



Sofia Residential A/S

Lergravsvej 59A
2300 København S

CVR no. 41 50 74 70

ANNUAL REPORT 2022

(3rd Financial year)

Adopted at the annual general meeting on

Kim Oestergaard
chairman





Sofia Residential A/S

ANNUAL REPORT
2022

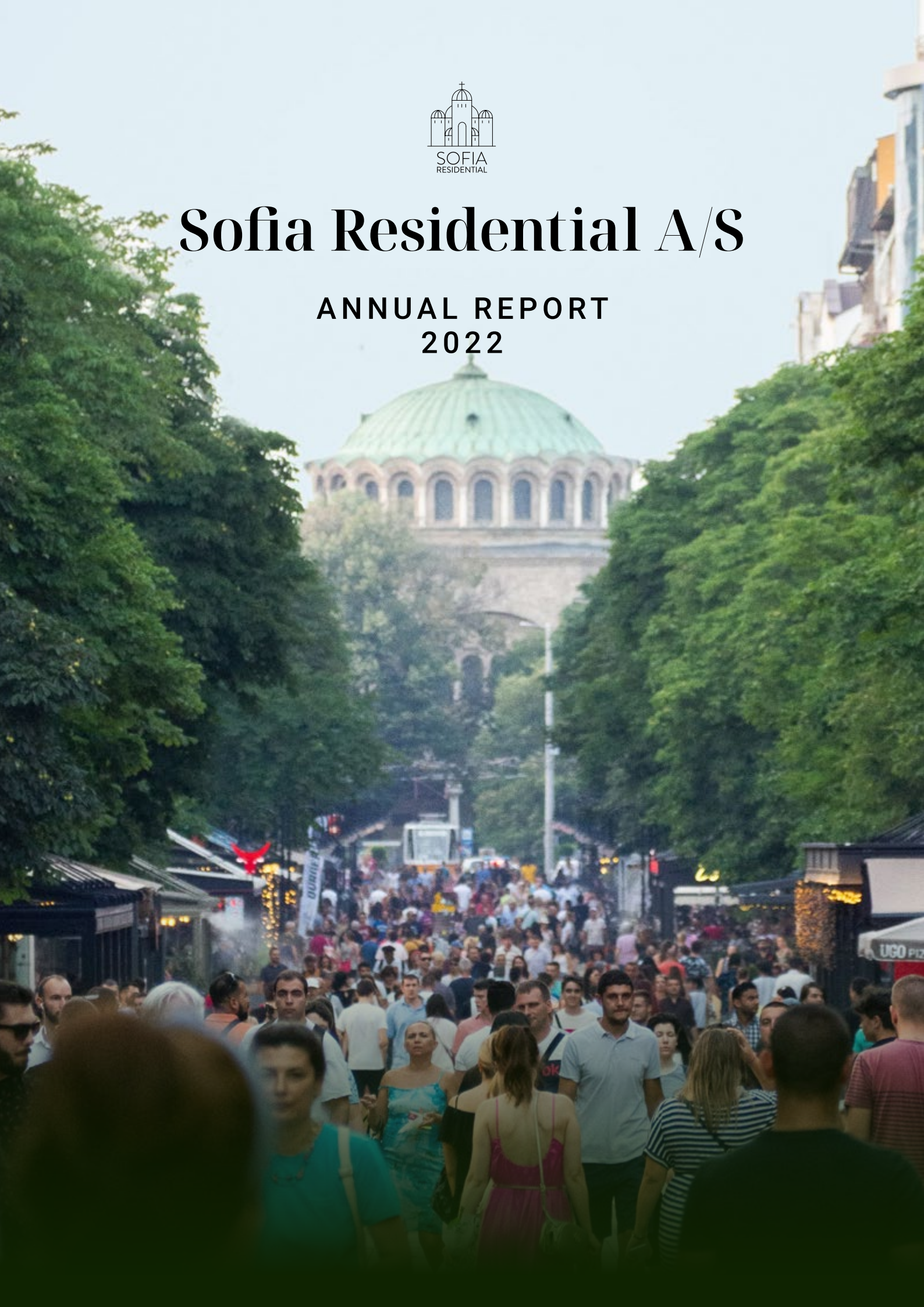


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Statement by management on the annual report

The supervisory board and executive board have today discussed and approved the annual report of Sofia Residential A/S for the financial year 1 January - 31 December 2022.

