

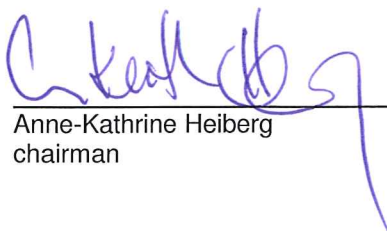
Statsautoriseret revisionsanpartsselskab

Hertzberg⁺
REVISION &
RÅDGIVNING

Annual report for 2019/20

**PropCo NC ApS
Nørregade 38
3300 Frederiksværk
CVR no. 40 50 98 79**

Adopted at the annual general meeting on 18 December 2020



Anne-Kathrine Heiberg
chairman

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Statement by management on the annual report

The executive board has today discussed and approved the annual report of PropCo NC ApS for the financial year 10 May 2019 - 30 June 2020.

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


In my opinion, the financial statements give a true and fair view of the company's financial position at 30 June 2020 and of the results of the company's operations for the financial year 10 May 2019 - 30 June 2020.

In my 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.

Halsnæs, 18 December 2020

Executive board


Anne-Kathrine Heiberg
director

Independent auditor's report on extended review

To the shareholder of PropCo NC ApS

Report on extended review of the Financial Statements

Opinion

We have performed extended review of the financial statements of PropCo NC ApS for the financial year 10 May 2019 - 30 June 2020, which comprise a summary of significant accounting policies, income statement, balance sheet and notes. The financial statements are prepared under the Danish Financial Statements Act.

Based on the performed work it is our opinion, that the financial statements give a true and fair view of the company's financial position at 30 June 2020 and of the results of the company's operations for the financial year 10 May 2019 - 30 June 2020 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our extended review in accordance with the Danish Business Authority's standard on auditor's report for small enterprises and FSR - danish auditors' standard on extended review of financial statements in accordance with the Danish Financial Statements Act. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the extended review 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. We believe that the 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 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 responsibility for the extended review of the financial statements

Our responsibility is to express a conclusion on the accompanying financial statements. This requires us to perform procedures in order to obtain limited assurance for our conclusion on these financial statements, and in addition perform specifically required supplementary procedures in order to obtain additional assurance for our conclusion.

Independent auditor's report on extended review

An extended review of financial statements includes procedures primarily consisting of making inquiries of management and others within the entity, as appropriate, applying analytical procedures and the specifically required supplementary procedures, and evaluating the evidence obtained.

The procedures performed in an extended review are less than those performed in an audit and accordingly we do not express an audit opinion on these financial statements.

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 extended review 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 extended review, 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.

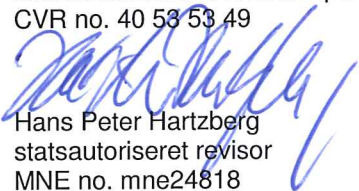
Report on other legal and regulatory requirements

Violation of The Withholding Tax Act.

In breach of The Withholding Tax Act, the company has not reported and paid correct A-Skat to SKAT, whereby management may face penalties.

København Ø, 18 December 2020

Hartzberg+
statsautoriseret revisionsanpartsselskab
CVR no. 40 58 53 49


Hans Peter Hartzberg
statsautoriseret revisor
MNE no. mne24818

Company details

The company

PropCo NC ApS
Nørregade 38
3300 Frederiksværk

CVR no.: 40 50 98 79

Reporting period: 10 May 2019 - 30 June 2020

Incorporated: 10. May 2019

Domicile: Frederiksværk

Executive board

Anne-Kathrine Heiberg, director

Auditors

Hartzberg+
statsautoriseret revisionsanpartsselskab
Øster Allé 56, 1.
2100 København Ø

Management's review

Business review

PropCo NC was established in the summer 2019 with the purpose of buying Nordcentret in Frederiksværk. The company took over the shopping center on September 1st 2019. The mall was not doing well, 40% vacancy, dropping footfall, and a population that was absolutely convinced that they mall that they once loved would never be able to come alive again. The first month were used to make some quick fix in the common areas, making cozy events and sharing the vision and plans with all kind of people, organizations, networks etc. in Frederiksværk and Halsnæs. And it worked well, even before any major changes was done the footfall std to increase and the "talk of the mall" started to change. In January the mall changed name to I Nord

The leasing strategy was to get tenants from outside Frederiksværk, but slowly more and more local tenants started to approach the management, asking if they could rent a store. And the management didn't say no. In October after renovating and refurbishing all the vacant space 3 stores open, and the 4th followed December 1st. Very nice concepts all according to the initial strategy for the mall. This financial year ends June 30. Some of the lease contracts were signed already, others were signed in August, but the construction work only started in beginning of July.

