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ANNUAL FINANCIAL STATEMENTS

AS OF

December 31, 2020

**Merck Wohnungs- und
Grundstücksverwaltungsgesellschaft mbH,
Darmstadt
(Darmstadt Local Court, HRB 1197)**

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Balance sheet as of December 31, 2020

	Note	Dec. 31, 2020 EUR	Dec. 31, 2019 EUR
ASSETS			
A. Fixed assets			
Tangible assets	(1)		
1. Land and land rights with buildings		15,983,663	16,234,523
2. Land and land rights with buildings with shops and other buildings		10,054	13,539
3. Other facilities, operating and office equipment		14,316	15,901
		16,008,033	16,263,964
B. Current assets			
I. Land and other inventories held for sale	(2)	1,202,952	1,089,009
II. Receivables and other assets			
1. Rental receivables	(3)	41,277	44,828
2. Other assets	(4)	232,490	109,836
		273,767	154,665
		1,476,719	1,243,674
		17,484,752	17,507,638
LIABILITIES			
A. Equity			
I. Subscribed capital	(5)	3,834,700	3,834,700
II. Capital reserves		7,563,476	7,563,476
III. Loss carryforward		-1,135,938	-720,048
IV. Net loss for the year		-1,102,908	-415,890
		9,159,330	10,262,237
B. Provisions			
Other provisions	(6)	1,230,115	1,123,916
		1,230,115	1,123,916
C. Liabilities			
1. Trade accounts payable	(8)	431,494	84,496
2. Other liabilities	(9)	6,663,813	6,036,989
		7,095,308	6,121,485
		17,484,752	17,507,638

Income statement for the period from January 1 to December 31, 2020

	<i>Note</i>	<i>Jan. 1 to Dec. 31, 2020 EUR</i>	<i>Jan. 1 to Dec. 31, 2019 EUR</i>
1. Net sales	(10)	5,389,026	5,279,836
2. Increase or decrease in land held for sale with finished or unfinished buildings and work in progress		25,200	47,570
3. Other operating income	(11)	8,260	257,193
4. Cost of purchased goods and services	(12)	-5,190,244	-4,862,350
5. Depreciation of tangible assets	(13)	-257,351	-286,003
6. Other operating expenses	(14)	-972,236	-760,662
7. Financial result	(15)	-105,563	-93,032
8. Income tax	(16)	0	1,556
9. Net loss for the year		-1,102,908	-415,891

Notes to the financial statements for the 2020 financial year

General disclosures

The annual financial statements as of December 31, 2020 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>
	<i>EUR</i>	<i>EUR</i>	<i>EUR</i>
Accumulated acquisition costs as of Jan. 1, 2020	25,706,868	163,471	69,978
Additions	-	-	1,419
Disposals	-	-	-
Accumulated acquisition costs as of Dec. 31, 2020	<u>25,706,868</u>	<u>163,471</u>	<u>71,397</u>
Accumulated depreciation, amortization and write-downs as of Jan. 1, 2020	9,472,344	149,931	54,076
Additions	250,860	3,486	3,004
Disposals	-	-	-
Accumulated depreciation, amortization and write-downs as of Dec. 31, 2020	<u>9,723,205</u>	<u>153,417</u>	<u>57,081</u>

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) Land and other inventories held for sale

	31.12.2020	31.12.2019
	<i>Euro</i>	<i>Euro</i>
Unfertige Leistungen		
Nicht abgerechnete Betriebskosten	970.462	1.000.009
Nicht abgerechnete Leistungen	232.490	89.000
	1.202.952	1.089.009
	1.202.952	1.089.009

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

	31.12.2020	31.12.2019
	<i>Euro</i>	<i>Euro</i>
Aus Vermietung an Dritte	41.277	44.828
	41.277	44.828

Rental receivables are receivables from rent and additional costs.

