

## **MGM 1B ApS**

c/o Hestia Danmark ApS  
Center Boulevard 5  
2300 Copenhagen S, Denmark  
CVR-No. 31 07 55 64

## **Financial Statements**

for the period 1 January – 31 December 2015  
(12 months)  
8th financial year

Adopted at the Annual General Meeting of shareholders  
on 8 June 2016



Chairman

HENRIK GROOS

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## **Company details**

MGM 1B ApS  
c/o Hestia Danmark ApS  
Center Boulevard 5  
2300 Copenhagen S, Denmark

## **Supervisory Board**

Tommas Jakobsen, Chairman  
Per Gunnar Isaksson, Vice chairman

## **Executive Board**

Tommas Jakobsen  
Per Gunnar Isaksson

## **Shareholders holding 5% or more of the share capital or the voting rights**

MGM 1 S.à r.l., 6, Rue Eugène Ruppert, L-2453 Luxembourg

## **Ultimate parent company**

Melf S.à r.l., 6, Rue Eugène Ruppert, L-2453 Luxembourg

## Statement by the Supervisory and Executive Boards on the Financial Statements

The Supervisory and Executive Boards have presented the Financial Statements for the year ended 31 December 2015. The Financial Statements were discussed and adopted on today's date.

The Financial Statements have been presented in accordance with the International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for financial statements.

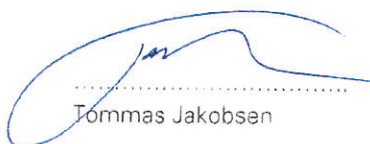
We consider that the accounting policies used are appropriate and the accounting estimates made are reasonable. To the best of our belief, the Financial Statements include the information which is relevant for an assessment of the Company's financial position. Against this background, it is our opinion that the Financial Statements give a true and fair view of the Company's assets and liabilities, financial position, and results of operations and cash flow for the year ended 31 December 2015.

We believe that the Management's Review contains a fair review of the affairs and conditions referred to therein.

We recommend that the Financial Statements be adopted by the Annual General Meeting of shareholders.

Copenhagen, 8 June 2016

### Executive Board




.....  
Tommas Jakobsen



.....  
Per Gunnar Isaksson

### Supervisory Board



.....  
Tommas Jakobsen, Chairman



.....  
Per Gunnar Isaksson, Vice chairman

The general meeting has decided that the financial statements for the coming financial year will not be audited

## Financial Highlights

### 5-year summary

	2015	2014	2013	2012	2011
	EUR	EUR	EUR	EUR	EUR

Key figures (in EUR, except per share data)

#### Statement of comprehensive income

Revenue	969,641	861,247	929,194	972,203	1,004,227
Gross profit	767,312	653,962	741,873	813,719	852,325
Profit before net financials (EBIT)	946,388	833,740	-184,732	389,965	639,075
Net financials	-404,862	-491,028	-541,353	-722,999	-789,240
Total comprehensive (expense) /income for the year	537,564	342,524	-726,092	-333,086	-150,525

#### Statement of financial position

Total assets	9,540,061	8,896,572	8,704,129	11,269,895	11,508,386
Shareholders' equity	-1,033,831	-1,571,395	-2,913,917	-2,187,825	-1,854,738

#### Other

Number of employees	0	0	0	0	0
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#### Ratios in %

Rate of return (Profit/loss before net financials x 100/total assets)	9.92%	9.37%	-2.12%	3.46%	5.12%
Equity ratio (Shareholders' equity x 100/total assets)	-10.84%	-17.66%	33.48%	-19.41%	-16.12%

Financial highlights are prepared in accordance with International Financial Reporting Standards, cf. note 1 "Accounting policies".

Ratios are computed in accordance with Guidelines and Financial ratios issued by the Danish Society of Financial Analysts in 2010.

## **Management's Review**

### **Business activities and mission**

The Company's main objective is property investment.

### **Business review**

The Company recorded rental income of EUR 835,459 for the year ended 31 December 2015 (2014: EUR 803,743).

The Company's investment properties are recorded at fair value and has been valued at EUR 9,054,202 (2014: EUR 8,794,000).

