
Berlin Wohnungs Invest 2 ApS

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

Annual Report for 2023

CVR No. 37 79 25 94

The Annual Report was
presented and adopted
at the Annual General
Meeting of the
company
on 17/5 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 has today considered and adopted the Annual Report of Berlin Wohnungs Invest 2 ApS 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, 17 May 2024

Executive Board

Jesper Kim Pedersen
Executive Officer

Niels Peter Nielsen
Executive Officer

Independent Auditor's report

To the shareholders 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 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 Wohnungs Invest 2 ApS 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, 17 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 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 4-year period, the development of the Group is described by the following financial highlights:

	Group			
	2023	2022	2021	2020
	TDKK	TDKK	TDKK	TDKK
Key figures				
Profit/loss				
Revenue	25,616	24,332	23,908	8,744
Gross profit	-46,807	19	254,199	8,308
Profit/loss of primary operations	-49,103	-2,217	248,335	5,252
Profit/loss of financial income and expenses	-11,991	-10,949	-9,324	-1,888
Net profit/loss for the year	-52,843	-11,278	204,647	3,327
Balance sheet				
Balance sheet total	625,138	721,689	723,426	489,421
Investment in property, plant and equipment	44	525	58	2,571
Equity	334,085	386,409	398,694	198,992
Cash flows				
Cash flows from:				
- operating activities	1,692	3,303	-3,524	-3,956
- investing activities	-33	-2,150	-4,639	-101,928
- financing activities	-37,857	12,609	1,086	123,376
Change in cash and cash equivalents for the year	-36,198	13,762	-7,077	17,492
Number of employees	7	5	12	6
Ratios				
Gross margin	-182.7%	0.1%	1063.2%	95.0%
Profit margin	-191.7%	-9.1%	1038.7%	60.1%
Return on assets	-7.9%	-0.3%	34.3%	1.1%
Solvency ratio	53.4%	53.5%	55.1%	40.7%
Return on equity	-14.7%	-2.9%	68.5%	2.1%

Management's review

Key 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 the year

The Group's profit for the year amounts to DKK -61,094 thousand before tax and DKK -52,843 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 59,610 thousand.

Equity incl. minority interests amounts to DKK 334,085 thousand at 31 December 2023 compared to a consolidated balance sheet total of DKK 625,138 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 0.3-0.5% as a result of expected rent adjustment. Profit in 2024 before value adjustments of properties, tax and Minority interests is expected to increase by DKK 3,000-4,000 thousand due to the increase in revenue, lower property cost and lower financial costs.

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		25,616	24,332	0	0
Value adjustments of assets held for investment		-59,610	-14,879	0	0
Other operating income		41	0	0	0
Direct expenses		-8,556	-5,661	0	0
Other external expenses		-4,298	-3,773	-1,708	-1,712
Gross profit		-46,807	19	-1,708	-1,712
Staff expenses	1	-2,153	-2,070	-83	-77
Depreciation and impairment losses of property, plant and equipment	2	-143	-166	0	0
Profit/loss before financial income and expenses		-49,103	-2,217	-1,791	-1,789
Income from investments in subsidiaries		0	0	-56,173	-11,422
Financial income	3	205	22	723	518
Financial expenses		-12,196	-10,971	-231	-89
Profit/loss before tax		-61,094	-13,166	-57,472	-12,782
Tax on profit/loss for the year	4	8,251	1,888	8,203	1,928
Net profit/loss for the year	5	-52,843	-11,278	-49,269	-10,854

Balance sheet 31 December

Assets

	Note	Group		Parent company	
		2023	2022	2023	2022
		TDKK	TDKK	TDKK	TDKK
Investment properties	6	611,441	669,543	0	0
Other fixtures and fittings, tools and equipment	7	292	704	0	0
Property, plant and equipment		611,733	670,247	0	0
Investments in subsidiaries	8	0	0	317,633	290,674
Other investments	9	0	0	0	0
Deposits	9	4,133	4,083	0	0
Other receivables	9	1,007	955	397	352
Fixed asset investments		5,140	5,038	318,030	291,026
Fixed assets		616,873	675,285	318,030	291,026
Trade receivables		635	1,015	0	0
Receivables from group enterprises		0	0	11,319	94,221
Other receivables		283	1,740	0	0
Receivables		918	2,755	11,319	94,221
Cash at bank and in hand		7,347	43,649	121	442
Current assets		8,265	46,404	11,440	94,663
Assets		625,138	721,689	329,470	385,689

