

Annual report and financial statements as of 31 December 2019

AG Germany Limited
London, United Kingdom

Company Registration Number: 06342220



Table of contents

1	Company details	1
2	Director's report	2
3	Statement of profit or loss and other comprehensive income	4
4	Statement of financial position	5
5	Statement of cash flows	7
6	Statement of changes in equity	8
7	Notes	9

Company details

AG Germany Limited

16 Palace Street
SW1 E 5JD
London, United Kingdom

Company registration number

06342220

The board of directors

Jochen A Kauschmann
Christopher A. Kula
Jonathan P Braidley

Shareholders holding 5% or more of the share capital or the voting rights

Viento 2 S.à r.l., Helios Building, office no. 0.19, 12c rue Guillaume Kroll, L-1882 Luxembourg

Ultimate parent company

Melf S.à r.l., Helios Building, office no. 0.19, 12c rue Guillaume Kroll, L-1882 Luxembourg

Director's report

The directors have presented the Financial Statements of AG Germany Limited (hereinafter referred to as the 'Company') for the year ended 31 December 2019. The Financial Statements were discussed and adopted on today's date.

Business activities and mission

The Company's main objective is to manage their subsidiaries.

Business review

The profit of the Company for the financial period ended 31 December 2019 was EUR 4,546,758 (31 December 2018: loss of EUR 132,813). The financial investment in German Office Properties Limited was sold to Saar IV S.à r.l. for a purchase price of EUR 1,000 in 2019.

Going concern

These financial statements have been prepared on a going concern basis.

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 holds a financial investment in German Industrial Properties Limited. It is envisaged that German Industrial Properties Limited will be liquidated in 2020.

Subsequent events

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.

Statement of Directors responsibilities


The Financial Statements have been presented in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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.

London, 14 August 2020

A handwritten signature in black ink, appearing to read 'C. Kula', is written over a horizontal dotted line.

Christopher Kula
Director

AG Germany Limited

Statement of profit or loss and other comprehensive income

	Notes	2019 EUR	2018 EUR
Gross profit		-	-
Other external expenses	3	(19,805)	(80,441)
Other income	3	11,636	-
Profit before net financial result		(8,169)	(80,441)
Finance income	4	4,607,265	-
Finance costs	5	(52,338)	(52,372)
Profit/(loss) before taxation		4,546,758	(132,813)
Tax of continuing operations for the year		-	-
Net profit/(loss) for the year		4,546,758	(132,813)
Total comprehensive income/(expense) for the year		4,546,758	(132,813)
Total comprehensive income/(expense) for the year attributable to:		4,546,758	(132,813)
Equity holders of the company			

AG Germany Limited

Statement of financial position

Balance Sheet | Assets

	Notes	2019	2018
		EUR	EUR
A. Non-current assets			
I. Financial investments	6	1	4
Total non-current assets		1	4
B. Current Assets			
I. Trade and other debtors	9	6,479	6,479
II. Receivables from group enterprises	9, 10	5,532,121	1,068,089
III. Cash and cash equivalents	6	12,878	4,106
Total current assets		5,551,478	1,078,674
Total assets		5,551,479	1,078,678

Statement of financial position (cont.)

Balance Sheet | Equity and liabilities

	Notes	2019 EUR	2018 EUR
A. Shareholders' equity			
I. Share capital		536	536
II. Retained earnings/accumulated loss		(5,678,029)	(5,545,215)
III. Profit or (loss) for the period		4,546,759	(132,813)
Total shareholders' equity		(1,130,734)	(5,677,492)
B. Current liabilities			
I. Trade and other payables	9	2,107	11,400
II. Payables to group enterprises	9, 10	6,672,106	6,736,770
III. Accruals		8,000	8,000
Total current liabilities		6,682,213	6,756,170
Total liabilities		6,682,213	6,756,170
Total equity and liabilities		5,551,479	1,078,678

For the financial year in question the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

No members have required the company to obtain an audit of its accounts for the year in question in accordance with section 476 of the Companies Act 2006. The directors acknowledge their responsibility for complying with the requirements of the Act with respect to accounting records and the preparation of accounts. These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