### **Recognition and measurement uncertainties**

The Company's investment properties are recognised in the financial statements at market value based on an internal return based assessment model. This model contains an estimate of the property's future return and the expected return requirement. The property's future returns are estimated based on existing leases and experience.

### **Going concern**

The Company has lost its share capital but expects to be able to restore it through future earnings. The parent company, Melf S.à r.l., has issued a subordination letter for a 12-month period from the signing date of the financial statements, covering all the loans they have provided to the Company. Therefore the company will be able to serve all current financing. At the date of signing these financial statements the management expect to re-finance in Q3 2016 negotiations in respect of which are at an advanced stage.

During the year the Company had a net cash inflow of EUR 296,412 and cash at bank at the balance sheet date of EUR 380,689.

Management closely monitors the cash requirements of the Company and works with its advisors to forecast and manage liquidity requirements over the life of its investment activities. Management has reviewed the forecasted cash flows and is confident that there are no liquidity issues and that the Company will continue to meet its liabilities as they fall due.

### **Financial position**

The result for the year is as expected.

### **Future developments**

The Company expects a result for next year, before adjustment on property valuations, on par with that reported in 2015.

### **Post balance sheet events**

No events have occurred after the financial year-end which could significantly affect the Company's financial position.



## Financial Highlights

### 5-year summary

	2015	2014	2013	2012	2011
	EUR	EUR	EUR	EUR	EUR

Key figures (in EUR, except per share data)

#### Statement of comprehensive income

Revenue	969,641	861,247	929,194	972,203	1,004,227
Gross profit	767,312	653,962	741,873	813,719	852,325
Profit before net financials (EBIT)	946,388	833,740	-184,732	389,965	639,075
Net financials	-404,862	-491,028	-541,353	-722,999	-789,240
Total comprehensive (expense) /income for the year	537,564	342,524	-726,092	-333,086	-150,525

#### Statement of financial position

Total assets	9,540,061	8,896,572	8,704,129	11,269,895	11,508,386
Shareholders' equity	-1,033,831	-1,571,395	-2,913,917	-2,187,825	-1,854,738

#### Other

Number of employees	0	0	0	0	0
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#### Ratios in %

Rate of return (Profit/loss before net financials x 100/total assets)	9.92%	9.37%	-2.12%	3.46%	5.12%
Equity ratio (Shareholders' equity x 100/total assets)	-10.84%	-17.66%	33.48%	-19.41%	-16.12%

Financial highlights are prepared in accordance with International Financial Reporting Standards, cf. note 1 "Accounting policies".

Ratios are computed in accordance with Guidelines and Financial ratios issued by the Danish Society of Financial Analysts in 2010.

## **Management's Review**

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### **Financial position**

The result for the year is as expected.

### **Future developments**

The Company expects a result for next year, before adjustment on property valuations, on par with that reported in 2015.

### **Post balance sheet events**

No events have occurred after the financial year-end which could significantly affect the Company's financial position.



## MGM 1B ApS, Copenhagen

### Statement of profit or loss and other comprehensive income for the year from 1 January to 31 December 2015

	Notes	2015	2014
		EUR	EUR
Revenue	4	969,641	861,247
Expenses related to rental activity		-202,329	-207,285
<b>Gross profit</b>		<b>767,312</b>	<b>653,962</b>
Fair Value adjustment	5	246,667	280,958
Profit/(Loss) on disposal of investment property	9	0	6,969
Other external expenses		-67,414	-108,149
Other gains/(losses)		-177	0
<b>Profit/(Loss) before net financial result</b>		<b>946,388</b>	<b>833,740</b>
Other financial income	6	0	63,212
Other financial expenses	7	-404,862	-554,240
<b>Profit/(Loss) before tax of continuing operations</b>		<b>541,526</b>	<b>342,712</b>
Tax of continuing operations for the year	8	-3,962	-188
<b>Net profit/(loss) for the year</b>		<b>537,564</b>	<b>342,524</b>
<b>Total comprehensive income/(expense) for the year</b>		<b>537,564</b>	<b>342,524</b>
<b>Total comprehensive income/(expense) for the year attributable to:</b>			
Equity holders of the company		<b>537,564</b>	<b>342,524</b>

