GRP 1K ApS

c/o Hestia Danmark ApS
Center Boulevard 5
2300 Copenhagen S, Denmark
CVR-nr. 31 17 97 93

Financial Statements

for the period 1 January - 31 December 2014
(12 months)
7th financial year

Adopted at the Annual General Meeting of shareholders
on 21 / 5 2015

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Chairman

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Company details

GRP 1K ApS
c/o Hestia Danmark ApS
Center Boulevard 5
2300 Copenhagen S, Denmark

Supervisory Board

Tommas Jakobsen, Chairman
Per Gunnar Isaksson, Vice chairman

Executive Board

Tommas Jakobsen
Per Gunnar Isaksson

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

German Retail Luxco S.á.r.l., 6, Rue Eugène Ruppert, L-2453 Luxembourg

Ultimate parent company

Melf S.à r.l., 6, rue Eugène Ruppert, L-2453 Luxembourg

Auditors

Ernst & Young Godkendt Revisionspartnerselskab
Osvald Helmuths Vej 4, 2000 Frederiksberg, Denmark

Statement by the Supervisory and Executive Boards on the Financial Statements

The Supervisory and Executive Boards have presented the Financial Statements for the year ended 31 December 2014. The Financial Statements were discussed and adopted on today's date.

The Financial Statements have been presented in accordance with the International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for financial statements.

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 2014.

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.

Copenhagen, 29 May 2015

Executive Board

Tommas Jakobsen

Per Gunnar Isaksson

Supervisory Board

Tommas Jakobsen, Chairman

Per Gunnar Isaksson, Vice chairman

The general meeting has decided that the financial statements for the coming financial year will not be audited.

Independent Auditors' Report

To the Shareholders of GRP 1K ApS

Independent auditors' report on the financial statements
We have audited the financial statements of GRP 1K ApS for the financial year 1 January - 31 December 2014, which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional disclosure requirements in the Danish Financial Statements Act.

Management's responsibility for the financial statements
Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and disclosure requirements of the Danish Financial Statements Act and for such internal control that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation of financial statements that give a true and fair view 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit has not resulted in any qualification.

Independent Auditors' Report - continued

Opinion
In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 December 2014 and of the results of the Company's operations and cash flows for the financial year 1 January – 31 December 2014 in accordance with International Financial Reporting Standards as adopted by the EU and additional disclosure requirements in the Danish Financial Statements Act.

Statement on the Management's Review
Pursuant to the Danish Financial Statements Act, we have read the Management's review. We have not performed any further procedures in addition to the audit of the financial statements. On this basis, it is our opinion that the information provided in the Management's review is consistent with the financial statements.

Copenhagen, 29 May 2015

Ernst & Young
Godkendt Revisionspartnerselskab

Henrik Reedtz
State Authorised Public Accountant

Kaare Kristensen Lendorf
State Authorised Public Accountant

Financial highlights

5-year summary

	2014	2013	2012	2011	2010
Key figures (in EUR, except per share data)					
Statement of comprehensive income					
Revenue	53,856	121,238	120,706	122,805	152,706
Gross profit	47,099	106,504	109,002	111,096	140,510
Profit/loss before net financials (EBIT)	12,247	-4,453	-1,155	-228,624	-40,989
Net financials	-108,526	-119,522	-119,526	-118,741	-119,056
Total comprehensive expense for the year	-96,422	-123,981	-120,689	-347,376	-160,190
Statement of financial position					
Total assets	12,029	953,193	1,019,697	1,113,754	1,435,906
Shareholders' equity	-1,381,864	-1,285,442	-1,161,460	-1,040,772	-693,396
Other					
Number of employees	0	0	0	0	0
Ratios in %					
Rate of return (Profit/loss before net financials x 100/total assets)	101.81%	-0.47%	-0.11%	-20.53%	-2.85%
Equity ratio (Shareholders' equity x 100/total assets)	-11,487.94%	-134.86%	-113.90%	-93.45%	-48.29%

Financial highlights are prepared in accordance with International Financial Reporting Standards, cf. note 1 "Accounting policies".

Ratios are computed in accordance with Guidelines and Financial ratios issued by the Danish Society of Financial Analysts in 2010.