London, 14 August 2020



.....
Christopher Kula

Director

Registration number: 06342220

AG Germany Limited

Statement of cash flows

	2019	2018
	EUR	EUR
Profit before net financial result	(8,169)	(80,441)
<i>Adjustments for:</i>		
Finance costs	(52,338)	(52,372)
Other non cash movements	3	-
<i>Changes in:</i>		
Trade and other debtors	-	(6,246)
Trade and other payables	(9,293)	1
Accruals	-	(3,667)
Cash flows from operating activities	(69,797)	(142,725)
Dividends received	3,824	-
Distribution in kind received	4,544,752	-
Sale of shares	997	-
Cash flows from investing activities	4,549,573	-
Proceeds from loans and borrowings	(4,406,341)	-
Repayments of borrowings	(64,664)	131,380
Cash flows from financing activities	(4,471,004)	131,380
Net cash flow for the year	8,772	(11,345)
Cash and cash equivalents		
Cash and cash equivalents at 1 January	4,106	15,451
Net cash flow for the year	8,772	(11,345)
Cash and cash equivalents at 31 December	12,878	4,106

AG Germany Limited

Statement of changes in equity

	Notes	Share capital EUR	Retained earnings/ Accumulated loss EUR	Total EUR
Shareholders' equity at 1 January 2018		536	(5,545,215)	(5,544,679)
Loss			(132,813)	(132,813)
Total deficit at 31 December 2018		536	(5,678,028)	(5,677,492)
Shareholders' equity at 1 January 2019		536	(5,678,028)	(5,677,492)
Loss		-	(60,507)	(60,507)
Dividends received		-	4,607,265	4,607,265
Total deficit at 31 December 2019		536	(1,131,270)	(1,130,734)

AG Germany Limited

Notes

Note 1 Accounting policies

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 material impact on the financial statements of the Company in future periods.

Statement of profit and loss and other comprehensive income

Other external expenses

Other external expenses comprise of administrative expenses incurred.

Finance costs

Finance costs are recognised in the statement of profit or loss and other comprehensive income in the reporting period they relate to. Finance costs include interest expenses, realised capital and foreign currency transactions, amortisation of mortgage loans and surcharges and allowances under the advance-payment-of-tax scheme, etc.

Tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax assets and liabilities are offset only if certain criteria are met.

Statement of financial position

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.

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 and cash equivalents

Cash and cash equivalents in the statement of financial position comprise 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.

Financial liabilities

Financial liabilities are recognised at initial recognition measured at fair value 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.

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 have been determined by using the indirect method and comprise the cash receipts from operational activities, interest received as well as cash paid from operational activities. Cash flows from investing activities comprise payments related to additions and disposals of current assets. Cash flows from financing activities comprise increases and reductions of intercompany liabilities. Cash and cash equivalents comprise cash and tenants deposits.

Note 2 Going concern

These financial statements have been prepared on a going concern basis.

The Company incurred a gain of EUR 4,546,758 for the year ended 31 December 2019 (2018: loss of EUR 132,813) and the statement of financial position reflected a negative total equity position of EUR 1,130,733 (2018: EUR 5,677,492). 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.

The parent company of the Company's direct shareholders, Chamonix S.à r.l., has issued a subordination letter for a 12-month period from the signing date of the financial statements, covering all the loans they have provided to the Company. The Company's ability to continue as a going concern is at risk if the parent company fails to provide sufficient financial support.

During the year the Company had a net cash inflow of EUR 8,772 and cash at bank at the balance sheet date of EUR 12,878

Note 3 Other expenses

	2019	2018
	EUR	EUR
Other external expenses	(19,805)	(80,441)
Other income	11,636	-
	(8,169)	(80,441)

Note 4 Financial income

	2019	2018
	EUR	EUR
Dividends received	4,606,268	-
Profit from the sale of shares	997	-
	4,607,265	-

Note 5 Financial expenses

	2019	2018
	EUR	EUR
Finance costs	(52,338)	(52,372)
	(52,338)	(52,372)

Note 6 Financial Investments

AG Germany Limited holds 100% of shares in German Industrial Properties Ltd., a company incorporated in the United Kingdom. The financial statement of German Industrial Properties Ltd. is prepared according to International Financial Reporting Standards (IFRSs) as adopted by the European Union.

The shares held by the Company in German Office Properties Ltd. were sold to Saar IV S.à r.l. for a purchase price of EUR 1,000 in 2019.

