

MGM 1C ApS

c/o Nectar Asset Management ApS
Ewaldsgade, 7
2200 Copenhagen N, Denmark
CVR-No. 31 27 23 78

Financial Statements

For the period 1 January – 31 December 2020
(12 months)
13th financial year

Adopted at the Annual General Meeting of shareholders
on 17/6 2021

DocuSigned by:

Helene Egede Scotwin

B:1D4FF8C438248F

Chairman

Helene Egede Scotwin

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

1 Company details

MGM 1C ApS

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

Company registration number

CVR-No. 31 27 23 78

Supervisory Board

- Tommas Jakobsen
- Peer Thomas Borg

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 1C ApS (in the following "the Company") for the year ended 31 December 2020. 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 2020.

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, 17.06 2021

Executive Board



Tommas Jakobsen



Peer Thomas Borg

Supervisory Board



Tommas Jakobsen



Peer Thomas Borg

3 Financial highlights

5-year summary

	2020	2019	2018	2017	2016
	EUR	EUR	EUR	EUR	EUR
Key figures (in EUR, except per share data)					
Statement of comprehensive income					
Revenue	339,395	847,215	943,756	921,823	994,583
Gross profit	176,433	593,445	663,447	636,594	625,493
Profit before net financials (EBIT)	1,318,553	2,261,141	532,159	324,527	1,388,634
Financial expenses	-277,981	-291,795	-293,991	-295,936	-322,091
Total comprehensive income for the year	866,854	1,969,346	238,168	28,591	1,066,543
Statement of financial position					
Total assets	2,406,002	9,213,409	7,524,102	7,646,760	7,957,800
Shareholders' equity	50,800	-816,054	-2,785,400	-3,023,568	-3,052,159
Other					
Number of employees	0	0	0	0	0
Ratio in %					
Rate of return (Profit/loss before net financials x 100/total assets)	54.80%	24.54%	7.07%	4.24%	17.45%
Equity ratio (Shareholders' equity x 100/total assets)	-2.11%	-8.86%	-37.02%	-39.54%	-38.35%

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 300,407 for the year ended 31 December 2020 (2019: EUR 765,419).

The investment property has been classed to 'Assets held for sale' and amounts to EUR 2,180,000 (2019: EUR 9,061,523).

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 866,854 for the year ended 31 December 2020 (2019: profit of EUR 1,969,346) and the statement of financial position reflected a total equity position of EUR 50,800 (2019: EUR -816,054)

During the year the Company had a net cash outflow of EUR 10,980 and cash at bank at the balance sheet date of EUR 45,059.

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 on par with that reported in 2020. All assets were sold in 2021.

Subsequent events

The company intended to sell its assets held for sale in 2021. For the property in Künzell, the purchase agreement has already been signed on 15 December 2020. Effective April 1, 2021, the Company sold the property in Künzell.

For the property in Hirschau, the purchase agreement has been signed on 12 March 2021. Effective May 1, 2021, the Company sold the property in Hirschau.

5 Statement of profit or loss and other comprehensive income

	Notes	1 Jan. 2020 – 31 Dec. 2020	1 Jan. 2019 – 31 Dec. 2019
		EUR	EUR
Revenue	4	339,395	847,215
Expenses related to rental activity		-162,962	-253,770
Gross profit		176,433	593,445
Fair value adjustment	5	796,017	1,713,684
Profit/(loss) on disposal of assets held for sale	14	382,910	-22,317
Other external expenses		-41,512	-23,671
Other gains		4,703	0
Profit before net financial result		1,318,553	2,261,141
Other financial expenses	6	-277,981	-291,795
Profit before taxes		1,040,572	1,969,346
Tax of continuing operations for the year	7	-173,718	0
Net profit for the year		866,854	1,969,346
Total comprehensive income for the year		866,854	1,969,346
Total comprehensive income for the year attributable to: Equity holders of the Company		866,854	1,969,346

6 Statement of financial position

Assets	Notes	31 Dec. 2020	31 Dec. 2019
		EUR	EUR
A. Non-current assets			
I. Investment property	8	0	0
Total non-current assets		0	0
B. Current assets			
I. Assets held for sale	13	2,180,000	9,061,523
II. Receivables			
1. Trade receivables		146,496	95,486
2. Receivables from group enterprises	12	291	361
3. Other receivables		34,156	0
III. Cash		45,059	56,039
Total current assets		2,406,002	9,213,409
Total assets		2,406,002	9,213,409

