
Berlin KGI A/S

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

Annual Report for 2023

CVR No. 31 17 10 83

The Annual Report was
presented and adopted
at the Annual General
Meeting of the
company
on 15/5 2024

Jesper Kim Pedersen
Chairman of the
general meeting



Contents

	<u>Page</u>
Management's Statement and Auditor's Report	
Management's Statement	1
Independent Auditor's Report	2
Management's Review	
Company information	5
Financial Highlights	6
Management's Review	7
Financial Statements	
Income Statement 1 January - 31 December	8
Balance sheet 31 December	9
Statement of changes in equity	12
Cash Flow Statement 1 January - 31 December	13
Notes to the Financial Statements	14

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 2023.

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 2023 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2023.

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, 15 May 2024

Executive Board

Jesper Kim Pedersen

Board of Directors

Søren Krarup
Chairman

Torben Hjort Friderichsen

Lars Melchior Kongsted Kjeldsen

Niels Peter Nielsen

Brian Djernes

Independent Auditor's report

To the shareholders 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 2023 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 2023 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 2023, 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.

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 Parent 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 Parent Company or to cease operations, or has no realistic alternative but to do so.

Independent Auditor's report

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 Group's and the Parent Company'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 Parent 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 Parent 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.

Independent Auditor's report

Odense M, 15 May 2024

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Line Hedam

State Authorised Public Accountant

mne27768

Brian Petersen

State Authorised Public Accountant

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 Torben Hjort Friderichsen Lars Melchior Kongsted Kjeldsen Niels Peter Nielsen Brian Djernes
Executive Board	Jesper Kim Pedersen
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Munkebjergvænget 1, 3. og 4. sal DK-5230 Odense M

Financial Highlights

Seen over a 5-year period, the development of the Group is described by the following financial highlights:

	Group				
	2023	2022	2021	2020	2019
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Revenue	72,311	71,733	69,210	66,620	64,393
Gross profit	78,696	69,462	175,306	222,184	182,363
Profit/loss of primary operations	60,102	54,636	163,957	213,777	173,732
Profit/loss of financial income and expenses	-18,520	-5,486	-3,785	-4,727	-4,847
Net profit/loss for the year	33,397	40,986	134,009	176,622	142,581
Balance sheet					
Balance sheet total	1,750,605	1,733,965	1,699,791	1,528,384	1,343,731
Investment in property, plant and equipment	23,314	29,645	23,892	19,350	32,502
Equity	806,879	812,771	814,600	792,456	636,053
Cash flows					
Cash flows from:					
- operating activities	19,096	31,887	35,989	35,990	33,930
- investing activities	5,264	-39,323	-39,286	-19,681	-32,502
- financing activities	-24,816	-8,912	18,023	-16,890	1,849
Change in cash and cash equivalents for the year	-456	-16,348	14,726	-581	3,277
Number of employees	34	30	25	23	22
Ratios					
Gross margin	108.8%	96.8%	253.3%	333.5%	283.2%
Profit margin	83.1%	76.2%	236.9%	320.9%	269.8%
Return on assets	3.4%	3.2%	9.6%	14.0%	12.9%
Solvency ratio	46.1%	46.9%	47.9%	51.8%	47.3%
Return on equity	4.1%	5.0%	16.7%	24.7%	24.9%

Management's review

Key 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 41.582 thousand before tax and DKK 33,397 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 21.521 thousand. The positive value adjustment is due to disposal of condominiums during the financial year.

Equity incl. minority interests amounts to DKK 806,879 thousand at 31 December 2023 compared to a consolidated balance sheet total of DKK 1,750,605 thousand.

Interest rate risks

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

Targets and expectations for the year ahead

Net revenue in 2024 is expected to increase by 5-10% as a result of expected rent adjustment. Profit in 2024 before value adjustment of properties, tax and Minority interests is expected to decrease by 40-50% due to increase in operating expenses and financial expenses.

Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Income statement 1 January - 31 December

	Note	Group		Parent company	
		2023	2022	2023	2022
		TDKK	TDKK	TDKK	TDKK
Revenue		72,311	71,733	0	0
Value adjustments of assets held for investment		21,521	8,938	0	0
Other operating income		0	95	0	0
Direct expenses		-11,302	-9,205	0	0
Other external expenses		-3,834	-2,099	-316	-264
Gross profit		78,696	69,462	-316	-264
Staff expenses	1	-18,111	-14,508	-3,934	-3,659
Depreciation and impairment losses of property, plant and equipment	2	-483	-318	0	0
Profit/loss before financial income and expenses		60,102	54,636	-4,250	-3,923
Income from investments in subsidiaries		0	0	38,196	45,039
Income from investments in associates		1,725	200	-602	-165
Financial income	3	458	37	55	74
Financial expenses	4	-20,703	-5,723	-4	-39
Profit/loss before tax		41,582	49,150	33,395	40,986
Tax on profit/loss for the year	5	-8,185	-8,164	0	0
Net profit/loss for the year	6	33,397	40,986	33,395	40,986

Balance sheet 31 December

Assets

	Note	Group		Parent company	
		2023	2022	2023	2022
		TDKK	TDKK	TDKK	TDKK
Investment properties	7	1,659,409	1,642,314	0	0
Other fixtures and fittings, tools and equipment	8	1,925	881	0	0
Property, plant and equipment		1,661,334	1,643,195	0	0
Investments in subsidiaries	9	0	0	811,277	814,819
Investments in associates	10	40,255	38,245	139	0
Other investments	11	388	387	0	0
Deposits	11	10,618	10,630	0	0
Other receivables	11	1,011	879	1,011	879
Fixed asset investments		52,272	50,141	812,427	815,698
Fixed assets		1,713,606	1,693,336	812,427	815,698
Raw materials and consumables		405	269	0	0
Inventories		405	269	0	0
Trade receivables		2,190	4,011	0	0
Receivables from associates		298	1,111	298	1,111
Other receivables		3,511	4,223	90	0
Prepayments	12	0	15	71	0
Receivables		5,999	9,360	459	1,111
Cash at bank and in hand		30,595	31,000	2,067	482
Current assets		36,999	40,629	2,526	1,593
Assets		1,750,605	1,733,965	814,953	817,291

Balance sheet 31 December

Liabilities and equity

	Note	Group		Parent company	
		2023	2022	2023	2022
		TDKK	TDKK	TDKK	TDKK
Share capital	13	4,197	4,197	4,197	4,197
Reserve for net revaluation under the equity method		0	0	802,659	808,554
Reserve for exchange rate conversion		-943	-2,714	0	0
Retained earnings		803,602	811,267	0	0
Equity attributable to shareholders of the Parent Company		806,856	812,750	806,856	812,751
Minority interests		23	21	0	0
Equity		806,879	812,771	806,856	812,751
Provision for deferred tax	14	177,842	175,031	0	0
Provisions		177,842	175,031	0	0
Mortgage loans		587,300	91,867	0	0
Deposits		10,630	10,632	0	0
Long-term debt	15	597,930	102,499	0	0
Mortgage loans	15	148,608	629,177	0	0
Credit institutions		0	273	0	273
Trade payables		4,341	6,036	52	0
Payables to group enterprises		0	0	6,279	4,032
Payables to associates		1,374	0	1,374	0
Corporation tax		914	423	0	0
Other payables		10,476	5,147	392	235
Deferred income	16	2,241	2,608	0	0
Short-term debt		167,954	643,664	8,097	4,540
Debt		765,884	746,163	8,097	4,540
Liabilities and equity		1,750,605	1,733,965	814,953	817,291

Balance sheet 31 December

Liabilities and equity

	Note	Group		Parent company	
		2023	2022	2023	2022
		TDKK	TDKK	TDKK	TDKK
Contingent assets, liabilities and other financial obligations	19				
Related parties	20				
Accounting Policies	21				