Management's Review

Business activities and mission
The Company's main objective is property investment.

Business review
The Company recorded rental income of EUR 53,000 for the year ended 31 December 2014 (2013: EUR 120,000).

In June 2014, the Company sold its investment property located in Kemnath. The carrying value of this property as at 31 March 2014 was €900,000 and it was sold for €900,000 resultig in a loss on disposal of €17,040 after taking into account sales expenses.

In July 2014, the Company repaid its bank loan of €1,135,800 to Deutsche Bank plus early repayment costs of €13,000.

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

The parent company, Melf 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 it has provided to the Company. Melf Investment Holding S.à r.l. has also issued a letter of support confirming it will provide financial support to the Company if it has insufficient cash to pay its operating expenses for a 12-month period from the signing date of the financial statements.

During the year the Company had a net cash outflow of EUR 42,326 and cash at bank at the balance sheet date of EUR 9,765.

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 has disposed of the real estate assets it owned and the directors will decide in due course whether the company is going to be liquidated, merged, or whether it will acquire new assets.

Post balance sheet events
Apart from the situation described in the going concern paragraph and the events mentioned above no other events have occurred after the financial year-end which could significantly affect the Company's financial position.

Statement of comprehensive income
for the year 1 January - 31 December 2014

	Notes	2014 EUR	2013 EUR
Revenue	4	53,856	121,238
Expenses related to rental activity		6,757	14,734
Gross profit		47,099	106,504
Value adjustment	5	0	-80,000
Loss on disposal of investment property		17,040	0
Other external expenses		17,812	30,957
Profit/(Loss) before net financials		12,247	-4,453
Other financial income	6	10	105
Other financial expenses	7	108,536	119,627
Loss before tax of continuing operations		-96,279	-123,975
Tax of continuing operations for the year	8	143	6
Net loss for the year		-96,422	-123,981
Other comprehensive income, net of tax, to be/not to be reclassified to profit or loss in subsequent periods		0	0
Total comprehensive expense for the year		-96,422	-123,981
Total comprehensive expense for the year attributable to:			
Equity holders of the company		-96,422	-123,981

Statement of financial position
at 31 December

	Notes	2014 EUR	2013 EUR
Assets			
Non-current assets			
Investment property	9	0	900,000
Deferred tax assets	8	0	0
Total non-current assets		0	900,000
Current assets			
Trade receivables		675	0
Receivables from group enterprises	13	367	597
Income taxes receivables	8	0	505
Other receivables		1,222	0
Total receivables		2,264	1,102
Cash		9,765	52,091
Total current assets		12,029	53,193
Total assets		12,029	953,193

Statement of financial position - continued
at 31 December

	Notes	2014 EUR	2013 EUR
Equity and liabilities			
Shareholders' equity			
Share capital		67,137	67,137
Retained earnings/Accumulated loss		-1,449,001	-1,352,579
Total shareholders' equity		-1,381,864	-1,285,442
Non-current liabilities			
Payables to group enterprises	13	957,265	957,265
Provisions for deferred tax	8	0	0
Total non-current liabilities		957,265	957,265

Statement of financial position - continued
at 31 December

	Notes	2014 EUR	2013 EUR
Equity and liabilities - continued			
Current liabilities			
Current portion of non-current liabilities	10	0	1,140,923
Trade payables		11,988	5,770
Payables to group enterprises	13	407,279	118,713
Income tax payables		2	0
Other payables		201	1,641
Accruals		17,158	14,323
Total current liabilities		436,628	1,281,370
Total liabilities		1,393,893	2,238,635
Total equity and liabilities		12,029	953,193
Financial risks and financial instruments	11		
Security for loans	12		
Related parties	13		

Statement of changes in equity

	Share capital EUR	Retained earnings/ Accumulated loss EUR	Total EUR
Shareholders' equity at 1 January 2013	67,137	-1,228,598	-1,161,461
Profit and loss	0	-123,981	-123,981
Other comprehensive income	0	0	0
Total comprehensive expense for the year	0	-123,981	-123,981
Shareholders' equity at 1 January 2014	67,137	-1,352,579	-1,285,442
Profit and loss	0	-96,422	-96,422
Other comprehensive income	0	0	0
Total comprehensive expense for the year	0	-96,422	-96,422
Shareholders' equity at 31 December 2014	67,137	-1,449,001	-1,381,864

