**MGM 1D ApS**

c/o Nectar Asset Management ApS
Ewaldsgade 7
2200 Copenhagen N, Denmark
CVR-No. 31 27 24 24

# Financial Statements

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

Adopted at the Annual General Meeting of shareholders
on 24/6 2020

Chairman
HELENE 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 1D ApS

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

## Company registration number

CVR-No. 31 27 24 24

## 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 1D (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 | Peer Thomas Borg |

Supervisory Board

| | |
|---|---|
| Tommas Jakobsen | Peer Thomas Borg |

# 3 Financial highlights

## 5-year summary

| | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|
| | EUR | EUR | EUR | EUR | EUR |
| **Key figures (in EUR, expect per share data)** | | | | | |
| **Statement of comprehensive income** | | | | | |
| Revenue | 530,946 | 550,632 | 577,079 | 854,561 | 938,632 |
| Gross profit | 455,160 | 373,333 | 382,096 | 621,158 | 783,777 |
| Profit before net financials (EBIT) | 1,791,197 | 357,333 | 288,038 | 1,380,468 | 1,517,056 |
| Net financials | -300,933 | -282,038 | -364,723 | -263,018 | -457,807 |
| Total comprehensive (expense)/income for the year | 1,254,430 | 96,573 | -97,128 | 982,446 | 1,021,245 |
| **Statement of financial position** | | | | | |
| Total assets | 10,025,007 | 6,232,239 | 6,228,582 | 8,916,355 | 10,145,753 |
| Shareholders' equity | 2,139,730 | 885,301 | 788,728 | 885,856 | -96,591 |
| **Other** | | | | | |
| Number of employees | 0 | 0 | 0 | 0 | 0 |
| **Ratio in %** | | | | | |
| Rate of return | 17.87% | 5.73% | 4.62% | 15.48% | 14.95% |
| (Profit/loss before net financials x 100/total assets) | | | | | |
| Equity ratio | 21.34% | 14.21% | 12.66% | 9.94% | -0.95% |
| (Shareholders' equity x 100/total assets) | | | | | |

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 during the period was property investment.

## Business review

The Company recorded rental income of EUR 509,720 for the year ended 31 December 2019 (2018: EUR 522,421).

The Company's investment properties are recorded at fair value and have been valued at nil (2018: EUR 6,180,915). They have been reallocated to 'Assets held for sale' and amount to EUR 6,503,421.

## 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 1,254,430 for the year ended 31 December 2019 (2018: profit of EUR 885,653) and the statement of financial position reflected a positive total equity position of EUR 2,139,730 (2018: EUR 885,301).

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.

During the year the Company had a net cash inflow of EUR 3,467,496 and cash at bank at the balance sheet date of EUR 3,518,458.

## 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 expects to transfer its assets held for sale in the year 2020.

As a result of the spread of the coronavirus since January 2020, MGM 1D 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 | 530,946 | 550,632 |
| Expenses related to rental activity | | -75,786 | -177,299 |
| **Gross profit** | | **455,160** | **373,333** |
| Fair value adjustment | 5 | 1,330,918 | 20,008 |
| Profit/(Loss) on disposal of investment property | 14 | 60,040 | 0 |
| Other external expenses | | -54,921 | -36,008 |
| **Profit before net financial result** | | **1,791,197** | **357,333** |
| Other financial expenses | 6 | -300,933 | -282,038 |
| **Profit before tax** | | **1,490,264** | **75,296** |
| Tax for the year | 7 | 0 | 33,201 |
| Deferred taxes | 7 | -235,834 | -11,924 |
| **Net profit for the year** | | **1,254,430** | **96,573** |
| **Total comprehensive income for the year** | | **1,254,430** | **96,573** |
| **Total comprehensive income for the year attributable to:** **Equity holders of the company** | | **1,254,430** | **96,573** |