Statement of changes in equity

Group

	Share capital	Reserve for exchange rate conversion	Retained earnings	Equity excl. minority interests	Minority interests	Total
	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	4,197	-2,714	811,267	812,750	21	812,771
Exchange adjustments	0	1,771	0	1,771	0	1,771
Extraordinary dividend paid	0	0	-40,000	-40,000	0	-40,000
Other equity movements	0	0	-1,060	-1,060	0	-1,060
Net profit/loss for the year	0	0	33,395	33,395	2	33,397
Equity at 31 December	4,197	-943	803,602	806,856	23	806,879

Parent company

	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Total
	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	4,197	808,554	0	812,751
Exchange adjustments	0	1,771	0	1,771
Extraordinary dividend paid	0	0	-40,000	-40,000
Dividend from group enterprises	0	-42,447	42,447	0
Other equity movements	0	-1,061	0	-1,061
Transfers, reserves	0	-1,752	1,752	0
Net profit/loss for the year	0	37,594	-4,199	33,395
Equity at 31 December	4,197	802,659	0	806,856

Cash flow statement 1 January - 31 December

	Note	Group	
		2023	2022
		TDKK	TDKK
Result of the year		33,397	40,986
Adjustments	17	5,667	4,935
Change in working capital	18	5,547	1,558
Cash flow from operations before financial items		44,611	47,479
Financial income		458	-37
Financial expenses		-20,703	-5,723
Cash flows from ordinary activities		24,366	41,719
Corporation tax paid		-5,270	-9,832
Cash flows from operating activities		19,096	31,887
Purchase of property, plant and equipment		-1,526	-29,645
Sale of property, plant and equipment		29,840	12,641
Purchase of investment property		-21,788	-22,319
Investment in associates		-1,262	0
Cash flows from investing activities		5,264	-39,323
Repayment of mortgage loans		-75,948	-35,874
Repayment of loans from credit institutions		-273	0
Raising of mortgage loans		89,219	69,962
Raising of payables to associates		2,186	0
Dividend paid		-40,000	-43,000
Cash flows from financing activities		-24,816	-8,912
Change in cash and cash equivalents		-456	-16,348
Cash and cash equivalents at 1 January		31,000	47,350
Exchange adjustment of current asset investments		51	-2
Cash and cash equivalents at 31 December		30,595	31,000
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		30,595	31,000
Cash and cash equivalents at 31 December		30,595	31,000

Notes to the Financial Statements

	Group		Parent company	
	2023	2022	2023	2022
	TDKK	TDKK	TDKK	TDKK
1. Staff Expenses				
Wages and salaries	16,159	12,861	3,908	3,627
Pensions	886	705	0	0
Other social security expenses	1,113	785	26	27
Other staff expenses	12	157	0	5
	18,170	14,508	3,934	3,659
Transfer to production wages	-59	0	0	0
	-59	0	0	0
Including remuneration to the Executive Board and Board of Directors	2,134	1,668	901	842
Average number of employees	34	30	3	3

	Group		Parent company	
	2023	2022	2023	2022
	TDKK	TDKK	TDKK	TDKK
2. Depreciation and impairment losses of property, plant and equipment				
Depreciation of property, plant and equipment	483	318	0	0
	483	318	0	0

Notes to the Financial Statements

	Group		Parent company	
	2023	2022	2023	2022
	TDKK	TDKK	TDKK	TDKK
3. Financial income				
Interest received from group enterprises	0	0	0	45
Interest received from associates	36	29	36	29
Other financial income	414	8	11	0
Exchange adjustments	0	0	8	0
Exchange gains	8	0	0	0
	458	37	55	74

	Group		Parent company	
	2023	2022	2023	2022
	TDKK	TDKK	TDKK	TDKK
4. Financial expenses				
Interest paid to group enterprises	0	0	2	0
Interest paid to associates	2	0	2	0
Other financial expenses	20,701	5,708	0	39
Exchange loss	0	15	0	0
	20,703	5,723	4	39

