

Money PropCo K/S

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

CVR no. 38 13 86 42

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.





Contents

Statement by the Executive Board	2
Independent auditor's report	3
Management's review	5
Financial statements 1 January - 31 December	6
Income statement	6
Balance sheet	7
Statement of changes in equity	8
Notes to the financial statements	9



Statement by the Executive Board

Today, the Management has discussed and approved the annual report of Money PropCo K/S 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 'Mette Seifert', is written over a horizontal dotted line.

Mette Seifert
Managing Director



Independent auditor's report

To the limited partners of Money PropCo K/S

Opinion

We have audited the financial statements of Money PropCo K/S 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 K/S
Address, Postal code, City	c/o M7 Real Estate ApS Borgergade 2, 6., 1300 København K
CVR no.	38 13 86 42
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 loss of DKK 10,378,171 against a profit of DKK 76,126,992 last year, and the balance sheet at 31 December 2019 shows equity of DKK 100,758,302.

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.

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	9,091,454	17,097,344
	Fair value adjustment of investment property	-12,260,171	68,477,646
	Profit/loss before net financials	-3,168,717	85,574,990
2	Financial expenses	-7,209,454	-9,447,998
	Profit/loss for the year	-10,378,171	76,126,992
	Recommended appropriation of profit/loss		
	Extraordinary dividend distributed in the year	2,300,000	92,600,000
	Retained earnings/accumulated loss	-12,678,171	-16,473,008
		-10,378,171	76,126,992



Financial statements 1 January - 31 December

Balance sheet

Note	DKK	2019	2018
	ASSETS		
	Fixed assets		
3	Property, plant and equipment		
4	Investment property	205,220,000	272,890,001
		<u>205,220,000</u>	<u>272,890,001</u>
	Total fixed assets	<u>205,220,000</u>	<u>272,890,001</u>
	Non-fixed assets		
	Receivables		
	Trade receivables	301,379	178,733
	Prepayments	307,761	1,028,747
		<u>609,140</u>	<u>1,207,480</u>
	Cash	42,476,688	44,373,609
	Total non-fixed assets	<u>43,085,828</u>	<u>45,581,089</u>
	TOTAL ASSETS	<u>248,305,828</u>	<u>318,471,090</u>
	EQUITY AND LIABILITIES		
	Equity		
	Limited partnership capital	61,501,942	61,501,942
	Retained earnings	39,256,360	51,934,531
	Total equity	<u>100,758,302</u>	<u>113,436,473</u>
	Liabilities other than provisions		
	Non-current liabilities other than provisions		
5	Mortgage debt	103,157,557	117,677,590
	Other payables	985,815	1,376,703
		<u>104,143,372</u>	<u>119,054,293</u>
	Current liabilities other than provisions		
	Short-term part of long term liabilities other than provisions	1,805,684	2,449,849
	Trade payables	2,216,779	2,096,617
	Payables to group entities	37,606,094	80,319,370
	Other payables	1,775,597	1,114,488
		<u>43,404,154</u>	<u>85,980,324</u>
	Total liabilities other than provisions	<u>147,547,526</u>	<u>205,034,617</u>
	TOTAL EQUITY AND LIABILITIES	<u>248,305,828</u>	<u>318,471,090</u>

- 1 Accounting policies
- 6 Collateral
- 7 Currency and interest rate risks



Financial statements 1 January - 31 December

Statement of changes in equity

DKK	Limited partnership capital	Retained earnings	Total
Equity at 1 January 2019	61,501,942	51,934,531	113,436,473
Transfer through appropriation of loss	0	-10,378,171	-10,378,171
Proposed extraordinary dividend recognised under equity	0	-2,300,000	-2,300,000
Equity at 31 December 2019	61,501,942	39,256,360	100,758,302



Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Money PropCo K/S 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 third parties. All discounts and rebates granted 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.

Tax

The limited partnership company is not separately liable to tax, but is recognised in the tax base of the partner. Therefore, no separate tax has been recognised or provided for in the financial statements.



Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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.

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.



Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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	2,488,150	3,749,440
	Exchange losses	0	97,012
	Other financial expenses	4,721,304	5,601,546
		<u>7,209,454</u>	<u>9,447,998</u>
3	Property, plant and equipment		
	DKK		Investment property
	Cost at 1 January 2019		225,140,870
	Additions		1,212,212
	Disposals		-42,070,782
	Cost at 31 December 2019		<u>184,282,300</u>
	Revaluations at 1 January 2019		47,749,131
	Value adjustments for the year		-11,542,212
	Reversal of accumulated revaluation of disposals		-15,269,219
	Revaluations at 31 December 2019		<u>20,937,700</u>
	Carrying amount at 31 December 2019		<u>205,220,000</u>

Note 6 provides more details on security for loans, etc. as regards property, plant and equipment.

4 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 applied are in the interval 5,5 - 12 %

The market rents applied are in the interval 68 - 1.681 t.kr.

The CAPEX applied are in the interval 0 - 3.113 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

5 Mortgage debt

The loans are specified as follows:

DKK	2019	2018
Mortgage debt		
0-1 year	1,805,684	2,449,849
1-5 year	103,157,557	117,677,590
> 5 year	0	0
	<u>104,963,241</u>	<u>120,127,439</u>
Fair value	0	0
Nominal value of loans outstanding	0	0

6 Collateral

As security for the Company's debt to banks, creditors and other suppliers, the Company has placed assets for DKK 205,220,000.

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.

7 Currency and interest rate risks

Fair values

The fair value and assumptions of the financial instruments deviates which value is recognised in the Company's balance sheet at 31 December 2019 is specified below.

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 168 million. The notional amount of the agreement is DKK 168 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 -1.008 thousand at 31 December 2019. The fair value of the interest structure agreements has been recognized as other Payables.