

Annual report for 2020/21

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

Adopted at the annual general meeting on 7 December 2021

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 1 July 2020 - 30 June 2021.

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 2021 and of the results of the company's operations for the financial year 1 July 2020 - 30 June 2021.

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, 7 December 2021

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 1 July 2020 - 30 June 2021, 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.

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 2021 and of the results of the company's operations for the financial year 1 July 2020 - 30 June 2021 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 and IESBA Code. 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, 7 December 2021

Hartzberg+
statsautoriseret revisionsanpartsselskab
CVR no. 40 53 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: 1 July 2020 - 30 June 2021

Incorporated: 10 May 2019

Financial year: 2nd financial year

Domicile: Frederiksværk

Executive board

Anne-Kathrine Heiberg, director

Auditors

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

Management's review

Business review

During the financial year 2020/21 the shopping mall made a major turn around from an outdated half empty mall into a vibrant retail destination. The vacant space (40%) that used to be a supermarket was changed into 5 stores. It was a large scale project establishing toilets, kitchen facilities, new storefronts, etc. The new storefronts changes the look of the mall from old fashioned to modern as well as improving the appearance of the tenant.

In the month of July Normal opened its new store, and in October Intersport, Shop 19 and Bella Lingerie had grand openings. Finally Pigalle by Park was ready in December. All the new tenants had very good openings and they have a stable and increasing turnover. In spring 2020 we were approach by a national chain, that would like to open a large store in the shopping mall. It is a very attractive chain, and by moving one of the existing tenants (Zalza) we were able to offer the space that the chain need. When the chain opens in spring 2022, the strategy for the shopping mall is 95%. The only tenant missing is a restaurant facing the square in front of the mall.

The lock down December 2020 – February 2021 affected the mall, all the new tenants had to close the front door, and could only sell through the back door. The hairdresser and bar had to be completely closed. It affected the financial situation of the tenants, but they have all been able to pay rent; almost all of them in time.

Covid 19 is however the reason that we have not been able to find a restaurant. During the lock down period of Covid, no one wanted to open a restaurant. After the reopening of the restaurant industry there is a fundamental lack of employees as many of the previous employees has left the industry. We hope that the situation will be normalized during 2022, so we can close the final lease contract.

The work of getting a new local zoning for the parking area has progressed in 2020/21. The only outstanding issue is to define how many parking spaces the shopping centre needs after the transformation from being anchored by a large grocery to smaller stores. The issues is expected to be solved in 2022.

The year 2020/21 has also been the year of improving administration and reporting. We had to change book keeping company one more time, but now we have a administration company that understands the nature of a shopping centre and know how to book and organize income and costs and administrate salarycost. The financial models have also been improved so all reports to investors, banks etc. is accurate and professionals.

Management's review

Recognition and measurement uncertainties

The recognition and measurement of the investment property in the annual report is associated with some uncertainty. To the extent that market interest rates change, an investor's interest requirements change or the circumstances of the properties change, the value of the properties may change accordingly.

Assumptions and percentage of return are shown in the note in the financial statements, as well as a sensitivity calculation when changing the return percentage.

Unusual matters

The company's financial position at 30 June 2021 and the results of its operations for the financial year ended 30 June 2021 are not affected by any unusual matters.

Financial review

The company's income statement for the year ended 30 June 2021 shows a profit of DKK 8.719.734, and the balance sheet at 30 June 2021 shows equity of DKK 8.731.673.

Profit/loss on ordinary activities before fair value adjustments is DKK 1.531.017. The income statement has been affected by lack of rent due to redevelopment of the mall, as well of large own share of the common cost and development cost.

Financing

After the 30 June 2021 there has been a refinance converting bank finance to mortgage finance, and a new bank loan has been achieved. It is the expectation that the financing cost will be reduced and the result in the years to come will be improved.

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.

Expected development of the company, including specific prerequisites and uncertainties

2021/22 is still defined as a part of the "fixing period". However I Noord has already stabilized itself in the retail marked of Frederiksværk and both investors and management are satisfied with the development.

Income statement

1 July 2020 - 30 June 2021

	Note	2020/21 DKK	2019/20 DKK
Gross profit		2.183.380	-1.410.352
Staff costs	1	-652.363	-131.032
Fair value adjustments of investment properties		10.232.244	2.056.575
Profit/loss before net financials		11.763.261	515.191
Financial costs	2	-1.211.026	-546.826
Profit/loss before tax		10.552.235	-31.635
Tax on profit/loss for the year	3	-2.321.491	3.574
Profit/loss for the year		8.230.744	-28.061
Recommended appropriation of profit/loss			
Retained earnings		8.230.744	-28.061
		8.230.744	-28.061

Balance sheet at 30 June 2021

	<u>Note</u>	<u>2020</u> DKK	<u>2019/20</u> DKK
Assets			
Investment property	4	<u>53.100.000</u>	<u>38.260.000</u>
Tangible assets		<u>53.100.000</u>	<u>38.260.000</u>
Total non-current assets		<u>53.100.000</u>	<u>38.260.000</u>
Other receivables		134.123	1.087.688
Deferred tax asset		<u>0</u>	<u>3.574</u>
Receivables		<u>134.123</u>	<u>1.091.262</u>
Cash at bank and in hand		<u>507.028</u>	<u>11.813</u>
Total current assets		<u>641.151</u>	<u>1.103.075</u>
Total assets		<u><u>53.741.151</u></u>	<u><u>39.363.075</u></u>

