Nørrebro II ApS

CVR No. 31 94 52 32

Annual report

for the period 1 July 2013 - 31 December 2014
(18 months)

Approved at the annual general meeting of shareholders on 5 May 2015

Chairman:

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Carl Edgar Serge Vøgg

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Contents

Statement by the Executive Board	**1**
Independent auditors' report on the financial statements	**2**
Financial statements	
Income statement	4
Balance sheet	5
Statement of changes in equity	7
Notes	
Accounting policies	8
The company's primary activities and company details	10
Capital and outlook	11
Financial expenses	11
Tax for the year	11
Property, plant and equipment	11
Receivables from or security for loans relating to management	11
Share capital	12
Long-term liabilities	12
Security for loans	12
Contingent liabilities and other financial obligations	12
Contingent assets	12
Related parties	12

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Statement by the Executive Board

The Executive Board has today discussed and approved the annual report of Nørrebro II ApS for the financial year 1 July 2013 - 31 December 2014.

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 2014 and of the results of the Company's operations for the financial year 1 July 2013 - 31 December 2014.

We recommend the adoption of the annual report at the annual general meeting.

Copenhagen, 5 May 2015

Executive Board:

Ole Meier Sørensen	Carl Edgar Serge Vøgg

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Independent auditors' report on the financial statements

To the shareholders of Nørrebro II ApS

We have audited the financial statements of Nørrebro II ApS for the financial year 1 July 2013 - 31 December 2014, which comprise an 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.

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. Further, Management is responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility
Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements according to Danish audit regulations. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including an assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of financial statements that give a true and fair view. The purpose is to design audit procedures that are appropriate in the circumstances, but not to express an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used, the reasonableness of accounting estimates made by Management as well as the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our audit has not resulted in any qualification.

Opinion
In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 December 2014 and of the results of its operations for the financial year 1 July 2013 - 31 December 2014 in accordance with the Danish Financial Statements Act.

Emphasis-of-matter paragraph concerning other matters
During our audit we have noted that the Company did not fully comply with the Danish Bookkeeping Act in the first part of the financial year 2013/2014.

A new Management was appointed when the Company was acquired by the KIWI Group on the 23 May 2014. The new Management has from the date of the acquisition established new procedures to comply with the Danish Bookkeeping Act. The Company´s former Management may be held liable in that respect.

In 2013 the former Management of the Company granted a loan to the former ultimate private owner totalling DKK 67,200. The former owner is under bankruptcy and therefore unable to repay the loan. Consequently the loan has been cancelled. The former Management may be held liable in that respect.

Odense, 5 May 2015
ERNST & YOUNG
Godkendt Revisionspartnerselskab

Morten Schougaard Sørensen
State Authorised Public Accountant

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Income statement for the period 1 July 2013 - 31 December 2014

Notes		2013/14 18 months DKK	2012/13 12 months DKK
	Gross profit	**814,948**	**530,412**
	Depreciation of property, plant and equipment	-454,742	-303,161
	Operating profit	**360,206**	**227,251**
	Financial income	115	8
4	Financial expenses	-701,323	-241,887
	Profit/loss before tax	**-341,002**	**-14,628**
5	Tax for the year	-85,314	-97,725
	Profit/loss for the year	**-426,316**	**-112,353**
	Recommended appropriation of the profit/loss for the year		
	Retained earnings	-426,316	-112,353
		-426,316	**-112,353**

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Balance sheet at 31 December

Notes		31/12 2014 DKK	30/6 2013 DKK
	Assets		
	Fixed assets		
	Land and buildings	14,578,556	14,954,745
6	**Property, plant and equipment**	14,578,556	14,954,745
	Total fixed assets	14,578,556	14,954,745
	Current assets		
	Receivables from group entities	0	1,004
	Prepayments	24,652	0
	Other receivables	18,672	50,520
	Receivables	43,324	51,524
	Cash	437,450	46,032
	Total current assets	480,774	97,556
	Total assets	15,059,330	15,052,301

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Balance sheet at 31 December