Equity and liabilities	Notes	31 Dec. 2020	31 Dec. 2019
		EUR	EUR
A. Shareholders' equity			
I. Share capital		267,337	267,337
II. Retained earnings/accumulated loss		-216,537	-1,083,391
Total shareholders' equity		50,800	-816,054
B. Non-current liabilities			
I. Loans and borrowings	9	0	0
II. Payables to group enterprises	12	0	0
Total non-current liabilities		0	0
C. Current liabilities			
I. Current portion of non-current liabilities	9	0	3,992,092
II. Trade payables		8,247	33,088
III. Payables to group enterprises	12	2,263,742	5,980,558
IV. Deferred income		0	1,372
V. Other payables		0	4,752
VI. Accruals		83,213	17,602
Total current liabilities		2,355,203	10,029,463
Total liabilities		2,355,203	10,029,463
Total equity and liabilities		2,406,002	9,213,409

7 Statement of cash flows

Assets	31 Dec. 2020	31 Dec. 2019
	EUR	EUR
Profit before net financial result	1,318,553	2,261,141
Fair value adjustments, non-current assets	-796,017	-1,713,684
Profit/(loss) on disposal of assets held for sale	-382,910	0
Taxes refunded/(paid)	-173,718	0
Lease incentives and capital expenditures	-6,664	966
Financial expenses	-277,981	-291,795
Amortisation of loan costs	19,541	12,878
Changes in:		
Trade and other receivables	-85,096	9,216
Current liabilities	34,646	-9,137
Cashflows from operating activities	-349,647	269,583
Disposals of investment property	8,066,814	0
Repayments on group enterprises	70	0
Cashflows from investing activities	8,066,884	0
Repayments to Postbank	-4,011,402	-195,793
Repayment to group enterprises	-3,716,815	-87,985
Cashflows from financing activities	-7,728,217	-283,778
Net cashflow for the year	-10,980	-14,195
Cash and cash equivalents		
Cash and cash equivalents at 1 January	56,039	70,234
Net cash flow for the year	-10,980	-14,195
Cash and cash equivalents at 31 December	45,059	56,039

8 Statement of changes in equity

	Share capital	Retained earnings/ accumulated loss	Total
	EUR	EUR	EUR
Shareholders' equity at 1 January 2019	267,337	-3,052,737	-2,785,400
Profit and loss	0	1,969,346	1,969,346
Total equity at 31 December 2019	267,337	-1,083,391	-816,054
Shareholders' equity at 1 January 2020	267,337	-1,083,391	-816,054
Profit and loss	0	866,854	866,854
Total equity at 31 December 2020	267,337	-216,537	50,800

9 Notes

Note 1 Accounting policies

The financial statements of MGM 1C 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 the financial year or after the date of these financial statements:

New currently effective requirements	Effective date
Amendment to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform	1 January 2020
Conceptual Framework: Amendments References to the Conceptual Framework in IFRS Standards	1 January 2020
IFRS 3: Amendments Definition of business	1 January 2020
IAS 1 and IAS 8: Amendments Definition of material	1 January 2020
IFRS 16: Amendments Covid-19-related rent concessions	1 June 2020
Forthcoming requirements	Effective date
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: Interest Rate Benchmark Reform – Phase 2	1 January 2021
IFRS 4: Amendments deferral of IFRS 9	1 January 2021
IFRS 1, IFRS 9, IAS 41 and IFRS 16: Improvements to IFRS Standards 2018 - 2020	1 January 2022
IFRS 3: Amendments Reference to the Conceptual Framework	1 January 2022

IAS 16: Amendments Property, Plant and Equipment - Proceeds before Intended Use	1 January 2022
IAS 37: Amendments Onerous Contracts - Cost of Fulfilling a Contract	1 January 2022
IFRS 17: Insurance Contracts	1 January 2023
IFRS 17: Amendments Insurance Contracts	1 January 2023
IAS 1: Amendments Classification of Liabilities as Current or Non-current	1 January 2023
IAS 1 and IFRS Practice Statement 2 Amendments: Disclosure of Accounting Policies	1 January 2023
IAS 8 Amendment: Definition of Accounting Estimates	1 January 2023
IFRS 10 and IAS 28: Amendments Sale or Contribution of Assets between an Investor and its Associate or Joint Venture / Amendment Effective Date	1 January 2023

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 statement of profit and loss and other comprehensive income 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.

