Nordic III Aarhus ApS

c/o CEJ Ejendomsadministration A/S, Meldahlsgade 5 1613 København V

CVR no. 34 55 16 93

Annual report for the period 1 January 2018 – 31 March 2019

The annual report was presented and approved at the Company's annual general meeting on

11 July 2019

Peter Eric Broström

chairman

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Copenhagen 11 July 2019

Emil Jonatan Jansbo

Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Nordic III Aarhus ApS for the financial period 1 January 2018 – 31 March 2019.

The annual report has been 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 assets, liabilities and financial position at 31 March 2019 and of the results of the Company's operations for the financial period 1 January 2018 – 31 March 2019.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the annual general meeting.

Peter Eric Broström

Board of Directors:

Peter Eric Broström

Roland Maria Döhn

Hélène Henning

Chairman



Independent auditor's report

To the shareholder of Nordic III Aarhus ApS

Opinion

We have audited the financial statements of Nordic III Aarhus ApS for the financial period 1 January 2018 – 31 March 2019 comprising income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are 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 assets, liabilities and financial position at 31 March 2019 and of the results of the Company's operations for the financial period 1 January 2018 – 31 March 2019 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 rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibility 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 that 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 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 as to 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 in Denmark will always detect a material misstatement when it exists. Misstatements may 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 made 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 company 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



Independent auditor's report

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 the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the 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 the Management's review and, in doing so, consider whether the 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 the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the 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 the Management's review.

Copenhagen, 11 July 2019 **KPMG**Statsautoriseret Revisionspartnerselskab CVR no. 25 57 81 98

Michael Tuborg State Authorised Public Accountant mne24621

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Management's review

Company details

Nordic III Aarhus ApS c/o CEJ Ejendomsadministration A/S Meldahlsgade 5 1613 København V

CVR no.: 34 55 16 93 Established: 11 May 2012

Financial period: 1 January 2018 – 31 March 2019

Board of Directors

Peter Eric Broström, Chairman Roland Maria Döhn Hélène Henning Emil Jonatan Jansbo

Executive Board

Peter Eric Broström

Auditor

KPMG Statsautoriseret Revisionspartnerselskab Dampfaergevej 28 DK-2100 Copenhagen

Management's review

Operating review

Principal activities

The objective of the Company is to invest in real estate property as well as other related activities.

Development in activities and financial position

Effectively 1 January 2018 Nordic III Aarhus ApS (formerly known as BARK ÅRHUS RETAIL EJERLEJLIGHED 3 ApS) has merged with BARK ÅRHUS RETAIL EJERLEJLIGHED 1 ApS and BARK ÅRHUS RETAIL EJERLEJLIGHED 2 ApS with Nordic III Aarhus ApS as the continuing company. The consolidation method has been used and accordingly comparative figures for 2017 have not been adjusted in the financial statements.

Subsequent to the merger, the Company has acquired a property project under construction. The construction of the property has been finalised within the financial year. The acquisition has been financed by a capital increase and a bank loan.

The Company's income statement for the year ended 31 March 2019 showed a profit of DKK 11,394 thousand, and the Company's balance sheet at 31 March 2019 showed equity of DKK 70,000 thousand.

Events after the balance sheet date

No events have occured after the balance sheet date, that may materially affect the Company's financial position.

Income statement

DKK	Note	1/1-2018 - 31/3 2019	2017
Gross profit		7,959,990	58,234
Fair value adjustment of investment property	4	11,300,873	-2,128,278
Operating profit/loss		19,260,863	-2,070,044
Financial income		251,839	119,845
Financial expenses	2	-4,637,120	-159,301
Profit/loss before tax		14,875,582	-2,109,500
Tax on profit/loss for the year	3	-3,481,649	463,601
Profit/loss for the year		11,393,933	-1,645,899
Proposed profit appropriation/distribution of loss			
Proposed dividends for the year		4,657,322	0
Retained earnings		6,736,611	-1,645,899
		11,393,933	-1,645,899

Balance sheet

DKK	Note	31/3 2019	31/12 2017
ASSETS			
Fixed assets			
Property, plant and equipment	4		
Investment properties		237,134,055	11,011,667
Total fixed assets		237,134,055	11,011,667
Current assets			
Receivables			
Trade receivables		0	46,769
Other receivables		434,594	9,349
		434,594	56,118
Cash at bank and in hand		5,880,459	0
Total current assets		6,315,053	56,118
TOTAL ASSETS		243,449,108	11,067,785

Balance sheet

DKK	Note	31/3 2019	31/12 2017
EQUITY AND LIABILITIES			
Equity			
Contributed capital		9,500,100	1,000,000
Share premium		35,123,917	0
Retained earnings		20,718,853	1,361,262
Proposed dividends for the financial year		4,657,322	0
Total equity		70,000,192	2,361,262
Provisions	5		
Provisions for deferred tax		6,803,011	366,623
Total provisions		6,803,011	366,623
Liabilities other than provisions			
Non-current liabilities other than provisions	6		
Mortgage Loan		105,149,671	5,620,660
Shareholder Loan		58,500,000	0
		163,649,671	5,620,660
Current liabilities other than provisions			
Current portion of non-current liabilities		0	304,487
Banks, current liabilities		0	78,076
Prepayments received from customers		0	64,915
Trade payables		1,339,607	9,375
Payables to group entities		0	1,323,680
Payables to associates		0	278,555
Corporation tax		0	4,576
Other payables		1,656,627	655,576
		2,996,234	2,719,240
Total liabilities other than provisions		166,645,905	8,339,900
TOTAL EQUITY AND LIABILITIES		243,449,108	11,067,785
Mortgages and collateral	7		
Related party disclosures	8		
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Statement of changes in equity

