Vesterbro II ApS

CVR No. 31 36 75 49

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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Statement by the Executive Board

The Executive Board has today discussed and approved the annual report of Vesterbro 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 Vesterbro II ApS

We have audited the financial statements of Vesterbro 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.

Odense, 5 May 2015
ERNST & YOUNG
Godkendt Revisionspartnerselskab

Morten Schougaard Sørensen
State Authorised Public Accountant

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

Notes		2013/14 18 months DKK	2012/13 12 months DKK
	Gross profit	**1,051,920**	**1,164,606**
	Depreciation of property, plant and equipment	-474,533	-316,355
	Operating profit	**577,387**	**848,251**
4	Financial income	0	1,969
5	Financial expenses	-1,254,657	-480,292
	Profit/loss before tax	**-677,270**	**369,928**
6	Tax for the year	-25,634	-155,925
	Profit/loss for the year	**-702,904**	**214,003**
	Recommended appropriation of the profit/loss for the year		
	Retained earnings	-702,904	214,003
		-702,904	**214,003**

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Balance sheet at 31 December

Notes		31/12 2014 DKK	30/6 2013 DKK
	Assets		
	Fixed assets		
	Land and buildings	18,223,996	18,698,530
7	**Property, plant and equipment**	18,223,996	18,698,530
	Total fixed assets	18,223,996	18,698,530
	Current assets		
	Receivables from group entities	0	222,096
	Prepayments	67,571	0
	Other receivables	378,337	306,498
	Receivables	445,908	528,594
	Cash	336,643	15,843
	Total current assets	782,551	544,437
	Total assets	19,006,547	19,242,967

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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	125,000	125,000
	Retained earnings/Accumulated loss	-4,159,598	-3,456,694
	Total equity	**-4,034,598**	**-3,331,694**
	Provisions		
	Other provisions	147,874	258,983
9	**Total provisions**	**147,874**	**258,983**
	Liabilities		
	Mortgage debt	16,687,831	534,817
	Bank debt	0	4,238,662
	Other payables	814,275	745,369
10	**Long-term liabilities**	**17,502,106**	**5,518,848**
10	Current portion of long-term liabilities	0	16,628,437
	Trade payables	169,376	12,468
	Payables to group entities	5,021,480	0
	Income taxes payable	181,559	155,925
	Other payables	18,750	0
	Short-term liabilities	**5,391,165**	**16,796,830**
	Total liabilities	**22,893,271**	**22,315,678**
	Total equity and liabilities	**19,006,547**	**19,242,967**

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Statement of changes in equity

(DKK)	Share capital	Retained earnings	Total
Balance at 1/7 2012	125,000	357,694	482,694
Change in accounting policies		-4,028,391	-4,028,391
Profit/loss for the year, cf. appropriation of profit/loss		214,003	214,003
Equity at 1/7 2013	125,000	-3,456,694	-3,331,694
Profit/loss for the year, cf. appropriation of profit/loss		-702,904	-702,904
Equity at 31/12 2014	**125,000**	**-4,159,598**	**-4,034,598**

1. Accounting policies

The annual report of Vesterbro 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 for properties has been changed 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 2,604 thousand and the Profit for 2012/2013 was increased with DKK 1,424 thousand.

At 31 December 2014 equity is reduced with DKK 3,192 thousand and Profit/Loss for the year reduced with DKK 449 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'.

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.

1. Accounting policies - continued

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.

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.

1. Accounting policies - continued

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).

Profit of the year is positively influenced by remission of debt with a net amount of DKK 370 thousand.

Company details

Name	Vesterbro II ApS
Address, Postal code, City	Holbergsgade 14, 2. tv., 1057 København K
CVR No.	31 36 75 49
Established	7 April 2008
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 4,035 thousand. The company is partly financed by loans from the parent company Kiwi FRB ApS. The parent company has declared that it will support Vesterbro 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 income		
Interest receivable, group entities	0	1,960
Other interest income	0	9
	0	**1,969**
5. Financial expenses		
Interest expenses, group entities	151,214	0
Other interest expenses	733,528	480,292
Remission of debt and similar	369,915	0
	1,254,657	**480,292**
6. Tax for the year		
Estimated tax charge for the year	25,634	155,925
	25,634	**155,925**

7. Property, plant and equipment

(DKK)	Land and buildings
Cost	
Balance at 1/7 2013	20,359,395
Cost at 31/12 2014	**20,359,395**
Depreciation and impairment losses	
Changes in accounting policies	1,660,866
Depreciation in the year	474,533
Depreciation and impairment losses at 31/12 2014	**2,135,399**
Carrying amount at 31/12 2014	**18,223,996**

8. Share capital

The company's share capital has remained DKK 125,000 over the past 5 years.

9. Provisions

Maintenance liabilities § 22 DKK 147,874.

10. Long-term liabilities

Of the long-term liabilities, DKK 16,687 thousand falls due for payment after more than 5 years after the balance sheet date.

Other payables comprises of deposit and prepaid rent.

11. Security for loans

As security for the company's mortgage debt, the company has placed assets with carrying amount of DKK 18,224 thousand.

Letter of indemnity totalling DKK 4,600 thousand are held by the company.

12. 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.

13. Contingent assets

The company has a deferred tax asset of DKK 401 thousand that has not been capitalized.

14. 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