

## **GRP 1E ApS**

c/o Nectar Asset Management ApS  
Ewaldsgade 7.  
2200 Copenhagen N, Denmark  
CVR-No. 30 58 53 72

## **Financial Statements**

For the period 1 January – 31 December 2018  
(12 months)  
12th financial year

Adopted at the Annual General Meeting of shareholders  
on 29/5 2019



Chairman  
**Helene Egede Scotwin**  
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Please note that for computational reasons, rounding differences to the exact mathematical figures (monetary units, percentages, etc.) may occur.



# 1 Company details

GRP 1E ApS  
c/o Nectar Asset Management ApS  
Ewaldsgade 7.  
2200 Copenhagen N, Denmark

## **Company registration number**

CVR-No. 30 58 53 72

## **Supervisory Board**

- Tommas Jakobsen, Chairman
- Charles Sherratt-Davies, Vice chairman

## **Executive Board**

- Tommas Jakobsen
- Charles Sherratt-Davies

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

German Retail Luxco S.à r.l., Helios Building, Office no.0.19, 12 rue Guillaume Kroll, 12 , 1882 Luxembourg

## **Ultimate parent company**

MELF S.à r.l., Helios Building, Office no.0.19, 12 rue Guillaume Kroll, 12 , 1882 Luxembourg

## 2 Statement by the Supervisory and Executive Boards on the Financial Statements

The Supervisory and Executive Boards have presented the Financial Statements of GRP 1E ApS (in the following "the company") for the year ended 31 December 2018. 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 2018.

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, \_\_\_\_\_ 2019

Executive Board

\_\_\_\_\_  
Tommas Jakobsen

\_\_\_\_\_  
Charles Sherratt-Davies

Supervisory Board

\_\_\_\_\_  
Tommas Jakobsen, Chairman

\_\_\_\_\_  
Charles Sherratt-Davies, Vice chairman

# 3 Financial highlights

## 5-year summary

	2018	2017	2016	2015	2014
	EUR	EUR	EUR	EUR	EUR
<b>Key figures (in EUR, except per share data)</b>					
<b>Statement of comprehensive income</b>					
Revenue	555,717	528,442	701,062	609,246	603,947
Gross profit	393,280	238,640	479,415	416,345	430,301
Profit before net financials (EBIT)	636,288	276,647	672,613	1,412,941	-101,699
Net financials	-285,223	-289,137	-281,588	-423,804	-551,476
Total comprehensive (expense)/income for the year	477,880	-139,303	391,024	989,137	-654,115
<b>Statement of financial position</b>					
Total assets	6,764,225	6,549,174	6,535,185	6,557,692	5,316,530
Shareholders' equity	-3,168,135	-3,646,015	-3,506,712	-3,897,736	-4,886,873
<b>Other</b>					
Number of employees	0	0	0	0	0
<b>Ratio in %</b>					
Rate of return (Profit/loss before net financials x 100/total assets)	9.41%	4.22%	10.29%	21.55%	-1.91%
Equity ratio (Shareholders' equity x 100/total assets)	-46.84%	-55.67%	-53.66%	-59.44%	-91.92%

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

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

# 4 Management's Review

## **Business activities and mission**

The Company's main objective is property investment.

## **Business review**

The Company recorded rental income of EUR 516,729 for the year ended 31 December 2018 (2017: EUR 504,820).

The Company's investment properties are recorded at fair value and has been valued at EUR 6,256,888 (2017: EUR 5,996,526).

## **Recognition and measurement uncertainties**

The Company's investment properties are recognised in the financial statements at market value based on an internal return based assessment model. This model contains an estimate of the property's future return and the expected return requirement. The property's future returns are estimated based on existing leases and experience.

## **Going concern**

The Company has lost its share capital but expects to be able to restore it through future earnings. The parent companies, MELF S.à r.l. and MELF Investment Holding S.à r.l., have 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. 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 -42,730 and cash at bank at the balance sheet date of EUR 37,162.



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 expects a result for next year, before adjustment on property valuations, on par with that reported in 2018.

