Berlin Wohnungs Invest 2 ApS

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

Annual Report for 1 January - 31 December 2022

CVR No 37 79 25 94

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 2 /5 2023

Jesper Kim Pedersen
Chairman of the General Meeting

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Management’s Statement

The Executive Board has today considered and adopted the Annual Report of Berlin Wohnungs Invest 2 ApS 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, 2 May 2023

Executive Board

Jesper Kim Pedersen Executive Officer	Niels Peter Nielsen Executive Officer

Independent Auditor's Report

To the Shareholder of Berlin Wohnungs Invest 2 ApS

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 Wohnungs Invest 2 ApS 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 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

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, 2 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 Wohnungs Invest 2 ApS Gl. Torv 2, 1. 4. DK-5800 Nyborg CVR No: 37 79 25 94 Financial period: 1 January - 31 December Municipality of reg. office: Nyborg
Executive Board	Jesper Kim Pedersen Niels Peter Nielsen
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Munkebjergvænget 1, 3. og 4. sal DK-5230 Odense M

Financial Highlights

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

	Group		
	2022	2021	2020
	TDKK	TDKK	TDKK
Key figures			
Profit/loss			
Revenue	24,332	23,908	8,744
Gross profit/loss	19	254,199	8,308
Operating profit/loss	-2,217	248,335	5,252
Profit/loss before financial income and expenses	-2,217	248,335	5,252
Net financials	-10,949	-9,324	-1,888
Net profit/loss for the year	-11,278	204,647	3,327
Balance sheet			
Balance sheet total	721,689	723,426	489,421
Equity	386,409	398,694	198,992
Cash flows			
Cash flows from:			
- operating activities	3,303	-3,524	-3,956
- investing activities	-2,150	-4,639	-101,928
including investment in property, plant and equipment	-258	-58	-2,571
- financing activities	12,609	1,086	123,376
Change in cash and cash equivalents for the year	13,762	-7,077	17,492
Number of employees	5	12	6
Ratios			
Gross margin	0.1%	1,063.2%	95.0%
Profit margin	-9.1%	1,038.7%	60.1%
Return on assets	-0.3%	34.3%	1.1%
Solvency ratio	53.5%	55.1%	40.7%
Return on equity	-2.9%	68.5%	2.1%

Management's Review

Primary activities

The Group's objective and activity consists of investment in rental property, primarily residential property situated in Berlin. The investments are made through German companies. The parent owns shares and handles the administration.

Development in activities and finances

The Group's profit for the year amounts to DKK -13,166 thousand before tax and DKK -11,278 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 negatively affected by a value adjustment of the investment properties of DKK -14,879 thousand, due to a higher market yield rate for residential investment properties at 31 December 2022.

Equity incl. minority interests amounts to DKK 386,409 thousand at 31 December 2022 compared to a consolidated balance sheet total of DKK 721,689 thousand.

Outlook

Net revenue in 2023 is expected to increase by 1-2% as a result of expected rent adjustment. Profit in 2023 before value adjustments of properties, tax and Minority interests is expected to increase by 30-50% due to the increase in revenue and lower financial costs.

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 2022	Group 2021	Parent Company 2022	Parent Company 2021
		TDKK	TDKK	TDKK	TDKK
Revenue		**24,332**	**23,908**	**0**	**0**
Value adjustments of assets held for investment		-14,879	238,139	0	0
Property cost		-5,661	-6,827	0	0
Other external expenses		-3,773	-1,021	-1,712	-1,417
Gross profit/loss		**19**	**254,199**	**-1,712**	**-1,417**
Staff expenses	1	-2,070	-5,721	-77	-726
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	2	-166	-143	0	0
Profit/loss before financial income and expenses		**-2,217**	**248,335**	**-1,789**	**-2,143**
Income from investments in subsidiaries		0	0	-11,422	219,799
Financial income	3	22	74	518	495
Financial expenses		-10,971	-9,398	-89	-97
Profit/loss before tax		**-13,166**	**239,011**	**-12,782**	**218,054**
Tax on profit/loss for the year	4	1,888	-34,364	1,928	-34,364
Net profit/loss for the year		**-11,278**	**204,647**	**-10,854**	**183,690**