Notes		31/12 2014 DKK	30/6 2013 DKK
	Equity and liabilities		
	Equity		
8	Share capital	500,000	500,000
	Retained earnings/Accumulated loss	-3,137,948	-2,711,632
	Total equity	**-2,637,948**	**-2,211,632**
	Provisions		
	Other provisions	335,414	378,234
	Total provisions	**335,414**	**378,234**
	Liabilities		
	Mortgage debt	16,372,369	0
	Other payables	374,133	364,333
9	**Long-term liabilities**	**16,746,502**	**364,333**
9	Current portion of long-term liabilities	0	16,448,000
	Trade payables	132,651	1,198
	Payables to group entities	290,134	0
	Income taxes payable	142,464	57,150
	Other payables	50,113	15,018
	Short-term liabilities	**615,362**	**16,521,366**
	Total liabilities	**17,361,864**	**16,885,699**
	Total equity and liabilities	**15,059,330**	**15,052,301**

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Statement of changes in equity

(DKK)	Share capital	Retained earnings	Total
Balance at 1/7 2012	500,000	367,816	867,816
Change in accounting policies		-2,967,095	-2,967,095
Profit/loss for the year, cf. appropriation of profit/loss		-112,353	-112,353
Equity at 1/7 2013	500,000	-2,711,632	-2,211,632
Profit/loss for the year, cf. appropriation of profit/loss		-426,316	-426,316
Equity at 31/12 2014	500,000	-3,137,948	-2,637,948

1. Accounting policies

The annual report of Nørrebro II ApS has been presented in accordance with the provisions of the Danish Financial Statements Act as regards reporting class B enterprises.

The financial year has been changed to the financial year used by the new owner who took over the company at 23 May 2014. The period has been changed form 1 July to 30 June to 1 January to 31 December with the period 1 July 2013 to 31 December 2014 as changing period (18 months).

Changes in accounting policies

To comply with the group accounting policies in the Pears Realestate Group the accounting policies has been changed from fair value to cost less depreciation.

The annual report and the reported numbers for 2012/2013 are restated accordingly. As described in the annual report for 2013/2014 the changed accounting policies has the following impact.

"To comply with the group accounting policies in the Pears Realestate Group the accounting policies for properties has been adjusted from fair value to cost less depreciation.

At the same time the policies applied for debt related to properties has been changed from fair value to amortised cost.

The annual report and the reported numbers for 2012/2013 are restated accordingly.

As a consequence of the changed accounting policies equity at 30 June 2013 has decreased DKK 545 thousand and the Profit/Loss for 2012/2013 was increased with DKK 2,422 thousand.

At 31 December 2014 equity is reduced with DKK 0 thousand and Profit/Loss for the year reduced with DKK 455 thousand.

The financial statements have otherwise been presented in accordance with the same accounting policies as were applied last year. Comparative figures have been restated to reflect the policy change.

Reporting currency

The financial statements are presented in Danish kroner.

Income statement

Rent

Rent comprises rental income from the leases of properties. Rent is recognised on an accruals basis.

Rent is measured net of all types of discounts/rebates granted. Also, rent is measured net of VAT and other indirect taxes charged on behalf of third parties.

Gross profit

With reference to section 32 of the Danish Financial Statements Act, the items 'Rent', 'Cost of sale', 'Other external expenses' and 'Other operating income' are consolidated into one item designated 'Gross profit'.

1. Accounting policies - continued

Depreciation of property, plant and equipment

The item comprises depreciation of property, plant and equipment.

Property, plant and equipment are depreciated on a straight-line basis over the expected useful life of each individual asset. The depreciation basis is the cost.

The expected useful lives of the assets are as follows:

	Useful life (year)
Buildings	50

Land is not depreciated.

Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses etc.

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

The entity and its Danish group entities are taxed on a joint basis. The Danish income tax charge is allocated between profit-making and loss-making Danish entities in proportion to their taxable income (full allocation method).

Jointly taxed companies entitled to a tax refund are, as a minimum, reimbursed by the management company according to the current rates applicable to interest allowances, and jointly taxed companies having paid too little tax pay, as a maximum, a surcharge according to the current rates applicable to interest surcharges to the management company.

Balance sheet

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Receivables

Receivables are measured at amortised cost, which usually corresponds to the nominal value. Provisions are made for bad debts on the basis of objective evidence that a receivable or a group of receivables are impaired. Provisions are made to the lower of the net realisable value and the carrying amount.

Cash and cash equivalents

Cash comprises cash balances and bank balances.

Provisions

Other provisions comprise expected maintenance liabilities in accordance with section 22 of the Danish Rent Act and section 18b of the Consolidated act on Temporary Regulation of Housing Condition. Provisions are recognised when, as a result of past events, the Company has legal or a constructive obligation and it is probable that there may be an outlfow of resources embodying economic benefits to settle the obligation.