## **Subsequent events**

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

## 5 Statement of profit or loss and other comprehensive income

	Notes	1.1.2018– 31.12.2018	1.1.2017– 31.12.2017
		EUR	EUR
Revenue	4	555,717	528,442
Expenses related to rental activity		-162,437	-289,802
<b>Gross profit/(loss)</b>		<b>393,280</b>	<b>238,640</b>
Fair value adjustment	5	282,160	85,522
Profit/(Loss) on disposal of investment property		0	24,385
Other external expenses		-39,152	-71,900
<b>Profit/(loss) before net financial result</b>		<b>636,288</b>	<b>276,647</b>
Other financial expenses	6	-285,223	-289,137
<b>Profit/(loss) before tax</b>		<b>351,066</b>	<b>-12,490</b>
Tax for the year	7	0	0
Deferred tax	7	126,813	-126,813
<b>Net profit/(loss) for the year</b>		<b>477,880</b>	<b>-139,303</b>
<b>Total comprehensive income/expense for the year</b>		<b>477,880</b>	<b>-139,303</b>
<b>Total comprehensive income/expense for the year attributable to: Equity holders of the company</b>		<b>477,880</b>	<b>-139,303</b>

## 6 Statement of financial position

Assets	Notes	31.12.2018	31.12.2017
		<b>EUR</b>	<b>EUR</b>
<b>A. Non-current assets</b>			
I. Investment property	8	6,256,888	5,996,526
<b>Total non-current assets</b>		<b>6,256,888</b>	<b>5,996,526</b>
<b>B. Current assets</b>			
I. Receivables			
1. Trade receivables		7,831	9,675
2. Receivables from group enterprises	12	462,337	462,337
3. Financial Assets		5	743
<b>Total receivables</b>		<b>470,174</b>	<b>472,755</b>
II. Cash		37,162	79,892
<b>Total current assets</b>		<b>507,336</b>	<b>552,647</b>
<b>Total assets</b>		<b>6,764,224</b>	<b>6,549,173</b>

Equity and liabilities	Notes	31.12.2018	31.12.2017
		EUR	EUR
<b>A. Shareholders' equity</b>			
I. Share capital		261,788	261,788
II. Retained earnings/accumulated loss		-3,429,923	-3,907,803
<b>Total shareholders' equity</b>		<b>-3,168,135</b>	<b>-3,646,015</b>
<b>B. Non-current liabilities</b>			
I. Loans and borrowings	9	2,542,493	2,616,956
II. Payables to group enterprises	12	2,911,461	2,911,461
III. Deposits from tenants		2,100	2,100
<b>Total non-current liabilities</b>		<b>5,456,054</b>	<b>5,530,517</b>
<b>C. -Current liabilities</b>			
I. Current portion of non-current liabilities	9	95,036	95,036
II. Trade payables		19,878	35,613
III. Payables to group enterprises	12	4,279,997	4,356,866
IV. Deposits from tenants		0	0
V. Other payables		12,605	12,817
VI. Accruals	10	55,788	34,101
VII. Deferred Income		13,000	3,423
VIII. Deferred tax liability		0	126,814
<b>Total current liabilities</b>		<b>4,476,305</b>	<b>4,664,670</b>
<b>Total liabilities</b>		<b>9,932,359</b>	<b>10,195,187</b>
<b>Total equity and liabilities</b>		<b>6,764,224</b>	<b>6,549,173</b>

## 7 Statement of cash flows

	1.1.2018– 31.12.2018	1.1.2017– 31.12.2017
	EUR	EUR
<b>Profit before net financial result</b>	<b>636,288</b>	<b>276,647</b>
Fair value adjustments, non-current assets	-282,160	-85,521
Profit/Loss on disposal of investment property	0	-24,385
Taxes refunded/(paid)	126,813	0
Lease incentives and capital expenditures	21,798	-39,174
Financial expenses	-285,223	-289,136
Amortisation of loan costs	27,914	27,837
<b>Changes in:</b>		
investments	0	325,614
Trade and other receivables	2,581	12,398
Current liabilities	-111,495	-332,250
<b>Cash flows from operating activities</b>	<b>136,517</b>	<b>-127,970</b>
Disposals of investment property	0	24,385
<b>Cash flows from investing activities</b>	<b>0</b>	<b>24,385</b>
Repayment to bank	-102,378	155,450
Repayment to group enterprises	-76,869	-71,538
<b>Cash flows from financing activities</b>	<b>-179,247</b>	<b>83,912</b>
<b>Net cash flow for the year</b>	<b>-42,730</b>	<b>-19,673</b>
<b>Cash and cash equivalents</b>		
Cash and cash equivalents at 1 January	79,892	99,565
Net cash flow for the year	-42,730	-19,673
<b>Cash and cash equivalents at 31 December</b>	<b>37,162</b>	<b>79,892</b>