There are still a few stores left to lease, mainly a restaurant and a café. There is a letter of intent signed for the Café and negotiations are taking place with tenants that are interested in opening a restaurant. The plan is to open the café and restaurant in April or May 2021.

The mall did quite well during Corona. Matas, Normal, Fakta, City Bakery and Q8 was operation during spring, and the tenants that needed to close asked for - and got - help from the government, so they were able to pay rent. The cost of operation went up due to Corona arrangement, hand-disinfection stations, signage, extra cleaning etc., but compare to many other retail destination the mall did it well. The management were also able to negotiate the lease contracts with the new tenant during spring, so even though it seems that it will take another year before a large part of the population has been vaccinated, the management believe that the positive development will continue.

More and more tenants report turnover figure on a monthly basis. From what we have seen so far there is a strong indication that the relation turnover/rent level is healthy. The level of foot fall has also increased, and has it not been for the 20-25% reduction during the first months of Covid, the level of footfall would have been back to level where there was still a large grocery in the mall.

As expected the company's capital is gone, but there is sufficient liquidity to keep the company going forward and the expectations are that the capital will be reinstalled shortly.

During the year the company changed administrator and bookkeeping. Unfortunately there was an erro in the registration of the tax-payment, which led to non-payment of tax-payment for the employee. This has been corrected, and the company has no debt with regard to tax, VAT or the like.

Financial review

The company's income statement for the year ended 30 June 2020 shows a loss of DKK 28.061, and the balance sheet at 30 June 2020 shows equity of DKK 11.939.

Management's review

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.

Income statement
10 May 2019 - 30 June 2020

	<u>Note</u>	<u>2019/20</u> DKK
Gross profit		-1.419.269
Staff costs	2	-122.115
Fair value adjustments of investment properties		<u>2.056.575</u>
Profit/loss before net financials		515.191
Financial costs	3	<u>-546.826</u>
Profit/loss before tax		-31.635
Tax on profit/loss for the year	4	<u>3.574</u>
Profit/loss for the year		<u><u>-28.061</u></u>
 Recommended appropriation of profit/loss		
Retained earnings		<u>-28.061</u>
		<u><u>-28.061</u></u>

Balance sheet at 30 June 2020

	<u>Note</u>	<u>2020</u> DKK
Assets		
Investment properties	5	<u>38.260.000</u>
Tangible assets		<u>38.260.000</u>
Total non-current assets		<u>38.260.000</u>
Other receivables		1.087.688
Deferred tax asset		<u>3.574</u>
Receivables		<u>1.091.262</u>
Cash at bank and in hand		<u>11.813</u>
Total current assets		<u>1.103.075</u>
Total assets		<u><u>39.363.075</u></u>

Balance sheet at 30 June 2020

	<u>Note</u>	<u>2020</u> DKK
Equity and liabilities		
Share capital		40.000
Retained earnings		-28.061
Equity	6	<u>11.939</u>
Banks		4.744.428
Mortgage loans		14.719.174
Payables to subsidiaries		14.319.660
Deposits		794.814
Total non-current liabilities		<u>34.578.076</u>
Short-term part of long-term debt		871.413
Banks		163.007
Trade payables		3.183.115
Other payables		516.200
Deferred income		39.325
Total current liabilities		<u>4.773.060</u>
Total liabilities		<u>39.351.136</u>
Total equity and liabilities		<u><u>39.363.075</u></u>
Uncertainty about the continued operation (going concern)	1	
Contingent liabilities	7	

Notes

1 Uncertainty about the continued operation (going concern)

The company has lost more than 50% of the capital and is thus subject to the rules of the Danish Companies Act on capital losses.

It is the management's opinion that the company's capital will be restored through profit in the upcoming years and in relation to the company's operations there is sufficient liquidity to meet the company's obligations as they become due.

	2019/20
	DKK
2 Staff costs	
Wages and salaries	124.359
Pensions	-2.244
	<u>122.115</u>
Average number of employees	<u>1</u>
3 Financial costs	
Other financial costs	546.826
	<u>546.826</u>
4 Tax on profit/loss for the year	
Deferred tax for the year	-3.574
	<u>-3.574</u>
5 Assets measured at fair value	
	Investment pro- perties
	<u>0</u>
Cost at 10 May 2019	0
Additions for the year	36.203.425
	<u>36.203.425</u>
Cost at 30 June 2020	<u>36.203.425</u>

Notes

5 Assets measured at fair value (continued)

	Investment pro- perties
Revaluations at 10 May 2019	0
Revaluations for the year	<u>2.056.575</u>
Revaluations at 30 June 2020	<u>2.056.575</u>
Carrying amount at 30 June 2020	<u><u>38.260.000</u></u>

Disclosure of the assumptions underlying fair value calculations of assets and liabilities

The property was traded between 2 independent parties on 10 May 2019. The company took over the shopping center on September 1st 2019 and at this point the mall had 40% vacancy. The Price was determined in relation to the rental income and the risk of being able to get tenants and to retain existing ones.

