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ANNUAL FINANCIAL STATEMENTS

AS OF

December 31, 2019

**Merck Wohnungs- und
Grundstücksverwaltungsgesellschaft mbH,
Darmstadt**

<p style="text-align: center;">Table of Contents of Financial Statements of Merck Wohnungs- und Grundstücksverwaltungsgesellschaft mbH</p>

Balance sheet, income statement, notes

Notes to the annual financial statements

Key to symbols and figures:

Amounts are shown in euro.

Figures may not add up exactly due to commercial rounding.

*** = greater than 200%**

**Balance sheet as of
December 31, 2019**

ASSETS

A. Fixed assets

Tangible assets	(1)		
1. Land and land rights with buildings		16,234,523	16,515,915
2. Land with shops and other buildings		13,539	17,025
3. Plant and machinery			-
4. Other facilities, operating and office equipment		15,901	19,026
		16,263,964	16,551,966

B. Current assets

I. Inventories	(2)	1,089,009	1,140,697
II. Receivables and other assets			
1. Rental receivables	(3)	44,828	39,979
2. Other receivables and other assets	(4)	109,836	352,768
		154,665	392,747

Cash and cash equivalents

			-
		1,243,674	1,533,444
		17,507,638	18,085,410

LIABILITIES

A. Equity

I. Subscribed capital	(5)	3,834,700	3,834,700
II. Capital reserves		7,563,476	7,563,476
III. Profit carried forward		-720,048	1,665,344
IV. Net income		-415,890	-2,385,392
		10,262,237	10,678,128

B. Provisions

Other provisions	(6)	1,123,916	1,378,535
		1,123,916	1,378,535

C. Liabilities

1. Trade accounts payable	(8)	84,496	174,289
2. Other liabilities	(9)	6,036,989	5,854,458
		6,121,485	6,028,747
		17,507,638	18,085,410

Income statement for the period from January 1 to December 31, 2019

	<i>Note</i>	Jan. 1 to Dec. 31, 2019 EUR	Jan. 1 to Dec. 31, 2018
1. Net sales	(10)	5,279,836	5,046,175
2. Increase in inventory		47,570	-10,824
3. Other operating income	(11)	<u>257,193</u>	<u>17,386</u>
		5,584,600	5,052,737
4. Cost of materials	(12)	<u>-4,862,350</u>	<u>-6,001,715</u>
5. Depreciation of tangible assets	(13)	-286,003	-295,128
6. Other operating expenses	(14)	<u>-760,662</u>	<u>-1,077,763</u>
		-5,909,015	-7,374,606
7. Financial result	(15)	<u>-93,032</u>	<u>-63,522</u>
8. Recoverable tax	(16)	1,556	-
9. Net loss for the year		-415,891	-2,385,391

Notes to the financial statements for the 2019 financial year

General disclosures

The annual financial statements as of December 31, 2019 have been prepared in accordance with the provisions of the *Handelsgesetzbuch* (HGB – German Commercial Code) and the *Verordnung über Formblätter für die Gliederung des Jahresabschlusses von Wohnungsunternehmen* (German Ordinance regulating the Forms for the Classification of Accounts in the Annual Financial Statements prepared by Housing Companies). The applicable principles of sections 264 to 288 HGB and the supplementary provisions of the German Limited Liability Companies Act (GmbHG) were applied as regards the scope, content and structure of the annual financial statements.

Individual items of the balance sheet and the income statement have been combined to improve presentation and are shown separately in the notes.

Notes to the balance sheet

(1) Tangible assets

	<i>Land and land rights with buildings</i>	<i>Land and land rights with buildings with shops and other buildings</i>	<i>Other facilities, operating and office equipment</i>	Total
	<i>EUR</i>	<i>EUR</i>	<i>EUR</i>	<i>EUR</i>
Accumulated acquisition costs as of Jan. 1, 2019	25,710,597	163,471	68,413	25,942,480
Additions	3,729	-	1,731	5,460
Disposals	7,458	-	166	7,624
Accumulated acquisition costs as of Dec. 31, 2019	<u>25,706,868</u>	<u>163,471</u>	<u>69,978</u>	<u>25,940,316</u>
Accumulated depreciation as of Jan. 1, 2019	9,194,682	146,445	49,387	9,390,514
Additions	277,662	3,486	4,855	286,003
Disposals	-	-	166	166
Accumulated depreciation as of Dec. 31, 2019	<u>9,472,344</u>	<u>149,931</u>	<u>54,076</u>	<u>9,676,352</u>
Net carrying amount as of Dec. 31, 2019	16,234,523	13,539	15,901	16,263,964
Net carrying amount as of Dec. 31, 2018	16,515,915	17,025	19,026	16,551,966

