



Berlin Wohnungs Invest K/S

Gl. Torv 2, 1.
5800 Nyborg
CVR No. 38030396

Annual report 2020

The Annual General Meeting adopted the
annual report on 19.04.2021

Jesper Kim Pedersen

Chairman of the General Meeting

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Entity details

Entity

Berlin Wohnungs Invest K/S

Gl. Torv 2, 1.

5800 Nyborg

Business Registration No.: 38030396

Date of foundation: 23.09.2016

Registered office: Nyborg

Financial year: 01.01.2020 - 31.12.2020

Executive Board

Komplementaranpartsselskabet for Berlin Wohnungs Invest

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Tværkajen 5

P. O. Box 10

5100 Odense

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Berlin Wohnungs Invest K/S for the financial year 01.01.2020 - 31.12.2020

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2020 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2020 - 31.12.2020.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Nyborg, 19.04.2021

Executive Board

**Komplementaranpartsselskabet for Berlin
Wohnungs Invest**

Independent auditor's report

To the shareholders of Berlin Wohnungs Invest K/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of Berlin Wohnungs Invest K/S for the financial year 01.01.2020 - 31.12.2020, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2020 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2020 - 31.12.2020 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 consolidated financial statements and the parent financial statements" section of this auditor's report. We are independent of the Group in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the consolidated financial statements and the parent financial statements

Management is responsible for the preparation of consolidated financial statements and parent 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 consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent 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 consolidated financial statements and parent 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 consolidated financial statements and the parent 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 Entity'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 consolidated financial statements and the parent 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 Entity'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 consolidated financial statements and the parent 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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient and 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.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Odense, 19.04.2021

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Per Krause Therkelsen

State Authorised Public Accountant
Identification No (MNE) mne19698

Management commentary

Financial highlights

	2020 DKK'000	2019 DKK'000	2018 DKK'000	2016/17 DKK'000
Key figures				
Revenue	35,462	34,389	25,676	10,238
Gross profit/loss	81,280	129,719	80,845	38,705
Operating profit/loss	77,180	125,024	76,967	34,581
Net financials	(14,267)	(12,207)	(8,221)	(2,618)
Profit/loss for the year	60,805	112,290	68,687	31,963
Profit for the year excl. minority interests	53,046	85,319	50,149	23,965
Balance sheet total	938,084	829,394	708,879	453,495
Investments in property, plant and equipment	41,406	13,982	218,102	358,475
Equity	444,912	404,194	303,064	179,598
Equity excl. minority interests	392,304	329,326	238,715	151,179
Cash flows from operating activities	5,801	1,030	9,929	5,824
Cash flows from investing activities	(57,632)	(23,914)	(70,072)	(93,968)
Cash flows from financing activities	67,610	26,081	38,160	119,757
Ratios				
Gross margin (%)	229.20	377.21	314.87	378.05
Net margin (%)	171.47	326.53	267.51	312.20
Return on equity (%)	14.70	30.0	25.7	15.9
Equity ratio (%)	41.82	39.71	33.67	33.34

The company's first financial year 2016/17 covers 15 months.

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the CFA Society Denmark.

Gross margin (%):

Gross profit/loss * 100

Revenue

Net margin (%):

Profit/loss for the year * 100

Revenue

Return on equity (%):

Profit/loss for the year excl. minority interests * 100

Average equity excl. minority interests

Equity ratio (%):

Equity excl. minority interests * 100

Balance sheet total

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 DKK 62,913 thousand before tax and DKK 60,805 thousand after tax. The profit is considered satisfactory and in line with the expectations for the year. The profit for the year is positively affected by a value adjustment of the investment properties of DKK 57,125 thousand.

Equity incl. minority interests amounts to DKK 444,912 thousand at 31 December 2020 compared to a consolidated balance sheet total of DKK 938,084 thousand.

Outlook

Net revenue in 2021 is expected to increase by 5-10% due to construction of new rooftop apartments. Profit in 2021 before value adjustments of properties is expected to increase by 20-25% due to the increase in revenue.

