

PropCo NC ApS

Nørregade 38, 3300 Frederikværk

Annual report

2021/22

Company reg. no. 40 50 98 79

The annual report was submitted and approved by the general meeting on the 10 July 2023.

Anne-Kathrine Heiberg
Chairman of the meeting

Notes:

- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

Contents

Page

Reports

- 1 *Management's statement*
- 2 *Independent auditor's report on extended review*

Management's review

- 4 *Company information*
- 5 *Management 's review*

Financial statements 1 July 2021 - 31 December 2022

- 6 *Income statement*
- 7 *Balance sheet*
- 9 *Statement of changes in equity*
- 10 *Notes*
- 13 *Accounting policies*

Management's statement

Today, the Managing Director has approved the annual report of PropCo NC ApS for the financial year 2021/22.

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

I consider the chosen accounting policy to be appropriate, and in my opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2022 and of the results of the Company's operations for the financial year 1 July 2021 - 31 December 2022.

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

We recommend that the annual report be approved at the Annual General Meeting.

Frederikværk, 10 July 2023

Independent auditor's report on extended review

To the Shareholder of PropCo NC ApS

Opinion

We have performed an extended review of the financial statements of PropCo NC ApS for the financial year 1 July 2021 - 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.

Based on the work performed, 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 July 2021 - 31 December 2022 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our extended review in accordance with the Danish Business Authority's Assurance Standard for Small Enterprises and FSR - Danish Auditors' standard on extended review of financial statements prepared 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' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the 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 responsibilities for the extended review of the Financial Statements

Our responsibility is to express a opinion on the financial statements. This requires that we plan and perform procedures in order to obtain limited assurance for our opinion on the financial statements and in addition perform specifically required supplementary procedures to obtain further assurance for our opinion.

Independent auditor's report on extended review

An extended review comprises procedures that primarily consist of making inquiries of Management and others within the Company, as appropriate, analytical procedures and the specifically required supplementary procedures as well as evaluation of 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 the financial statements.

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 opinion thereon.

In connection with our extended review 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 extended review, 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 in the Management's Review.

Copenhagen, 10 July 2023

Martinsen

*State Authorised Public Accountants
Company reg. no. 32 28 52 01*

Hans Peter Hartzberg

*State Authorised Public Accountant
mne24818*

Company information

The company

PropCo NC ApS
Nørregade 38
3300 Frederikværk

Company reg. no. 40 50 98 79

Financial year: 1 July - 31 December

Auditors

Martinsen
Statsautoriseret Revisionspartnerselskab
Øster Allé 42
2100 København Ø

Management's review

Description of key activities of the company

The company's purpose is to invest in real estate and any related business.

Uncertainties connected with recognition or measurement

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.

There is therefore a natural inherent uncertainty about the valuation, but it is the management's opinion that there is no significant uncertainty when recognizing and measuring. The valuation method used is unchanged compared to last year.

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.

Development in activities and financial matters

The gross profit for the year totals DKK 5.883.318 against DKK 2.168.254 last year. Income from ordinary activities after tax totals DKK 10.287.362 against DKK 8.230.744 last year. Management considers the net profit for the year satisfactory.

I Noord is doing well. We have changed the financial year for the company to the calendar year in order to have the same financial period as we have for the reporting on cost that the tenants pay. This will ease the process for bookkeeping and accountants.

The mall is doing well and so are the tenants. The only vacancy is a location for a restaurant, and we keep working to find the right tenant for the unit. We have had some interesting discussions during first half 2023, and we hope to have a solution 2nd half of 2023, so a restaurant will be in place for the

The municipality finally approved the project for residential on the parking in April 2023. Due to the market conditions we expect to wait a couple of years before the project will start to be realized.

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

All amounts in DKK.

<u>Note</u>	1/7 2021 - 31/12 2022	1/7 2020 - 30/6 2021
Gross profit	5.883.318	2.168.254
Value adjustment of investment property	10.174.890	10.232.244
1 Staff costs	-709.290	-652.362
Operating profit	15.348.918	11.748.136
2 Other financial expenses	-2.158.819	-1.195.901
Pre-tax net profit or loss	13.190.099	10.552.235
3 Tax on net profit or loss for the year	-2.902.737	-2.321.491
Net profit or loss for the year	10.287.362	8.230.744
Proposed distribution of net profit:		
Transferred to retained earnings	10.287.362	8.230.744
Total allocations and transfers	10.287.362	8.230.744

Balance sheet

All amounts in DKK.