# MGM 1B ApS, Copenhagen

## Statement of financial position at 31 December 2015

### Assets

	Notes	2015	2014
		EUR	EUR
<b>A. Non-current assets</b>			
I. Investment property	9	9,054,202	8,794,000
<b>Total non-current assets</b>		<b>9,054,202</b>	<b>8,794,000</b>
<b>B. Current Assets</b>			
I. Receivables			
1. Trade receivables		21,854	1,868
2. Receivables from group enterprises	14	366	366
3. Prepayments		0	4,823
4. Other receivables		82,950	11,238
<b>Total receivables</b>		<b>105,170</b>	<b>18,295</b>
II. Cash		380,689	84,277
<b>Total current assets</b>		<b>485,859</b>	<b>102,572</b>
<b>Total assets</b>		<b>9,540,061</b>	<b>8,896,572</b>

Equity and liabilities

	Notes	2015	2014
		EUR	EUR
<b>A. Shareholders' equity</b>			
I. Share capital		282,589	282,589
II. Retained earnings/accumulated loss		-1,316,420	-2,853,984
III. Other components of equity		0	1,000,000
<b>Total shareholders' equity</b>		<b>-1,033,831</b>	<b>-1,571,395</b>
<b>B. Non-current liabilities</b>			
I. Mortgage debt	10	0	3,825,449
II. Deposits from tenants		1,838	1,838
<b>Total non-current liabilities</b>		<b>1,838</b>	<b>3,827,287</b>
<b>C. Current liabilities</b>			
I. Current portion of non-current liabilities	10	3,833,476	374
II. Derivative financial instruments	11	0	62,849
III. Trade payables		11,418	38,544
IV. Payables to group enterprises	14	6,675,246	6,510,809
V. Income taxes payables		3,966	4
VI. Deposits from tenant		1,000	1,000
VII. Other payables		5,775	8,792
VIII. Accruals		41,098	18,308
IX. Deferred Income		75	0
<b>Total current liabilities</b>		<b>10,572,054</b>	<b>6,640,680</b>
<b>Total liabilities</b>		<b>10,573,892</b>	<b>10,467,967</b>
<b>Total equity and liabilities</b>		<b>9,540,061</b>	<b>8,896,572</b>

# MGM 1B ApS, Copenhagen

## Statement of cash flows

	2015	2014
	EUR	EUR
<b>Profit before net financial result</b>	946,388	833,740
Fair Value adjustments, non-current assets	-246,667	-280,958
Loss on disposal of investment property	0	-6,969
Taxes refunded/(paid)	-3,962	364
Lease incentives and leasing costs	0	-16,234
<b>Changes in:</b>		
Trade and other receivables	-86,875	39,936
Current liabilities	-66,165	6,395
Financial income	0	18
Financial expenses	-404,862	-638,498
<b>Cash flows from operating activities</b>	<b>137,857</b>	<b>-62,206</b>
Disposals of investment property	0	-1,576
Lease incentives	-13,535	-12,291
Repayments of receivables from group enterprises	0	107,808
<b>Cash flows from investing activities</b>	<b>-13,535</b>	<b>93,941</b>
Repayments (acceptances) on current liabilities	164,437	0
Repayments (acceptances) on non-current liabilities	7,653	0
<b>Cash flows from financing activities</b>	<b>172,090</b>	<b>0</b>
<b>Net cash flow for the year</b>	<b>296,412</b>	<b>31,735</b>
<b>Cash and cash equivalents</b>		
Cash and cash equivalents at 1 January	84,277	52,542
Net cash flow for the year	296,412	31,735
<b>Cash and cash equivalents at 31 December</b>	<b>380,689</b>	<b>84,277</b>

# MGM 1B ApS, Copenhagen

## Statement of changes in equity

	Share capital	Retained earnings/ Accumulated loss	Total
	EUR	EUR	EUR
<b>Shareholders' equity at 1 January 2014</b>	282,589	-3,196,508	-2,913,919
Profit and loss	0	342,524	342,524
Other comprehensive income	0	1,000,000	1,000,000
<b>Total equity at 31 December 2014</b>	<b>282,589</b>	<b>-1,853,984</b>	<b>-1,571,395</b>
<b>Shareholders' equity at 1 January 2015</b>	282,589	-1,853,984	-1,571,395
Profit and loss	0	537,564	537,564
Other comprehensive income	0	0	0
<b>Total equity at 31 December 2015</b>	<b>282,589</b>	<b>-1,316,420</b>	<b>-1,033,831</b>



# MGM 1B ApS, Copenhagen

## Notes

### Note 1 Accounting policies

The financial statements of MGM 1B ApS have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and Danish disclosure requirements for financial statements, as laid down in the IFRS order issued in accordance with the provisions of the Danish Financial Statements Act as regards reporting class B enterprises.

