

MGM 1B ApS

c/o Nectar Asset Management ApS
Ewaldsgade 7
2200 Copenhagen N, Denmark
CVR-No. 31 07 55 64

Financial Statements

For the period 1 January – 31 December 2019
(12 months)
12th financial year

Adopted at the Annual General Meeting of shareholders
on 29/6 2020



Chairman
HELENE SCOWIN

Table of contents

1	Company details	1
2	Statement by the Supervisory and Executive Boards on the Financial Statements	2
3	Financial highlights	3
4	Management's review	4
5	Statement of profit or loss and other comprehensive income	5
6	Statement of financial position	7
7	Statement of cash flows	9
8	Statement of changes in equity	10
9	Notes	11

Please note that for computational reasons, rounding differences to the exact mathematical figures (monetary units, percentages, etc.) may occur.

1 Company details

MGM 1B ApS

c/o Nectar Asset Management ApS
Ewaldsgade 7
2200 Copenhagen N, Denmark

Company registration number

CVR-No. 31 07 55 64

Supervisory Board

- Tommas Jakobsen, Chairman
- Peer Thomas Borg, Vice chairman

Executive Board

- Tommas Jakobsen
- Peer Thomas Borg

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

MGM 1 S.à r.l., 12, Rue Guillaume Kroll, L-1882 Luxembourg

Ultimate parent company

MELF S.à r.l., 12, Rue Guillaume Kroll, L-1882 Luxembourg

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

The Supervisory and Executive Boards have presented the Financial Statements of MGM 1B (in the following "the Company") for the year ended 31 December 2019. 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.

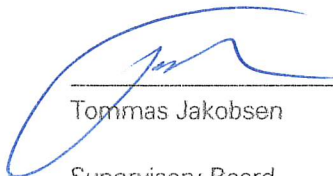
We consider that the accounting policies used are appropriate and the accounting estimates made are reasonable. To the best of our belief, the Financial Statements include the information which is relevant for an assessment of the Company's financial position. Against this background, it is our opinion 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 2019.

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

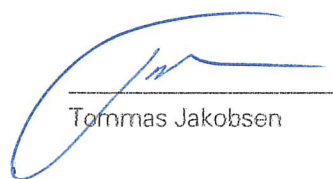
We recommend that the Financial Statements be adopted by the Annual General Meeting of shareholders.

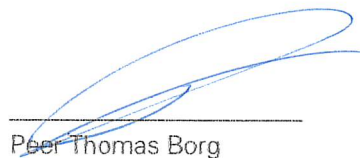
Copenhagen, 23.06.2020

Executive Board


Tommas Jakobsen

Supervisory Board


Tommas Jakobsen


Peer Thomas Borg


Peer Thomas Borg

3 Financial highlights

5-year-summary

	2019	2018	2017	2016	2015
	EUR	EUR	EUR	EUR	EUR
Key figures (in EUR, except per share data)					
Statement of comprehensive income					
Revenue	852,417	853,952	923,993	905,905	969,641
Gross profit	666,151	672,133	656,295	639,061	767,312
Profit before net financials (EBIT)	1,029,357	473,787	567,692	439,259	946,388
Net financials	-375,655	-378,630	-380,396	-284,562	-404,862
Total comprehensive (expense)/income for the year	561,449	101,926	187,295	151,895	537,564
Statement of financial position					
Total assets	7,425,160	8,810,733	9,035,997	9,296,803	9,540,061
Shareholders' equity	-31,266	-592,715	-694,641	-881,936	-1,033,831
Other					
Number of employees	0	0	0	0	0
Ratio in %					
Rate of return (Profit/loss before net financials x 100/total assets)	13.86%	5.38%	6.28%	4.72%	9.92%
Equity ratio (Shareholders' equity x 100/total assets)	-0.42%	-6.73%	-7.69%	-9.49%	-10.84%

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

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

4 Management's review

Business activities and mission

The Company's main objective is property investment.

Business review

The Company recorded rental income of EUR 765,268 for the year ended 31 December 2019 (2018: EUR 837,959).

The Company's investment property is recorded at fair value and has been valued at nil (2018: EUR 8,648,297). The investment property was reallocated to 'Assets held for sale' and amounts to EUR 6,451,204.

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

These financial statements have been prepared on a going concern basis.

The Company incurred a profit of EUR 561,449 for the year ended 31 December 2019 (2018: profit of EUR 101,926) and the statement of financial position reflected a negative total equity position of EUR -31,266 (2018: -592,715).

