

MGM 1E ApS

c/o Nectar Asset Management ApS
Ewaldsgade 7
2200 Copenhagen N, Denmark
CVR-No. 31 27 24 59

Financial Statements

For the period 1 January – 31 December 2018
(12 months)
11th financial year

Adopted at the Annual General Meeting of shareholders
on 29/5 2019



Helene Egede Scotwin
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Chairman
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Independent auditor's report

To the shareholders of MGM 1E ApS

Opinion

We have audited the financial statements of MGM 1E ApS for the financial year 1 January – 31 December 2018, which comprise an income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including accounting policies. The financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2018 and of the results of the Company's operations and cash flows for the financial year 1 January – 31 December 2018 in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements, or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatements of the Management's review.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Copenhagen, 27 May 2019

Ernst & Young
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28



Kaare K. Lendorf
State Authorised
Public Accountant
MNE no.: mne33819

Table of contents

1	Company details	1
2	Statement by the Supervisory and Executive Boards on the Financial Statements	3
3	Financial highlights	4
4	Management's review	5
5	Statement of profit or loss and other comprehensive income	7
6	Statement of financial position	8
7	Statement of cash flows	10
8	Statement of changes in equity	11
9	Notes	12

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

1 Company details

MGM 1E ApS

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

Company registration number

CVR-No. 31 27 24 59

Supervisory Board

- Tommas Jakobsen, Chairman
- Charles Sherratt-Davies, Vice chairman

Executive Board

- Tommas Jakobsen
- Charles Sherratt-Davies

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

Auditors

Ernst & Young Godkendt Revisionspartnerselskab
Osvald Helmuths Vej 4, 2000 Frederiksberg, Denmark

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

The Supervisory and Executive Boards have presented the Financial Statements of MGM 1E (in the following "the Company") for the year ended 31 December 2018. 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 2018.

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, 27.05.2019

Executive Board

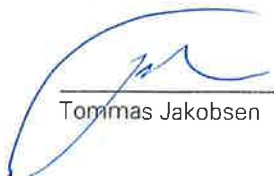


Tommas Jakobsen



Charles Sherratt-Davies

Supervisory Board



Tommas Jakobsen



Charles Sherratt-Davies

3 Financial highlights

5-year summary

	2018	2017	2016	2015	2014
	EUR	EUR	EUR	EUR	EUR
Key figures (in EUR, except per share data)					
Statement of comprehensive income					
Revenue	1,298,912	1,256,082	1,321,578	1,308,843	1,266,110
Gross profit	1,078,034	1,028,760	1,067,816	1,125,848	1,075,456
Profit before net financials (EBIT)	1,865,361	2,804,781	1,165,510	577,071	1,718,050
Net financials	-552,295	-578,158	-314,706	-535,959	-669,813
Total comprehensive (expense)/income for the year	1,114,909	1,892,357	794,531	19,382	1,009,128
Statement of financial position					
Total assets	14,940,866	16,164,708	14,547,233	14,262,734	14,189,269
Shareholders' equity	3,750,607	2,635,698	743,341	-51,190	-70,573
Other					
Number of employees	0	0	0	0	0
Ratio in %					
Rate of return	12.48%	17.35%	8.01%	4.05%	12.11%
<small>(Profit/loss before net financials x 100/total assets)</small>					
Equity ratio	25.10%	16.31%	5.11%	-0.36%	-0.50%
<small>(Shareholders' equity x 100/total assets)</small>					

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 1,212,399 for the year ended 31 December 2018 (2017: EUR 1,235,710).

The Company's investment properties are recorded at fair value and have been valued at EUR 12,309,757 (2017: EUR 15,608,391).

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

During the year the Company had a net cash outflow of EUR -72,160 and cash at bank at the balance sheet date of EUR 68,730.

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

Financial position

The result for the year is as expected.

Future developments

The Company expects a result for next year, before adjustment on property valuations, on par with that reported in 2018.

Subsequent events

The Company has transferred its assets held for sale in the first quarter of 2019. No other events have occurred after the financial year-end which could significantly affect the Company's financial position.