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

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2022 and of the results of the company's operations for the financial year 1 January - 31 December 2022.

In our opinion, management's review includes a fair review of the matters dealt with in the management's review.

Management recommends that the annual report should be approved by the company in general meeting.

Copenhagen, 1 May 2023

EXECUTIVE BOARD

Jens Kindberg
Director

SUPERVISORY BOARD

Georgi Kirov
Chairman

Majbritt Stabell Christensen

Henrik Deigaard

Independent auditor's report

To the shareholder of Sofia Residential A/S

OPINION

We have audited the financial statements of Sofia Residential A/S for the financial year 1 January - 31 December 2022, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2022 and of the results of the company's operations for the financial year 1 January - 31 December 2022 in accordance with the Danish Financial Statements Act.

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 company in accordance with the International Ethics Standards Board for 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 and IESBA Code. 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 FINANCIAL STATEMENTS

Management is responsible for the preparation of 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 the 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 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 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 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 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 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.

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 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, we conclude that management's review is in accordance with the 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 management's review.

Hellerup, 1. maj 2023
CVR no. 33 25 68 76



Søren Jonassen
State Authorised Public Accountant
MNE no. mne18488

Company details

The company	Sofia Residential A/S Lergravsvej 59A 2300 København S
	Website: www.sofiaresidential.com
	CVR no.: 41 50 74 70
	Reporting period: 1 January - 31 December 2022
	Incorporated: 1 July 2020
	Domicile: Copenhagen
Supervisory board	Georgi Kirov, chairman Majbritt Stabell Christensen Henrik Deigaard
Executive board	Jens Kindberg, director
Auditors	Crowe Statsautoriseret Revisionsinteressentskab v.m.b.a. Rygårds Allé 104 2900 Hellerup

Management's review

BUSINESS REVIEW

The purpose of the company is to be a holding company as well as a related company. The underlying market exposure is real estate development in Sofia, Bulgaria. The group develops high quality, but affordable residential units to the burgeoning middleclass and millennials in Sofia.

FINANCIAL REVIEW

The company's income statement for the year ended 31 December 2022 shows a loss of DKK 5.118.566.

The balance sheet at 31 December 2022 shows equity of DKK 151.226.962 which is an increase of DKK 90.026.962 compared to 31 December 2021. The increase is related to the improved performance in the underlying companies and a fair market value adjustment of their real estate development activities.