Balance Sheet 31 December

Assets

	Note	Group 2022	Group 2021	Parent Company 2022	Parent Company 2021
		TDKK	TDKK	TDKK	TDKK
Investment properties	6	669,543	684,158	0	0
Other fixtures and fittings, tools and equipment	5	704	603	0	0
Property, plant and equipment		**670,247**	**684,761**	**0**	**0**
Investments in subsidiaries	7	0	0	290,674	298,481
Other investments	8	0	49	0	49
Deposits	8	4,083	3,959	0	0
Other receivables	8	955	343	352	343
Fixed asset investments		**5,038**	**4,351**	**291,026**	**298,873**
Fixed assets		**675,285**	**689,112**	**291,026**	**298,873**
Trade receivables		1,015	1,171	0	875
Receivables from group enterprises		0	0	94,221	95,495
Other receivables		1,740	3,297	0	0
Receivables		**2,755**	**4,468**	**94,221**	**96,370**
Cash at bank and in hand		**43,649**	**29,846**	**442**	**92**
Currents assets		**46,404**	**34,314**	**94,663**	**96,462**
Assets		**721,689**	**723,426**	**385,689**	**395,335**

Balance Sheet 31 December

Liabilities and equity

	Note	Group 2022	Group 2021	Parent Company 2022	Parent Company 2021
		TDKK	TDKK	TDKK	TDKK
Share capital	9	7,000	7,000	7,000	7,000
Reserve for net revaluation under the equity method		0	0	216,112	223,919
Reserve for exchange rate conversion		-339	-344	0	0
Retained earnings		345,987	353,231	129,536	128,968
Equity attributable to shareholders of the Parent Company		**352,648**	**359,887**	**352,648**	**359,887**
Minority interests		33,761	38,807	0	0
Equity		**386,409**	**398,694**	**352,648**	**359,887**
Provision for deferred tax	11	32,449	34,377	32,449	34,377
Provisions		**32,449**	**34,377**	**32,449**	**34,377**
Mortgage loans		148,927	116,572	0	0
Payables to owners and Management		75,000	81,000	0	0
Deposits		4,083	3,959	0	0
Long-term debt	12	**228,010**	**201,531**	**0**	**0**
Mortgage loans	12	4,136	17,928	0	0
Credit institutions		63,969	63,927	0	0
Trade payables		1,837	2,353	574	747
Other payables		3,569	2,993	18	324
Deferred income	13	1,310	1,623	0	0
Short-term debt		**74,821**	**88,824**	**592**	**1,071**
Debt		**302,831**	**290,355**	**592**	**1,071**
Liabilities and equity		**721,689**	**723,426**	**385,689**	**395,335**
Distribution of profit	10				
Contingent assets, liabilities and other financial obligations	16				
Related parties	17				
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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	Equity excl. minority interests	Minority interests	Total
	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	7,000	0	-344	353,231	359,887	38,807	398,694
Exchange adjustments	0	0	5	0	5	0	5
Other equity movements	0	0	0	3,610	3,610	-4,622	-1,012
Net profit/loss for the year	0	0	0	-10,854	-10,854	-424	-11,278
Equity at 31 December	**7,000**	**0**	**-339**	**345,987**	**352,648**	**33,761**	**386,409**

Parent Company

	Share capital	Reserve for net revaluation under the equity method	Reserve for exchange rate conversion	Retained earnings	Equity excl. minority interests	Minority interests	Total
Equity at 1 January	7,000	223,919	0	128,968	359,887	0	359,887
Exchange adjustments	0	5	0	0	5	0	5
Other equity movements	0	3,610	0	0	3,610	0	3,610
Net profit/loss for the year	0	-11,422	0	568	-10,854	0	-10,854
Equity at 31 December	**7,000**	**216,112**	**0**	**129,536**	**352,648**	**0**	**352,648**

