

Money PropCo II ApS

c/o M7 Real Estate ApS
Borgergade 2, 6., 1300 København K

CVR no. 38 13 85 61

Annual report 2019

Approved at the Company's annual general meeting on 7 May 2020

Chairman:


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The following is a translation of an original Danish document. The original Danish document is the governing document for all purposes, and in case of any discrepancy, the Danish wording will be applicable.





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Statement by the Executive Board

Today, the Executive Board has discussed and approved the annual report of Money PropCo II ApS for the financial year 1 January - 31 December 2019.

The annual report is prepared in accordance with the Danish Financial Statements Act.

In my opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2019 and of the results of the Company's operations for the financial year 1 January - 31 December 2019.

Further, in my opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

I recommend that the annual report be approved at the annual general meeting.

Copenhagen, 7 May 2020
Executive Board:

A handwritten signature in blue ink, appearing to read 'M. Seifert', is written over a horizontal dotted line.

Mette Seifert
Managing Director



Independent auditor's report

To the shareholders of Money PropCo II ApS

Opinion

We have audited the financial statements of Money PropCo II ApS for the financial year 1 January - 31 December 2019, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with 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 2019 and of the results of the Company's operations for the financial year 1 January - 31 December 2019 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the 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 the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

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 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 as to 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 the 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 the 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.

Independent auditor's report

- ▶ 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.

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 form of 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 Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 7 May 2020
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28



Henrik Reedtz
State Authorised Public Accountant
mne24830



Management's review

Company details

Name	Money PropCo II ApS
Address, Postal code, City	c/o M7 Real Estate ApS Borgergade 2, 6., 1300 København K
CVR no.	38 13 85 61
Established	26 October 2016
Registered office	København
Financial year	1 January - 31 December

Executive Board Mette Seifert, Managing Director

Auditors Ernst & Young Godkendt Revisionspartnerselskab
Dirch Passers Allé 36, P.O. Box 250, 2000 Frederiksberg,
Denmark

Management commentary

Business review

The Company's purpose is to invest in real estate located in Denmark, including renting, developing and selling such real estate.

Financial review

The income statement for 2019 shows a profit of DKK 8,305,584 against a loss of DKK 1,839,886 last year, and the balance sheet at 31 December 2019 shows equity of DKK 63,687,141.

Events after the balance sheet date

On December 31, 2019, the World Health Organization was informed that a limited number of cases of pneumonia, of an unknown cause, were detected in Wuhan, China. On January 7, 2020, Chinese authorities identified coronavirus (COVID-19) as the cause. Since December 31, 2019, the rapid outbreak of the COVID-19 is not only causing a global health crisis but also causing a shock to the global economy and financial markets.

The Fund's investment portfolio comprises light industrial properties which are measured at fair value. As a result of the COVID-19 crisis, there has been a significant negative impact in the financial markets. While the duration and future economic impact of COVID-19 is difficult to predict, the executive board of the Fund and the AIFM continue to watch the efforts of governments to contain the spread of the virus and monitor the economic impact, if any, on the companies in the portfolio.

The executive board informs that there is no indicators that the Company should suffer any problems collecting the rent for the year and will follow normal practice. Furthermore the Company does not expect the above will result in any major decrease in any of the property values and therefore do not anticipate any breaches on the debt covenants.

Outlook

The expectation for 2020 is a Gross profit similar to the Gross profit for 2019.



Financial statements 1 January - 31 December

Income statement

Note	DKK	2019	2018
	Gross profit	8,495,358	8,580,139
	Fair value adjustment of investment property	5,000,000	-8,000,000
	Profit before net financials	13,495,358	580,139
2	Financial expenses	-2,847,183	-2,938,967
	Profit/loss before tax	10,648,175	-2,358,828
3	Tax for the year	-2,342,591	518,942
	Profit/loss for the year	8,305,584	-1,839,886
	Recommended appropriation of profit/loss		
	Retained earnings/accumulated loss	8,305,584	-1,839,886
		8,305,584	-1,839,886