	Group		Parent company	
	2023	2022	2023	2022
	TDKK	TDKK	TDKK	TDKK
5. Income tax expense				
Current tax for the year	5,776	5,534	0	0
Deferred tax for the year	2,424	2,786	0	0
Adjustment of tax concerning previous years	-15	-156	0	0
	8,185	8,164	0	0

Notes to the Financial Statements

	Group		Parent company	
	2023	2022	2023	2022
	TDKK	TDKK	TDKK	TDKK
6. Profit allocation				
Extraordinary dividend paid	40,000	23,000	40,000	23,000
Reserve for net revaluation under the equity method	0	0	37,594	44,874
Minority interests' share of net profit/loss of subsidiaries	2	1	0	0
Retained earnings	-6,605	17,985	-44,199	-26,888
	33,397	40,986	33,395	40,986

Notes to the Financial Statements

7. Assets measured at fair value

Group

	Investment properties
	TDKK
Cost at 1 January	765,028
Exchange adjustment	1,693
Additions for the year	21,788
Disposals for the year	-7,629
Cost at 31 December	<u>780,880</u>
Value adjustments at 1 January	877,286
Exchange adjustment	1,933
Revaluations for the year	-690
Value adjustments at 31 December	<u>878,529</u>
Carrying amount at 31 December	<u>1,659,409</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 338m. For other properties totaling DKK 1,144m 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 21m (2022: 24m).

Return on investment properties amounts to an average of 4.1% (2022: 3.8%), with an average price factor of 20.4 times the annual rent (2022: 21.0), and an average market price of DKK 20,806 per m² (2022: 20,324 per m²). If the fair value was calculated using an alternative rate of return of 4.5% the fair value would amount to 1,343m instead of 1,482m.

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 174.1m 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 24,036 per m².

Building projects in progress amount to DKK 3.2m, which is added at fair value.

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

8. Property, plant and equipment Group

	Other fixtures and fittings, tools and equipment
	TDKK
Cost at 1 January	2,215
Exchange adjustment	5
Additions for the year	1,526
Cost at 31 December	<u>3,746</u>
Impairment losses and depreciation at 1 January	1,334
Exchange adjustment	4
Depreciation for the year	483
Impairment losses and depreciation at 31 December	<u>1,821</u>
Carrying amount at 31 December	<u>1,925</u>

Notes to the Financial Statements

	Parent company	
	2023	2022
	TDKK	TDKK
9. Investments in subsidiaries		
Cost at 1 January	3,880	3,880
Cost at 31 December	3,880	3,880
Value adjustments at 1 January	810,939	790,266
Exchange adjustment	1,771	-8
Net profit/loss for the year	38,196	45,039
Dividend to the Parent Company	-42,447	-24,551
Other equity movements, net	-1,062	193
Value adjustments at 31 December	807,397	810,939
Carrying amount at 31 December	811,277	814,819

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Ownership
Berlin KGI GmbH	Germany, Berlin	100%

Berlin KGI GmbH owns shares in 9 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	
	2023	2022	2023	2022
	TDKK	TDKK	TDKK	TDKK
10. Investments in associates				
Cost at 1 January	38,521	16,202	808	808
Additions for the year	1,262	22,319	741	0
Cost at 31 December	39,783	38,521	1,549	808
Value adjustments at 1 January	-276	-659	-808	-643
Exchange adjustment	85	-10	0	0
Net profit/loss for the year	1,725	200	-602	-165
Other equity movements, net	-1,062	193	0	0
Value adjustments at 31 December	472	-276	-1,410	-808
Carrying amount at 31 December	40,255	38,245	139	0

Investments in associates are specified as follows:

Name	Place of registered office	Ownership
REK Berlin Home Service GmbH	Germany, Berlin	40%
REMH ApS	Nyborg	28%
EBH KGI Verwaltungs GmbH	Germany, Berlin	40%
EBH KGI 2021 GmbH & Co. Beteiligungs KG	Germany, Berlin	40%
Bam Bau GmbH	Germany, Berlin	40%

Notes to the Financial Statements

11. Other fixed asset investments

	Group			Parent company
	Other investments	Deposits	Other receivables	Other receivables
	TDKK	TDKK	TDKK	TDKK
Cost at 1 January	387	10,630	879	879
Exchange adjustment	1	0	0	0
Additions for the year	0	0	132	132
Disposals for the year	0	-12	0	0
Cost at 31 December	388	10,618	1,011	1,011
Carrying amount at 31 December	388	10,618	1,011	1,011

12. Prepayments

Prepayments consist of prepaid expenses.