# 6 Statement of financial position

| Assets | Notes | 31.12.2019 | 31.12.2018 |
|---|---|---|---|
| | | EUR | EUR |
| **A. Non-current assets** | | | |
| I. Investment property | 8 | 0 | 6,180,915 |
| **Total non-current assets** | | **0** | **6,180,915** |
| **B. Current assets** | | | |
| I. Assets held for sale | 13 | 6,503,421 | 0 |
| II. Receivables | | | |
| 1. Trade receivables | | 0 | 0 |
| 2. Receivables from group enterprises | 12 | 363 | 363 |
| 3. Other receivables | | 2,766 | 0 |
| III. Cash | | 3,518,458 | 50,962 |
| **Total current assets** | | **10,025,007** | **51,325** |
| **Total assets** | | **10,025,007** | **6,232,239** |

| Equity and liabilities | Notes | 31.12.2019 | 31.12.2018 |
|---|---|---|---|
| | | EUR | EUR |
| **A. Shareholders' equity** | | | |
| I. Share capital | | 201,755 | 201,755 |
| II. Retained earnings/accumulated loss | | 1,937,975 | 683,546 |
| **Total shareholders' equity** | | **2,139,730** | **885,301** |
| **B. Non-current liabilities** | | | |
| I. Loans and borrowings | 9 | 0 | 2,259,991 |
| II. Payables to group enterprises | 12 | 0 | 2,608,171 |
| III. Deferred tax liability | 7 | 345,413 | 109,579 |
| **Total non-current liabilities** | | **345,413** | **4,977,741** |
| **C. Current liabilities** | | | |
| I. Current portion of non-current liabilities | 9 | 0 | 223,460 |
| II. Trade payables | | 17,892 | 60,493 |
| III. Payables to group enterprises | 12 | 2,380,068 | 36,464 |
| IV. Other payables | | 5,120,768 | 4,361 |
| V. Accruals | | 21,135 | 44,419 |
| **Total current liabilities** | | **7,539,863** | **369,197** |
| **Total liabilities** | | **7,885,277** | **5,346,938** |
| **Total equity and liabilities** | | **10,025,007** | **6,232,239** |

# 7 Statement of cash flows

| | 1.1.2019–31.12.2019 | 1.1.2018–31.12.2018 |
|---|---|---|
| | EUR | EUR |
| **Profit before net financial result** | **1,791,197** | **357,333** |
| Fair value adjustments, non-current assets | -1,330,918 | -20,008 |
| Taxes refunded/(paid) | 0 | 33,201 |
| Lease incentives and capital expenditures | 1,631 | 14,972 |
| Financial expenses | -300,933 | -282,038 |
| Amortisation of loan costs | 35,377 | 13,954 |
| **Changes in:** | | |
| Trade and other receivables | -2,766 | 11,929 |
| Current liabilities | 5,050,521 | 54,390 |
| Sale of property | 1,006,780 | 0 |
| **Cash flows from operating activities** | **6,250,890** | **183,733** |
| Repayment to Postbank | -2,518,827 | -223,313 |
| Repayment to group enterprises | -264,567 | 50,137 |
| **Cash flows from financing activities** | **-2,783,394** | **-173,176** |
| **Net cash flow for the year** | **3,467,496** | **10,557** |
| **Cash and cash equivalents** | | |
| Cash and cash equivalents at 1 January | 50,962 | 40,406 |
| Net cash flow for the year | 3,467,496 | 10,557 |
| **Cash and cash equivalents at 31 December** | **3,518,458** | **50,962** |

# 8 Statement of changes in equity

| | Share capital | Retained earnings/ Accumulated loss | Total |
|---|---|---|---|
| | EUR | EUR | EUR |
| **Shareholders' equity at 1 January 2018** | **201,755** | **586,974** | **788,729** |
| Profit and loss | 0 | 96,573 | 96,573 |
| **Total equity at 31 December 2018** | **201,755** | **683,546** | **885,301** |
| **Shareholders' equity at 1 January 2019** | **201,755** | **683,546** | **885,301** |
| Profit and loss | 0 | 1,254,430 | 1,254,430 |
| **Total equity at 31 December 2019** | **201,755** | **1,937,975** | **2,139,730** |

# 9 Notes

## Note 1 Accounting policies

The financial statements of MGM 1D 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.

**Prepayments**

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

**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 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 1,254,430 for the year ended 31 December 2019 (2018: profit of EUR 885,653) and the statement of financial position reflected a positive total equity position of EUR 2,139,730 (2018: EUR 885,301).

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.