The financial statements are presented in Euros (EUR).

The accounting policies for these financial statements are consistent with those applied last year.

#### **New and revised standards and bases for conclusion**

The adoption of the new and amended IFRS and IFRIC interpretations has not had any significant impact on the amounts reported in these financial statements but may impact the accounting for future transactions and arrangements.

## New and revised standards and bases for conclusion which have yet to take effect

The IASB and IFRIC have issued a number of standards and interpretations with an effective date after the date of these financial statements:

<b>IASB/IFRIC documents endorsed</b>	<b>Effective date</b>
<b>Name</b>	<b>Annual periods beginning on or after</b>
Amendments to IAS 1: Disclosure Initiative	1 January 2016
Amendments to IFRSs Annual Improvements to IFRSs 2012-2014 Cycle	1 January 2016
Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortization	1 January 2016

<b>IASB/IFRIC documents not yet endorsed</b>	<b>Effective date</b>
<b>Name</b>	<b>Annual periods beginning on or after</b>
IFRS 15 Revenue from Contracts with Customers	1 January 2018
IFRS 9 Financial Instruments	1 January 2018
IFRS 16 Leases	1 January 2019

The Directors do not expect that the adoption of these Standards and Interpretations will have material impact on the financial statements of the Company in future periods.

## Statement of profit or loss and other comprehensive income

### Revenue

Rental income receivable from operating leases is recognised on a straight line basis over the term of the lease, except for contingent rental income, which is recognised as earned.

Costs relating to incentives for lessees to enter into lease agreements are spread evenly over the lease term, even if the payments are not made on such a basis. The lease term is the non-cancellable period of the lease together with any further term for which the lessee has the option to continue the lease, where, at the inception of the lease, the Management is reasonably certain that the lessee will exercise that option.

Amounts received from lessees to terminate leases or to compensate for dilapidations are recognised in the income statement as received. Service charges and expenses recoverable from tenants.

Income arising from expenses recharged to lessees is recognised in the period in which the expenses can be contractually recovered. Service charges and other such receipts are

included gross of the related costs in revenue when the Management considers that the entity acts as principal and net when the Management considers that the entity acts as agent.

#### **Other external expenses**

Other external expenses comprise of administrative expenses incurred.

#### **Net financial result**

Financial income and expenses are recognised in the statement of profit or loss and other comprehensive income in the reporting period they relate to. Net financials include interest income and expenses, realised capital and exchange gains and losses on securities and foreign currency transactions, amortisation of mortgage loans and surcharges and allowances under the advance-payment-of-tax scheme, etc.

#### **Tax**

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments less the share of the tax for the period that concerns the changes in equity.

Deferred taxes related to items recognised directly in equity are taken directly to equity.

The Company and all Danish group enterprises are jointly taxed. The Danish income tax charge is allocated between profit-making and loss-making Danish enterprises in proportion to their taxable income (full allocation method).

#### **Statement of financial position**

##### **Investment property**

Investment property is property held on a long-term basis with the purpose of earning rental income and increases in value and which are not held for sale.

Investment properties are initially measured at cost. After initial recognition, investment properties are measured at fair value based on an internal return based assessment model. The model used is a discounted cash flow model with a five year forecast.

The market value is the estimated amount for which a property is expected to be exchanged between willing parties, at the date of valuation, in an arm's length transaction in which the parties act knowledgeably, prudently and voluntarily.

Fair value adjustments are recognised in a separate line item in the statement of profit and loss and other comprehensive income.

### **Receivables**

Receivables are recognised and carried at the lower of their original invoiced value and recoverable amount. Provision is made when there is objective evidence that the Company will not be able to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote.

### **Prepayments**

Prepayments recognised under "Assets" comprise prepaid expenses relating to subsequent reporting periods.