5 Statement of profit or loss and other comprehensive income

	Notes	1.1.2018– 31.12.2018	1.1.2017– 31.12.2017
		EUR	EUR
Revenue	4	1,298,912	1,256,082
Expenses related to rental activity		-220,879	-227,322
Gross profit		1,078,034	1,028,760
Fair value adjustment	5	924,105	1,831,098
Profit/(loss) on disposal of investment property	14	-44,773	-3,475
Other external expenses		-92,006	-51,602
Profit before net financial result		1,865,361	2,804,781
Other financial expenses	6	-552,295	-578,158
Profit before tax		1,313,065	2,226,622
Tax for the year	7	-65,371	0
Deferred taxes	7	-132,785	-334,266
Net profit for the year		1,114,909	1,892,357
Total comprehensive income for the year		1,114,909	1,892,357
Total comprehensive income for the year attributable to: Equity holders of the company		1,114,909	1,892,357

6 Statement of financial position

Assets	Notes	31.12.2018	31.12.2017
		EUR	EUR
A. Non-current assets			
I. Investment property	8	12,309,757	15,608,391
Total non-current assets		12,309,757	15,608,391
B. Current assets			
I. Assets held for sale	13	2,125,000	0
II. Receivables			
1. Trade receivables		12,328	10,377
2. Receivables from group enterprises	12	425,050	405,050
III. Cash		68,730	140,890
Total current assets		2,631,109	556,317
Total assets		14,940,866	16,164,708

Equity and liabilities	Notes	31.12.2018	31.12.2017
		EUR	EUR
A. Shareholders' equity			
I. Share capital		143,921	143,921
II. Retained earnings/accumulated loss		3,606,686	2,491,777
Total shareholders' equity		3,750,607	2,635,698
B. Non-current liabilities			
I. Loans and borrowings	9	5,229,741	5,475,328
II. Payables to group enterprises	12	4,986,138	6,084,535
III. Deferred tax liability	7	584,026	451,241
Total non-current liabilities		10,799,906	12,011,104
C. Current liabilities			
I. Current portion of non-current liabilities	9	255,318	246,801
II. Trade payables		24,477	17,077
III. Payables to group enterprises	12	1,014	1,175,631
IV. Income taxes payables		65,371	0
V. Other payables		10,028	17,599
VI. Accruals		34,146	60,797
Total current liabilities		390,353	1,517,905
Total liabilities		11,190,259	13,529,009
Total equity and liabilities		14,940,866	16,164,709

7 Statement of cash flows

	1.1.2018– 31.12.2018	1.1.2017– 31.12.2017
	EUR	EUR
Profit before net financial result	1,865,361	2,804,781
Fair value adjustments, non-current assets	-924,105	-1,831,098
Taxes refunded/(paid)	-65,371	0
Changes in:		
Assets held for sale	-2,125,000	0
Sale of properties on cost basis	4,216,254	0
Trade and other receivables	-21,952	-62,079
Current liabilities	38,549	27,039
Financial expenses	-552,295	-578,158
Lease incentives	6,485	4,812
Cash flows from operating activities	2,437,926	365,297
Repayment of Postbank loan	-254,707	-252,141
Repayments/acceptance on current liabilities	-2,255,379	-384,045
Cash flows from financing activities	-2,510,086	-636,186
Net cash flow for the year	-72,160	-270,889
Cash and cash equivalents		
Cash and cash equivalents at 1 January	140,890	411,779
Net cash flow for the year	-72,160	-270,889
Cash and cash equivalents at 31 December	68,730	140,890

8 Statement of changes in equity

	Share capital	Retained earnings/ Accumulated loss	Total
	EUR	EUR	EUR
Shareholders' equity at 1 January 2017	143,921	599,420	743,341
Profit and loss	0	1,892,357	1,892,357
Total equity at 31 December 2017	143,921	2,491,777	2,635,698
Shareholders' equity at 1 January 2018	143,921	2,491,777	2,635,698
Profit and loss	0	1,114,909	1,114,909
Total equity at 31 December 2018	143,921	3,606,686	3,750,607

9 Notes

Note 1 Accounting policies

The financial statements of MGM 1E 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 15: Revenue from Contracts with Customers	1 January 2018
IFRS 9: Financial Instruments	1 January 2018
Classification and Measurement of Share-based Payment Transactions	1 January 2018
Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts	1 January 2018
Transfers of Investment Property (Amendments to IAS 40)	1 January 2018
Annual Improvements to IFRSs 2014-2016 Cycle – various standards	1 January 2018
IFRIC 22: Foreign Currency Transactions and Advance Consideration	1 January 2018