Cash Flow Statement 1 January - 31 December

	Note	Group 2022	Group 2021
		TDKK	TDKK
Profit before financial income and expenses		-2,217	248,335
Adjustments	14	15,045	-237,996
Change in working capital	15	1,424	-4,539
Cash flows from operating activities before financial income and expenses		**14,252**	**5,800**
Financial income		22	74
Financial expenses		-10,971	-9,398
Cash flows from operating activities		**3,303**	**-3,524**
Purchase of investment properties		-258	-58
Purchase of other fixtures and fittings, tools and equipment		-267	0
Acquisition of other fixed asset investment		-612	-8
Purchase of minority shares		-1,013	-4,573
Cash flows from investing activities		**-2,150**	**-4,639**
Repayment of mortgage loans		-17,855	-68,896
Repayment of payables to owners and management		-6,000	6,000
Raising of loans from credit institutions		36,464	63,927
Cash capital increase		0	55
Cash flows from financing activities		**12,609**	**1,086**
Change in cash and cash equivalents		**13,762**	**-7,077**
Cash and cash equivalents at 1 January		29,846	36,742
Exchange adjustment of current asset investments		41	181
Cash and cash equivalents at 31 December		**43,649**	**29,846**
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		43,649	29,846
Cash and cash equivalents at 31 December		**43,649**	**29,846**

Notes to the Financial Statements

	Group		Parent Company	
	2022	2021	2022	2021
	TDKK	TDKK	TDKK	TDKK
1 Staff expenses				
Wages and salaries	1,707	4,871	75	710
Pensions	162	376	0	0
Other social security expenses	201	466	2	13
Other staff expenses	0	8	0	3
	2,070	**5,721**	**77**	**726**
Remuneration to the Executive Board	538	479	304	322
	538	**479**	**304**	**322**
Average number of employees	**5**	**12**	**0**	**2**

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

	Group 2022 TDKK	Group 2021 TDKK	Parent Company 2022 TDKK	Parent Company 2021 TDKK
Depreciation of property, plant and equipment	166	143	0	0
	166	**143**	**0**	**0**

3 Financial income

	Group 2022 TDKK	Group 2021 TDKK	Parent Company 2022 TDKK	Parent Company 2021 TDKK
Interest received from group enterprises	0	0	474	480
Other financial income	22	74	44	15
	22	**74**	**518**	**495**

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	25	0	0	0
Deferred tax for the year	-1,928	34,364	-1,928	34,364
Adjustment of tax concerning previous years	15	0	0	0
	-1,888	**34,364**	**-1,928**	**34,364**

5 Property, plant and equipment

Group

	Other fixtures and fittings, tools and equipment
	TDKK
Cost at 1 January	1,087
Additions for the year	267
Cost at 31 December	1,354
Impairment losses and depreciation at 1 January	484
Depreciation for the year	166
Impairment losses and depreciation at 31 December	650
Carrying amount at 31 December	**704**

Notes to the Financial Statements

6 Assets measured at fair value

	Group Investment properties TDKK
Cost at 1 January	440,187
Additions for the year	258
Cost at 31 December	440,445
Value adjustments at 1 January	243,971
Revaluations for the year	-14,873
Value adjustments at 31 December	229,098
Carrying amount at 31 December	**669,543**

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 119m. For other properties totaling DKK 550m the fair value has been calculated by management based on key figures from the external assessments and managements own current estimate.

Building projects in progress amount to DKK 0,3m, which is added to cost, or the recoverable amount, if lower.

Return on the total property portfolio amounts to an average of 2.8% (2021: 2.3%), with an average price factor of 26 times the annual rent (2021: 31), and an average market price of DKK 19,069 per m2 (2021: 19,461 per m2). If the market price was calculated using an alternative rate of return of 3.0% the fair value would amount to 631m instead.

All the Group's 8 properties are situated in Berlin and are primarily residential properties. Vacancy level for the portfolio is low.

Notes to the Financial Statements

	Parent Company	
	2022	2021
	TDKK	TDKK
7 Investments in subsidiaries		
Cost at 1 January	74,562	74,562
Cost at 31 December	74,562	74,562
Value adjustments at 1 January	223,919	2,855
Exchange adjustment	5	-38
Net profit/loss for the year	-11,422	219,799
Other equity movements, net	3,610	1,303
Value adjustments at 31 December	216,112	223,919
Carrying amount at 31 December	**290,674**	**298,481**

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Corporate form	Votes and ownership
REKonzept Immobilien I GmbH & Co. KG	Germany	KG	100%

REKonzept Immobilien I GmbH & Co. KG owns shares in 6 German subsidiaries. Disclosures on subsidiaries have been omitted in accordance with § 97a of the Danish Financial Statements Act.