Particular risks

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

The Berlin Senate has passed a bill on limitations of rents in the Berlin housing sector (MietenWoG Bln "Mietendeckel") effective from 23 February 2020. The law applies to most buildings in Berlin, except new apartment buildings completed after 1. January 2014 and price-bound housing. Two of the Group's investment properties are governed by the "Mietendeckel". The "Mietendeckel" was declared invalid by the German federal court on 15 April 2021.

The "Mietendeckel" and the effects of the rent limitations has caused widespread uncertainty in the Berlin housing market, and the implications and expected duration of the "Mietendeckel", as well as the risk of new legislation detrimental to the housing market, for example legislation against converting investment properties into condominiums, are meanwhile assessed differently by buyers and sellers, causing a wider spread in market prices. The COVID-19 pandemic has also caused additional market uncertainty and lower transaction volume.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report. The continued Coronavirus pandemic has not and is not expected to have significant impact on the Group's financial statement, as the Group's revenue is primarily rental income from residential property and the added market uncertainties have been subsumed in the valuation of investment properties.

Consolidated income statement for 2020

	Notes	2020 DKK'000	2019 DKK'000
Revenue		35,462	34,389
Fair value adjustments of investment property		57,125	105,522
Other external expenses		(5,679)	(5,347)
Property costs		(5,628)	(4,845)
Gross profit/loss		81,280	129,719
Staff costs	2	(3,990)	(4,609)
Depreciation, amortisation and impairment losses		(110)	(86)
Operating profit/loss		77,180	125,024
Income from other fixed asset investments		54	0
Other financial income		302	318
Other financial expenses		(14,623)	(12,525)
Profit/loss before tax		62,913	112,817
Tax on profit/loss for the year		(2,108)	(527)
Profit/loss for the year	3	60,805	112,290

Consolidated balance sheet at 31.12.2020

Assets

	Notes	2020 DKK'000	2019 DKK'000
Investment property		888,464	793,377
Other fixtures and fittings, tools and equipment		377	380
Property, plant and equipment	4	888,841	793,757
Receivables from associates		0	1,389
Other investments		250	26
Deposits		5,524	5,301
Other receivables		571	0
Financial assets	5	6,345	6,716
Fixed assets		895,186	800,473
Raw materials and consumables		43	62
Inventories		43	62
Trade receivables		1,110	1,349
Other receivables		1,542	3,267
Prepayments	6	420	449
Receivables		3,072	5,065
Cash		39,783	23,794
Current assets		42,898	28,921
Assets		938,084	829,394

Equity and liabilities

	Notes	2020 DKK'000	2019 DKK'000
Contributed capital	7	150,000	150,000
Translation reserve		(1,432)	0
Retained earnings		243,736	179,326
Equity belonging to Parent's shareholders		392,304	329,326
Equity belonging to minority interests		52,608	74,868
Equity		444,912	404,194
Mortgage debt		351,429	233,983
Deposits		5,536	5,294
Payables to owners and management		91,000	71,000
Other payables		1,158	1,514
Non-current liabilities other than provisions	8	449,123	311,791
Current portion of non-current liabilities other than provisions	8	11,067	90,500
Bank loans		17,090	141
Trade payables		5,299	3,679
Payables to owners and management		0	8,458
Tax payable		2,295	0
Other payables		6,710	8,604
Deferred income	9	1,588	2,027
Current liabilities other than provisions		44,049	113,409
Liabilities other than provisions		493,172	425,200
Equity and liabilities		938,084	829,394
Events after the balance sheet date	1		
Contingent liabilities	11		
Assets charged and collateral	12		
Transactions with related parties	13		
Subsidiaries	14		