Forthcoming requirements	Effective date
IFRS 16: Leases	1 January 2019
IFRIC 23: Uncertainty over Income Tax Treatments	1 January 2019
Prepayment Features with Negative Compensation (Amendments to IFRS 9)	1 January 2019
Long-term interests in Associates and Joint Ventures (Amendments to IAS 28)	1 January 2019
Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)	1 January 2019
Improvements to IFRS 2015-2017 (IFRS 3, IFRS 11, IAS 12, IAS 23)	1 January 2019
Amendments References to the Conceptual Framework in IFRS	1 January 2020
IFRS 17: Insurance Contracts	1 January 2021

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 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

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

	2018	2017
	EUR	EUR
Rental income	1,212,399	1,235,710
Service charge income	86,422	-269
Other property income	91	20,641
Revenue	1,298,912	1,256,082

Rental and related income fully relates to rent attributable to the year ended 31 December 2018. Spaces are leased out under lease agreements of various expiry terms. Lease agreements specify the rent, the rights and obligations of the lessor and the lessee, including notice and renewal options, as well as service and operating cost charges.

The Company leases out all of its investment properties under operating leases which are non-cancellable and have average lease terms of 4.41 years (2017: 4.62 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 2018, analysed by the period in which they fall due are as follows:

	2018	2017
	EUR	EUR
First year	1,147,565	1,261,734
Second up to and including fifth year	3,290,198	3,935,369
Sixth and subsequent years	842,855	1,134,629
	5,280,618	6,331,731

Note 5 Fair value adjustment

	2018	2017
	EUR	EUR
Fair value adjustment of property	924,105	1,831,098

Note 6 Other financial expenses

	2018	2017
	EUR	EUR
Interest payable, group enterprises	476,986	499,793
Interest payable, exchange losses and similar expenses	75,309	78,366
	552,295	578,158

Note 7 Income taxes

Tax for the year	2018	2017
	EUR	EUR
Current income tax charge	65,371	0
Deferred income tax	132,785	334,266
Total tax for the year	198,156	334,266

Reconciliation of effective tax rate	2018	2017
	EUR	EUR
Profit before tax	1,313,065	2,226,622
Expected tax rate	22%	22%
Expected effort for income tax	-288,874	-489,857
Tax	198,156	334,266
Deviation of foreign tax rates from expected tax rate	81,082	136,312
Changes of temporary differences for which no deferred tax asset is recognised	0	19,279
Current-year losses for which no deferred tax asset is recognised	0	0
Tax effects prior year	9,637	0
Effective income tax	198,156	334,266

Breakdown of deferred tax liabilities	2018	2017
	EUR	EUR
Investment property	577,047	486,471
Financial instruments	6,979	9,770
Set-off	0	-45,000
Total deferred tax liabilities	584,026	451,241

Breakdown of deferred tax assets	2018	2017
	EUR	EUR
Investment property	0	0
Tax losses carried forward	0	45,000
Set-off	0	-45,000
Unrecognised	0	0
Total deferred tax assets	0	0

The company has tax loss carry forwards amounting to EUR nil (2017: EUR 284,360.41). 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 31.12.2018	Investment property
	EUR
Balance at 1.1.2018	15,754,631
Lease incentives and leasing costs	0
Capital expenditures	-6,485
Balance at 31.12.2018	15,748,146

Value adjustments	Investment property
	EUR
Balance at 1.1.2018	-146,240
Value adjustments in the year	924,105
Disposals	-4,216,254
Write-downs at 31.12.2018	-3,438,389
Carrying amount at 31.12.2018	12,309,758

Cost at 31.12.2017	Investment property
	EUR
Balance at 1.1.2017	15,759,444
Lease incentives and leasing costs	-10,562
Capital expenditures	5,750
Balance at 31.12.2017	15,754,631

Value adjustments	Investment property
	EUR
Balance at 1.1.2017	-1,977,338
Value adjustments in the year	1,831,098
Write-downs at 31.12.2017	-146,240
Carrying amount at 31.12.2017	15,608,391

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 2018	Level 1	Level 2	Level 3	Total fair value
	EUR	EUR	EUR	EUR
Investment property			12,309,757	12,309,757
Investment property held for sale	2,125,000			2,125,000

As at 31 December 2017	Level 1	Level 2	Level 3	Total fair value
	EUR	EUR	EUR	EUR
Investment property	0	0	15,608,391	15,608,391

Note 9 Payables to bank and credit institutions

Breakdown of payables to bank and credit institutions in the financial position	2018	2017
	EUR	EUR
Non-current liabilities	5,229,741	5,475,328
Current liabilities	255,318	246,801
Carrying amount at 31 December	5,485,059	5,722,129

Payables to bank and credit institutions fall due for payments as follows	2018	2017
	EUR	EUR
Within 1 year	255,318	246,801
Between 1 to 5 years	5,229,741	5,475,328
Over 5 years	0	0
Carrying amount at 31 December	5,485,059	5,722,129

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 company.