13. Share capital

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

	Group		Parent company	
	2023	2022	2023	2022
	TDKK	TDKK	TDKK	TDKK
Deferred tax liabilities at 1 January	175,031	172,246	0	0
Amounts recognised in the income statement for the year	2,424	2,786	0	0
Amounts recognised in equity for the year	387	-1	0	0
Deferred tax liabilities at 31 December	177,842	175,031	0	0

Notes to the Financial Statements

Group		Parent company	
2023	2022	2023	2022
TDKK	TDKK	TDKK	TDKK

15. 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	415,853	52,153	0	0
Between 1 and 5 years	171,447	39,714	0	0
Long-term part	587,300	91,867	0	0
Within 1 year	148,608	629,177	0	0
	735,908	721,044	0	0

Deposits

After 5 years	0	0	0	0
Between 1 and 5 years	10,630	10,632	0	0
Long-term part	10,630	10,632	0	0
Within 1 year	0	0	0	0
	10,630	10,632	0	0

16. Deferred income

Deferred income consists of prepayments from lessees.

Notes to the Financial Statements

	Group	
	2023	2022
	TDKK	TDKK
17. Cash flow statement - Adjustments		
Financial income	-458	-37
Financial expenses	20,703	5,723
Depreciation, amortisation and impairment losses, including losses and gains on sales	483	223
Value adjustments of assets held for investment	-21,521	-8,938
Income from investments in associates	-1,725	-200
Tax on profit/loss for the year	8,185	8,164
	5,667	4,935

	Group	
	2023	2022
	TDKK	TDKK
18. Cash flow statement - Change in working capital		
Change in inventories	-136	-80
Change in receivables	2,474	-2,245
Change in trade payables, etc	3,209	3,883
	5,547	1,558

19. 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 735,908 thousand at 31 December 2023, which is secured on investment properties at a carrying amount of DKK 1,640,827 thousand at 31 December 2023.

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

Notes to the Financial Statements

19. Contingent assets, liabilities and other financial obligations

Other 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 group has an obligation towards associates to pay in unpaid share capital amounting to DKK 21,992 thousand at 31 December 2023.

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 619,770 thousand at 31.12.2023.

20. 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

21. Accounting policies

The Annual Report of Berlin KGI A/S for 2023 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 Financial Statements and the Parent Company Financial Statements for 2023 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.

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.

Notes to the Financial Statements

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses 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.

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

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.

Direct expenses

Directs expenses consists of costs directly related to letting of investment properties. 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 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 property, plant and equipment.

Income from investments in subsidiaries and associates

The items "Income from investments in subsidiaries" and "Income from investments in associates" in the income statement include 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.

Notes to the Financial Statements

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and 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

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 and staff expenses directly related to the acquisition up until the time when the asset is ready for use.

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 fixtures and fittings, tools and equipment

Other fixtures and fittings, tools 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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The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

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

Notes to the Financial Statements

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 Dividend 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.

Notes to the Financial Statements

Financial liabilities

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 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 equivalent 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	$\text{Gross profit} \times 100 / \text{Revenue}$
Profit margin	$\text{Profit/loss of ordinary primary operations} \times 100 / \text{Revenue}$
Return on assets	$\text{Profit/loss of ordinary primary operations} \times 100 / \text{Total assets at year end}$
Solvency ratio	$\text{Equity at year end} \times 100 / \text{Total assets at year end}$
Return on equity	$\text{Net profit for the year} \times 100 / \text{Average equity}$