The Company has no rental activities anymore due to the sale of the last property in 2020. Hence, the validity of going concern basis is dependent upon the continued support of the Company's parent.

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. The Company's ability to continue as a going concern is at risk if these companies fail to provide sufficient financial support.

During the year the Company had a net cash inflow of EUR 811,877 and cash at bank at the balance sheet date of EUR 911,277.

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

Since January 2020, the coronavirus has continued to spread worldwide (coronavirus pandemic). The directors have not yet adjusted their expectations regarding the probable development in 2020 compared to the 2019 forecast.

Subsequent events

The Company has transferred its assets held for sale in the first quarter of 2020.

As a result of the spread of the coronavirus since January 2020, MGM 1B ApS is exposed to the risk that revenue losses could be expected. The risk is considered moderate by the management.

5 Statement of profit or loss and other comprehensive income

	Notes	1.1.2019– 31.12.2019	1.1.2018– 31.12.2018
		EUR	EUR
Revenue	4	852,417	853,952
Expenses related to rental activity		-186,266	-181,819
Gross profit		666,151	672,133
Fair value adjustment	5	748,239	-165,811
Profit/(Loss) on disposal of investment property	14	-278,831	0
Other external expenses		-106,202	-32,535
Profit before net financial result		1,029,357	473,787
Other financial expenses	6	-375,655	-378,630
Profit before tax		653,702	95,157
Tax for the year	7	0	6,769
Deferred taxes		-92,254	0
Net profit for the year		561,449	101,926
Total comprehensive income for the year		561,449	101,926
Total comprehensive income for the year attributable to: Equity holders of the company		561,449	101,926

6 Statement of financial position

Assets	Notes	31.12.2019	31.12.2018
		EUR	EUR
A. Non-current assets			
I. Investment property	8	0	8,648,297
Total non-current assets		0	8,648,297
B. Current Assets			
I. Assets held for sale	13	6,451,204	0
II. Receivables			
1. Trade receivables		11,086	22,670
2. Receivables from group enterprises	12	40,366	40,366
3. Other receivables		11,226	0
Total receivables		6,513,883	63,036
II. Cash		911,277	99,400
Total current assets		7,425,160	162,436
Total assets		7,425,160	8,810,733

Equity and liabilities	Notes	31.12.2019	31.12.2018
		EUR	EUR
A. Shareholders' equity			
I. Share capital		282,589	282,589
II. Retained earnings/accumulated loss		-313,855	-875,304
Total shareholders' equity		-31,266	-592,715
B. Non-current liabilities			
I. Loans and borrowings	10	0	3,475,826
II. Payables to group enterprises	12	0	4,054,382
III. Deferred tax liability	7	92,254	0
Total non-current liabilities		92,254	7,530,208
C. Current liabilities			
I. Current portion of non-current liabilities	10	1,338,559	169,242
II. Trade payables		133,483	22,279
III. Payables to group enterprises	12	3,749,467	1,647,277
IV. Other payables		2,125,000	10,949
V. Accruals		17,663	22,399
VI. Deferred income		0	1,093
Total current liabilities		7,364,172	1,873,240
Total liabilities		7,456,426	9,403,448
Total equity and liabilities		7,425,160	8,810,733

7 Statement of cash flows

	1.1.2019– 31.12.2019	1.1.2018– 31.12.2018
	EUR	EUR
Profit before net financial result	1,029,357	473,787
Fair value adjustments, non-current assets	-748,239	165,811
Taxes refunded/(paid)	0	6,769
Lease incentives and capital expenditures	2,817	6,956
Financial expenses	-375,655	-378,630
Amortisation of loan costs	11,456	11,456
Changes in:		
Assets held for sale	-6,451,204	0
Investment property	8,648,298	0
Trade and other receivables	357	33,132
Current liabilities	2,219,214	6,744
Cash flows from operating activities	4,336,402	326,025
Disposals of investment property	745,422	0
Cash flows from investing activities	745,422	0
Repayment to Postbank	-2,317,754	-169,242
Repayments to group enterprises	-1,952,192	-176,145
Cash flows from financing activities	-4,269,946	-345,387
Net cash flow for the year	811,877	-19,365
Cash and cash equivalents		
Cash and cash equivalents at 1 January	99,400	118,765
Net cash flow for the year	811,877	-19,365
Cash and cash equivalents at 31 December	911,277	99,400

8 Statement of changes in equity

	Share capital	Retained earnings/ Accumulated loss	Total
	EUR	EUR	EUR
Shareholders' equity at 1 January 2018	282,589	-977,230	-694,641
Profit and loss	0	101,926	101,926
Total equity at 31 December 2018	282,589	-875,304	-592,715
Shareholders' equity at 1 January 2019	282,589	-875,303	-592,714
Profit and loss	0	561,449	561,449
Total equity at 31 December 2019	282,589	-313,855	-31,266

9 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), which is also the functional currency of the company.