	2018	2017
	EUR	EUR
Carrying amount of bank loans	5,485,059	5,722,129
Principal amount of bank loans	5,485,059	5,722,129
Valuation of investment property	12,309,757	15,608,391
Loan to value ratio	45%	37%

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 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	255,318	5,229,741	0	5,485,059
Payables to group enterprises	0	1,014	4,986,138	0	4,987,153
Trade and other payables	0	99,876	0	0	99,876
		356,208	10,215,879		10,572,087

At 31 December 2017	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	246,801	5,475,328	0	5,722,129
Payables to group enterprises	0	1,175,631	6,084,535	0	7,260,166
Trade and other payables	0	34,676	0	0	34,676
	0	1,457,108	11,559,863	0	13,016,971

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	2018	
	Carrying amount	Fair value
	EUR	EUR
Trade and other receivables	12,328	12,328
Receivables from group enterprises	425,050	425,050
Cash	68,730	68,730
Loans and receivables	506,108	506,108

Financial liabilities	Carrying amount	Fair value
	EUR	EUR
Secured bank loans	5,485,059	5,529,159
Payables to group enterprises	4,987,153	4,987,153
Trade and other payables	99,876	99,876
Accruals	34,146	34,146
Financial liabilities held	10,606,233	10,650,333

Note 11 Security for loans

	2018	2017
	EUR	EUR
Investment property carrying amount	14,434,757	15,608,391

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 2018 amounted to EUR 34,457 (2017: EUR 93,168).

Note 12 Related parties

Tommas Jakobsen and Charles Sherratt-Davies are members of the Supervisory Board of MGM 1E ApS.

None of the directors were paid by MGM 1E ApS in the year. The Directors are employed by Nectar Asset Management ApS, which renders management services to MGM 1E ApS. The amount charged by Nectar Asset Management ApS in the year to 31 December 2018 for services rendered was EUR 1,675 (2016: EUR 4,701).

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 2018	Rate of interest	Maturity
	EUR	EUR	%	EUR
Payable fall due for payment within 5 years:				
MELF S.à r.l.	6,084,535	4,986,138	8%	31 Dec 2021
Payable fall due for payment within 1 year:				
GRP 1A ApS	50	50	0%	On demand
MAM Advisory S.à r.l.	964	964	0%	On demand
Receivables:				
GRP 1A ApS	362	362	0%	On demand
GRP 1B ApS	18,761	18,761	0%	On demand
GRP 1C ApS	5,628	5,628	0%	On demand
GRP 1D ApS	9,381	9,381	0%	On demand
GRP 1D ApS	9,381	9,381	0%	On demand
GRP 1F ApS	9,381	9,381	0%	On demand
GRP 1H ApS	7,505	7,505	0%	On demand
GRP 1I ApS	11,257	11,257	0%	On demand
MGM 1A ApS	65,828	65,828	0%	On demand
MGM 1B ApS	9,381	9,381	0%	On demand
MGM 1C ApS	9,381	9,381	0%	On demand
MGM 1D ApS	11,257	11,257	0%	On demand
MGM 1F ApS	7,505	7,505	0%	On demand
MGM 1G ApS	9,378	9,378	0%	On demand
MGM 1 S.à r.l.	138,000	138,000	0%	On demand
MGRP S.à r.l.	37,000	37,000	0%	On demand
MELF Acquisition IV S.à r.l.	20,638	20,638	0%	On demand
MELF Acquisition VI S.à r.l.	45,028	45,028	0%	On demand

Note 13 Assets held for sale

	2018	2017
	EUR	EUR
Property held for sale	2,125,000	0

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

	2018	2017
	EUR	EUR
Sales proceeds	4,225,000	0
Cost basis	-4,216,254	0
Sales costs	-53,519	0
	-44,773	0

Note 15 Subsequent events

The Company has transferred its assets held for sale in the first quarter of 2019. No other events have occurred after the financial year-end which could significantly affect the Company's financial position.