Financial statements 1 January - 31 December

Balance sheet

Note	DKK	<u>2019</u>	<u>2018</u>
	ASSETS		
	Fixed assets		
4	Property, plant and equipment		
5	Investment property	146,000,000	141,000,000
		<u>146,000,000</u>	<u>141,000,000</u>
	Total fixed assets	<u>146,000,000</u>	<u>141,000,000</u>
	Non-fixed assets		
	Receivables		
	Trade receivables	370,073	5,002
	Receivables from group enterprises	9,680	0
	Receivable from group entities	235,548	0
	Other receivables	71,720	0
	Prepayments	70,133	63,321
		<u>757,154</u>	<u>68,323</u>
	Cash	2,563,140	10,667,941
	Total non-fixed assets	<u>3,320,294</u>	<u>10,736,264</u>
	TOTAL ASSETS	<u>149,320,294</u>	<u>151,736,264</u>



Financial statements 1 January - 31 December

Balance sheet

Note	DKK	2019	2018
	EQUITY AND LIABILITIES		
	Equity		
	Share capital	60,000	60,000
	Retained earnings	63,627,141	55,321,557
	Total equity	63,687,141	55,381,557
	Provisions		
	Deferred tax	7,539,271	6,430,352
	Total provisions	7,539,271	6,430,352
	Liabilities other than provisions		
	Non-current liabilities other than provisions		
	Mortgage debt	59,927,564	57,560,258
	Other payables	211,711	174,228
		60,139,275	57,734,486
	Current liabilities other than provisions		
	Short-term part of long-term liabilities other than provisions	1,500,043	1,420,550
	Trade payables	658,062	120,669
	Payables to group entities	14,414,505	29,338,123
	Corporation tax payable	1,233,672	1,223,795
	Other payables	148,325	86,732
		17,954,607	32,189,869
	Total liabilities other than provisions	78,093,882	89,924,355
	TOTAL EQUITY AND LIABILITIES	149,320,294	151,736,264

- 1 Accounting policies
- 6 Contractual obligations and contingencies, etc.
- 7 Collateral
- 8 Currency and interest rate risks



Financial statements 1 January - 31 December

Statement of changes in equity

DKK	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total</u>
Equity at 1 January 2019	60,000	55,321,557	55,381,557
Transfer through appropriation of profit	0	8,305,584	8,305,584
Equity at 31 December 2019	<u>60,000</u>	<u>63,627,141</u>	<u>63,687,141</u>



Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Money PropCo II ApS for 2019 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Reporting currency

The financial statements are presented in Danish kroner (DKK).

Derivative financial instruments

On initial recognition, derivative financial instruments are recognised at cost in the balance sheet and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are included in "Other receivables" and "Other payables", respectively.

Income statement

Revenue

The Company has chosen IAS 11/IAS 18 as interpretation for revenue recognition.

Rental income receivables from operating leases are recognised on a straight-line basis over the term of the lease.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of the third parties. All discounts and rebates are recognised in revenue.

Gross profit

With reference to section 32 of the Danish Financial Statements Act, the items 'revenue', 'property expenses' and 'other external expenses' are consolidated into one item designated 'Gross margin'.

Property expenses

Property expenses include expenses relating to renting out the Company's investment property, including expenses relating to running and maintaining such property.

Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to advertising, administration, etc.

Financial expenses

Financial income and expenses are recognised in the income statement at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

The Company and its Danish group entities are jointly taxed. The total Danish income tax charge is allocated between profit/loss making Danish entities in proportion to their taxable income (full absorption).

Jointly taxed entities entitled to a tax refund are reimbursed by the management company based on the rates applicable to interest allowances, and jointly taxed entities which have paid too little tax pay a surcharge according to the rates applicable to interest surcharges to the management company.

Balance sheet

Investment property

On initial recognition, investment property is measured at cost. Investment property is subsequently measured at fair value, and the value adjustment for the year is recognised in the income statement under the item "Fair value adjustment of investment property". The fair value is based on the expected future cash flows for the investment property.

Receivables

Receivables are measured at amortised cost.

The Company has chosen IAS 39 as interpretation for impairment of financial receivables.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the debtors' domicile and credit ratings in line with the Company's risk management policy. The objective evidence applied to portfolios is determined based on historical loss experience.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

Cash

Cash comprises cash and short term securities which are readily convertible into cash and subject only to minor risks of changes in value.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan. Financial liabilities also include the capitalised residual lease liability in respect of finance leases.