Tangible assets are carried at acquisition/production less depreciation and impairment.

Movable and immovable assets are depreciated on a straight-line basis. The useful life of immovable assets is between 50 and 60 years. Technical, operating and office equipment are depreciated over four to ten years. Low-value assets with a net value of between EUR 250 and EUR 800 are written down in full in the year of their acquisition.

Write-downs for impairment are recognized if it is expected to be more than temporary.

(2) Inventories

	<i>Dec. 31, 2019</i> <i>EUR</i>	<i>Dec. 31, 2018</i> <i>EUR</i>
Work in progress		
Operating costs not yet invoiced	1,000,009	1,033,697
Services not yet invoiced	89,000	107,000
	1,089,009	1,140,697
	1,089,009	1,140,697

Operating costs not yet invoiced include all expenses in the financial year that, according to the lease agreements, cannot be invoiced to tenants until the following year.

Services not yet invoiced are payments on account to power and utility companies measured at nominal amount, for which final invoices will not be issued until the following year and that will then be reclassified to operating costs not yet invoiced to tenants.

(3) Rental receivables

	Dec. 31, 2019	Dec. 31, 2018
	EUR	EUR
From rental to third parties	44,828	39,979
	44,828	39,979

Rental receivables are receivables from rent and additional costs.

As in the previous year, receivables have a remaining term of up to one year.

Receivables are carried at nominal amount in line with the principle of lower of cost or market. Specific valuation allowances are taken into account in measurement as necessary.

(4) Other receivables and other assets

	Dec. 31, 2019	Dec. 31, 2018
	EUR	EUR
Receivables from the tax office	-	227,699
Creditors with debit balances	109,836	125,070
	109,836	352,769

Receivables and other assets are carried at nominal amount in line with the principle of lower of cost or market.

As in the previous year, receivables have a remaining term of up to one year.

(5) Equity

<i>Statement of changes in equity</i>	<i>Subscribed capital</i>	<i>Capital reserves</i>	<i>Retained profits/accumulated losses brought forward</i>	<i>Net profit</i>	<i>Total:</i>
	EUR	EUR	EUR	EUR	EUR
Dec. 31, 2018	3,834,700	7,563,476	1,665,344	-2,385,392	10,678,128
Appropriation of profits	-	-	-2,385,392	2,385,392	-
Net loss for the year	-	-	-	-415,890	-415,890
Dec. 31, 2019	3,834,700	7,563,476	-720,048	-415,890	10,262,237

(6) Provisions

	<i>Dec. 31, 2019</i>	<i>Dec. 31, 2018</i>
	<i>EUR</i>	<i>EUR</i>
Other provisions	1,123,916	1,378,535
<i>- thereof for outstanding invoices</i>	<i>1,123,916</i>	<i>1,378,535</i>
	1,123,916	1,378,535

Other provisions take into account all discernible risks and uncertain obligations and are recognized at the necessary settlement amount on the basis of prudent business judgment.

(7) Liabilities

Liabilities are carried at their settlement amount. No other collateral has been provided other than standard retention of title.

(8) Trade payables

	<i>Dec. 31, 2019</i>	<i>Dec. 31, 2018</i>
	<i>EUR</i>	<i>EUR</i>
To third parties	84,496	174,289
	84,496	174,289

As in the previous year, trade payables are due within one year.