### **Cash and short term deposits**

Cash and short term deposits in the statement of financial position comprise cash at bank and short term deposits with an original maturity of less than three months.

### **Income taxes**

Current tax charges are recognised in the statement of financial position as the estimated tax charge in respect of the expected taxable income for the year, adjusted for tax on prior-year taxable income and tax paid in advance.

Provisions for deferred tax are calculated at 15.825% of all temporary differences between carrying amounts and tax bases, 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.

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 a set-off against deferred liabilities.

### **Financial liabilities**

Financial liabilities are recognised at initial recognition measured at fair value of transaction costs incurred upon the raising of the loan. Interest-bearing debt is subsequently measured at amortised cost, using the effective interest rate method. Other debt is subsequently measured at amortised cost corresponding to the nominal unpaid debt.

Derivatives are classified as held for trading unless they are designated as effective hedging instruments. Held for trading assets or liabilities are measured at fair value with gains and losses through profit or loss. The Company does not apply hedge accounting.

### **Deferred income**

Deferred income is recognised as a liability and comprises of payments received for income relating to subsequent reporting periods.

## Statement of cash flows

The cash flow statement shows the Company's net cash flows, the year's changes in cash and cash equivalents and the Company's cash and cash equivalents at the beginning and at the end of the year.

Cash flows from operating activities are presented using the indirect method and are made up as the net profit or loss for the year, adjusted for non-cash operating items, changes in working capital, paid financial and extraordinary expenses and paid income taxes.

Cash flow from investing activities comprise payments related to additions and disposals of fixed assets as well as the provision intercompany loans.

Cash flow from financing activities comprise dividends paid to shareholders, capital increases and reductions, borrowings and repayments of interest-bearing debt.

Cash and cash equivalents comprise cash and short-term securities in respect of which the risk of changes in value is insignificant.

## Note 2 Going concern

These financial statements have been prepared on going concern basis.

The Company has lost its share capital but expects to be able to restore it through future earnings. The parent company, Melf S.à r.l., has issued a subordination letter for a 12-month period from the signing date of the financial statements, covering all the loans they have provided to the Company. Therefore the company will be able to serve all current financing. At the date of signing these financial statements the management expect to re-finance in Q3 2016 negotiations in respect of which are at an advanced stage.

Management closely monitors the cash requirements of the Company and works with its advisors to forecast and manage liquidity requirements over the life of its investment activities. Management has reviewed the forecasted cash flows and is confident that there are no liquidity issues and that the Company will continue to meet its liabilities as they fall due.

## Note 3 Assumptions and estimates

For purposes of the preparation of the financial statements, it is necessary that management prepares accounting estimates affecting the application of accounting policies and recognised assets, liabilities, income and expenses. Actual results may deviate from the estimates made.



The Company's investment properties are recognised in the financial statements at market value based on an internal return based assessment model. This model contains an estimate of the property's future return and the expected return requirement. The property's future returns are estimated based on existing leases and experience.

The return requirements applied for 2015 are 7.20% (2014: 8.22% and 10.58%).

## Fair value

The Company measures certain non-financial assets such as investment property, at fair value at the end of each reporting period. Also, fair values of financial instruments measured at amortised costs are disclosed in the financial statements.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either

- in the principal market for the asset or liability or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The Company must be able to access the principal or the most advantageous market at the measurement date. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs significant to the fair value measurement as a whole:

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Level 1	Quoted (unadjusted) market prices in active markets for identical assets or liabilities
Level 2	Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
Level 3	Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

## Note 4 Rental and related income

	2015	2014
	EUR	EUR
Rental income	835,459	803,743
Service charge income	121,482	53,302
Other property income	11,254	4,202
Bad debts / Receivables written of	1,446	0
<b>Revenue</b>	<b>969,641</b>	<b>861,247</b>

Rental and related income fully relates to rent attributable to the year ended 31 December 2015. Spaces are leased out under lease agreements of various expiry terms. Lease agreements specify the rent, the rights and obligations of the lessor and the lessee, including notice and renewal options, as well as service and operating cost charges.

The Company leases out all of its investment properties under operating leases which are non-cancellable and have average lease terms of 4.54 years (2014: 5.95 years). The Company's leases typically include a clause either to enable upward revision of the rental charge on an annual basis based on a fixed annual uplift, inflation or local equivalent.