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 during or after the date of these financial statements:

New currently effective requirements	Effective date
IFRS 9 Amendments Prepayment Features with Negative Compensation	1 January 2019
IFRS 16: Leases	1 January 2019
IAS 19: Amendments Plan: Amendment, Curtailment or Settlement	1 January 2019
IAS 28 Amendments: Long-term Interests in Associated and Joint Ventures	1 January 2019
IFRIC 23: Uncertainty over Income Tax Treatments	1 January 2019
Improvements to IFRS 2015 – 2017 (IFRS3, IFRS 11, IAS 12, IAS 23)	1 January 2019

Forthcoming requirements	Effective date
Amendments References to the conceptual Framework in IFRS Standards	1 January 2020
IFRS 3: Amendment: Definition of Business (IASB-IFRS)	1 January 2020
IAS 1: Amendment, IAS 8 Amendment: Definition of material	1 January 2020
Amendment to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform	1 January 2020
IFRS 17: Insurance Contracts	1 January 2021
IFRS 10, IAS 28: Amendments Sale or Contribution of Assets between an Investor and its Associate or Joint Venture / Amendment Effective date (IASB-IFRS)	1 January 2022

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

Statement of profit and 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 are 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 if the Management considers that the entity acts as principal and net if the Management considers that the entity acts as agent.

Expenses related to rental income

Expenses that are directly linked to rental income and comprise mainly service charge expenses and asset and property management fees.

Other external expenses

Other external expenses comprise administrative expenses incurred.

Net financial result

Financial income and expenses are recognised in the statement of profit and 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.

Cash

Cash in the statement of financial position comprises cash at bank.

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 tax 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.

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 before net financial result, adjusted for non-cash operating items, changes in working capital, paid financial 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 a going concern basis.

The Company incurred a profit of EUR 561,449 for the year ended 31 December 2019 (2018: profit of EUR 101,926) and the statement of financial position reflected a negative total equity position of EUR -31,266 (2018: -592,715).

The Company has no rental activities anymore due to the sale of the last property in 2020. Hence, the validity of going concern basis is dependent upon the continued support of the Company's parent.

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. The Company's ability to continue as a going concern is at risk if these companies fail to provide sufficient financial support.

During the year the Company had a net cash inflow of EUR 811,877 and cash at bank at the balance sheet date of EUR 911,277.

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 other significant assumptions utilised in calculating the market value of investment properties are:

- Inflation of 1.5 % per annum;
- Rental income linked to CPI (adjustment on movement of 10 % in the index)

Sensitivity analysis – Discount rate

As a result of the valuation methodology adopted, the value of the real estate assets is sensitive to movements in the market derived capitalisation rate, contracted rental income and discount rate. An increase or decrease in the capitalisation rate will decrease or increase the fair value of the company's real estate assets. An increase or decrease in rental income will increase or decrease the fair value of the company's real estate assets. An increase or decrease to the discount rate will decrease or increase the fair value of the company's real estate assets. There are interrelationships between the unobservable inputs as they are determined by market conditions; an increase in more than one input could magnify or mitigate the impact on the valuation.

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:

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

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

	2019	2018
	EUR	EUR
Rental income	765,268	837,959
Service charge income	51,776	33,033
Other property income	33,767	4,025
Bad debts/ receivables written off/ Refunds	1,605	-21,065
Revenue	852,417	853,952

Rental and related income fully relates to rent attributable to the year ended 31 December 2019. 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 sold all of its investment properties so there is no average lease term anymore (2018: 2.29 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 2019, analysed by the period in which they fall due are as follows:

	2019	2018
	EUR	EUR
First year	37,574	769,030
Second up to and including fifth year	0	1,044,257
Sixth and subsequent years	0	169,381
	37,574	1,982,668