Other liabilities are measured at net realisable value.

Fair value

The fair value measurement is based on the principal market. If no principal market exists, the measurement is based on the most advantageous market, i.e. the market that maximises the price of the asset or liability less transaction and/or transport costs.

All assets and liabilities which are measured at fair value, or whose fair value is disclosed, are classified based on the fair value hierarchy, see below:

Level 1: Value in an active market for similar assets/liabilities

Level 2: Value based on recognised valuation methods on the basis of observable market information

Level 3: Value based on recognised valuation methods and reasonable estimates (non-observable market information).

Financial statements 1 January - 31 December

Notes to the financial statements

DKK	2019	2018
2 Financial expenses		
Interest expenses, group entities	1,491,002	1,690,082
Other financial expenses	1,356,181	1,248,885
	<u>2,847,183</u>	<u>2,938,967</u>
3 Tax for the year		
Estimated tax charge for the year	1,233,672	1,223,795
Deferred tax adjustments in the year	1,108,919	-1,742,737
	<u>2,342,591</u>	<u>-518,942</u>
4 Property, plant and equipment		
DKK		Investment property
Cost at 1 January 2019		<u>111,931,994</u>
Cost at 31 December 2019		<u>111,931,994</u>
Revaluations at 1 January 2019		29,068,006
Value adjustments for the year		5,000,000
Revaluations at 31 December 2019		<u>34,068,006</u>
Carrying amount at 31 December 2019		<u>146,000,000</u>

Note 7 provides more details on security for loans, etc. as regards property, plant and equipment.

5 Investment property

Valuation method and techniques

The fair value of investment properties is determined using a DCF model. The calculation is based on the budgeted net earnings for the coming 10 years.

Key assumptions for determining fair value

The Company's investment properties comprise a mix of office and residential properties. The investment properties are measured at fair value using the DCF model. The key prerequisites for the calculation of fair value are based on required rates of return, market rents and CAPEX.

The required rates of return are in the interval 6-7%

The market rents applied are in the interval 1.180-7.795 t.kr.

The CAPEX applied are in the interval 112 -763 kr. pr. sq/m.

Fair value estimation

In addition, the following assumptions are applied in the fair value measurement:

- ▶ Adjustment is made of the existing rent to expected market rent
- ▶ Correction is made in regard to idle leases and the expected rental period
- ▶ Estimates are made of the properties' own share of operating expenses and heating costs.

An external valuation expert has assisted with the valuation of all properties.

Financial statements 1 January - 31 December

Notes to the financial statements

6 Contractual obligations and contingencies, etc.

Other contingent liabilities

The Company is jointly taxed with its parent, Tempus Holdings 10 S.á.r.l., which acts as management company, and is jointly and severally liable with other jointly taxed group entities for payment of income taxes for the income year 2017 onwards as well as withholding taxes on interest, royalties and dividends falling due for payment on or after 26. October 2016.

7 Collateral

As security for the Company's debt to banks, the Company has provided security or other collateral in its assets for DKK 146,000,000.

The debt to the banks has been issued as loans to all of the Money Propco Companies, so the company is liable for the total debt for the group.

8 Currency and interest rate risks

Fair values

The fair value of the below financial instruments deviates from the value recognised in the Company's balance sheet at 31 December 2019.

Interest structure agreement

The Company has entered into an interest structure agreement with Danske Bank.

The interest rate floor and cap agreement has been entered into for the purpose of hedging the interest rate risk associated with mortgage debt with a nominal amount of DKK 19 million. The notional amount of the agreement is DKK 19 million, and the termination date is set to 31 December 2022.

An agreement of interest rate has been made with the following intervals:

- ▶ Interest rate floor at 0.0%
- ▶ Interest rate cap at 0.75%.

The fair value was calculated by Danske Bank based on the agreement's discounted cashflow using the marked interest at 31 December 2019.

The fair value of the interest structure agreements amounts to DKK -109 thousand at 31 December 2019. The fair value of the interest structure agreements has been recognized as other receivables.