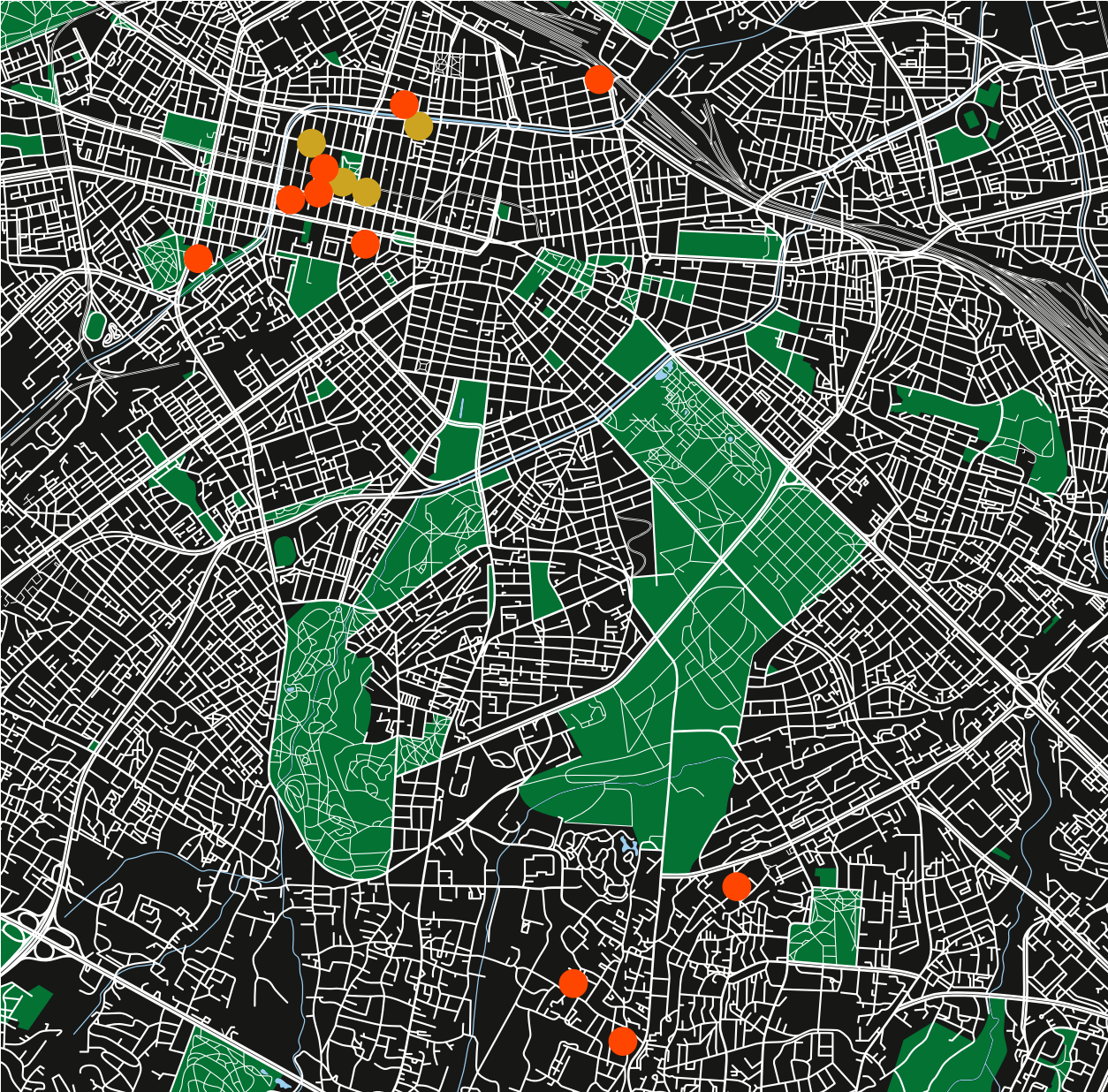
SIGNIFICANT EVENTS OCCURRING AFTER THE END OF THE FINANCIAL YEAR

No events have occurred after the balance sheet date which could significantly affect the company's financial position.

Investor overview

Date	31-12-2022	31-12-2021	31-12-2020	31-12-2019
Share price (BVPS)	DKK 17,55	DKK 10,20	DKK 6,70	DKK 1,80
Change in share price	DKK 7,35	DKK 3,50	DKK4,90	

PROJECT PORTFOLIO (FINALIZED AND CURRENT)



- 4 finalized
- 10 current developments
- Parks/Green areas

Sustainability in our operating model

As a real estate developer, Sofia Residential recognizes the responsibility to contribute in a positive and meaningful way to the planet, the society and the communities, and to further develop the neighborhoods in which Sofia Residential operates.

Our definition of success extends far beyond our bottom line of the financial statement. We truly believe that shareholders will adjust their valuation based on whether we generate short-term profits at the cost of more vulnerable stakeholders as opposed to long-term sustainable profits based on a business model respecting all relevant stakeholders. Investors are well aware that a business model must balance the interests of all stakeholders in order to be long-term viable and thereby achieve the highest valuation. This does not disregard profitability as an organization just focusing on being good at a loss is not long-term sustainable and it will go bankrupt. On the other hand, exploiting some stakeholders for higher profit is also not long-term sustainable as it will be stopped. Either by workers, customers or the surrounding community.

The job is merely to strive to find the right balance between stakeholders and focus on how we as a company can give something back to everyone. This is not about being perfect but about committing to continuously improve for each project and for each year. If everybody agrees to do this, the world will continue to improve and continue to be a better place for everyone.

We continue to work with the following but we have also initiated for the organization to formalize the way we will report on our sustainability:

OUR ENVIRONMENT

- We reduce our CO₂ footprint by better insulating walls, floors, ceilings, and windows.
- We have a separate water and heat meter per apartment, which makes residents save on water.
- We build so that the rainwater can seep naturally into the ground and not end up in the sewer.
- We make sure that residents can sort their waste and increase recycling.
- We preserve existing planting on the site when we build.
- We build with materials that last longer and can be recycled, which reduces our climate footprint.

OUR SURROUNDINGS

- We ensure all residents access to "the good life" in relation to access to light, air, wind, and views.
- We give back to our surroundings and raise the quality of construction and life in the areas we build in.
- We take responsibility by solving our own parking of cars and bicycles.
- We create security and safety at our properties for the benefit of both the residents and the surroundings.
- We build so that the elderly and disabled can also live in our homes. That means access to elevators and thresholdless doors where possible.