Future minimum rental receivables under non-cancellable operating leases as at 31 December 2015, analysed by the period in which they fall due are as follows:

	2015	2014
	EUR	EUR
First year	686,072	825,394
Second up to and including fourth year	1,612,868	2,094,790
Fifth and subsequent years	1,115,329	1,269,028
	<b>3,414,269</b>	<b>4,189,212</b>

## Note 5 Fair value adjustment

	2015	2014
	EUR	EUR
Fair value adjustment of property	246,667	280,958

## Note 6 Other financial income

	2015	2014
	EUR	EUR
Interest receivable, group enterprises	0	1
Fair value gain on derivative financial instruments	0	63,194
Other interest receivable, exchange gains, and similar income	0	17
	<b>0</b>	<b>63,212</b>

## Note 7 Other financial expenses

	2015	2014
	EUR	EUR
Interest payable, group enterprises	353,730	409,460
Interest payable, exchange losses, and similar expenses	51,131	144,780
	<b>404,861</b>	<b>554,240</b>



## Note 8 Income taxes

<b>Tax for the year</b>	<b>2015</b>	<b>2014</b>
	EUR	EUR
Current income tax charge	3,962	188
<b>Total tax for the year</b>	<b>3,962</b>	<b>188</b>

<b>Reconciliation of tax rate applicable to pre-tax profit</b>	<b>2015</b>	<b>2014</b>
	%	%
Danish tax rate	23.5	24.5
Difference between German and Danish tax rates	-7.7	-8.7
<i>Adjustments in respect of prior years</i>	-1.0	0.1
Write-down of tax asset	0	-15.8
<b>Effective tax rate</b>	<b>15.8</b>	<b>0.0</b>

<b>Breakdown of deferred tax asset</b>	<b>2015</b>	<b>2014</b>
	EUR	EUR
Investment property	75,568	152,701
Financial instruments	0	9,946
Tax losses carried forward	0	0
Write-down of tax asset	-75,568	-162,647
<b>Total deferred tax asset</b>	<b>0</b>	<b>0</b>

## Note 9 Investment property

	<b>Investment property</b>
	EUR
<b>Balance at 1/1/2015</b>	<b>11,477,528</b>
Lease incentives	11,862
Additions in period	2,000
<b>Balance at 31/12/2015</b>	<b>11,491,390</b>

Value adjustments	Investment property
	EUR
Balance at 1/1/2015	-2,683,855
Fair value adjustments in the year	246,667
<b>Write-downs at 31/12/2015</b>	<b>-2,437,188</b>
<b>Carrying amount at 31/12/2015</b>	<b>9,054,202</b>
Balance at 1/1/2014	11,477,528
<b>Balance at 31/12/2014</b>	<b>11,477,528</b>

Value adjustments	Investment property
	EUR
Balance at 1/1/2014	-2,964,813
Fair value adjustments in the year	280,958
<b>Write-downs at 31/12/2014</b>	<b>-2,683,855</b>
<b>Carrying amount at 31/12/2014</b>	<b>8,794,000</b>



### Fair value hierarchy

The following table shows an analysis of the fair value of investment property recognised in the statement of financial position by level of the fair value hierarchy.<sup>1</sup>

As at 31 December 2015	Level 1	Level 2	Level 3	Total fair value
	EUR	EUR	EUR	EUR
Investment property	0	0	9,054,202	9,054,202

As at 31 December 2014	Level 1	Level 2	Level 3	Total fair value
	EUR	EUR	EUR	EUR
Investment property	0	0	8,794,000	8,794,000

## Note 10 Payables to bank and credit institutions

Breakdown of payables to bank and credit institutions in the financial position	2015	2014
	EUR	EUR
Non-current liabilities	0	3,825,449
Current liabilities	3,833,476	374
<b>Carrying amount at 31 December</b>	<b>3,833,476</b>	<b>3,825,823</b>

Payables to bank and credit institutions fall due for payment as follows	2015	2014
	EUR	EUR
Within 1 year	3,833,476	374
Between 1 and 5 years	0	3,825,449
Over 5 years	0	0
<b>Carrying amount at 31 December</b>	<b>3,833,476</b>	<b>3,825,823</b>

<sup>1</sup> See note 3 for the explanation of the fair value hierarchy.