	31/12 2014	31/12 2013
The share capital, EUR 67,137, is composed as follows:		
67,137 shares of EUR 1 each	67,137	67,137

Statement of cash flows

	Notes	2014 EUR	2013 EUR
Loss before net financials		12,247	-4,453
Value adjustment, non-current assets		0	80,000
Loss on disposal of investment property		17,040	0
Taxes refunded/(paid)		364	224
Changes in:			
Trade and other receivables		-1,898	0
Current liabilities		1,037	-2,990
Financial income		10	105
Financial expenses		-89,896	-59,159
Cash flows from operating activities		-61,096	13,727
Decrease/(Increase) in receivables from group enterprises		231	-597
Sale of investment property		889,535	0
Cash flows from investing activities		889,766	-597
Repayment of bank loan		-1,135,800	0
Receipt of loans from group enterprises		264,804	0
Cash flows from financing activities		-870,996	0
Net cash flow for the year		-42,326	13,130
Cash and cash equivalents			
Cash and cash equivalents at 1 January		52,091	38,961
Net cash flow for the year		-42,326	13,130
Cash and cash equivalents at 31 December		9,765	52,091

Notes

Note 1. Accounting policies

The Financial Statements of GRP 1K ApS have been prepared in accordance with the International Financial Reporting Standards (IFRS) and Danish disclosure requirements for Financial Statements, as laid down in the IFRS order issued in accordance with the provisions of the Danish Financial Statements Act as regards reporting class B enterprises.

The Financial Statements are presented in euros (EUR).

The accounting policies applied for these financial statements are consistent with those applied last year.

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.

	Effective date
Name	Annual periods beginning on or after
IFRS 10 Consolidated Financial Statements	1 January 2014
IFRS 11 Joint Arrangements	1 January 2014
IFRS 12 Disclosures of Interests in Other Entities	1 January 2014
IAS 27 (amended) Separate Financial Statements	1 January 2014
IAS 32 (amended) Financial Instruments: Presentation	1 January 2014

Notes

Note 1. Accounting policies - continued

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 after the date of these financial statements:

Name	Effective date Annual periods beginning on or after
IAS 24 Related Party Disclosures	1 July 2014
IAS 40 Investment Property	1 July 2014
IFRS 13 Fair Value Measurement	1 July 2014
IFRS 5 Non-current Assets Held for Sale and Discontinued Operations	1 January 2016
IFRS 15 Revenue from Contracts with Customers	1 January 2017
IFRS 9 Financial Instruments	1 January 2018

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.

Notes

Note 1. Accounting policies - continued

Statement of comprehensive income

Revenue
Rental income from investment property is accrued and recognised in accordance with signed contracts.

Income arising from expenses recharged to tenants is recognised in the period in which the expense can be contractually recovered. Service charges and such receipts are included gross of the related costs in revenue.

Other external expenses
Other external expenses comprise of administrative expenses incurred.

Net financials
Financial income and expenses are recognised in the statement of comprehensive income in the reporting period they relate to. Net financials include interest income and expenses, realised and unrealised 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.

Tax
Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments less the share of the tax for the period that concerns the changes in equity.

Current and deferred taxes related to items recognised directly in equity are taken directly to equity.

The Company and all Danish group enterprises are jointly taxed. The Danish income tax charge is allocated between profit-making and loss-making Danish enterprises in proportion to their taxable income (full allocation method).

Notes

Note 1. Accounting policies - continued

Statement of financial position

Investment property
Investment property is property held on a long-term basis with the purpose of earning rental income and increases in value and which are not held for sale.

Investment properties are initially measured at cost. After initial recognition, investment properties are measured at fair value as determined by the third party independent appraisers.

The market value is the estimated amount for which a property is expected to be exchanged between willing parties, at the date of valuation, in an arm's length transaction in which the parties act knowledgeably, prudently, and voluntarily.

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.

Prepayments
Prepayments recognised under 'Assets' comprise prepaid expenses relating to subsequent reporting periods.