## 8 Statement of changes in equity

	Share capital	Retained earnings/ Accumulated loss	Total
	EUR	EUR	EUR
<b>Shareholders' equity at 1 January 2017</b>	<b>261,788</b>	<b>-3,768,500</b>	<b>-3,506,712</b>
Profit and loss	0	-139,303	-139,303
<b>Total equity at 31 December 2017</b>	<b>261,788</b>	<b>-3,907,803</b>	<b>-3,646,015</b>
<b>Shareholders' equity at 1 January 2018</b>	<b>261,788</b>	<b>-3,907,803</b>	<b>-3,646,015</b>
Profit and loss	0	477,880	477,880
<b>Total equity at 31 December 2018</b>	<b>261,788</b>	<b>-3,429,923</b>	<b>-3,168,135</b>

# 9 Notes

## **Note 1 Accounting policies**

The financial statements of GRP 1E ApS have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU 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 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.

## 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 15: Revenue from Contracts with Customers	1 January 2018
IFRS 9: Financial Instruments	1 January 2018
Classification and Measurement of Share-based Payment Transactions	1 January 2018
Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts	1 January 2018
Transfers of Investment Property (Amendments to IAS 40)	1 January 2018
Annual Improvements to IFRSs 2014-2016 Cycle – various standards	1 January 2018
IFRIC 22: Foreign Currency Transactions and Advance Consideration	1 January 2018

  

Forthcoming requirements	Effective date
IFRS 16: Leases	1 January 2019
IFRIC 23: Uncertainty over Income Tax Treatments	1 January 2019
Prepayment Features with Negative Compensation (Amendments to IFRS 9)	1 January 2019
Long-term interests in Associates and Joint Ventures (Amendments to IAS 28)	1 January 2019
Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)	1 January 2019
Improvements to IFRS 2015-2017 (IFRS 3, IFRS 11, IAS 12, IAS 23)	1 January 2019
Amendments References to the Conceptual Framework in IFRS	1 January 2020
IFRS 17: Insurance Contracts	1 January 2021

The directors do not expect that the adoption of these Standards and Interpretations will have any material impact on the financial statements of the Company in future periods.

## Statement of profit and loss and other 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 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.

### **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.

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).

## **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 based on an internal return based assessment model. The model used is a discounted cash flow model with a five year forecast.

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 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 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.

### **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**

These financial statements have been prepared on going concern basis.

The Company has lost its share capital but expects to be able to restore it through future earnings. The parent companies, MELF S.à r.l. and MELF Investment Holding S.à r.l., have 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. 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.

## **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 Company's investment properties are recognised in the financial statements at market value based on an internal return based assessment model. This model contains an estimate of the property's future return and the expected return requirement. The property's future returns are estimated based on existing leases and experience.

The other significant assumptions utilised in calculating the market value of investment properties are:

- Inflation of 1.5 % per annum;
- Rental income linked to CPI (adjustment on movement of 10 % in the index)

### **Sensitivity analysis – Discount rate**

As a result of the valuation methodology adopted, the value of the real estate assets is sensitive to movements in the market derived capitalisation rate, contracted rental income and discount rate. An increase or decrease in the capitalisation rate will decrease or increase the fair value of the company's real estate assets. An increase or decrease in rental income will increase or decrease the fair value of the company's real estate assets. An increase or decrease to the discount rate will decrease or increase the fair value of the company's real estate assets. There are interrelationships between the unobservable inputs as they are determined by market conditions; an increase in more than one input could magnify or mitigate the impact on the valuation.

### **Fair value**

The Company measures certain financial instruments such as derivatives, and non-financial assets such as investment property, at fair value at the end of each reporting period. Also, fair values of financial instruments measured at amortised costs 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.

## Note 4 Rental and related income

	2018	2017
	EUR	EUR
Rental income	516,729	504,820
Service charge income	36,985	23,584
Other property income	2,003	37
<b>Revenue</b>	<b>555,717</b>	<b>528,442</b>

Rental and related income fully relates to rent attributable to the year ended 31 December 2018. 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 all of its investment properties under operating leases which are non-cancellable and have average lease terms of 3.45 years (2017: 3.23 years). 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 2018, analysed by the period in which they fall due are as follows:

	2018	2017
	EUR	EUR
First year	559,366	544,339
Second up to and including fifth year	1,191,338	1,584,391
Sixth and subsequent years	621,747	723,993
	<b>2,372,451</b>	<b>2,852,724</b>