8 Other fixed asset investments

	Group			Parent Company	
	Other investments	Deposits	Other receiv-ables	Other investments	Other receivables
	TDKK	TDKK	TDKK	TDKK	TDKK
Cost at 1 January	100	3,959	343	100	343
Additions for the year	0	124	612	0	9
Cost at 31 December	100	4,083	955	100	352
Impairment losses at 1 January	51	0	0	51	0
Impairment losses for the year	49	0	0	49	0
Impairment losses at 31 December	100	0	0	100	0
Carrying amount at 31 December	**0**	**4,083**	**955**	**0**	**352**

Notes to the Financial Statements

9 Share capital

The share capital is broken down as follow:

	Number	Nominal value
		TDKK
A-shares	700	700,000
B-shares	6,300	6,300,000
		7,000,000

	Group		Parent Company	
	2022	2021	2022	2021
	TDKK	TDKK	TDKK	TDKK

10 Distribution of profit

Reserve for net revaluation under the equity method	0	0	-11,422	219,799
Minority interests' share of net profit/loss of subsidiaries	-424	20,957	0	0
Retained earnings	-10,854	183,690	568	-36,109
	-11,278	**204,647**	**-10,854**	**183,690**

11 Provision for deferred tax

Provision for deferred tax at 1 January	34,377	13	34,377	13
Amounts recognised in the income statement for the year	-1,913	34,364	-1,928	34,364
Amounts recognised in equity for the year	-15	0	0	0
Provision for deferred tax at 31 December	**32,449**	**34,377**	**32,449**	**34,377**

Notes to the Financial Statements

12 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	
	2022	2021	2022	2021
	TDKK	TDKK	TDKK	TDKK
Mortgage loans				
After 5 years	113,801	89,858	0	0
Between 1 and 5 years	35,126	26,714	0	0
Long-term part	148,927	116,572	0	0
Within 1 year	4,136	17,928	0	0
	153,063	**134,500**	**0**	**0**
Payables to owners and Management				
Between 1 and 5 years	75,000	81,000	0	0
Long-term part	75,000	81,000	0	0
Within 1 year	0	0	0	0
	75,000	**81,000**	**0**	**0**
Deposits				
Between 1 and 5 years	4,083	3,959	0	0
Long-term part	4,083	3,959	0	0
Within 1 year	0	0	0	0
	4,083	**3,959**	**0**	**0**

Notes to the Financial Statements

13 Deferred income

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

14 Cash flow statement - adjustments

	Group	
	2022	2021
	TDKK	TDKK
Depreciation, amortisation and impairment losses, including losses and gains on sales	166	143
Value adjustments of investment property	14,879	-238,139
	15,045	**-237,996**

15 Cash flow statement - change in working capital

	2022	2021
Change in receivables	1,714	-3,319
Change in trade payables, etc	-290	-1,220
	1,424	**-4,539**

Notes to the Financial Statements

16 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 153m at 31 December 2022, which is secured on investment properties at a carrying amount of DKK 608m at 31 December 2022.

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

Contingent liabilities

Berlin Wohnungs Invest 2 ApS has signed an administration agreement, which is interminable until 31 December 2023. The agreement, however, is terminable at 6 months' notice until expiry of a calendar year provided all the property funds' limited partners at a prior general meeting have decided unanimously to terminate this agreement.

The Group has five investment properties, which are situated on rented land. One of the lease agreements run until year 2052 and four until year 2057. 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 are obligations to pay rent for the land until at least the year 2057. The obligation is DKK 66m.

17 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

18 Accounting Policies

The Annual Report of Berlin Wohnungs Invest 2 ApS 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 Wohnungs Invest 2 ApS, 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

18 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.

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.

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.

Notes to the Financial Statements

18 Accounting Policies (continued)

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 subsidiaries

The item "Income from investments in subsidiaries" 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.

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.

Notes to the Financial Statements

18 Accounting Policies (continued)

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

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

The item“Investments in subsidiaries” 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.

The total net revaluation of investments in subsidiaries 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.

Subsidiaries with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation

Notes to the Financial Statements

18 Accounting Policies (continued)

of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

Other fixed asset investments

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

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.

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.

Notes to the Financial Statements

18 Accounting Policies (continued)

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 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	$\frac{\text{Profit before financials x 100}}{\text{Revenue}}$

Notes to the Financial Statements

18 Accounting Policies (continued)

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