During the year the Company had a net cash inflow of EUR 3,467,496 and cash at bank at the balance sheet date of EUR 3,518,458.

## 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 | 509,720 | 522,421 |
| Service charge income | 20,917 | 25,945 |
| Other property income | 310 | 2,266 |
| **Revenue** | **530,946** | **550,632** |

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 leases out all of its investment properties under operating leases which are non-cancellable and have average lease terms of 0.05 years (2018: 6.55 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 | 48,821 | 529,855 |
| Second up to and including fifth year | 0 | 1,223,009 |
| Sixth and subsequent years | 0 | 426,321 |
| | **48,821** | **2,179,185** |

## Note 5 Fair value adjustment

| | 2019 | 2018 |
|---|---|---|
| | EUR | EUR |
| **Fair value adjustment of property** | **1,330,918** | **20,008** |

## Note 6 Other financial expenses

| | 2019 | 2018 |
|---|---|---|
| | EUR | EUR |
| Interest payable, group enterprises | 240,433 | 241,135 |
| Interest payable, exchange losses and similar expenses | 60,499 | 40,903 |
| | **300,933** | **282,038** |

## Note 7 Income taxes

| Tax for the year | 2019 | 2018 |
|---|---|---|
| | EUR | EUR |
| Current income tax charge | 0 | 33,201 |
| Deferred income tax | -235,834 | -11,924 |
| **Total tax for the year** | **-235,834** | **21,277** |

| Reconciliation of effective tax rate | 2019 | 2018 |
|---|---|---|
| | EUR | EUR |
| Profit before tax | 1,490,264 | 75,296 |
| Expected tax rate | 22% | 22% |
| Expected effort for income tax | -327,858 | -16,565 |
| Tax | -235,834 | 21,277 |
| Deviation of foreign tax rates from expected tax rate | 92,024 | 4,650 |
| Changes of temporary differences for which no deferred tax asset is recognised | 0 | 0 |
| Tax effect on utilization of deferred tax asset and tax losses for which no deferred tax asset is recognized | 0 | 13,873 |
| Effectively paid/received taxes relating to other periods | 0 | 33,201 |
| Tax effects prior year | 0 | 0 |
| Other effects | 0 | -13,881 |
| **Effective income tax** | **-235,834** | **21,277** |

| Breakdown of deferred tax liabilities | 2019 | 2018 |
|---|---|---|
| | **EUR** | **EUR** |
| Investment property | 356,787 | 117,830 |
| Financial instruments | 0 | 5,621 |
| Set-off | -11.374 | -13,873 |
| **Total deferred tax liabilities** | **345,413** | **109,579** |

| Breakdown of deferred tax assets | 2019 | 2018 |
|---|---|---|
| | **EUR** | **EUR** |
| Tax losses carried forward | 11.374 | 13,873 |
| Set-off | -11.374 | -13,873 |
| **Total deferred tax assets** | **0** | **0** |

The company has tax loss carry forwards amounting to EUR 71.871 (2018: EUR 87,665). 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/Assets held for sale

| Cost at 31.12.2019 | Investment property |
|---|---|
| | **EUR** |
| Balance at 1.1.2019 | 6,707,715 |
| Disposals in this period | -1,006,780 |
| Lease incentives and leasing costs | -1,631 |
| **Balance at 31.12.2019** | **5,699,303** |

| Value adjustments | Investment property |
|---|---|
| | **EUR** |
| Balance at 1.1.2019 | -526,800 |
| Value adjustments in the year | 1,330,918 |
| Reallocation assets held for sale | -6,503,421 |
| Write-downs at 31.12.2019 | -5,699,303 |
| **Carrying amount at 31.12.2019** | **0** |

| Cost at 31.12.2018 | Investment property |
|---|---|
| | EUR |
| Balance at 1.1.2018 | 6,722,693 |
| Lease incentives and leasing costs | -14,978 |
| **Balance at 31.12.2018** | **6,707,715** |

| Value adjustments | Investment property |
|---|---|
| | EUR |
| Balance at 1.1.2018 | -546,808 |
| Value adjustments in the year | 20,008 |
| Write-downs at 31.12.2018 | -526,800 |
| **Carrying amount at 31.12.2018** | **6,180,915** |