OUR CODE OF CONDUCT

- We distance ourselves from all corruption and, of course, cooperate with the authorities.
- Our structure is simple and without a focus on tax optimization.
- All shareholders are given equal rights without special rights to individuals.
- We invest long-term for the benefit of both investors, partners, and the residents of our properties.

Our promise for 2023 is to develop a formalized reporting making it transparent and easy to track our development.

Organization

The Management is responsible for the daily operations of Sofia Residential managing. In addition, the Management ensures that the Company's bookkeeping follows the applicable rules and regulations, and that the administration

and construction of the Company's assets is carried out in an appropriate manner together with our own staff and our professional partners.

SUPERVISORY BOARD



GEORGI KIROV
Chairman

Georgi Kirov joined Colliers International in 2001 and has been the head of his department since 2006. Among other things, he has been responsible for the largest real estate transaction in Bulgaria to date, Business Park Sofia, which had a total value of DKK 280 million Euro.

CURRENT EMPLOYMENT

Director
Capital Markets, Colliers International, Bulgaria

BOARD MEMBER

The Royal Institute of Chartered Surveyors, London



MAJBRIITT STABELL CHRISTENSEN
Board Member

Majbrit Stabell Christensen has worked with real estate throughout her career. First, as an advisor to Lidl during their entry into the Danish market. Later, in Skanska Øresund, where she was development and rental manager with responsibility for the rental and development of larger urban areas. She has founded and runs Popl. Previously, she was a co-founder of the advisory portal 2move, which advises tenants and businesses, and quickly became a success. She sold her stake in 2018.

CURRENT EMPLOYMENT

CEO
Popl ApS



HENRIK DEIGAARD
Board Member

Henrik Deigaard was with Nordea as a Senior Private Banker until 2018, where he managed large fortunes for private and business customers.

Since 2018, Henrik has been a project manager within forests and real estate at DIFKO A/S.

CURRENT EMPLOYMENT

Project director
Forest and Real Estate Investments, Difko A/S

MANAGEMENT



JENS KINDBERG
Director

Jens Kindberg is a property developer with expertise in the development of properties in growth areas. After graduating from Copenhagen Business School, Jens has worked in the financial sector at Scandium Asset Management, MAN GLG, and Nykredit.

Since 2011, Jens has invested in real estate in Denmark, and since 2015 he has been focused on the real estate market in Sofia.

Jens has a cand. merc. in finance and accounting from Copenhagen Business School.