Cash and short term deposits
Cash and short term deposits in the statement of financial position comprise cash at bank and short term deposits with an original maturity of less than three months.

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.

Provisions for German deferred tax are calculated at 15.825% of all temporary differences between carrying amounts and tax bases, with the exception of temporary differences occurring at the time of acquisition of assets and liabilities neither affecting the results of operations nor the taxable income.

Deferred tax assets are recognised at the value at which they are expected to be utilised, either through elimination against tax on future earnings or a set-off against deferred tax liabilities.

Financial liabilities
Financial liabilities are recognised at the proceeds received net 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.

Notes

Note 1. Accounting policies - continued

Deferred income
Deferred income is recognised as a liability and comprises of payments received for income relating to subsequent reporting periods.

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 are presented using the indirect method and are made up as the net profit or loss for the year, adjusted for non-cash operating items, changes in working capital, paid financial and extraordinary expenses and paid income taxes.

Cash flows from investing activities comprise payments related to additions and disposals of fixed assets as well as the provision intercompany loans.

Cash flows from financing activities comprise dividends paid to shareholders, capital increases and reductions, borrowings and repayments of interest-bearing debt.

Cash and cash equivalents comprise cash and short-term securities in respect of which the risk of changes in value is insignificant.

Note 2. Going concern

The parent company, Melf 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 it has provided to the Company. Melf Investment Holding S.à r.l. has also issued a letter of support confirming it will provide financial support to the Company if it has insufficient cash to pay its operating expenses for a 12-month period from the signing date of the financial statements.

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.

Notes

Note 3. Assumptions and estimates

For purposes of the preparation of the Financial Statements, it is necessary that management prepares accounting estimates affecting the application of accounting policies and recognised assets, liabilities, income, and expenses. Actual results may deviate from the estimates made.

The significant estimates made by management for the purposes of preparing the Financial Statements concern the measurement of the Company's properties at fair value. For 2013, this valuation was made by independent, recognised valuation consultants.

The valuation has been carried out using the comparative and investment (hardcore and layer) methods. In undertaking its valuation the valuer has made an assessment on the basis of collation and analysis of appropriate comparable investment and rental transactions, together with evidence of demand within the vicinity of the subject property. With the benefit of such transactions the valuer has then applied these to the property, taking into account size, location, lease terms, covenant strength and other material factors.

The investment valuation methodology involves capitalising the income and rental values adopting a market derived yield (or multiplier), this is typically expressed as a Gross Yield. Gross Yields are defined as the annual rental income divided by the net sales price with no addition for purchasers costs (expressed as a percentage). Other methodology is adopted by the valuer as a way of confirming values, this is typically the discounted cash flow method where the present value of future cash flows is assessed.

Estimates of return requirements and market values are computed by external valuation consultant Knight Frank. The return requirement applied for 2013 is 11.09%.

Note 3. Assumptions and estimates - continued

Fair value

The Company measures investment property at fair value at the end of each reporting period. Also, fair values of financial instruments measured at amortised cost are disclosed in the financial statements.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability or
- In the absence of a principal market, In the most advantageous market for the asset or liability

The Company must be able to access the principal or the most advantageous market at the measurement date. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Notes

Note 4. Rental and related income	2014 EUR	2013 EUR
Rental income	53,000	120,000
Service charge income	856	1,238
	53,856	121,238

Rental and related income fully relates to rent attributable to the year ended 31 December 2014. Spaces are leased out under lease agreements of various expiry terms. Lease agreements specify the rent, the rights and obligations of the lessor and the lessee, including notice and renewal options, as well as service and operating cost charges.

The Company leases out its investment property under operating leases which are non-cancellable and have average lease terms of nil year (2013: 1 year). The Company's leases typically include a clause either to enable upward revision of the rental charge on an annual basis based on a fixed annual uplift, inflation or local equivalent.