Consolidated statement of changes in equity for 2020

	Contributed capital DKK'000	Translation reserve DKK'000	Retained earnings DKK'000	Equity belonging to Parent's shareholders DKK'000	Equity belonging to minority interests DKK'000
Equity beginning of year	150,000	0	179,326	329,326	74,868
Exchange rate adjustments	0	(1,432)	0	(1,432)	(15)
Other entries on equity	0	0	11,365	11,365	(30,005)
Profit/loss for the year	0	0	53,045	53,045	7,760
Equity end of year	150,000	(1,432)	243,736	392,304	52,608
					Total DKK'000
Equity beginning of year					404,194
Exchange rate adjustments					(1,447)
Other entries on equity					(18,640)
Profit/loss for the year					60,805
Equity end of year					444,912

Consolidated cash flow statement for 2020

	Notes	2020 DKK'000	2019 DKK'000
Operating profit/loss		77,180	125,024
Amortisation, depreciation and impairment losses		110	86
Adjustments of investment property		(57,125)	(105,522)
Working capital changes	10	2,011	(5,824)
Cash flow from ordinary operating activities		22,176	13,764
Financial income received		356	318
Financial expenses paid		(14,623)	(12,525)
Taxes refunded/(paid)		(2,108)	(527)
Cash flows from operating activities		5,801	1,030
Acquisition etc. of property, plant and equipment		(41,299)	(13,982)
Loans		1,072	3,191
Purchase of minority shares		(17,298)	(14,329)
Acquisition of cash in enterprises		0	1,286
Other cash flows from investing activities		(107)	(80)
Cash flows from investing activities		(57,632)	(23,914)
Free cash flows generated from operations and investments before financing		(51,831)	(22,884)
Loans raised		140,006	35,000
Repayments of loans etc.		(72,407)	(8,900)
Cash capital increase		11	(19)
Cash flows from financing activities		67,610	26,081

Increase/decrease in cash and cash equivalents	15,779	3,197
Cash and cash equivalents beginning of year	23,794	20,587
Currency translation adjustments of cash and cash equivalents	210	10
Cash and cash equivalents end of year	39,783	23,794
Cash and cash equivalents at year-end are composed of:		
Cash	39,783	23,794
Cash and cash equivalents end of year	39,783	23,794

Notes to consolidated financial statements

1 Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report. The continued Coronavirus pandemic has not and is not expected to have significant impact on the Group's financial statement, as the Group's revenue is primarily rental income from residential property and the added market uncertainties have been subsumed in the valuation of investment properties.

2 Staff costs

	2020 DKK'000	2019 DKK'000
Wages and salaries	3,400	3,978
Other social security costs	587	623
Other staff costs	3	8
	3,990	4,609

Average number of full-time employees	11	7
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	Remuneration of manage- ment 2020 DKK'000	Remuneration of manage- ment 2019 DKK'000
Total amount for management categories	745	815
	745	815

3 Proposed distribution of profit/loss

	2020 DKK'000	2019 DKK'000
Retained earnings	53,046	85,319
Minority interests' share of profit/loss	7,759	26,971
	60,805	112,290

4 Property, plant and equipment

	Investment property DKK'000	Other fixtures and fittings, tools and equipment DKK'000
Cost beginning of year	591,312	510
Exchange rate adjustments	(2,407)	0
Additions	41,299	107
Cost end of year	630,204	617
Revaluations beginning of year	202,065	0
Exchange rate adjustments	(822)	0
Revaluations for the year	57,017	0
Revaluations end of year	258,260	0
Depreciation and impairment losses beginning of year	0	(130)
Depreciation for the year	0	(110)
Depreciation and impairment losses end of year	0	(240)
Carrying amount end of year	888,464	377

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 336m. For other properties totaling DKK 508m the fair value has been calculated by management based on previous years valuation by external valuer and managements own current estimate.

Building projects in progress amount to DKK 44m, which is added to cost, or the recoverable amount, if lower.

Return on the total property portfolio amounts to an average of 3.40% (2019: 3.65%), with an average price factor of 23 times the annual rent (2019: 22), and an average market price of DKK 17,017 per m² (2019: 15,777 per m²). If the market price was calculated using an alternative rate of return of 4,0% the fair value would amount to 718m instead.