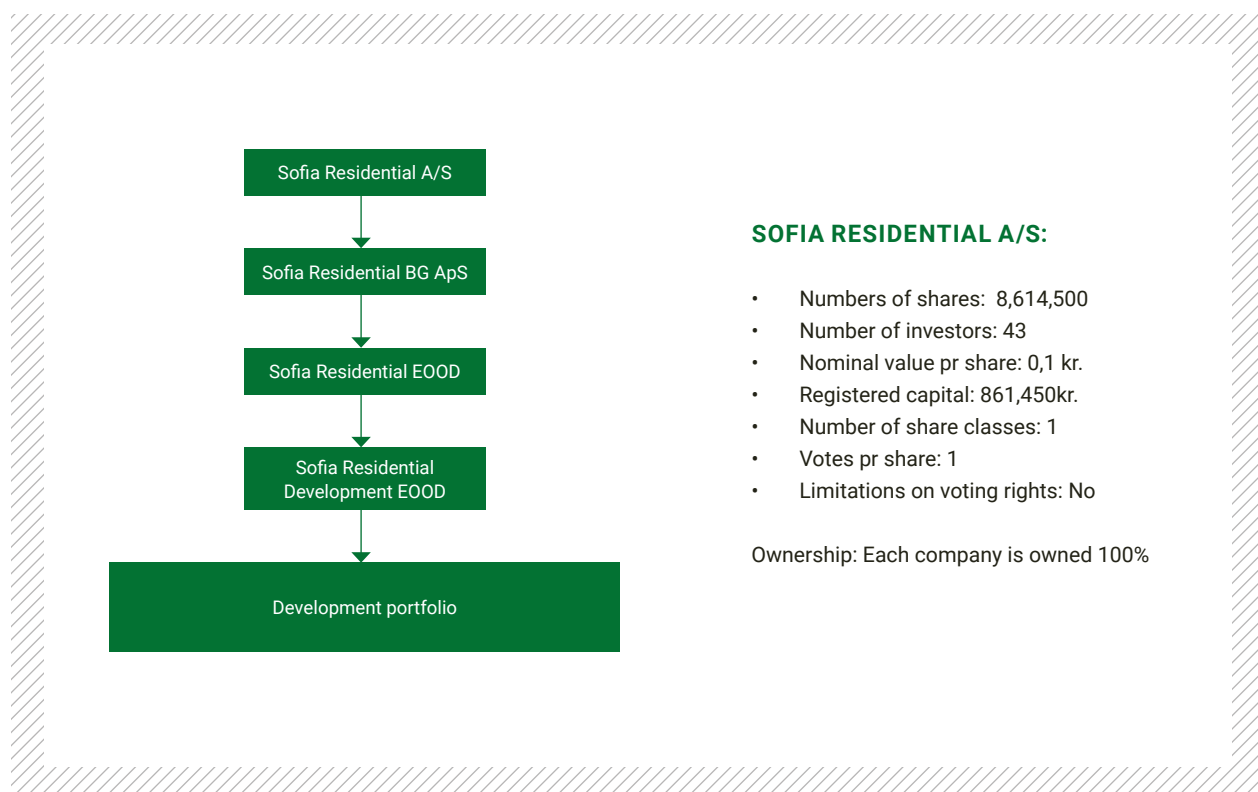
Corporate structure and details

Sofia Residential A/S ("the Company") is a Danish limited liability company incorporated on 1 July 2020 under the laws of the Kingdom of Denmark with company registration number 41507470.

The Company's LEI number is 894500SI2NKE58INW315.

The Company's address is:
Lergravsvej 59A
2300 Copenhagen S, Denmark.

Website: www.sofiaresidential.com





Financial

Consolidated financial overview for the group - All figures in DKK '000'

	2022	2021	2020	2019
Net sales	28.076,9	12.694,9	4.023,4	3.882,4
Cost of goods sold	-16.725,9	-7.117,1	-2.080,3	-1.988,8
Gross profit/loss	11.351,0	5.577,8	1.943,1	1.893,6
Overhead and other costs	-3.600,0	-1.201,7	-898,6	-581,5
Depreciation	-40,9	0,0	0,0	0,0
Staff costs	-584,3	0,0	0,0	0,0
Profit/loss before interest and tax	7.125,8	4.376,2	1.044,5	1.312,0
Net financial expense	-2.015,6	-3.410,6	-1.979,6	-1.154,0
Profit/loss before tax	5.110,2	965,5	-935,0	158,1
Taxation	-213,0	-403,9	-19,4	-121,9
Net income	4.897,2	561,7	-954,5	36,1
Adjustment to fair market value of development activities	60.800,6	21.167,9	17.608,6	8.517,2
Extraordinary items	-3.632,3	-1.004,2	0,0	0,0
Value generation for the year	62.065,5	20.725,4	16.654,2	8.553,3
Other changes on the equity including capital increase	27.961,5	0,0	14.762,4	1.574,9
Change in equity	90.027,0	20.725,4	31.416,6	10.128,2

Management's review

	2022	2021	2020	2019
Assets				
Investments in development projects	17.043,0	9.406,9	9.125,0	9.887,0
Adjustment to fair market value	145.035,5	84.235,0	63.067,1	15.296,0
Fixed assets	162.078,5	93.641,8	72.192,0	25.183,0
Receivables	646,0	144,8	1.487,7	883,9
Deferred expenses	302,0	19,1	647,7	1.120,1
Other	169,3	0,0	0,0	483,9
Cash	2.993,1	526,2	979,6	1.310,6
Current assets	4.110,4	690,0	3.115,0	3.798,6
TOTAL ASSETS	166.188,9	94.331,9	75.307,0	28.981,6
	2022	2021	2020	2019
Equity				
Contributed capital	861,5	600,0	600,0	500,0
Retained earnings and other reserves	150.365,5	60.600,0	39.874,6	8.558,0
Equity	151.227,0	61.200,0	40.474,6	9.058,0
Non-current liabilities	14.962,0	26.201,0	34.208,8	19.776,9
Current liabilities	-	6.930,9	623,7	146,7
TOTAL EQUITY AND LIABILITIES	166.188,9	94.331,9	75.307,0	28.981,6