### Interest rate swap

On 17 September 2010, the Company entered into an interest rate swap agreement with Landesbank Berlin AG, Berlin, on its Berlin-Hannoversche Hypothekenbank AG, Berlin, facility.

The interest rate receivable was floating and the maturity date for all swaps was 30 September 2015. The fixed rate payable was 2.23% per annum on an amount totalling EUR 3,839,480.

The interest rate swap matured on 30 September 2015.

## Note 11 Derivative financial instruments

<b>Held for trading derivatives that are not designated in hedge accounting relationships</b>	<b>2015</b>	<b>2014</b>
	EUR	EUR
Current liabilities	0	62,849
<b>Interest rate swaps</b>	<b>0</b>	<b>62,849</b>

## Note 12 Financial risks and financial instruments

### Foreign exchange risks

As the Company's income and costs are primarily in its reporting currency, EUR, the Company is not exposed to any significant currency risks.

### Interest rate risks

The Company is exposed to interest rate risks relating to fluctuations in interest levels in Euroland and Denmark due to balances held at the bank. The primary exposure is related to Euribor und Cibur.

The Company limits interest rate risk by taking out only fixed rate loans.

## Credit risk

It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis, with the result that the Company's exposure to bad debts is minimised. There are no significant concentrations of credit risk within the Company. With respect to credit risk arising from the other financial assets of the Company, which comprise cash and cash equivalents, the Company's exposure to credit risk arises from any default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

Credit risks arising from operating activities relate mainly to the non-payment of rentals by tenants of the properties held by the Company. This risk is managed by obtaining deposits from tenants as security for rental payments. Credit risks related to the placement of liquid funds (counterparty credit risks) are minimised by making agreements only with the most reputable domestic and international banks and financial institutions.

## Capital management

The primary objective of the Company's capital management is to ensure it remains within its quantitative banking covenants and maintains a strong credit rating.

The Company monitors capital primarily using a loan to value ratio, which is calculated as the amount of outstanding bank debt divided by the valuation of the investment property. The Company's policy is to keep the average loan to value ratio of the Company lower than 50%.

During the period the Company did not breach any of its loan covenants, nor did it default on any other of its obligations under its loan agreements.

The loans are also covered by the letter of support provided by the parent company.<sup>2</sup>

	2015	2014
	EUR	EUR
Carrying amount of bank loans	3,833,476	3,825,449
Unamortised borrowing costs	6,004	14,031
<b>Principal amount of bank loans</b>	<b>3,839,480</b>	<b>3,839,480</b>
Valuation of investment property	9,054,202	8,794,000
Loan to value ratio	42%	44%

<sup>2</sup> See note 2



## Liquidity risks

It is the Company's strategy to reduce the liquidity risk by taking out long-term interest-only loans.

The Company monitors its risk to a shortage of funds using cash flow forecasting techniques focused on the maturity profile of its debt commitments, operational cash flow and capital expenditure.

The financial liabilities are also covered by the letter of support provided by the parent company.<sup>3</sup>

The subsequent table summarises the maturity profile of the Company's financial liabilities as at 31 December based on contractual undiscounted payments.

At 31 December 2015	On demand	less than 1 year	1 to 5 years	> 5 years	Total
	EUR	EUR	EUR	EUR	EUR
Current portion of non-current liabilities	0	3,833,476	0	0	3,833,476
Deposits from tenants	0	1,000	1,838	0	2,838
Payables to group enterprises	0	6,675,246	0	0	6,675,246
Trade and other payables	0	21,159	0	0	21,159
Accruals	0	41,098	0	0	41,098
	<b>0</b>	<b>10,571,979</b>	<b>1,838</b>	<b>0</b>	<b>10,573,817</b>

At 31 December 2014	On demand	less than 1 year	1 to 5 years	> 5 years	Total
	EUR	EUR	EUR	EUR	EUR
Borrowings	0	0	3,839,480	0	3,839,480
Interest payable on borrowings	0	52,903	39,714	0	92,617
Deposits from tenants	0	0	2,838	0	2,838
Financial derivatives	0	62,629	0	0	62,629
Payables to group enterprises	0	6,856,454	0	0	6,856,454
Trade and other payables	0	57,213	0	0	57,213
	<b>0</b>	<b>7,029,198</b>	<b>3,882,032</b>	<b>0</b>	<b>10,911,230</b>

<sup>3</sup> See note 2

## Fair values

A comparison of the carrying value of financial instruments included in the Company's financial statements to their fair value is included below by class of instrument.