Balance sheet 31 December

Liabilities and equity

	Note	Group		Parent company	
		2023	2022	2023	2022
		TDKK	TDKK	TDKK	TDKK
Share capital	10	7,000	7,000	7,000	7,000
Reserve for net revaluation under the equity method		0	0	161,255	216,112
Reserve for exchange rate conversion		456	-339	0	0
Retained earnings		297,239	345,987	136,440	129,536
Equity attributable to shareholders of the Parent Company		304,695	352,648	304,695	352,648
Minority interests		29,390	33,761	0	0
Equity		334,085	386,409	304,695	352,648
Provision for deferred tax	11	24,246	32,449	24,246	32,449
Provisions		24,246	32,449	24,246	32,449
Mortgage loans		184,088	148,927	0	0
Payables to owners and Management		55,000	75,000	0	0
Deposits		4,133	4,083	0	0
Long-term debt	12	243,221	228,010	0	0
Mortgage loans	12	4,327	4,136	0	0
Credit institutions		11,340	63,969	0	0
Trade payables		2,056	1,837	513	574
Corporation tax		15	0	0	0
Other payables		4,004	3,569	16	18
Deferred income	13	1,844	1,310	0	0
Short-term debt		23,586	74,821	529	592
Debt		266,807	302,831	529	592
Liabilities and equity		625,138	721,689	329,470	385,689

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	16				
Related parties	17				
Accounting Policies	18				

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	7,000	-339	345,987	352,648	33,761	386,409
Exchange adjustments	0	795	0	795	73	868
Other equity movements	0	0	521	521	-870	-349
Net profit/loss for the year	0	0	-49,269	-49,269	-3,574	-52,843
Equity at 31 December	7,000	456	297,239	304,695	29,390	334,085

Parent company

	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Total
	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	7,000	216,112	129,536	352,648
Exchange adjustments	0	795	0	795
Other equity movements	0	521	0	521
Net profit/loss for the year	0	-56,173	6,904	-49,269
Equity at 31 December	7,000	161,255	136,440	304,695

Cash flow statement 1 January - 31 December

	Note	Group	
		2023	2022
		TDKK	TDKK
Result of the year		-52,843	-11,278
Adjustments	14	63,452	24,106
Change in working capital	15	3,074	1,424
Cash flow from operations before financial items		13,683	14,252
Financial income		205	22
Financial expenses		-12,196	-10,971
Cash flows from operating activities		1,692	3,303
Purchase of property, plant and equipment		0	-267
Sale of property, plant and equipment		311	0
Purchase of investment properties		-44	-258
Acquisition of other fixed asset investment		-49	-612
Purchase of minority shares		-251	-1,013
Cash flows from investing activities		-33	-2,150
Repayment of mortgage loans		-69,327	-17,855
Repayment of payables to participating interests		-20,000	-6,000
Raising of loans from credit institutions		51,578	36,464
Cash capital increase		44	0
Dividend paid		-152	0
Cash flows from financing activities		-37,857	12,609
Change in cash and cash equivalents		-36,198	13,762
Cash and cash equivalents at 1 January		43,649	29,846
Exchange adjustment of current asset investments		-104	41
Cash and cash equivalents at 31 December		7,347	43,649
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		7,347	43,649
Cash and cash equivalents at 31 December		7,347	43,649

Notes to the Financial Statements

	Group		Parent company	
	2023	2022	2023	2022
	TDKK	TDKK	TDKK	TDKK
1. Staff Expenses				
Wages and salaries	1,791	1,707	82	75
Pensions	160	162	0	0
Other social security expenses	201	201	1	2
Other staff expenses	1	0	0	0
	2,153	2,070	83	77
Including remuneration to the Executive Board:				
Executive board	540	538	334	304
	540	538	334	304
Average number of employees	7	5	0	0
	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	143	166	0	0
	143	166	0	0
	Group		Parent company	
	2023	2022	2023	2022
	TDKK	TDKK	TDKK	TDKK
3. Financial income				
Interest received from group enterprises	0	0	453	474
Other financial income	61	22	270	44
Exchange adjustments	144	0	0	0
	205	22	723	518

Notes to the Financial Statements

	Group		Parent company	
	2023	2022	2023	2022
	TDKK	TDKK	TDKK	TDKK
4. Income tax expense				
Current tax for the year	0	25	0	0
Deferred tax for the year	-8,203	-1,928	-8,203	-1,928
Adjustment of tax concerning previous years	-48	15	0	0
	-8,251	-1,888	-8,203	-1,928

	Group		Parent company	
	2023	2022	2023	2022
	TDKK	TDKK	TDKK	TDKK
5. Profit allocation				
Reserve for net revaluation under the equity method	0	0	-56,173	-11,422
Minority interests' share of net profit/loss of subsidiaries	-3,574	-424	0	0
Retained earnings	-49,269	-10,854	6,904	568
	-52,843	-11,278	-49,269	-10,854

Notes to the Financial Statements

6. Assets measured at fair value

Group

	Investment properties
	TDKK
Cost at 1 January	440,445
Exchange adjustment	972
Additions for the year	44
Cost at 31 December	<u>441,461</u>
Value adjustments at 1 January	229,098
Exchange adjustment	505
Revaluations for the year	-59,623
Value adjustments at 31 December	<u>169,980</u>
Carrying amount at 31 December	<u>611,441</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 304m. For other properties totaling DKK 307m 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 at fair value.