Taxes

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.

Assets held for sale

Assets held for sale are valued with the purchase price from SPA which is already signed at the balance sheet date.

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 net 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, 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 a going concern basis.

The Company incurred a profit of EUR 719,309 for the year ended 31 December 2020 (2019: profit of EUR 1,969,346) and the statement of financial position reflected a negative total equity position of EUR -96,745 (2019: EUR -816,054).

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 the parent company fails to provide sufficient financial support.

During the year the Company had a net cash outflow of EUR 10,980 and cash at bank at the balance sheet date of EUR 45,059.

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

	2020	2019
	EUR	EUR
Rental income	300,407	765,419
Service charge income	34,890	81,050
Other property income	4,520	0
Bad debts/receivables written of/refund	-422	747
Revenue	339,395	847,215

Rental and related income fully relates to rent attributable to the year ended 31 December 2020. 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 properties under operating leases which are non-cancellable and have average lease terms of 0.14 years (2019: 0.14 years). Future minimum rental receivables under non-cancellable operating leases as at 31 December 2020, analysed by the period in which they fall due are as follows:

	2020	2019
	EUR	EUR
First year	120,341	120,341
Second up to and including fifth year	120,341	120,341
Sixth and subsequent years	0	0
	240,682	240,682

Note 5 Fair value adjustment

	2020	2019
	EUR	EUR
Fair value adjustment of property	796,017	1,713,684

Note 6 Other financial expenses

	2020	2019
	EUR	EUR
Interest payable, group enterprises	-239,455	-237,015
Interest payable, exchange losses and similar expenses	-38,526	-54,780
	-277,981	-291,795

Note 7 Income taxes

Reconciliation of effective tax rate	2020	2019
	EUR	EUR
Profit before tax	1,040,572	1,969,346
Expected tax rate	22%	22%
Expected effort for income tax	-228,926	-433,256
Tax		
<i>Deviation of foreign tax rates from expected tax rate</i>	64,255	121,607
<i>Changes of temporary differences for which no deferred tax asset is recognised</i>	-9,047	0
<i>Tax effect on deferred tax asset and tax losses for which currently no deferred tax asset is used</i>	0	75,831
<i>Tax effect on utilisation of deferred tax asset and tax losses for which no deferred tax asset is recognised</i>	0	-3,092
<i>Other effects</i>	0	238,911
Effective income tax	-173,718	0

Breakdown of deferred tax liabilities	2020	2019
	EUR	EUR
Investment property	0	61,248
Financial instruments	0	3,092
Set-off	0	-64,341
Total deferred tax liabilities	0	0

Breakdown of deferred tax assets	2020	2019
	EUR	EUR
Investment property	171,934	0
Tax losses carried forward	0	234,297
Set-off	0	-64,341
Thereof unrecognised	-171,934	-169,957
Total deferred tax assets	0	0

The Company has tax loss carry forwards amounting to EUR nil (2019: EUR 1,480,552). 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 Dec. 2020	Investment property
	EUR
Balance at 1 January 2020	12,482,403
Lease incentives and leasing costs	6,363
Reallocation to assets held for sale	-2,180,000
Balance at 31 December 2020	10,308,766

Value adjustment	Investment property
	EUR
Balance at 1 January 2020	-12,482,403
Value adjustments in the year	796,017
Reallocation to assets held for sale	9,061,523
Disposals	-7,683,903
Balance at 31 December 2020	-10,308,766
Carrying amount at 31 December 2020	0

Cost at 31 Dec. 2019	Investment property
	EUR
Balance at 1 January 2019	12,483,368
Lease incentives and leasing costs	-965
Balance at 31 December 2019	12,482,403

Value adjustment	Investment property
	EUR
Balance at 1 January 2019	-5,134,563
Value adjustments in the year	1,713,684
Reallocation to assets held for sale	-9,061,523
Balance at 31 December 2019	-12,482,403
Carrying amount at 31 December 2019	0

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 2020	Level 1	Level 2	Level 3	Total fair value
	EUR	EUR	EUR	EUR
Assets held for sale	2,180,000	0	0	2,180,000

As at 31 December 2019	Level 1	Level 2	Level 3	Total fair value
	EUR	EUR	EUR	EUR
Assets held for sale	9,061,523	0	0	9,061,523

Note 9 Payables to bank and credit institutions

Breakdown of payables to bank and credit institutions in the financial position	2020	2019
	EUR	EUR
Non-current liabilities	0	0
Current liabilities	0	3,992,092
Carrying amount at 31 December	0	3,992,092

Payables to bank and credit institutions fall due for payments as follows	2020	2019
	EUR	EUR
Within 1 year	0	3,992,092
Between 1 to 5 years	0	0
Over 5 years	0	0
Carrying amount at 31 December	0	3,992,092

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 60 %.