Note 7 Cash and cash equivalents

	2019	2018
	EUR	EUR
Cash and cash equivalents	12,878	4,106
	12,878	4,106

All cash and cash equivalents are denominated in Euro.

Note 8 Income taxes

Tax for the year	2019	2018
	EUR	EUR
Current income tax charge	-	-
Deferred income tax	-	-
Total tax for the year	-	-

Reconciliation of tax rate applicable to pre-tax profit	2019	2018
	%	%
Expected UK tax rate	19.00	19.00
Profit/(loss) before tax from continuing operations	4,546,758	(132,813)
Expected tax expense	19.00	836,884
Effects of:		
Income not taxable for tax purposes	-19.25	(875,381)
Adjustments to tax charge in respect of previous periods - deferred tax	0.68	30,905
Expenses not deductible for tax purposes	-	-0.03
Deferred tax not recognised	-0.43	(19,408)
Effective income tax	0.00	0.00

Breakdown of deferred tax assets	2019	2018
	EUR	EUR
Tax losses carried forward	24,369	44,988
Thereof unrecognised	(24,369)	(44,988)
Total deferred tax assets	-	-

The Company has tax loss carry forward amounting to EUR 128,257 (2018: EUR 264,640). No deferred tax assets have been recognized due to the fact that it is not expected that the company will generate future taxable profit against which the company can use the benefit therefrom

Note 9 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 interest rate risk for the intercompany loan is limited by using a fixed interest rate.

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 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 aim of the Company is to maintain sufficient funds to enable it to safeguard its ability to continue as a going concern and to make suitable investments and incremental acquisitions while providing returns for shareholders.

Liquidity risks

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 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
Payables to group enterprises	-	29,545	6,642,561		6,672,106
Trade and other payables	-	2,107			2,107
	-	31,652	6,642,561	0	6,674,213

At 31 December 2018	On demand	less than 1 year	1 to 5 years	> 5 years	Total
	EUR	EUR	EUR	EUR	EUR
Payables to group enterprises	-	146,609	6,590,161	-	6,736,770
Trade and other payables	-	11,400	-	-	11,400
	-	158,009	6,590,161	-	6,748,170

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 values 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 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 debtors	6,479	6,479
Receivables from group enterprises	5,532,120	5,532,120
Cash and cash equivalents	12,878	12,878
	5,551,477	5,551,477

Financial liabilities	2019	
	Carrying amount	Fair value
	EUR	EUR
Payables to group enterprises	6,672,106	6,672,106
Trade and other payables	2,107	2,107
	6,674,213	6,674,213

Note 10 Related parties

On 31 December 2019, AG Germany Limited owed Viento 2 S.à r.l. EUR 6,642,561 (2018: EUR 6,590,161). An interest rate of 1% p.a. has been agreed. During the financial year, interests amounting to EUR 52,340 (2018: EUR 52,372) were accrued and no repayments were made.

During the financial year, Chamonix Holding S.à r.l. made payments on behalf of the Company. No interest rate has been agreed. On 31 December 2019, the Company owed Chamonix Holding S.à r.l. Limited EUR 29,545 (2018: EUR 26,580).

On 31 December 2019, the Company owed German Industrial Properties Limited EUR Nil (2018: EUR 55,760)

On 31 December 2019, the Company owed German Office Properties Limited EUR Nil (2018: EUR 64,268)

On 31 December 2019, German Industrial Properties Limited owed the Company EUR 5,531,121 (2018: EUR 995,750).

On 31 December 2019, Saar IV S.à r.l. owed the Company EUR 1,000 (2018: EUR Nil).

There was no directors' remuneration or key management compensation payable by the company during the period. No other transactions with related parties were undertaken such as are required to be disclosed under IAS 24.

Note 11 Ultimate parent company

In 2016, 94.75% of the shares in AG Germany Limited have been acquired by Viento 2 S.à r.l., a company incorporated in Luxembourg. The company regards its ultimate parent as MELF S.à r.l., a company incorporated in Luxembourg.

Note 12 Subsequent events

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, AG Germany Limited 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 13 Comparative figures

Some comparative figures have been changed for presentational purposes only. The changes made have had no effect on either profit or loss.