Note 5 Fair value adjustment

	2019	2018
	EUR	EUR
Fair value adjustment of property	748,239	-165,811

Note 6 Other financial expenses

	2019	2018
	EUR	EUR
Interest payable, group enterprises	-327,808	-328,855
Interest payable, exchange losses and similar expenses	-47,847	-49,774
	-375,655	-378,630

Note 7 Income taxes

Tax for the year	2019	2018
	EUR	EUR
Current income tax charge	0	6,769
Deferred income tax	-92,254	0
Total tax for the year	-92,254	6,769

Reconciliation of effective tax rate	2019	2018
	EUR	EUR
Profit before tax	653,702	95,157
Expected tax rate	22%	22%
Expected effort for income tax	-143,815	-20,935
Tax	-92,254	6,769
Deviation of foreign tax rates from expected tax rate	40,366	5,876
Changes of temporary differences for which no deferred tax asset is recognised	0	2,786
Tax effect on deferred tax asset and tax losses for which currently no deferred tax asset is used	0	1,582
Tax effect on utilisation of deferred tax asset and tax losses for which no deferred tax asset is recognised	0	0
Effectively paid taxes relating to other periods	0	0
Other effects	11,194	3,922
Effective income tax	-92,254	6,769

Breakdown of deferred tax liabilities	2019	2018
	EUR	EUR
Investment Property	208,378	0
Financial instruments	2,750	4,563
Set-off	-118,874	-4,563
Total deferred tax liabilities	92,254	0

Breakdown of deferred tax assets	2019	2018
	EUR	EUR
Investment property	0	11,703
Tax losses carried forward	118,874	4,055
Set-off	-118,874	-4,563
Thereof unrecognised	0	-11,195
Total deferred tax assets	0	0

The company has tax loss carry forwards amounting to EUR 751,180 (2018: EUR 25,622). Deferred tax assets have been recognised to the extent that it is probable that future taxable profit will be available against which the Company can use the benefit therefrom.

Note 8 Investment property

Cost at 31.12.2019	Investment property
	EUR
Balance at 1.1.2019	11,470,766
Lease incentives and leasing costs	-2,817
Capital expenditures	0
Balance at 31.12.2019	11,467,949

Value adjustment	Investment property
	EUR
Balance at 1.1.2019	-2,822,469
Value adjustments in the year	748,239
Disposal on cost basis	-2,942,515
Reallocation assets held for sale	-6,451,204
Write-downs at 31.12.2019	-11,467,949
Carrying amount at 31.12.2019	0

Cost at 31.12.2018	Investment property
	EUR
Balance at 1.1.2018	11,477,722
Lease incentives and leasing costs	-3,038
Capital expenditures	-3,918
Balance at 31.12.2018	11,470,766

Value adjustment	Investment property
	EUR
Balance at 1.1.2018	-2,656,658
Value adjustments in the year	-165,811
Write-downs at 31.12.2018	-2,822,469
Carrying amount at 31.12.2018	8,648,297

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 hierarchy¹.

As at 31 December 2019	Level 1	Level 2	Level 3	Total fair value
	EUR	EUR	EUR	EUR
Investment property	0	0	0	0
Investment property held for sale	6,451,204	0	0	6,451,204

As at 31 December 2018	Level 1	Level 2	Level 3	Total fair value
	EUR	EUR	EUR	EUR
Investment property	0	0	8,648,297	8,648,297

Note 9 Payables to bank and credit institutions

Breakdown of payables to bank and credit institutions in the financial position	2019	2018
	EUR	EUR
Non-current liabilities	0	3,475,826
Current liabilities	1,338,559	169,242
Carrying amount at 31 December	1,338,559	3,645,068

Payables to bank and credit institutions fall due for payments as follows	2019	2018
	EUR	EUR
Within 1 year	1,338,559	169,242
Between 1 to 5 years	0	3,475,826
Over 5 years	0	0
Carrying amount at 31 December	1,338,559	3,645,068

¹ See note 3 for the explanation of the fair value hierarchy.

Note 10 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 and Libor.

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. 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 company².

	2019	2018
	EUR	EUR
Carrying amount of bank loans	1,338,559	3,645,068
Unamortised borrowing costs	17,379	28,835
Principal amount of bank loans	1,355,938	3,673,903
Valuation of investment property and proeprty held for sale	6,451,204	8,648,297
Loan to value ratio	21%	42%

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 company³.

² See note 2.

³ See note 2.