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.

	2020	2019
	EUR	EUR
Carrying amount of bank loans	0	3,992,092
Unamortised borrowing costs	0	19,541
Principal amount of bank loans	0	4,011,633
Valuation of investment property	2,180,000	9,061,523
Loan to value ratio	0%	44%

Liquidity risks

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

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 2020	On demand	less than 1 year	1 to 5 years	> 5 years	Total
	EUR	EUR	EUR	EUR	EUR
Payables to group enterprises	0	2,119,942	143,800	0	2,263,742
Trade and other payables	0	8,247	0	0	8,247
	0	2,128,190	143,800	0	2,271,990
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	3,992,092	0	0	3,992,092
Payables to group enterprises	0	5,980,558	0	0	5,980,558
Trade and other payables	0	39,211	0	0	39,211
	0	10,011,862	0	0	10,011,862

² See note 2.

³ 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	2020	
	Carrying amount	Fair value
	EUR	EUR
Trade and other receivables	180,652	180,652
Receivables from group enterprises	291	291
Cash	45,059	45,059
Loans and receivables	226,003	226,003

Financial liabilities	Carrying amount	Fair value
	EUR	EUR
Payables to group enterprises	2,263,742	2,263,742
Trade and other payables	8,247	8,247
Accruals	83,213	83,213
Financial liabilities held	2,355,203	2,355,203

Covid-19

The global outbreak of Coronavirus (or Covid-19) has created unprecedented economic and social uncertainty throughout the world. The ultimate impact of the Coronavirus outbreak remains difficult to predict, but it is likely that Coronavirus will continue to have a materially adverse impact on global, national and local economies 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, may continue 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 investments. While there are 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 or to investments.

Note 11 Security for loans

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

	2020	2019
	EUR	EUR
Property carrying amount	0	9,061,523

During the financial year, the Company's debt that was secured with assets of the Company were repaid in full. As of 31 December 2020, no security for loans exists anymore.

Note 12 Related parties

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

None of the directors were paid by MGM 1C ApS in the year. The Directors are employed by Nectar Asset Management ApS, which renders management services to MGM 1C ApS. The amount charged by Nectar Asset Management ApS in the year to 31 December 2020 for services rendered was EUR 1,400 (2019: EUR 3,481).

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 2020	Rate of interest	Maturity
	EUR	EUR	%	
Payable fall due for payment within 5 years:				
MELF S.à r.l.	143,800	143,800	2,5%	23 Aug 2022
Payable fall due for payment within 1 year:				
MELF S.à r.l.	1,537,713	1,537,713	15.20%	31 Dec 2021
MELF S.à r.l.	24,744	24,744	1.00%	31 Dec 2021
MELF S.à r.l.	427,127	427,127	0%	21 Jun 2021
MELF S.à r.l.	120,978	120,978	0%	On demand
MGM 1E ApS	9,381	9,381	0%	On demand
Receivables:				
GRP 1A ApS	291	291	0%	On demand

Note 13 Assets held for sale

	2020	2019
	EUR	EUR
Properties held for sale	2,180,000	9,061,523

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

	2020	2019
	EUR	EUR
Sales proceeds	8,305,500	7,677,540
Cost basis	-7,683,903	-7,677,540
Sales costs	-238,686	-22,317
	382,910	-22,317

Note 15 Subsequent events

The company intended to sell its assets held for sale in 2021. For the property in Künzell, the purchase agreement has already been signed on 15 December 2020. Effective April 1, 2021, the Company sold the property in Künzell.

For the property in Hirschau, the purchase agreement has been signed on 12 March 2021. Effective May 1, 2021, the Company sold the property in Hirschau.

There have been no other significant subsequent events after 31 December 2020.

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.