1. Accounting policies - continued

Corporation tax

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

Provisions for deferred tax are calculated, based on the liability method, of all temporary differences between carrying amounts and tax values, with the exception of temporary differences occurring at the time of acquisition of assets and liabilities neither affecting the results of operations nor the taxable income, as well as temporary differences on non-amortisable goodwill.

Deferred tax is measured according to the taxation rules and taxation rates in the respective countries applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the value at which they are expected to be utilised, either through elimination against tax on future earnings or through a set-off against deferred tax liabilities within the same jurisdiction.

Liabilities

Financial liabilities are recognised on the raising of the loan at the proceeds received net of transaction costs incurred. Interest-bearing debt is subsequently measured at amortised cost, using the effective interest rate method. Borrowing costs, including capital losses, are recognised as financing costs in the income statement over the term of the loan.

Other liabilities are measured at net realisable value.

2. The company's primary activities and company details

The company is primarily engaged in investment in real estate and related activities.

The financial year has been changed to the financial year used by the new owner who took over the company at 23 May 2014. The period has been changed form 1 July to 30 June to 1 January to 31 December with the period 1 July 2013 to 31 December 2014 as changing period (18 months).

Loss for the year is negatively influenced by remission of debt with a net amount of DKK 300 thousand.

Company details

Name	Nørrebro II ApS
Address, Postal code, City	Holbergsgade 14, 2. tv., 1057 København K
CVR No.	31 94 52 32
Established	27 January 2009
Registered office	Copenhagen
Financial year	1 July - 31 December
Executive board	Ole Meier Sørensen Carl Edgar Serge Vøgg
Auditors	Ernst & Young, Godkendt Revisionspartnerselskab Englandsgade 25, P O Box 200, 5100 Odense C, Denmark Tel. +45 73 23 30 00 Telefax +45 72 29 30 30

3. Capital and outlook

Equity and reserves are negative at DKK 2,638 thousand. The company is partly financed by loans from the parent company KIWI FRB ApS.

The parent company has declared that it will support Nørrebro II ApS financially in 2015 to enable the company to meet all its obligations as they fall due.

Based on the support from the parent company the annual report for 2013/14 has been prepared under the going concern assumption

	2013/14 18 months DKK	2012/13 12 months DKK
4. Financial expenses		
Interest expenses, group entities	5,548	2,324
Other financial expenses	695,775	239,563
	701,323	241,887
5. Tax for the year		
Estimated tax charge for the year	85,314	57,150
Deferred tax adjustments in the year	0	40,575
	85,314	97,725

6. Property, plant and equipment

(DKK)	Land and buildings
Cost	
Balance at 1/7 2013	18,567,097
Additions in the year	78,556
Cost at 31/12 2014	18,645,653
Depreciation and impairment losses	
Balance at 1/7 2013	3,067,099
Changes in accounting policies	545,256
Depreciation in the year	454,742
Depreciation and impairment losses at 31/12 2014	4,067,097
Carrying amount at 31/12 2014	14,578,556

7. Receivables from or security for loans relating to management

In 2013 the former management of the company granted a loan to the former ultimate private owner totaling DKK 67,200. The loan was provided contrary to section 210 in the Danish Company Act. The former owner is under bankruptcy and therefore the loan has been cancelled.

8. Share capital

The company's share capital has remained DKK 500,000 over the past 5 years.

9. Long-term liabilities

Of the long-term liabilities, DKK 16,556 thousand falls due for payment after more than 5 years after the balance sheet date.

Other payables comprises of deposit and prepaid rent.

10. Security for loans

As security for the company's mortgage debt, the company has placed assets with carrying amount of DKK 14,579 thousand.

11. Contingent liabilities and other financial obligations

Other contingent liabilities

The company is jointly taxed with other Danish group entities, and is jointly and severally liable with other jointly taxed group entities for payment of income taxes for the period on and after 23 May 2014 as well as withholding taxes on interest, royalties and dividends falling due for payment on and after 23 May 2014.

12. Contingent assets

The company has a deferred tax asset of DKK 828 thousand that has not been capitalized.

13. Related parties

The following shareholders are registered in the Company's register of shareholders as holding minimum 5% of the share capital:

Name	Domicile
Kiwi FRB ApS	Copenhagen