## 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[1].

| 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** | 6,503,421 | 0 | 0 | 6,503,421 |

| As at 31 December 2018 | Level 1 | Level 2 | Level 3 | Total fair value |
|---|---|---|---|---|
| | EUR | EUR | EUR | EUR |
| **Investment property** | 0 | 0 | 6,180,915 | 6,180,915 |

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

## 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 | 2,259,991 |
| Current liabilities | 0 | 223,460 |
| **Carrying amount at 31 December** | **0** | **2,483,451** |

| Payables to bank and credit institutions fall due for payments as follows | 2019 | 2018 |
|---|---|---|
| | EUR | EUR |
| Within 1 year | 0 | 223,460 |
| Between 1 to 5 years | 0 | 2,259,991 |
| Over 5 years | 0 | 0 |
| **Carrying amount at 31 December** | **0** | **2,483,451** |

## 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 company.

| | 2019 | 2018 |
|---|---|---|
| | EUR | EUR |
| Carrying amount of bank loans | 0 | 2,483,451 |
| Unamortised borrowing costs | 0 | 35,523 |
| **Principal amount of bank loans** | **0** | **2,518,974** |
| Valuation of investment property and property held for sale | 6,503,421 | 6,180,915 |
| **Loan to value ratio** | **0%** | **40%** |

**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.

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** |
| Current portion of non-current liabilities | 0 | 0 | 0 | 0 | 0 |
| Payables to group enterprises | 0 | 2,380,068 | 0 | 0 | 2,380,068 |
| Trade and other payables | 0 | 5,138,660 | 0 | 0 | 5,138,660 |
| Accruals | 0 | 21,135 | 0 | 0 | 21,135 |
| | **0** | **5,171,122** | **0** | **0** | **7,539,863** |

| At 31 December 2018 | 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 | 223,460 | 2,259,991 | 0 | 2,483,451 |
| Payables to group enterprises | 0 | 36,464 | 2,608,171 | 0 | 2,644,635 |
| Trade and other payables | 0 | 64,854 | 0 | 0 | 64,854 |
| Accruals | 0 | 44,419 | 0 | 0 | 44,419 |
| | **0** | **369,197** | **4,868,162** | **0** | **5,237,360** |

### 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 | 2,766 | 2,766 |
| Receivables from group enterprises | 363 | 363 |
| Cash | 3,518,458 | 3,518,458 |
| **Loans and receivables** | **3,521,586** | **3,521,586** |

| Financial liabilities | Carrying amount | Fair value |
|---|---|---|
| | EUR | EUR |
| Secured bank loans | 0 | 0 |
| Payables to group enterprises | 2,380,068 | 2,380,068 |
| Trade and other payables | 5,138,660 | 5,138,660 |
| Accruals | 21,135 | 21,135 |
| **Financial liabilities held** | **7,539,863** | **7,539,863** |

## Note 11 Security for loans

| | 2019 | 2018 |
|---|---|---|
| | EUR | EUR |
| **Investment property carrying amount** | **6,503,421** | **6,180,915** |

The external loan from Deutsche Postbank AG has been repaid in 2019. There is no remaining loan amount, thus no pledged bank accounts.

## Note 12 Related parties

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

None of the directors were paid by MGM 1D ApS in the year. The Directors are employed by Nectar Asset Management ApS, which renders management services to MGM 1D 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.** | 2,368,741 | 2,368,741 | 9.20% | 31 Dec 2021 |
| **GRP 1A** | 70 | 70 | 0% | On demand |
| **MGM 1E ApS** | 11,257 | 11,257 | 0% | On demand |
| Receivable: | | | | |
| **GRP 1A ApS** | 363 | 363 | 0% | On demand |

## Note 13 Assets held for sale

| | 2019 | 2018 |
|---|---|---|
| | EUR | EUR |
| **Properties held for sale** | 6,503,421 | 0 |

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

| | 2019 | 2018 |
|---|---|---|
| | EUR | EUR |
| Sales proceeds | 1,101,000 | 0 |
| Cost basis | -1,006,780 | 0 |
| Sales costs | -34,179 | 0 |
| | **60,040** | **0** |

## Note 15 Subsequent events

The Company expects to transfer its assets held for sale in the year 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 1D 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.