The fair value of the financial assets and liabilities are included at an estimate of the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

Cash, trade and other receivables, and trade and other payables approximate their carrying amounts due to the short-term maturities of these instruments.

The fair value of mortgage debt is estimated by discounting future cash flows using rates currently available for debt on similar terms and remaining maturities. The fair value approximates their carrying amounts gross of unamortised transaction costs (level 2 fair value hierarchy).

The fair value of payables to group enterprises is estimated by discounting future cash flows using rates currently available for debt on similar terms and remaining maturities.

Financial assets	2015	
	Carrying amount	Fair value
	EUR	EUR
Trade and other receivables	104,804	104,804
Receivables from group enterprises	366	366
Cash	380,689	380,689
<b>Loans and receivables</b>	<b>485,859</b>	<b>485,859</b>

Financial liabilities	Carrying amount	Fair value
	EUR	EUR
Current portion of non-current liabilities	3,833,476	3,839,480
Payables to group enterprises	6,675,246	6,675,246
Trade and other payables	21,159	21,159
Accruals	41,098	41,098
<b>Financial liabilities held at amortised cost</b>	<b>10,570,979</b>	<b>10,576,983</b>



### Fair values hierarchy

The following table shows an analysis of the fair value of financial instruments recognised in the statement of financial position by level of the fair value hierarchy:<sup>4</sup>

As at 31 December 2015	Level 1	Level 2	Level 3	Total fair value
	EUR	EUR	EUR	EUR
Derivatives	0	0	0	0

As at 31 December 2014	Level 1	Level 2	Level 3	Total fair value
	EUR	EUR	EUR	EUR
Derivatives	0	-62,849	0	-62,849

## Note 13 Security for loans

The following assets have been put up as security of the Company's debt:

Mortgage debt, EUR 3,833,476	2015	2014
	EUR	EUR
Investment property, carrying amount	9,054,202	8,794,000

The Company guarantees the obligations under the Berlin-Hannoversche Hypothekenbank AG credit agreement with the subsidiaries of its parent company, MGM 1 S.à.r.l.

Some of the Company's bank accounts are pledged with Berlin-Hannoversche Hypothekenbank AG, the amount held in these bank accounts as of 31 December 2015 amounted to EUR 367,761 (2014: EUR 61,858).

<sup>4</sup> See note 3 for the explanation of the fair value hierarchy.

## Note 14 Related parties

Tommas Jakobsen and Per Gunnar Isaksson are members of the Supervisory Board of MGM 1B ApS, Copenhagen (Denmark).

None of the Directors were paid by MGM 1B ApS in the year. The Directors are employed by Hestia Danmark ApS, which renders management services to G 1A ApS. The amount charged by Hestia Danmark ApS in the year to 31 December 2015 for services rendered was EUR 3,150 (2014: EUR 3,222). At the year-end EUR 1,575 (2014: EUR 1,938) remains outstanding.

The Company does not have any employees.

The parent company, Melf S.à r.l., has issued a subordination letter for a 12-month period from the signing date of the financial statements, covering all the loans they have provided to the Company. All related party transactions were made on terms equivalent to those that prevail in arm's length transactions.

Balances with group enterprises in EUR:

	Principal Amount	Balance outstanding 31 Dec 2015	Rate of Interest	Maturity
	EUR	EUR		
Payable fall due for payment within 1 year:				
<b>Melf S.à r.l.</b>	<b>6,398,136</b>	<b>6,675,246</b>	<b>5.50%</b>	<b>30/09/2016</b>
Receivables:				
<b>GRP 1A ApS</b>	<b>368</b>	<b>368</b>	<b>0%</b>	<b>on demand</b>

## Note 15 Post balance events

No events have occurred after the financial year-end which could significantly affect the Company's financial position.