

	Group
	Investment pro- perties
	TDKK
Cost at 1 January	739,836
Exchange adjustment	-11
Additions for the year	29,064
Disposals for the year	-3,861
Cost at 31 December	<u>765,028</u>
Value adjustments at 1 January	877,033
Revaluations for the year	253
Value adjustments at 31 December	<u>877,286</u>
Carrying amount at 31 December	<u>1,642,314</u>

Assumptions underlying the determination of fair value of investment properties

As described in 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 321m. For other properties totaling DKK 1,120m 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 24m (2021: 17m).

Return on investment properties amounts to an average of 3.8% (2021: 3.9%), with an average price factor of 21.0 times the annual rent (2021: 21.6), and an average market price of DKK 20,324 per m² (2021: 20,123 per m²). If the market price was calculated using an alternative rate of return of 4,0% the fair value would amount to 1,376m instead.

Properties which have been divided into condominiums, and where no condominiums have been sold, 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.

Properties which have been divided into condominiums, and where disposal of condominiums is ongoing, amounts to 152.6m and are measured at fair value based on the expected net sales price per m² with a deduction for expected costs and risk of price variance until the time of disposal. Condominiums for disposal are valued at an average price of DKK 20,079 per m².

Notes to the Financial Statements

6 Assets measured at fair value (continued)

Building projects in progress amount to DKK 48.6m, which is added to cost, or the recoverable amount, if lower.

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

	Parent Company	
	2022	2021
	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	790,266	690,855
Exchange adjustment	-8	-265
Net profit/loss for the year	45,039	138,346
Dividend to the Parent Company	-24,551	-38,670
Other equity movements, net	193	0
Value adjustments at 31 December	810,939	790,266
Carrying amount at 31 December	814,819	794,146

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.

Notes to the Financial Statements

	Group		Parent Company	
	2022	2021	2022	2021
	TDKK	TDKK	TDKK	TDKK
8 Investments in associates				
Cost at 1 January	16,202	808	808	808
Additions for the year	22,319	15,394	0	0
Cost at 31 December	38,521	16,202	808	808
Value adjustments at 1 January	-659	-713	-643	-713
Exchange adjustment	-10	0	0	0
Net profit/loss for the year	200	54	-165	70
Other equity movements, net	193	0	0	0
Value adjustments at 31 December	-276	-659	-808	-643
Carrying amount at 31 December	38,245	15,543	0	165

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. Beteiligungs KG	Germany, Berlin	GmbH	40%

9 Other fixed asset investments

	Group			Parent Company
	Other investments	Deposits	Other receivables	Other receivables
	TDKK	TDKK	TDKK	TDKK
Cost at 1 January	387	10,861	858	858
Additions for the year	0	0	21	21
Disposals for the year	0	-231	0	0
Cost at 31 December	387	10,630	879	879
Carrying amount at 31 December	387	10,630	879	879

Notes to the Financial Statements

10 Prepayments

Prepayments consist of prepaid expenses.

11 Share capital

The share capital is broken down as follow:

	<u>Nominal value</u> TDKK
A-shares	3,753
B-shares	444
	<u>4,197</u>

12 Distribution of profit

	<u>Group</u>		<u>Parent Company</u>	
	<u>2022</u> TDKK	<u>2021</u> TDKK	<u>2022</u> TDKK	<u>2021</u> TDKK
Extraordinary dividend paid	23,000	0	23,000	0
Proposed dividend for the year	0	20,000	0	20,000
Reserve for net revaluation under the equity method	0	0	44,874	99,745
Minority interests' share of net profit/loss of subsidiaries	1	2	0	0
Retained earnings	17,985	114,007	-26,888	14,264
	<u>40,986</u>	<u>134,009</u>	<u>40,986</u>	<u>134,009</u>

Notes to the Financial Statements

	Group		Parent Company	
	2022 TDKK	2021 TDKK	2022 TDKK	2021 TDKK
13 Provision for deferred tax				
Provision for deferred tax at 1 January	172,246	151,368	0	0
Amounts recognised in the income statement for the year	2,786	20,937	0	0
Amounts recognised in equity for the year	-1	-59	0	0
Provision for deferred tax at 31 December	175,031	172,246	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:

Mortgage loans

After 5 years	52,153	8,568	0	0
Between 1 and 5 years	39,714	407,417	0	0
Long-term part	91,867	415,985	0	0
Within 1 year	629,177	270,971	0	0
	721,044	686,956	0	0

Deposits

Between 1 and 5 years	10,632	10,874	0	0
Long-term part	10,632	10,874	0	0
Within 1 year	0	0	0	0
	10,632	10,874	0	0

15 Deferred income

Deferred income consists of prepayments from lessees.

Notes to the Financial Statements

	Group	
	2022 TDKK	2021 TDKK
16 Cash flow statement - adjustments		
Depreciation, amortisation and impairment losses, including losses and gains on sales	223	141
Value adjustments of investment property	-8,938	-117,790
	-8,715	-117,649
17 Cash flow statement - change in working capital		
Change in inventories	-80	42
Change in receivables	-2,245	-192
Change in trade payables, etc	3,883	-3,784
	1,558	-3,934

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 721,044 thousand at 31 December 2022, which is secured on investment properties at a carrying amount of DKK 1,642,314 thousand at 31 December 2022.

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 Company has a carrying amount of DKK 602,401 thousand at 31.12.2022.

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 2022 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 2022 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 Entity'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.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Group, including gains and losses on the sale of intangible assets and other 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.

Notes to the Financial Statements

20 Accounting Policies (continued)

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.

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
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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.

Notes to the Financial Statements

20 Accounting Policies (continued)

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-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.

Notes to the Financial Statements

20 Accounting Policies (continued)

Equity

Dividend

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

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.

Notes to the Financial Statements

20 Accounting Policies (continued)

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 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	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$
Profit margin	$\frac{\text{Profit before financials} \times 100}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit before financials} \times 100}{\text{Total assets}}$

Notes to the Financial Statements

20 Accounting Policies (continued)

Solvency ratio

$$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$$

Return on equity

$$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$$