Business plan - All figures in DKK `000`

Income statement	2023	2024	2025	2026	2027	2028	2029	2030
Income (gross value of real estate sold)	46.228,7	75.726,0	110.496,8	154.589,2	201.227,7	267.958,8	364.449,8	520.604,5
Costs for administration, sales and construction management	-4.872,7	-5.233,1	-6.115,1	-7.532,3	-11.035,4	-17.049,7	-26.962,6	-40.963,0
Cost of units being sold	-26.670,0	-43.749,8	-64.149,2	-90.092,9	-117.341,5	-155.979,7	-211.505,2	-301.024,6
Interest costs	-488,7	-583,8	-681,3	-892,7	-1.230,7	-1.800,3	-2.765,7	-4.091,4
Result before tax	14.197,4	26.159,3	39.551,2	56.071,3	71.620,0	93.129,0	123.216,2	174.525,6
Tax	-1.419,7	-2.615,9	-3.955,1	-5.607,1	-7.162,0	-9.312,9	-12.321,6	-17.452,6
Result after tax	12.777,6	23.543,4	35.596,1	50.464,2	64.458,0	83.816,1	110.894,6	157.073,0

The plan was developed as a 10 years plan in 2020 and it is used as a guidance for the development of the company. Performance has so far been in line or ahead of the business plan. The planned performance for 2023 is also approved by the board as the budget for 2023 showing a further step-up in the activity level.

Description of value generation - All figures in DKK `000`

The main focus of Sofia Residential is to deliver on the operational activities in order to meet the financial targets in the 2030 plan in a long-term sustainable way so that the overall company valuation is maximised.

The development activities are re-valued on a quarterly basis based on internal parameters such as the current performance, the project pipeline, the sustainability of the 2030 business plan and external parameters such as the interest rate, the equity premium related to real estate development and the market premium related to Bulgaria.

All is combined in a model where the development activities are valued based on the following three different scenarios using the discounted cash flow method:

Valuation 1: Capitalization of current performance. This assessment is very conservative as Sofia Residential already has a pipeline that supports a larger business.

Valuation 2: Capitalization of 5-year forecast. This assessment takes into account the expected growth in the near future. The assessment therefore recognizes potential but not all of the potential in the 2030 business plan.

Valuation 3: Capitalization of the entire 2030 business plan. This capitalization shows the full potential, but there is also a big performance difference between the current level and what is planned for 2030.

The board has decided on a weighted approach to how the three valuation approaches should feed into the final valuation:

- Valuation 3 will only be recognized when there is a project pipeline exceeding 5 years justifying that Sofia Residential will reach the 2030 revenue target.
- Valuation 2 is recognized to the extent that the project pipeline justifies the revenue level in that period.
- Valuation 1 is recognized to the extent that the project pipeline does not justify the full revenue uplift in the 5 years forecast used in valuation scenario 2.

WACC

The board decides on a weighted average cost of capital (WACC) that is used to calculate the present value of the cash flow in each valuation scenario. The WACC is decided based on combining the return requirements from each of the following parameters:

- The risk free rate. The board uses the 10 year state bond for Bulgaria equal to 5,7% as of 31.12.2022
- Long-term international market premium for equity investments equal to 5,2%
- International premium related to Real Estate Development activities equal to 2,7%
- International market premium related to investments in Bulgaria equal to 2,8%

Combined, the WACC is 16,4% as of 31.12.2022 compared to 8.2% as of 31.12.2021. It is a substantial increase due to

increase in interest rates and market premiums related to real estate development activities. The valuation continues to be very sensitive to changes in the WACC resulting in a significant value increase with a lower WACC and a value decrease with a higher WACC. A WACC of 8,2% will result in 2.9x higher valuation whereas a WACC of 32.8% will result in a 2.6x lower valuation.

In the 2022 valuations, the board assumes a steady-state growth of 3% compared to 3% in the 2021 valuation.

The valuation result in a valuation of DKK 146.8 million equal to DKK 162.1 million on a no-debt basis.

Including all potential as stipulated by valuation scenario 3 will result in a valuation of DKK 412.6 million equal to DKK 427.9 million on a no-debt basis.

Accounting policies

The annual report of Sofia Residential A/S for 2022 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to reporting class B entities, as well as provisions applying to reporting class C entities.