(9) Other liabilities

	<i>Remaining term up to 1 year</i>	<i>Remaining term 1 to 5 years</i>	<i>Due after more than 5 years</i>	Dec. 31, 2019 Total	Dec. 31, 2018
	EUR	EUR	EUR	EUR	EUR
Liabilities to affiliated companies	4,814,714	-	-	4,814,714	4,658,702
Payments received for additional rental costs	1,191,388	-	-	1,191,388	1,161,836
From rental	25,778	-	-	25,778	33,226
From rent deposit	5,110	-	-	5,110	694
Other tax liabilities	-	-	-		
	6,036,989	-	-	6,036,989	4,686,582

The liabilities to affiliated companies essentially result from short-term financing by Inhousebank Merck Financial Services GmbH.

Notes to the income statement

(10) Net sales

	2019	2018
		EUR
Rental income	4,112,757	3,877,617
Income from utility bills, previous year	1,167,080	1,168,558
Income from broadband cable	-	-
	5,279,836	5,046,175

(11) Other operating income

	2019	2018
	EUR	EUR
Additional proceeds from disposal of assets	242,991	9,403
Reversal of write-downs on receivables	5,060	-
Other income	9,142	7,983
	257,193	17,386

(12) Cost of materials

	2019	2018
	EUR	EUR
Operating costs	1,319,879	1,338,722
Maintenance costs	3,527,051	4,642,923
Other building management expenses	15,420	20,071
	4,862,350	6,001,716

(13) Depreciation and amortization

	2019	2018
	EUR	EUR
Tangible assets	286,003	295,128
	286,003	295,128

(14) Other operating expenses

	2019	2018
	EUR	EUR
Purchased services and remuneration	711,864	990,210
Fees, contributions, and insurance premiums	11,324	3,420
Write-downs on receivables	169	59
Addition to write-downs on receivables	7,582	10,000
Other	29,723	74,074
	760,662	1,077,763

(15) Financial result

	2019	of which to affiliated companies	2018	of which to affiliated companies
	EUR	EUR	EUR	EUR
Interest expenses and similar expenses	93,032	93,032	-63,523	-63,523
	93,032	93,032	-63,523	-63,523

(16) Taxes on income

	2019	2018
	EUR	EUR
Trade tax, current year	-	-
Tax refund for previous years	1,556	-
	1,556	-

(17) Contingent liabilities

There were no contingent liabilities in accordance with section 251 HGB.

(18) Other financial commitments

	<i>Dec. 31, 2019</i>	<i>Dec. 31, 2018</i>
	EUR	EUR
Ground rent (79 years)	1,211,762	1,227,101
Obligations to Merck Real Estate from service agreement	547,670	480,000
Obligations to Merck Accounting Solutions and Services Europe GmbH from service agreement	29,578	32,266
Building management agreement with Infraser GmbH & Co. Höchst KG	818,755	1,284,263
	2,607,765	3,023,630

By way of agreement dated December 21, 2005, a building built on leasehold property, including the leasehold right, were acquired from Emanuel-Merck-Vermögens KG. The leasehold right is entered in the land register until December 31, 2099. The owner of the leasehold property is Merck KGaA.

(19) Financial instruments

The company did not use any derivative financial transactions as referred to by section 285 no. 18 HGB. The company also does not intend to perform such transactions in the future.

(20) Other disclosures

The company does not have any employees.

(21) Management

The managing directors of the company are:

Volkmar Metzler, Senior Director at Merck Real Estate GmbH, Darmstadt

Stephan Lahrkamp, Regional CFO for Germany at Merck KGaA, Darmstadt

The managing directors are not employed by the company.

(22) Group affiliations

Merck Wohnungs- und Grundstücksverwaltungsgesellschaft mbH is a Group company of E. Merck KG, Darmstadt. The company is not included in the subgroup financial statements of Merck KGaA, Darmstadt or the consolidated financial statements of E. Merck KG, Darmstadt. The consolidated and subgroup financial statements have been submitted to the electronic Federal Gazette (Bundesanzeiger) and can be accessed at www.ebundesanzeiger.de.

(23) Appropriation of profits

Management proposes carrying forward the net loss for the financial year to new account.

The Management – Darmstadt, May 15, 2020

Volkmar Metzler
(Managing Director)

Stephan Lahrkamp (Managing Director)