All the Group's 6 properties are situated in Berlin and are primarily residential properties. Vacancy level for the portfolio is low.

The Berlin Senate has passed a bill on limitations of rents in the Berlin housing sector (MietenWoG Bln "Mietendeckel") effective from 23 February 2020. The law applies to most buildings in Berlin, except new apartment buildings completed after 1. January 2014 and price-bound housing. Two of the Group's investment properties are governed by the "Mietendeckel". The "Mietendeckel" was declared invalid by the German federal court on 15 April 2021.

The "Mietendeckel" and the effects of the rent limitations has caused widespread uncertainty in the Berlin housing market, and the implications and expected duration of the "Mietendeckel", as well as the risk of new legislation detrimental to the housing market, are meanwhile assessed differently by buyers and sellers, causing a wider spread in market prices. The COVID-19 pandemic has also caused additional market uncertainty and lower transaction volume.

Consequently, we have made specific adjustments in the market price valuation to reflect the current market situation in Berlin as described above.

5 Financial assets

	Receivables from associates DKK'000	Other investments DKK'000	Deposits DKK'000	Other receivables DKK'000
Cost beginning of year	1,389	26	5,301	0
Additions	0	224	223	571
Disposals	(1,389)	0	0	0
Cost end of year	0	250	5,524	571
Carrying amount end of year	0	250	5,524	571

6 Prepayments

Prepayments consist of prepaid expenses.

7 Contributed capital

	Number	Par value DKK'000	Nominal value DKK'000
A-Shares	90,000	1	90,000
B-Shares	60,000	1	60,000
	150,000		150,000

8 Non-current liabilities other than provisions

	Due within 12 months 2020 DKK'000	Due within 12 months 2019 DKK'000	Due after more than 12 months 2020 DKK'000	Outstanding after 5 years 2020 DKK'000
Mortgage debt	10,890	90,500	351,429	187,675
Deposits	0	0	5,536	0
Payables to owners and management	0	0	91,000	0
Other payables	177	0	1,158	405
	11,067	90,500	449,123	188,080

9 Deferred income

Deferred income consists of prepayments from lessees.

10 Changes in working capital

	2020	2019
	DKK'000	DKK'000
Increase/decrease in inventories	19	18
Increase/decrease in receivables	353	1,308
Increase/decrease in trade payables etc.	1,639	(7,150)
	2,011	(5,824)

11 Contingent liabilities

Berlin Wohnungs Invest K/S has signed an administration agreement, which is interminable until 31 December 2021. 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 two investment properties, which are situated on rented land. The lease agreements run until year 2053 and 2065, 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 are obligations to pay rent for the land until at least the year 2065. The obligation is DKK 34m.

A claim has been made for repayment of a reduced rent for a land plot for 2018-2020 total DKK 1.1m. The company has rejected the claim.

12 Assets charged and collateral

The Group has raised mortgage debt at a carrying amount of DKK 362m at 31 December 2020, which is secured on investment properties at a carrying amount of DKK 888m at 31 December 2020.

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

13 Transactions with related parties

	Management	Other related parties
	DKK'000	DKK'000
Remuneration to the Executive Board and the Board of Directors	745	0
Interest (net) enterprises	0	821
Intercompany accounts (net) enterprises	0	12,021

The Company's related parties comprise the following:

Significant influence - Limited partner and Board Directors in the limited partner.

14 Subsidiaries

	Registered in	Corporate form	Ownership %
REK Berlin Wohnungs Invest GmbH & Co. Beteiligungs KG	Germany, Berlin	KG	100.0

REK Berlin Wohnungs Invest GmbH & Co. Beteiligungs KG owns shares in 6 German subsidiaries. Disclosures on subsidiaries have been omitted in accordance with § 97a(4) of the Danish Financial Statements Act.