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 2019	On demand	less than 1 year	1 to 5 years	> 5 years	Total
	EUR	EUR	EUR	EUR	EUR
Secured bank loans	0	1,338,559	0	0	1,338,559
Payables to group enterprises	0	3,749,467	0	0	3,749,467
Trade and other payables	0	2,258,483	0	0	2,258,483
Accruals	0	17,663	0	0	17,663
	0	7,364,172	0	0	7,364,172

At 31 December 2018	On demand	less than 1 year	1 to 5 years	> 5 years	Total
	EUR	EUR	EUR	EUR	EUR
Secured bank loans	0	169,242	3,475,826	0	3,645,068
Payables to group enterprises	0	1,647,277	4,054,382	0	5,701,659
Trade and other payables	0	34,321	0	0	34,321
Accruals	0	22,399	0	0	22,399
	0	1,873,240	7,530,208	0	9,403,448

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	2019	
	Carrying amount	Fair value
	EUR	EUR
Trade and other receivables	22,312	22,312
Receivables from group enterprises	40,366	40,366
Cash	911,277	911,277
Loans and receivables	973,955	973,955
Financial liabilities	Carrying amount	Fair value
	EUR	EUR
Secured bank loans	1,338,559	1,355,938
Payables to group enterprises	3,749,467	3,749,467
Trade and other payables	2,258,483	2,258,483
Accruals	17,663	17,663
Financial liabilities held	7,364,172	7,381,551

Note 11 Security for loans

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

	2019	2018
	EUR	EUR
Investment property carrying amount	6,451,204	8,648,297

The Company guarantees the obligations under the Postbank 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 Postbank AG, the amount held in these bank accounts as of 31 December 2019 amounted to EUR 65,952 (2018: EUR 60,788).

Note 12 Related parties

Tommas Jakobsen and Peer Thomas Borg are members of the Supervisory Board of MGM 1B ApS.

None of the directors were paid by MGM 1B ApS in the year. The Directors are employed by Nectar Asset Management ApS, which renders management services to MGM 1B ApS. The

amount charged by Nectar Asset Management ApS in the year to 31 December 2019 for services rendered was EUR 3,358 (2018: EUR 1,675).

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

	Principal Amount	Balance outstanding 31 Dec 2019	Rate of interest	Maturity
	EUR	EUR	%	
Payable fall due for payment within 5 years:				
Payable fall due for payment within 1 year:				
MELF S.à r.l.	3,740,020	3,740,020	8%	31 Dec 2021
MGM 1E ApS	9,381	9,381	0%	On demand
GRP 1A ApS	70	70	0%	On demand
Receivables:				
MGM 1 S.à r.l.	40,000	40,000	0%	On demand
GRP 1A ApS	366	366	0%	On demand

Note 13 Assets held for sale

	2019	2018
	EUR	EUR
Properties held for sale	6,451,204	0

Note 14 Profit/(loss) on disposal of investment property

	2019	2018
	EUR	EUR
Sales proceeds	2,777,950	0
Cost basis	-2,942,515	0
Sales costs	-114,266	0
	-278,831	0

Note 15 Subsequent events

The Company has transferred its assets held for sale in the first quarter of 2020.

COVID-19 (Coronavirus)

Since January 2020, the coronavirus has continued to spread worldwide (coronavirus pandemic). Currently, the managing directors cannot estimate the effects on the company. However, MGM 1B ApS is exposed to the risk that revenue losses could be expected. The risk is considered moderate by the managing directors.

The recent global outbreak of Coronavirus (or Covid-19) is currently creating unprecedented economic and social uncertainty throughout the world. The ultimate impact of the Coronavirus outbreak is difficult to predict, but it is likely that Coronavirus will have a materially adverse impact on global, national and local economies in the immediate future and that such negative impact is likely to persist for some time. In particular, disruptions to commercial activity across economies due to the imposition of quarantines, remote working policies, "social distancing" practices and travel restrictions, and/or failures to contain the outbreak despite these measures, could materially and adversely impact investments. Similar disruptions may occur in respect of service providers and counterparties (including providers of financing), which could also negatively impact the company. While there are early indications of various governmental responses to the potential negative effects of Coronavirus, it is unclear how effective these responses will be and what other impacts such responses may have on the overall performance of markets and the company's investments.

Note 16 Comparative figures

Some comparative figures have been changed for presentational purposes only. The changes made have had no effect on either profit or loss.