Future minimum rental receivables under non-cancellable operating leases as at 31 December 2014, analysed by the period in which they fall due are as follows:

	2014 EUR	2013 EUR
First year	0	120,000
Second up to and including fourth year	0	0
Fifth and subsequent years	0	0
	0	120,000

Note 5. Value adjustment	2014 EUR	2013 EUR
Value adjustment of property	0	-80,000

Notes

Note 6. Other financial income	2014 EUR	2013 EUR
Other interest receivable, exchange gains, and similar income	10	105
	10	105

Note 7. Other financial expenses	2014 EUR	2013 EUR
Interest payable, group enterprises	56,237	52,650
Interest payable, exchange losses, and similar expenses	52,299	66,977
	108,536	119,627

Note 8. Income taxes	2014 EUR	2013 EUR
Tax for the year		
Current income tax charge	143	6
Deferred income tax	0	0
Total tax for the year	143	6

Reconciliation of tax rate applicable to pre-tax profit:	2014 %	2013 %
Danish tax rate	24.5	25.0
Difference between German and Danish tax rates	-8.7	-9.2
Write-down of tax asset	-15.8	-15.8
Adjustments in respect of prior years	0.1	0.0
Effective tax rate	0.1	0.0

Note 8. Income taxes - continued	2014 EUR	2013 EUR
Breakdown of deferred tax liability:		
Financial expenses	0	0
Deferred tax liability netted with deferred tax assets	0	0
Total deferred tax liability	0	0

There are no deferred tax liabilities calculated for the company this year.

The Company has not recognised the deferred tax asset of EUR nil (2013: EUR 214,484) as the Directors do not consider there is sufficient certainty of the future taxable profits in Germany that would allow the reversal of the asset.

	2014 EUR	2013 EUR
Breakdown of deferred tax asset:		
Investment property	0	150,513
Tax loss carry-forwards	0	63,971
Write-down of tax asset	0	-214,484
Total deferred tax asset	0	0

The income tax receivable of EUR nil (2013: EUR 505) as at 31 December 2014 consists of German and Danish tax paid to be recovered.

Notes

Note 9. Investment property

	Investment property EUR
Balance at 1/1 2014	2,065,692
Disposals in the year	-2,065,692
Balance at 31/12 2014	0
Value adjustments	
Balance at 1/1 2014	-1,165,692
Disposals in the year	1,165,692
Write-downs at 31/12 2014	0
Carrying amount at 31/12 2014	0
Balance at 1/1 2013	2,065,692
Balance at 31/12 2013	2,065,692
Value adjustments	
Balance at 1/1 2013	-1,085,692
Value adjustments in the year	-80,000
Write-downs at 31/12 2013	-1,165,692
Carrying amount at 31/12 2013	900,000

Notes

Note 9. Investment property - continued

Fair value hierarchy

The following table shows an analysis of the fair value of investment property recognised in the Statement of Financial Position by level of the fair value hierachy*:

As at 31 December 2014	Level 1 EUR	Level 2 EUR	Level 3 EUR	Total fair value EUR
Investment property	0	0	0	0

As at 31 December 2013	Level 1 EUR	Level 2 EUR	Level 3 EUR	Total fair value EUR
Investment property	0	0	900,000	900,000

* See note 3 for the explanation of the fair value hierarchy

Notes

Note 10. Payables to bank and credit institutions	2014 EUR	2013 EUR
Breakdown of payables to bank and credit institutions in the statement of financial position:		
Non-current liabilities	0	0
Current liabilities	0	1,140,923
Carrying amount at 31 December	0	1,140,923
Payables to bank and credit institutions fall due for payment as follows:		
Within 1 year	0	1,140,923
Between 1 and 5 years	0	0
Over 5 years	0	0
Carrying amount at 31 December	0	1,140,923

In July 2014, the Company repaid its bank loan of €1,135,800 to Deutsche Bank plus early repayment costs of €13,000.

Note 11. 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 Company is exposed to interest rate risks relating to fluctuations in interest levels in Euroland and Denmark due to balances held at the bank. The primary exposure is related to Euribor and Cibor.

The Company limits interest rate risk by taking out only fixed rate loans.

Note 11. Financial risks and financial instruments - continued

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 arising from operating activities relate mainly to the non-payment of rentals by tenants of the properties held by the Company. This risk is managed by obtaining deposits from tenants as security for rental payments. 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 primary objective of the Company's capital management is to ensure it remains within its quantitative banking covenants and maintains a strong credit rating.