As in the previous year, receivables essentially 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 assets

	<i>Dec. 31, 2020</i> <i>EUR</i>	<i>Dec. 31, 2019</i> <i>EUR</i>
Creditors with debit balances	232,490	109,836
	232,490	109,836

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 EUR</i>	<i>Capital reserves EUR</i>	<i>Retained profits/accumul EUR</i>	<i>Net profit EUR</i>	<i>Total: EUR</i>
Dec. 31, 2019	3,834,700	7,563,476	-720,048	-415,891	10,262,237
Appropriation of profits			-415,891	415,891	
Net loss for the year				-1,102,908	-1,102,908
Dec. 31, 2020	3,834,700	7,563,476	-1,135,939	-1,102,908	9,159,329

(6) Provisions

	<i>Dec. 31, 2020</i> <i>EUR</i>	<i>Dec. 31, 2019</i> <i>EUR</i>
Other provisions	1,230,115	1,123,916
- thereof for outstanding invoices	1,230,115	1,123,916
	1,230,115	1,123,916

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 accounts payable

	<i>Dec. 31, 2020</i> <i>EUR</i>	<i>Dec. 31, 2019</i> <i>EUR</i>
To third parties	431,494	84,496
	431,494	84,496

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

(9) Other liabilities

	<i>Due within 1</i> <i>year</i> <i>EUR</i>	<i>Due within 1</i> <i>to 5 years</i> <i>EUR</i>	<i>Due after more</i> <i>than 5 years</i> <i>EUR</i>	31.12.2020 Total EUR	<i>31.12.2019</i> <i>EUR</i>
Liabilities to affiliated companies	5,431,852	-	-	5,431,852	4,814,714
Payments received for additional rental costs	1,213,313	-	-	1,213,313	1,191,388
From rental	14,331	-	-	14,331	25,778
From rent deposit	4,318	-	-	4,318	5,110
	6,663,813	-	-	6,663,813	6,036,989

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

	2020 EUR	2019 EUR
Rental income	4,159,076	4,112,757
Income from utility bills, previous year	1,229,949	1,167,080
	5,389,026	5,279,836

(11) Other operating income

	2020 EUR	2019 EUR
Additional proceeds from disposal of assets	-	242,991
Reversal of write-downs on receivables	7,582	5,060
Other income	678	9,142
	8,260	257,193

(12) Cost of purchased goods and services

	2020 EUR	2019 EUR
Operating costs	1,355,833	1,319,879
Maintenance costs	3,818,669	3,527,051
Other building management expenses	15,742	15,420
	5,190,244	4,862,350

(13) Depreciation and amortization

	2020 EUR	2019 EUR
Tangible assets	257,351	286,003
	257,351	286,003

(14) Other operating expenses

	2020	2019
	EUR	EUR
Purchased services and remuneration	927,109	711,864
Fees, contributions, and insurance premiums	5,706	11,324
Write-downs on receivables	8,352	169
Addition to write-downs on receivables	5,984	7,582
Other	25,084	29,723
	972,236	760,662

(15) Financial result

	2020	of which to	2019	of which to
	EUR	affiliated	EUR	affiliated
		companies		companies
		EUR		EUR
Interest expenses and similar expenses	105,563	105,563	93,032	93,032
	105,563	105,563	93,032	93,032

(16) Taxes on income

	2020	2019
	EUR	EUR
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, 2020</i> <i>EUR</i>	<i>Dec. 31, 2019</i> <i>EUR</i>
Ground rent (78 years)	1,196,423	1,211,762
Obligations to Merck Real Estate from service agreement	705,000	547,670
Obligations to Merck Accounting Solutions and Services Europe GmbH from service agreement	128,727	29,578
Building management agreement with Infraserv GmbH & Co. Höchst KG	360,000	818,755
	2,390,150	2,607,765

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) Other disclosures

The company does not have any employees.

(20) 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.

(21) 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.bundesanzeiger.de.

(22) Proposal for the appropriation of net profit

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

The Management – Darmstadt, February 5, 2021

Volkmar Metzler
(Managing Director)

Stephan Lahrkamp
(Managing Director)