## Note 5 Fair value adjustment

	2018	2017
	EUR	EUR
<b>Fair value adjustment of property</b>	<b>282,160</b>	<b>85,522</b>

## Note 6 Other financial expenses

	2018	2017
	EUR	EUR
Interest payable, group enterprises	193,131	193,132
Interest payable, exchange losses and similar expenses	92,091	96,005
	<b>285,223</b>	<b>289,137</b>

## Note 7 Income taxes

Tax for the year	2018	2017
	EUR	EUR
Deferred income tax	126,813	-126,813
<b>Total tax for the year</b>	<b>126,813</b>	<b>-126,813</b>

Reconciliation of effective tax rate	2018	2017
	EUR	EUR
Profit before tax	351,066	-12,490
Expected tax rate	22%	22%
Expected effort for income tax	-77,235	2,748
Deviation of foreign tax rates from expected tax rate	21,678	-771
Tax effect on deferred tax assets and tax losses for which no deferred tax asset is recognised	39,857	-100,933
Tax effect on utilization of deferred tax assets and tax losses for which no deferred tax asset is recognised	-4,417	-27,837
Other effects	20,116	-19
Tax effects prior year	126,813	0
<b>Effective income tax</b>	<b>126,813</b>	<b>-126,813</b>

Breakdown of deferred tax liabilities	2018	2017
	EUR	EUR
Investment property	186,989	120,223
Financial instruments	2,267	6,590
Set-off	-189,256	0
<b>Total deferred tax liabilities</b>	<b>0</b>	<b>126,813</b>

Breakdown of deferred tax assets	2018	2017
	EUR	EUR
Tax losses carried forward	463,603	556,935
Financial instruments	70	0
Set-off	-189,256	0
thereof unrecognised	-274,416	-556,935
<b>Total deferred tax assets</b>	<b>0</b>	<b>0</b>

## Note 8 Investment property

Cost at 31.12.2018	Investment property
	EUR
Balance at 1.1.2018	9,802,733
Disposals in the period	0
Capital expenditures	8,748
Lease incentives and leasing costs	-30,546
<b>Balance at 31.12.2018</b>	<b>9,780,935</b>

Value adjustments	Investment property
	EUR
Balance at 1.1.2018	-3,806,207
Value adjustments in the year	282,160
Write-downs at 31.12.2018	-3,524,047
<b>Carrying amount at 31.12.2018</b>	<b>6,256,888</b>

Cost at 31.12.2017	Investment property
	EUR
Balance at 1.1.2017	10,089,173
Disposals in the period	-325,614
Capital expenditures	28,101
Lease incentives and leasing costs	11,073
<b>Balance at 31.12.2017</b>	<b>9,802,733</b>

Value adjustments	Investment property
	EUR
Balance at 1.1.2017	-3,892,678
Value adjustments in the year	86,471
Write-downs at 31.12.2017	-3,806,207
<b>Carrying amount at 31.12.2017</b>	<b>5,996,526</b>



## 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 hierarchy<sup>1</sup>.

As at 31 December 2018	Level 1	Level 2	Level 3	Total fair value
	EUR	EUR	EUR	EUR
<b>Investment property</b>	<b>0</b>	<b>0</b>	<b>6,256,888</b>	<b>6,256,888</b>

As at 31 December 2017	Level 1	Level 2	Level 3	Total fair value
	EUR	EUR	EUR	EUR
<b>Investment property</b>	<b>0</b>	<b>0</b>	<b>5,996,526</b>	<b>5,996,526</b>

## Note 9 Payables to bank and credit institutions

Breakdown of payables to bank and credit institutions in the financial position	2018	2017
	EUR	EUR
Non-current liabilities	2,542,493	2,616,956
Current liabilities	95,036	95,036
<b>Carrying amount at 31 December</b>	<b>2,637,529</b>	<b>2,711,992</b>

Payables to bank and credit institutions fall due for payments as follows	2018	2017
	EUR	EUR
Within 1 year	95,036	95,036
Between 1 to 5 years	2,542,493	2,616,956
Over 5 years	0	0
<b>Carrying amount at 31 December</b>	<b>2,637,529</b>	<b>2,711,992</b>

<sup>1</sup> See note 3 for the explanation of the fair value hierarchy.

## **Note 10 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 und Cibor.

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

### **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 50 %.

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.

The loans are also covered by the letter of support provided by the parent company<sup>2</sup>.