The Company monitors capital primarily using a loan to value ratio, which is calculated as the amount of outstanding bank debt divided by the valuation of the investment property. The Company's policy is to keep the average loan to value ratio of the Company lower than 80%.

During the period the Company did not breach any of its loan covenants, nor did it default on any other of its obligations under its loan agreements.

	2014 EUR	2014 EUR
Carrying amount of bank loans	0	1,129,335
Unamortised borrowing costs	0	6,465
Principal amount of bank loans	0	1,135,800
Valuation of investment property	0	900,000
Loan to value ratio	-	126%

Notes

Note 11. Financial risks and financial instruments - continued

Liquidity risks

It is the Company's strategy to reduce the liquidity risk by taking out long-term interest-only loans.

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 Group's financial liabilities as at 31 December based on contractual undiscounted payments.

At 31 December 2014

	On demand EUR	Less than 1 year EUR	1 to 5 years EUR	> 5 years EUR	Total EUR
Payables to group enterprises	269,111	0	1,160,632	0	1,429,743
Trade and other payables	0	29,347	0	0	29,347
	269,111	29,347	1,160,632	0	1,459,090

At 31 December 2013

	On demand EUR	Less than 1 year EUR	1 to 5 years EUR	> 5 years EUR	Total EUR
Borrowings	0	1,135,800	0	0	1,135,800
Interest payable on borrowings	0	58,581	0	0	58,581
Payables to group enterprises	0	0	1,193,827	0	1,193,827
Trade and other payables	0	20,102	0	0	20,102
	0	1,214,483	1,193,827	0	2,408,310

Note 11. Financial risks and financial instruments - continued

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 value 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 mortgage debt is estimated by discounting future cash flows using rates currently available for debt on similar terms and remaining maturities.The fair value approximates their carrying amounts gross of unamortised transaction costs (level 2 fair value hierarchy).

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.

	2014	
	Carrying amount EUR	Fair value EUR
Financial assets		
Trade and other receivables	861	861
Receivables from group enterprises	367	367
Cash	9,765	9,765
Loans and receivables	10,993	10,993
Financial liabilities		
Payables to group enterprises	1,364,544	32,328
Trade and other payables	29,347	29,347
Financial liabilities held at amortised cost	1,393,891	61,675

Notes

Note 12.	Security for loans	2014 EUR	2013 EUR

The following assets have been put up as security for the Company's debt:

Mortgage debt, EUR nil (2013: EUR 1,135,800)

Investment property, carrying amount	0	900,000

Some of the Company's bank accounts are pledged with Deutsche Bank, the amount held in these bank accounts as at 31 December 2014 amounted to EUR nil (2013: EUR 41,544). Money held in these bank accounts can only spent in accordance with budgets agreed with Deutsche Bank or for the repayment of bank loans outstanding.

Note 13. Related parties

Tommas Jakobsen and Per Gunnar Isaksson are members of the Supervisory Board of GRP 1K ApS. Tomas Mikael Lulla was a board member until his resignation on 1 April 2014.

None of the directors were paid by GRP 1K ApS in the year. The Directors are employed by Hestia Danmark ApS, which renders management services to GRP 1K ApS. The amount charged by Hestia Danmark ApS in the year to 31 December 2014 for services rendered was EUR 3,172 (2013: EUR 4,208). At the year-end EUR 1,907 (2013: EUR 3,322) remains outstanding.

The Company does not have any employees.

The parent company, Melf 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 it has provided to the Company. Melf Investment Holding S.à r.l. has also issued a letter of support confirming it will provide financial support to the Company if it has insufficient cash to pay its operating expenses for a 12-month period from the signing date of the financial statements.

Balances with group enterprises in EUR:

	Amount	Balance outstanding 31 December 2014	Rate of interest	Maturity date
Receivables:				
GRP 1A ApS	367	367	0%	On demand
Payables falling due to payment less than 1 year:				
GRP 1C ApS	264,804	269,112	3.486%	On demand
Payables falling due to payment over 1 year:				
Melf S.á.r.l.	957,265	1,095,432	5.50%	28/03/2016

Note 14. Post balance sheet events

No events have occurred after the financial year-end which could significantly affect the Company's financial position.