Parent income statement for 2020

	Notes	2020 DKK'000	2019 DKK'000
Other external expenses		(1,101)	(1,235)
Gross profit/loss		(1,101)	(1,235)
Staff costs	2	(749)	(812)
Operating profit/loss		(1,850)	(2,047)
Income from investments in group enterprises		54,893	87,369
Other financial income	3	15	0
Other financial expenses		(13)	(3)
Profit/loss for the year	4	53,045	85,319

Parent balance sheet at 31.12.2020

Assets

	Notes	2020 DKK'000	2019 DKK'000
Investments in group enterprises		391,310	326,484
Other investments		170	0
Other receivables		571	0
Financial assets	5	392,051	326,484
Fixed assets		392,051	326,484
Receivables from group enterprises		518	4,169
Other receivables		20	0
Receivables		538	4,169
Cash		107	27
Current assets		645	4,196
Assets		392,696	330,680

Equity and liabilities

	Notes	2020 DKK'000	2019 DKK'000
Contributed capital		150,000	150,000
Reserve for net revaluation according to the equity method		248,002	183,176
Retained earnings		(5,698)	(3,850)
Equity		392,304	329,326
Trade payables		206	1,352
Other payables		186	2
Current liabilities other than provisions		392	1,354
Liabilities other than provisions		392	1,354
Equity and liabilities		392,696	330,680

Events after the balance sheet date	1
Contingent liabilities	6
Transactions with related parties	7

Parent statement of changes in equity for 2020

	Contributed capital DKK'000	Reserve for net revaluation according to the equity method DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	150,000	183,176	(3,850)	329,326
Exchange rate adjustments	0	(1,432)	0	(1,432)
Other entries on equity	0	11,365	0	11,365
Profit/loss for the year	0	54,893	(1,848)	53,045
Equity end of year	150,000	248,002	(5,698)	392,304

Notes to parent financial statements

1 Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report. The continued Coronavirus pandemic has not and is not expected to have significant impact on the Group's financial statement, as the Group's revenue is primarily rental income from residential property and the added market uncertainties have been subsumed in the valuation of investment properties.

2 Staff costs

	2020 DKK'000	2019 DKK'000
Wages and salaries	745	811
Other social security costs	4	1
	749	812
Average number of full-time employees	1	1

	Remuneration of manage- ment 2020 DKK'000	Remuneration of manage- ment 2019 DKK'000
Total amount for management categories	745	815
	745	815

3 Other financial income

	2020 DKK'000	2019 DKK'000
Financial income from group enterprises	11	0
Exchange rate adjustments	3	0
Other financial income	1	0
	15	0

4 Proposed distribution of profit and loss

	2020 DKK'000	2019 DKK'000
Retained earnings	53,045	85,319
	53,045	85,319

5 Financial assets

	Investments in group enterprises DKK'000	Other investments DKK'000	Other receivables DKK'000
Cost beginning of year	143,308	0	0
Additions	0	170	571
Cost end of year	143,308	170	571
Revaluations beginning of year	183,176	0	0
Exchange rate adjustments	(1,432)	0	0
Adjustments on equity	11,365	0	0
Share of profit/loss for the year	54,893	0	0
Revaluations end of year	248,002	0	0
Carrying amount end of year	391,310	170	571

A specification of investments in subsidiaries is evident from the notes to the consolidated financial statements.

6 Contingent liabilities

Berlin Wohnungs Invest K/S has signed an administration agreement, which is interminable until 31 December 2021. 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.

7 Transactions with related parties

	Management DKK'000	Other related parties DKK'000
Remuneration to the Executive Board and the Board of Directors	745	0
Interest (net) enterprises	0	11
Intercompany accounts (net) enterprises	0	518

Accounting policies

Reporting class

This annual report has been prepared in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium).

The accounting policies applied to these consolidated financial statements and parent financial statements are consistent with those applied last year.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Consolidated financial statements

The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence. Enterprises in which the Group, directly or indirectly, holds between 20% and 50% of the voting rights and exercises significant, but not controlling influence are regarded as associates.

Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements. Minority interests' proportionate share of profit or loss is presented as a separate item in Management's proposal for distribution of profit or loss, and their share of subsidiaries' net assets is presented as a separate item in group equity.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the acquisition date, with net assets having been calculated at fair value.