Assets			
<u>Note</u>		<u>31/12 2022</u>	<u>30/6 2021</u>
Non-current assets			
4	Investment property	<u>66.000.000</u>	<u>53.100.000</u>
	Total property, plant, and equipment	<u>66.000.000</u>	<u>53.100.000</u>
	Total non-current assets	<u>66.000.000</u>	<u>53.100.000</u>
Current assets			
	Other receivables	<u>89.106</u>	<u>134.123</u>
	Total receivables	<u>89.106</u>	<u>134.123</u>
	Cash and cash equivalents	<u>2.060.662</u>	<u>507.028</u>
	Total current assets	<u>2.149.768</u>	<u>641.151</u>
	Total assets	<u>68.149.768</u>	<u>53.741.151</u>

Balance sheet

All amounts in DKK.

Equity and liabilities			
<u>Note</u>		<u>31/12 2022</u>	<u>30/6 2021</u>
Equity			
	Contributed capital	40.000	40.000
	Retained earnings	18.490.045	8.202.683
	Total equity	18.530.045	8.242.683
Provisions			
	Provisions for deferred tax	5.220.654	2.317.917
	Total provisions	5.220.654	2.317.917
Liabilities other than provisions			
5	Mortgage debt	16.853.341	13.900.512
6	Bank loans	4.989.937	7.463.299
	Deposits	1.306.089	1.228.905
	Trade payables	193.516	61.076
	Payables to group enterprises	16.882.699	15.696.571
	Total long term liabilities other than provisions	40.225.582	38.350.363
	Current portion of long term liabilities	1.063.845	818.111
	Bank loans	0	3.408.727
	Corporate tax	12.080	26.813
	Other payables	3.097.562	551.541
	Deferred income	0	24.996
	Total short term liabilities other than provisions	4.173.487	4.830.188
	Total liabilities other than provisions	44.399.069	43.180.551
	Total equity and liabilities	68.149.768	53.741.151

7 Charges and security

Statement of changes in equity

All amounts in DKK.

	<i>Contributed capital</i>	<i>Retained earnings</i>	<i>Total</i>
<i>Equity 1 July 2021</i>	40.000	8.202.683	8.242.683
<i>Profit or loss for the year brought forward</i>	0	10.287.362	10.287.362
	40.000	18.490.045	18.530.045

Notes

All amounts in DKK.

	1/7 2021 - 31/12 2022	1/7 2020 - 30/6 2021
1. Staff costs		
Salaries and wages	617.491	620.539
Pension costs	81.830	26.159
Other costs for social security	9.969	5.664
	709.290	652.362
 Average number of employees	 1	 2
2. Other financial expenses		
Financial costs, group enterprises	1.219.878	626.911
Other financial costs	938.941	568.990
	2.158.819	1.195.901
3. Tax on net profit or loss for the year		
Adjustment for the year of deferred tax	2.902.737	2.321.491
	2.902.737	2.321.491
4. Investment property		
Cost opening balance	40.811.180	36.203.426
Additions during the year	2.725.111	4.607.755
Cost end of period	43.536.291	40.811.181
 Fair value adjustment opening balance	 12.288.819	 2.056.575
Adjust of the year to fair value	10.174.890	10.232.244
Fair value adjustment end of period	22.463.709	12.288.819
 Carrying amount, end of period	 66.000.000	 53.100.000

The investment property iNoord is located in Frederiksværk.

A determination of the return from the individual properties is based on the expected rental income from fully leased properties less expected operating costs, administration costs, and maintenance costs. The subsequent value is adjusted for recognised vacant-period lease for a reasonable period of time and expected costs of improvements and large maintenance projects, etc., plus added deposits and prepaid lease payments.

Notes

All amounts in DKK.

4. Investment property (continued)

The total area of the properties is 5.013m², and the normalized result for it coming year is calculated at DKK 4,57 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.

Compared to the previous financial year, the methods of measurement remain unchanged.

Sensitivity analysis:

Changes in the rates of return have a material effect on the measurement of investment properties. An increase in the rate of return could mean a decrease in market value. The market development may result in changed requirements to the return on real property.

An increase of the required rate of return by 0,25 percentage point would mean a reduction of the value of the investment property of DKK 2.300.000. A deduction of the required rate of return by 0,25 percentage point would mean an increase of the value of the investment property of DKK 2.400.000.

	<u>31/12 2022</u>	<u>30/6 2021</u>
5. Mortgage debt		
Total mortgage debt	17.917.186	14.718.623
Share of amount due within 1 year	<u>-1.063.845</u>	<u>-818.111</u>
	<u>16.853.341</u>	<u>13.900.512</u>
Share of liabilities due after 5 years	<u>13.302.181</u>	<u>9.812.576</u>
6. Bank loans		
Total bank loans	<u>4.989.937</u>	<u>7.463.299</u>

7. Charges and security

As collateral for mortgage loans, DKK 21.840 t.kr, security has been granted on land and buildings representing a carrying amount of DKK 65.588 t.kr, at 31 December 2022.