At the end of the financial year, the number of visitors was increasing, the existing tenants had survived the spring Corona crisis and new leases had been entered into with good tenants for part of the empty areas. The risk has therefore been change and the rate of return is reduced by 0,5% to 7,5%

Sensitivity in determination of fair value of investment properties

Changes in estimated required rate of return for investment properties will affect the value of investment properties recognised in the balance sheet as well as value adjustments carried in the income statement.

	-0,50%		0,50 %
	DKK	DKK	DKK
Changes in average required rate of return	<u>7,00</u>	<u>7,50</u>	<u>8,00</u>
Rate of return	<u>0</u>	<u>38.260.000</u>	<u>0</u>
Fair value	<u>2.732.000</u>	<u>0</u>	<u>-2.392.000</u>
Change in fair value			

Notes

6 Equity

	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total</u>
Equity at 10 May 2019	40.000	0	40.000
Net profit/loss for the year	0	-28.061	-28.061
Equity at 30 June 2020	<u>40.000</u>	<u>-28.061</u>	<u>11.939</u>

The share capital consists of 40 shares of a nominal value of DKK 1.000. No shares carry any special rights.

7 Contingent liabilities

Mortgage deeds kr. 16,000,000 to DLR Kredit A / S and owner mortgage deed kr. 11,000,000 to Sparekassen Sjælland-Fyn A / S has been deposited as security for the debt in the company.

Accounting policies

The annual report of PropCo NC ApS for 2019/20 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to reporting class B entities.

The annual report for 2019/20 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.

Accounting policies

Income statement

Gross profit

Gross profit / Gross loss consists of net revenue, other operating income less other external costs.

Revenue

Rental income includes income from the letting of properties as well as collected common costs and is recognized in the income statement in the period to which the rent relates. Income relating to the heating accounts is recognized in the balance sheet as balances with tenants.

Omkostninger vedrørende investeringsejendomme

Investment property costs

Costs relating to investment properties include costs relating to the operation of properties, repair and maintenance costs, taxes, fees and other costs. Costs relating to the heating account are recognized in the balance as balances with tenants.

Other external expenses

Other external expenses include expenses related to advertising, administration, , bad debts, etc.

Staff costs

Staff costs include wages and salaries, including compensated absence and pensions, as well as other social security contributions, etc. made to the entity's employees. The item is net of refunds made by public authorities.

Value adjustments of investment properties

Value adjustment of investment properties contains value adjustments of properties.

Financial income and expenses

Financial income and expenses are recognized in the income statement with the amounts relating to the financial year. Financial items relating to interest income and expenses, amortization of mortgage loans and surcharges and reimbursement under the advance tax scheme, etc.

Tax on profit/loss for the year

The company is subject to the Danish rules on compulsory joint taxation.

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

Accounting policies

Investment properties

Investment properties comprises investments in land and buildings for purposes of gaining a return on the invested capital in the form of regular operating income and/or capital gains on resale.

On acquisition, investment properties is measured at cost, comprising the purchase price, including purchase costs.

On subsequent recognition, investment properties are measured at fair value. Value adjustments of investment properties are recognised in the income statement.

Receivables

Receivables are measured at amortised cost.

Equity

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

Current tax liabilities and current tax receivables are recognised in the balance sheet as the estimated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and tax paid on account.

Deferred tax is measured according to the liability method in respect of temporary differences between the carrying amount of assets and liabilities and their tax base, calculated on the basis of the planned use of the asset and settlement of the liability, respectively. Deferred tax is measured at net realisable value.

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax adjustments resulting from changes in tax rates are recognised in the income statement, with the exception of items taken directly to equity.

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

Mortgage debt is thus measured at amortised cost, which for cash loans corresponds to the outstanding debt. For bond loans, amortised cost corresponds to an outstanding debt calculated as the underlying cash value of the loan at the time of borrowing, adjusted by amortisation of the value adjustment of the loan at the time of borrowing.

Accounting policies

Other liabilities, which include trade payables, payables to group entities and other payables, are measured at amortised cost, which is usually equivalent to nominal value.