Profits or losses from divestment of equity investments

Profits or losses from divestment or winding-up of subsidiaries are calculated as the difference between selling price or settlement price and the carrying amount of the net assets at the time of divestment or winding-up, inclusive of non-amortised goodwill and estimated divestment or winding-up expenses.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

When recognising foreign subsidiaries and associates that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date. Goodwill is considered belonging to the independent foreign entity and is translated using the exchange rate at the balance sheet date. Exchange differences arising out of the translation of foreign subsidiaries' equity at the beginning of the year at the balance sheet date exchange rates as well as out of the translation of income statements from average rates to the exchange rates at the balance sheet date are recognised directly in equity.

Exchange adjustments of outstanding accounts with independent foreign subsidiaries which are considered part of the total investment in the subsidiary in question are classified directly as equity.

When recognising foreign subsidiaries that are integral entities, monetary assets and liabilities are translated using the exchange rates at the balance sheet date. Non-monetary assets and liabilities are translated at the exchange rate at the time of acquisition or the time of any subsequent revaluation or writedown. The items of the income statement are translated at the average rates of the months; however, items deriving from non-monetary assets and liabilities are translated using the historical rates applicable to the relevant non-monetary items.

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

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.

Other external expenses

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

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.

Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses

Amortisation, depreciation and impairment losses relating to other fixtures comprise depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets as well as gains and losses from the sale of equipment.

Income from investments in group enterprises

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of internal profits or losses.

Income from other fixed asset investments

Income from other fixed asset investments comprises gains in the form of interest, dividends, etc. on fixed asset investments which are not investments in group enterprises or associates.

Other financial income

Other financial income comprises interest income, payables and transactions in foreign currencies and amortisation of financial assets.

Other financial expenses

Other financial expenses comprises interest expenses, payables and transactions in foreign currencies and amortisation of financial liabilities.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The limited partnership is not an independent taxpayer. Consequently, corporate tax is not recognised in the annual report as current and deferred tax are incumbent on the limited partners.

Balance sheet**Property, plant and equipment**

Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Other fixtures and fittings, tools and equipment	5-7 years
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Other fixtures and fittings, tools and equipment are written down to the lower of recoverable amount and carrying amount.

Investment property

On initial recognition, investment properties are measured at cost consisting of the acquisition price of the properties plus directly related acquisition costs.

Subsequent to initial recognition, investment properties are measured at fair value which is equivalent to the amount at which the individual property may be sold to an independent buyer at the balance sheet date.

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.

The financial year's adjustments of the properties' fair value are recognised in the income statement.

Investments in group enterprises

In the parent financial statements, investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus unamortised goodwill and plus or minus unrealised intra-group profits and losses. Refer to the above section on business combinations for more details about the accounting policies used on acquisitions of investments in group enterprises.

Group enterprises with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation will involve a loss, a provision is recognised that is measured at present value of the costs necessary to settle the obligations at the balance sheet date.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to Reserve for net revaluation according to the equity method under equity.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Other investments

Other investments comprise unlisted investments measured at the lower of cost and net realisable value.

Inventories

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

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises cash in hand and bank deposits.

Mortgage debt

At the time of borrowing, mortgage debt to mortgage credit institutions is measured at cost which corresponds to the proceeds received less transaction costs incurred. Mortgage debt is subsequently measured at amortised cost. This means that the difference between the proceeds at the time of borrowing and the nominal repayable amount of the loan is recognised in the income statement as a financial expense over the term of the loan applying the effective interest method.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Tax payable or receivable

Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

Deferred income

Deferred income comprises income received for recognition in subsequent financial years. Deferred income is measured at cost.

Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and income taxes paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments as well as purchase, development, improvement and sale, etc of intangible assets and property, plant and equipment, including acquisition of assets held under finance leases.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs as well as the raising of loans, inception of finance leases, instalments on interest-bearing debt, purchase of treasury shares and payment of dividend.

Cash and cash equivalents comprise cash funds.