The accounting policies applied are consistent with those of last year. The annual report for 2022 is presented in DKK

BASIS OF RECOGNITION AND MEASUREMENT

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including amortisation, depreciation and impairment losses, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits 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 from the company and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any installments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report is presented and which confirm or invalidate matters existing at the balance sheet date.

Income statement

GROSS PROFIT

In pursuance of section 32 of the Danish Financial Statements Act, the company does not disclose its revenue.

Gross profit consists of other external expenses.

OTHER EXTERNAL COSTS

Other external costs include expenses related to administration.

FINANCIAL INCOME AND EXPENSES

Financial income and expenses are recognised in the income statement at the amounts that relate to the financial year. Net financials include interest income and expenses, realised and unrealised capital/exchange gains and losses on securities, liabilities and foreign currency transactions, amortisation of financial assets and liabilities and surcharges and allowances under the Danish Tax Prepayment Scheme, etc.

INCOME FROM INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND PARTICIPATING INTERESTS

Dividend from investments is recognised in the reporting year in which the dividend is declared.

TAX ON PROFIT/LOSS FOR THE YEAR

Tax for the year, which comprises the current tax charge for the year and changes in the deferred tax charge, is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

Balance sheet

TANGIBLE ASSETS

Items of plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

The depreciable amount is cost less the expected residual value at the end of the useful life.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub-suppliers and wages.

Straight-line depreciation is provided on the basis of the following estimated useful lives of the assets:

	<u>Useful life</u>
Other fixtures and fittings, tools and equipment	3 years

Assets costing less than DKK 31.000 are expensed in the year of acquisition.

FIXED ASSET INVESTMENTS INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND PARTICIPATING INTERESTS

Fair value is adjusted directly over the equity. Investments in subsidiaries are measured at the proportionate share of the net asset value of the entities fair market value, calculated on the basis of the group's accounting policies, plus or less unrealised intra-group gains or losses and plus or less any remaining value of positive or negative goodwill stated according to the purchase method. Negative goodwill is recognised in the income statement on acquisition. Where the negative goodwill relates to contingent liabilities having been taken over, the negative goodwill is not recognised until the contingent liabilities have been settled or no longer exist.

Investments in subsidiaries and associates are measured in the parent company financial statements at fair market value.

Net revaluations of investments in subsidiaries are taken to the revaluation reserve according to the fair market method in so far as that the carrying amount exceeds the cost. Dividends from subsidiaries which are expected to be declared before the annual report of Sofia Residential A/S is adopted are not taken to the net revaluation reserve.

RECEIVABLES

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is im-

paired. If there is objective evidence that an individual receivable is impaired, an impairment loss for that individual asset is recognised.

PREPAYMENTS

Prepayments recognised under 'Current assets' comprises expenses incurred concerning subsequent financial years.

EQUITY

Reserve for net revaluation according to the equity method
The reserve for net revaluation according to the equity method in the company's financial statements comprises net revaluation of investments in subsidiaries, participating interests and associates relative to the cost.

DIVIDENDS

Proposed dividends are disclosed as a separate item under equity. Dividends are recognised as a liability when declared by the annual general meeting of shareholders.

INCOME TAX AND DEFERRED TAX

The company and all its Danish group entities are taxed on a joint basis. The current income tax charge is allocated between the jointly taxed entities relative to their taxable income. Tax losses are allocated based on the full absorption method. The jointly taxed entities are eligible for the Danish Tax Prepayment Scheme.

Deferred tax assets, including the tax base of tax losses allowed for carry forward, are measured at the value to which the asset is expected to be realised, either as a set-off against tax on future income or as a set-off against deferred tax liabilities within the same legal tax entity. Any deferred net tax assets are measured at net realisable value.

LIABILITIES

Liabilities are measured at amortised cost, which is usually equivalent to nominal value.

FOREIGN CURRENCY TRANSLATION

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses. If foreign currency instruments are considered cash flow hedges, any unrealised value adjustments are taken directly to a fair value reserve under 'Equity'.