Notes

All amounts in DKK.

7. Charges and security (continued)

Accounting policies

The annual report for PropCo NC ApS has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class B enterprises. Furthermore, the company has decided to comply with certain rules applying to reporting class C enterprises.

Recognition and measurement in general

Income is recognised in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognised in the income statement, including depreciations amortisations, write-downs for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

Assets are recognised in the statement of financial position when it seems probable that future economic benefits will flow to the company and the value of the asset can be reliably measured.

Liabilities are recognised in the statement of financial position when it is seems probable that future economic benefits will flow out of the company and the value of the liability can be reliably measured.

Assets and liabilities are measured at cost at the initial recognition. Hereafter, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost, allowing a constant effective interest rate to be recognised during the useful life of the asset or liability. Amortised cost is recognised as the original cost less any payments, plus/less accrued amortisations of the difference between cost and nominal amount. In this way, capital losses and gains are allocated over the useful life of the liability.

Upon recognition and measurement, allowances are made for such predictable losses and risks which may arise prior to the presentation of the annual report and concern matters that exist on the reporting date.

Income statement

Gross profit

Gross profit comprises the revenue, other operating income and external costs.

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.

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

Expenses concerning investment properties comprise operating expenses, repair and maintenance expenses, taxes, charges, and other expenses. Expenses concerning the heating accounts are recognised in the statement of financial position as a balance with lessees.

Accounting policies

Value adjustment of investment property

Value adjustment of investment property comprises value adjustments of properties at fair value and profit or loss from the disposal of properties.

Staff costs

Staff costs include salaries and wages, including holiday allowances, pensions, and other social security costs, etc., for staff members.

Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, amortisation of financial assets and liabilities as well as surcharges and reimbursements under the advance tax scheme, etc.

Tax on net profit or loss for the year

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

Statement of financial position

Impairment loss relating to non-current assets

The carrying amount of both intangible and tangible fixed assets are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets, respectively. write-down for impairment is done to the recoverable amount if this value is lower than the carrying amount.

The recoverable amount is the higher value of value in use and selling price less expected selling cost. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the asset group and expected net cash flows from the sale of the asset or the asset group after the end of their useful life.

Previously recognised impairment losses are reversed when conditions for impairment no longer exist. Impairment relating to goodwill is not reversed.

Investment property

At the initial recognition, investment property is measured at cost, comprising the cost of the property and directly associated costs, if any.

Accounting policies

Hereafter, investment properties are measured individually at an estimated fair value. The properties are measured using a returnbased model, by which the expected future cash flows for the following year, along with a rate of return determined by an external assessor, form the basis for the fair value of the properties. Compared to the previous financial year, the method of measurement remains unchanged.

Costs adding new or improved qualities to an investment property compared to its condition at the time of acquisition, thereby improving the future return on the property, are added to the cost as an improvement. Costs which do not add new or improved qualities to an investment property are recognised in the income statement under the item "Costs concerning investment property".

Like other property, plant, and equipment except for land, investment property has a limited economic life. The impairment taking place concurrently with the ageing of the investment property is reflected in the continuing measurement of the investment property at fair value.

Value adjustments are recognised in the income statement under the item "Value adjustments of property".

Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank.

Income tax and deferred tax

Current tax liabilities and current tax receivable are recognised in the statement of financial position as calculated tax on the taxable income for the year, adjusted for tax of previous years' taxable income and for tax paid on account.

Deferred tax is measured on the basis of temporary differences in assets and liabilities with a focus on the statement of financial position. Deferred tax is measured at net realisable value.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation prevailing in the respective countries on the reporting date when the deferred tax is expected to be released as current tax. Changes in deferred tax due to changed tax rates are recognised in the income statement, except for items included directly in the equity.

Deferred tax assets, including the tax value of tax losses allowed for carryforward, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisable value.

Accounting policies

Liabilities other than provisions

Mortgage loans and bank loans are thus measured at amortised cost which, for cash loans, corresponds to the outstanding payables. For bond loans, the amortised cost corresponds to an outstanding payable calculated as the underlying cash value at the date of borrowing, adjusted by amortisation of the market value on the date of the borrowing effectuated over the repayment period.

Other liabilities concerning payables to suppliers, group enterprises, and other payables are measured at amortised cost which usually corresponds to the nominal value.

Deferred income

Payments received concerning future income are recognised under deferred income.