Balance sheet at 30 June 2021

	<u>Note</u>	<u>2020</u> DKK	<u>2019/20</u> DKK
Equity and liabilities			
Share capital		40.000	40.000
Retained earnings		8.202.683	-28.061
Equity	5	<u>8.242.683</u>	<u>11.939</u>
Provision for deferred tax		2.317.917	0
Total provisions		<u>2.317.917</u>	<u>0</u>
Banks		7.463.299	4.744.428
Mortgage loans		13.900.512	14.719.174
Debt to affiliated company		15.696.571	14.319.660
Deposits		1.228.905	794.814
Total non-current liabilities	6	<u>38.289.287</u>	<u>34.578.076</u>
Mortgage loans	6	818.111	871.413
Banks	6	3.408.727	163.007
Trade payables		61.076	3.183.115
Other payables		578.354	516.200
Deferred income		24.996	39.325
Total current liabilities		<u>4.891.264</u>	<u>4.773.060</u>
Total liabilities		<u>43.180.551</u>	<u>39.351.136</u>
Total equity and liabilities		<u><u>53.741.151</u></u>	<u><u>39.363.075</u></u>

Statement of changes in equity

	Share capital	Retained earnings	Total
Equity at 1 July 2020	40.000	-28.061	11.939
Net profit/loss for the year	0	8.230.744	8.230.744
Equity at 30 June 2021	40.000	8.202.683	8.242.683

Notes

	<u>2020/21</u>	<u>2019/20</u>
	DKK	DKK
1 Staff costs		
Wages and salaries	620.540	124.359
Pensions	26.159	-2.244
Other social security costs	5.664	8.917
	<u>652.363</u>	<u>131.032</u>
Average number of employees	<u>2</u>	<u>1</u>
2 Financial costs		
Financial expenses, group entities	626.911	0
Other financial costs	584.115	546.826
	<u>1.211.026</u>	<u>546.826</u>
3 Tax on profit/loss for the year		
Deferred tax for the year	<u>2.321.491</u>	<u>-3.574</u>
	<u>2.321.491</u>	<u>-3.574</u>

Notes

4 Assets measured at fair value

	Investment property
Cost at 1 July 2020	36.203.425
Additions for the year	4.607.756
Cost at 30 June 2021	<u>40.811.181</u>
Revaluations at 1 July 2020	2.056.575
Revaluations for the year	10.232.244
Revaluations at 30 June 2021	<u>12.288.819</u>
Carrying amount at 30 June 2021	<u><u>53.100.000</u></u>

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

The investment property iNoord is located in Frederiksværk.

The fair value of investment properties is assessed using a return-based basis valuation model, where the value is calculated on the basis of the normalized properties net profit for the coming operating year, adjusted for fluctuations characterized as being individual and an individually determined rate of return requirement.

The total area of the properties is 5.013m², and the normalized result for it coming year is calculated at DKK 3,9 million.

A calculation of a return of 7.00% has been used, which has been determined taking into account the current conditions in the real estate market at the balance sheet date, the type of property, the property's location, etc. Returns also correspond to the general required return for equivalent investment properties in Sjælland.

Notes

4 Assets measured at fair value (continued)

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.

Changes in average required rate of return	0,25%	Base	-0,25 %
	DKK	DKK	DKK
Rate of return	7,25	7,00	6,75
Fair value	51.200.000	53.100.000	55.200.000
Change in fair value	-1.900.000	0	2.100.000

5 Equity

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

6 Long term debt

	2020	2019/20
	DKK	DKK
Banks		
Between 1 and 5 years	7.463.299	4.744.428
Non-current portion	7.463.299	4.744.428
Other short-term debt to credit institutions	3.408.727	163.007
Current portion	3.408.727	163.007
	10.872.026	4.907.435

Notes

6 Long term debt (continued)

	2020	2019/20
	DKK	DKK
Mortgage loans		
After 5 years	9.812.576	12.264.619
Between 1 and 5 years	4.087.936	2.454.555
Non-current portion	13.900.512	14.719.174
Within 1 year	818.111	871.413
	14.718.623	15.590.587
Debt to affiliated company		
After 5 years	15.696.571	14.319.660
Non-current portion	15.696.571	14.319.660
Within 1 year	0	0
Current portion	0	0
	15.696.571	14.319.660
Deposits		
After 5 years	1.228.905	794.814
Non-current portion	1.228.905	794.814
Current portion	0	0
	1.228.905	794.814

Accounting policies

The annual report of PropCo NC ApS for 2020/21 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to reporting class B entities.

The annual report for 2020/21 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

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

Gross profit reflects an aggregation of revenue, changes in inventories of finished goods and work in progress and other operating income less costs of raw materials and consumables and other external expenses.

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.

Accounting policies

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

Investment property

Investment property 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 property is measured at cost, comprising the purchase price, including purchase costs.

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

Receivables

Receivables are measured at amortised cost.

Accounting policies

Cash and cash equivalents

Cash and cash equivalents comprise deposits at banks.

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

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.

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.

Deferred income

Deferred income recognised under 'Current liabilities' comprises payments received concerning income in subsequent financial years.

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Anne-Kathrine Heiberg

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Hans Peter Hartzberg

Statsautoriseret revisor

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Anne-Kathrine Heiberg

Dirigent

På vegne af: Selskabet

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IP: 77.8.xxx.xxx

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