Income statement

1 January 2022 - 31 December 2022

	Note	2022 DKK	2021 TDKK
Gross profit		-1.074.631	-595
Staff costs	1	-584.348	0
Profit/loss before amortisation/depreciation and impairment losses		-1.658.979	-595
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-40.872	0
Profit/loss before net financials		-1.699.851	-595
Financial costs	2	-3.418.715	-1.265
Profit/loss for the year		-5.118.566	-1.860
Recommended appropriation of profit/loss			
Retained earnings		-5.118.566	-1.860
		-5.118.566	-1.860

Balance sheet

at 31 December 2022

	Note	2022	2021
		DKK	TDKK
Assets			
Other fixtures and fittings, tools and equipment	3	169.328	0
Tangible assets		169.328	0
Investments in subsidiaries	4	145.758.450	78.585
Fixed asset investments		145.758.450	78.585
Total non-current assets		145.927.778	78.585
Receivables from subsidiaries		2.399.546	0
Prepayments		16.968	0
Receivables		2.416.514	0
Cash at bank and in hand		2.928.089	0
Total current assets		5.344.603	0
Total assets		151.272.381	78.585

Balance sheet

at 31 December 2021

	Note	2022	2021
		DKK	TDKK
Equity and liabilities			
Share capital		861.450	600
Revaluation reserve		89.758.450	22.585
Retained earnings		60.607.062	38.015
Equity		151.226.962	61.200
Other payables		0	15.913
Total non-current liabilities		0	15.913
Short-term part of long-term debet		0	1.265
Banks		57	1
Payables to subsidiaries		0	169
Other payables		45.362	37
Total current liabilities		45.419	1.472
Total liabilities		45.419	17.385
Total equity and liabilities		151.272.381	78.585

Statement of changes in equity

	Share capital	Share premium account	Revaluation reserve	Retained earnings	Total
Equity at 1 January 2022	600.000	0	22.585.301	38.014.699	61.200.000
Cash capital increase	261.450	27.710.929	0	0	27.972.379
Revaluation for the year	0	0	67.173.149	0	67.173.149
Net profit/loss for the year	0	0	0	-5.118.566	-5.118.566
Transfer from share premium account	0	-27.710.929	0	27.710.929	0
Equity at 31 December 2022	861.450	0	89.758.450	60.607.062	151.226.962

Notes

	2022	2021
	DKK	TDKK
1 Staff costs		
Wages and salaries	548.065	0
Other social security costs	2.272	0
Other staff costs	34.011	0
	<u>584.348</u>	<u>0</u>
Average number of employees	<u>1</u>	<u>1</u>
2 Financial costs		
Other financial costs	3.418.715	1.265
	<u>3.418.715</u>	<u>1.265</u>
3 Tangible assets		Other fixtures and fittings, tools and equipment
Cost at 1 January 2022		0
Additions for the year		<u>210.200</u>
Cost at 31 December 2022		<u>210.200</u>
Impairment losses and depreciation at 1 January 2022		0
Depreciation for the year		<u>40.872</u>
Impairment losses and depreciation at 31 December 2022		<u>40.872</u>
Carrying amount at 31 December 2022		<u>169.328</u>

	2022	2021
	DKK	TDKK
4 Investments in subsidiaries		
Cost at 1 January 2022	56.000.000	56.000
Additions for the year	2.625.000	0
Disposals for the year	-2.625.000	0
Cost at 31 December 2022	<u>56.000.000</u>	<u>56.000</u>
Revaluations at 1 January 2022	22.585.301	22.585
Revaluations for the year, net	67.173.149	0
Revaluations at 31 December 2022	<u>89.758.450</u>	<u>22.585</u>
Carrying amount at 31 December 2022	<u>145.758.450</u>	<u>78.585</u>

The fair market value of investment in subsidiaries is measured at the discounted cash flow expected from the underlying subsidiaries.

The underlying assets are properties and development projects held in Bulgaria by the subsidiaries. There is a risk related to these investments associated with the risk in the Bulgarian property market and general market value of development activities. The Bulgarian real estate market is generally stable with an upgoing trend for the prime locations. The valuation of the subsidiaries is based on updated cash flow calculations. The valuation is by the management based on 10 year forecast of cashflow - discounted with a market rate of 16,4% p.a. The fair market value is very sensitive for deviation in the expected cash flow and the used market rate.

Investments in subsidiaries are specified as follows:

Name	Registered office	Ownership interest
Sofia Residential BG ApS	Copenhagen	100%

5 Contingent liabilities

The company is jointly taxed with its parent company, Kindco ApS (management company), and has limited and secondary liability together with other jointly taxed entities for payment of income taxes for income year 2020 and onwards.

6 Mortgages and collateral

The company has no mortgages and collateral.