Return on the total property portfolio amounts to an average of 3.0% (2022: 2.8%), with an average price factor of 24 times the annual rent (2022: 26), and an average market price of DKK 17,393 per m² (2022: 19,069 per m²). If the market price was calculated using an alternative rate of return of 4.0% the fair value would amount to 463m 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

7. Property, plant and equipment Group

	Other fixtures and fittings, tools and equipment
	TDKK
Cost at 1 January	1,354
Disposals for the year	-534
Cost at 31 December	<u>820</u>
Impairment losses and depreciation at 1 January	650
Exchange adjustment	-1
Depreciation for the year	143
Reversal of impairment and depreciation of sold assets	-264
Impairment losses and depreciation at 31 December	<u>528</u>
Carrying amount at 31 December	<u>292</u>

Notes to the Financial Statements

	Parent company	
	2023	2022
	TDKK	TDKK
8. Investments in subsidiaries		
Cost at 1 January	74,562	74,562
Additions for the year	81,816	0
Cost at 31 December	<u>156,378</u>	<u>74,562</u>
Value adjustments at 1 January	216,112	223,919
Exchange adjustment	795	5
Net profit/loss for the year	-56,173	-11,422
Other equity movements, net	521	3,610
Value adjustments at 31 December	<u>161,255</u>	<u>216,112</u>
Carrying amount at 31 December	<u>317,633</u>	<u>290,674</u>

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Ownership
REKonzept Immobilien I GmbH & Co. KG	Germany	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.

9. Other fixed asset investments

	Group			Parent company	
	Other investments	Deposits	Other receivables	Other investments	Other receivables
	TDKK	TDKK	TDKK	TDKK	TDKK
Cost at 1 January	100	4,083	955	100	352
Additions for the year	11	50	52	11	45
Cost at 31 December	<u>111</u>	<u>4,133</u>	<u>1,007</u>	<u>111</u>	<u>397</u>
Impairment losses at 1 January	100	0	0	100	0
Impairment losses for the year	11	0	0	11	0
Impairment losses at 31 December	<u>111</u>	<u>0</u>	<u>0</u>	<u>111</u>	<u>0</u>
Carrying amount at 31 December	<u>0</u>	<u>4,133</u>	<u>1,007</u>	<u>0</u>	<u>397</u>

Notes to the Financial Statements

10. Share capital

	Number	Nominal value
		TDKK
A-shares	700	700
B-shares	6,300	6,300
		<u>7,000</u>

	Group		Parent company	
	2023	2022	2023	2022
	TDKK	TDKK	TDKK	TDKK
11. Provision for deferred tax				
Deferred tax liabilities at 1 January	32,449	34,377	32,449	34,377
Amounts recognised in the income statement for the year	-8,203	-1,913	-8,203	-1,928
Amounts recognised in equity for the year	0	-15	0	0
Deferred tax liabilities at 31 December	<u>24,246</u>	<u>32,449</u>	<u>24,246</u>	<u>32,449</u>

	Group		Parent company	
	2023	2022	2023	2022
	TDKK	TDKK	TDKK	TDKK

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:

Mortgage loans				
After 5 years	148,824	113,801	0	0
Between 1 and 5 years	35,264	35,126	0	0
Long-term part	184,088	148,927	0	0
Within 1 year	4,327	4,136	0	0
	<u>188,415</u>	<u>153,063</u>	<u>0</u>	<u>0</u>

Notes to the Financial Statements

	Group		Parent company	
	2023	2022	2023	2022
	TDKK	TDKK	TDKK	TDKK
12. Long-term debt				
Payables to owner and Management				
After 5 years	0	0	0	0
Between 1 and 5 years	55,000	75,000	0	0
Long-term part	55,000	75,000	0	0
Within 1 year	0	0	0	0
	55,000	75,000	0	0
Deposits				
After 5 years	0	0	0	0
Between 1 and 5 years	4,133	4,083	0	0
Long-term part	4,133	4,083	0	0
Within 1 year	0	0	0	0
	4,133	4,083	0	0

13. Deferred income

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

	Group	
	2023	2022
	TDKK	TDKK
14. Cash flow statement - Adjustments		
Financial income	-205	-22
Financial expenses	12,196	10,971
Depreciation, amortisation and impairment losses, including losses and gains on sales	102	166
Value adjustments of assets held for investment	59,610	14,879
Tax on profit/loss for the year	-8,251	-1,888
	63,452	24,106

Notes to the Financial Statements

	Group	
	2023	2022
	TDKK	TDKK
15. Cash flow statement - Change in working capital		
Change in receivables	1,842	1,714
Change in trade payables, etc	1,232	-290
	3,074	1,424

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 188m at 31 December 2023, which is secured on investment properties at a carrying amount of DKK 611m at 31 December 2023.

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

Other contingent liabilities

The Group has five investment properties, which are situated on rented land. One of the lease agreements runs 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 64m.

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 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 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.

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. 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.

Notes to the Financial Statements

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 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 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.

Notes to the Financial Statements

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.

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
--	-----------

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

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

Notes to the Financial Statements

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 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.

Notes to the Financial Statements

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	$\text{Gross profit} \times 100 / \text{Revenue}$
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	$\text{Net profit for the year} \times 100 / \text{Average equity}$