DKK	Contributed capital	Share premium	Retained earnings	Proposed dividends for the financial year	Total
Equity at 1 January 2018 Net effect from merger and	1,000,000	0	1,361,262	0	2,361,262
acquisition	8,500,000	0	12,620,980	0	21,120,980
Cash capital increase	100	35,123,917	0	0	35,124,017
Transferred over the distribution of profit	0	0	6,736,611	4,657,322	11,393,933
Equity at 31 March 2019	9,500,100	35,123,917	20,718,853	4,657,322	70,000,192

Notes

1 Accounting policies

The annual report of Nordic III Aarhus ApS for 2018/19 has been prepared in accordance with the provisions applying to reporting class B entities under the Danish Financial Statements Act with opt-in from higher reporting classes.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Effectively 1 January 2018 Nordic III Aarhus ApS (formerly known as BARK ÅRHUS RETAIL EJERLEJLIGHED 3 ApS) has merged with BARK ÅRHUS RETAIL EJERLEJLIGHED 1 ApS and BARK ÅRHUS RETAIL EJERLEJLIGHED 2 ApS with Nordic III Aarhus ApS as the continuing company. The consolidation method has been used and accordingly comparative figures for 2017 have not been adjusted in the financial statements.

During the financial year, the Company has been acquired by Nordic III Holding AB. Therefore, the financial year has been changed from 1 January - 31 December to 1 April - 31 March to follow the financial year of the parent company. The annual report for 2018/19 is for a 15-month period 1 January 2018 to 31 March 2019.

Income statement

Gross Profit

Pursuant to Section 32 of the Danish Financial Statements Act, the Company has decided only to disclose gross profit.

Gross profit comprises rental income, operating expenses and other external costs.

Revenue

Revenue from rent income is recognised in the income statement in the period to which the rent relates.

Other external costs

Other external costs comprise distribution costs and costs related to sales, sales campaigns, administration, office premises, operating leases, etc.

Financial income and expenses

These items comprise interest income and interest expenses, realized and unrealized capital gains and losses on mortgage debt and transactions in foreign currencies, as well as tax surcharge and relief under the Danish Tax Prepayment Scheme.

Tax on profit/loss for the year

Tax for the year comprises current corporation tax for the year and changes in deferred tax, including changes in tax rates. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity

Notes

1 Accounting policies (continued)

Balance sheet

Investment properties

Investment property comprises property that is held to earn rentals, held for capital appreciation or both.

Initially, investment property is measured at cost including purchase price and directly related costs. The carrying amount also includes costs for improvements if the recognition criteria are met.

Subsequent to initial recognition, investment property is stated at fair value. Gains or losses arising from changes in the fair values are included in the income statement in the year in which they arise.

The properties are valued using the income capitalisation method where a property's fair value is estimated based on the normalised net operating income generated by the property, which is divided by the capitalisation rate. The calculated value is adjusted with expected future change in rental value, voids, capital expenses and other special circumstances.

Receivables

Receivables are recognised in the balance sheet at amortised cost, which substantially corresponds to nominal value. Provisions for bad debts are made.

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term marketable securities with a term of three months or less which are easily convertible into cash and which are subject to only an insignificant risk of changes in value.

Equity

Dividends

The expected dividends payment for the year is disclosed as a separate item under equity.

Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax.

Notes

1 Accounting policies (continued)

Liabilities other than provisions

Financial liabilities are recognised at cost at the date of borrowing, corresponding to the proceeds received less transaction costs paid.

The financial liabilities are measured at amotised cost, corresponding to the capitalised value using the effective interest rate. Accordingly, the difference between cost and the nominal value is recognised in the income statement over the term of the loan loan together with interest expenses.

Other liabilities are measured at net realisable value.

2 Financial expenses

	DKK	1/1-2018 - 31/3 2019	2017
	Interest expense to group entities	1,170,000	
	Other financial costs	3,467,120	159,301
		4,637,120	159,301
3	Tax on profit/loss for the year	1/1-2018 - 31/3 2019	2017
	Current tax for the year	0	-463,601
	Deferred tax for the year	3,481,649	0
		3,481,649	-463,601

Notes

4 Property, plant and equipment

DKK	Investment properties
Cost at 1 January 2018	11,102,812
Additions from merger of companies	90,964,396
Additions for the year	128,377,915
Cost at 31 March 2019	230,445,123
Revaluations at 1 January 2018	-91,145
Revaluation from merger of companies	-4,520,796
Revaluations for the year	11,300,873
Revaluations at 31 March 2019	6,688,932
Carrying amount at 31 March 2019	237,134,055

Key assumptions:

The properties located in Aarhus are mainly used for retail, totalling 10,799 sqm. In valuation of the property there have been applied an exit yield between 5.60% and 6.35% with an average of 6%.

Sensitivity analysis:

An increase of exit yield by 0.25 percentage points would reduce the property value by DKK 9.6 millions and a decrease in the exit yield by 0.25 percentage points would increase the property value by DKK 10.5 millions at the balance sheet date.

5 Provisions for deferred tax

DKK	Deferred tax
Deferred tax at 1 January 2018	366,623
Changes from merger of companies	2,954,739
Deferred tax for the year	3,481,649
	6,803,011

6 Non-current liabilities other than provisions

DKK	31/3 2019	Outstanding debt after five years
Mortgage Loan	105,149,670	104,740,015
Payables to shareholders	58,500,000	58,500,000
	163,649,670	163,240,015

7 Mortgages and collateral

As collateral for its mortgage debt, DKK 106,000 thousand, the Company has provided collateral in land and buildings with a carrying amount of DKK 237,134 thousand at 31 March 2019.

Notes

8 Related party disclosures

Nordic III Aarhus ApS' related parties comprise the following:

Ownership

Nordic III Aarhus ApS is 100% owned by Nordic III Holding AB.