	2018	2017
	EUR	EUR
Carrying amount of bank loans	2,637,529	2,711,992
Unamortised borrowing costs	14,326	42,240
<b>Principal amount of bank loans</b>	<b>2,651,855</b>	<b>2,754,232</b>
Valuation of investment property	6,256,888	5,996,526
Loan to value ratio	42%	45%

### 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 2018	On demand	less than 1 year	1 to 5 years	> 5 years	Total
	EUR	EUR	EUR	EUR	EUR
Loans and borrowings	0	95,036	2,542,493	0	2,637,529
Payables to group enterprises	0	4,279,997	2,911,461	0	7,191,458
Trade and other payables	0	32,483	0	0	32,483
Accruals	0	55,788	0	0	55,788
	<b>0</b>	<b>4,463,304</b>	<b>5,453,954</b>	<b>0</b>	<b>9,917,258</b>

At 31 December 2017	On demand	less than 1 year	1 to 5 years	> 5 years	Total
	EUR	EUR	EUR	EUR	EUR
Loans and borrowings	0	95,036	2,616,956	0	2,711,992
Payables to group enterprises	0	4,356,866	2,911,461	0	7,268,327
Trade and other payables	0	48,430	0	0	48,430
Accruals	0	34,101	0	0	34,101
	<b>0</b>	<b>4,534,433</b>	<b>5,528,417</b>	<b>0</b>	<b>10,062,850</b>

<sup>2</sup> See note 2.

## 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.

Financial assets	2018	
	Carrying amount	Fair value
	EUR	EUR
Trade and other receivables	7,831	7,831
Receivables from group enterprises	462,336	462,336
Prepayments	5	5
Cash	37,162	37,162
<b>Loans and receivables</b>	<b>507,335</b>	<b>507,335</b>

  

Financial liabilities	2018	
	Carrying amount	Fair value
	EUR	EUR
Secured bank loans	2,637,529	2,651,855
Payables to group enterprises	7,191,458	7,191,458
Trade and other payables	32,483	32,483
Accruals	55,788	55,788
<b>Financial liabilities held</b>	<b>9,917,258</b>	<b>9,931,584</b>

## Note 11 Security for loans

	2018	2017
	EUR	EUR
<b>Investment property carrying amount</b>	<b>6,256,888</b>	<b>5,996,526</b>

The Company guarantees the obligations under the Postbank AG credit agreement with the subsidiaries of this parent company, MGM 1 S.à r.l..

Some of the Company's bank accounts are pledged with Hypo Noe Gruppe Bank AG, the amount held in these bank accounts as of 31 December 2018 amounted to EUR 4,632 (2017: EUR 34,663).

## Note 12 Related parties

Tommas Jakobsen and Charles Sherratt-Davies are members of the Supervisory Board of GRP 1E ApS.

None of the directors were paid by GRP 1E ApS in the year. The Directors are employed by Nectar Asset Management ApS, which renders management services to GRP 1E ApS. The amount charged by Nectar Asset Management ApS in the year ending on 31 December 2018 for services rendered was EUR 3,352 (2017: EUR 3,380).

The Company does not have any employees.

The ultimate parent companies, MELF S.à r.l. (Luxembourg) and MELF Investment Holding S.à r.l., have 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.

All related party transactions were made on terms equivalent to those that prevail in arm's length transactions.

Balances with group enterprises in EUR:

	Principal Amount	Balance outstanding 31 Dec 2018	Rate of interest	Maturity
	EUR	EUR	%	EUR
<b>Payable fall due for payment within 5 years:</b>				
MELF Investment Holding S.à r.l.	1,412,970	1,412,970	8.50%	31 Dec 2021
MELF Investment Holding S.à r.l.	949,801	949,801	2.50%	31 Dec 2021
MELF S.à r.l.	548,690	548,690	8.50%	31 Dec. 2021
<b>Payable fall due for payment within 1 year:</b>				
MELF S.à r.l.	3,935,443	3,935,443	0%	21 Jul 2019
MELF S.à r.l.	54,439	54,439	0%	On demand
MGM 1E ApS	9,381	9,381	0%	On demand
GRP 1A ApS	12,699	12,699	0%	On demand
GRP 1B ApS	189,422	189,422	0%	On demand
GRP 1C ApS	108	108	0%	On demand
GRP 1D ApS	77,848	77,848	0%	On demand
GRP 1F ApS	658	658	0%	On demand
<b>Receivables:</b>				
GRP 1E ApS	359	359	0%	On demand
GRP 1B ApS	461,977	461,977	0%	On demand

## Note 13 Subsequent events

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

## Note 14 Comparative figures

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