

Kalvebod PLC

**Management Report and Condensed Unaudited Interim Financial
Statements**

For the half year ended 31 January 2014

Registered number 409286

Kalvebod PLC

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Directors and other information

Directors

Brian Brady (Irish)
Paul McNaughton (Irish)
Michael Whelan (Irish)

Registered Office

5 Harbourmaster Place
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**Administrator &
Company Secretary**

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International Financial Services Centre
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Trustee

Deutsche Trustee Company Limited
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**Paying Agent, Agent Bank,
Swap Counterparty and
Custodian**

Deutsche Bank AG London
Winchester House
1 Great Winchester Street
London EC2N 2DB
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Solicitors

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70 Sir John Rogerson's Quay
Dublin 2
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One Ropemaker Street
London EC2Y 9HT
United Kingdom

Interim management report

The Directors present their interim report and unaudited financial statements of Kalvebod Plc (the "Company") for the half year ended 31 January 2014.

Principal activities and key events for the first six months

The Company has established a EUR 10,000,000,000 Secured Notes Programme (the "Programme") to issue secured notes (the "Notes") and/or other secured limited recourse indebtedness (the "Alternative Investments"). The net proceeds from each issue of Notes or Alternative Investments are used to purchase the Collateral comprised in the Mortgaged Property in respect of the relevant Notes or Alternative Investments, to pay for or enter into any Credit Support Document or Swap Agreement in connection with such Notes or Alternative Investments and to pay expenses in connection with the administration of the Issuer or the issue of the Notes or Alternative Investments.

Notes earn interest at a fixed or floating percentage rate. The length of the interest periods for the Notes and the applicable interest rate or its method of calculation may differ from time to time or be constant for any Series. Notes may have a maximum interest rate, a minimum interest rate, or both. All such information was set out in the relevant Prospectus.

The Company entered into Swap Agreements with Swap counterparties and any swap or repurchase entered into in connection with Notes of any Series by the Company are limited recourse obligations of the Issuer and the terms are set out in the relevant Prospectus.

Business review

During the half year,

- the Company's profit was Nil (2013: Nil);
- the Company did not issue any new series;
- the Company disposed DKK 70,000,000 nominal amount of Series 1 collaterals and its related Notes DKK 70,000,000 Fixed/Floating Rate Secured Notes due 2013;
- the Company also disposed DKK 25,000,000 nominal amount of Series 3 collaterals and its related Notes DKK 25,000,000 Fixed/Floating Rate Secured Notes due 2014;
- net gain from derivative financial instruments amounted to DKK 1,975,016 (2013: loss of DKK 2,779,895);
- total nominal value of the investment securities was DKK 545,000,000 (2013: DKK 640,000,000)

As at 31 January 2014:

- the Company's total indebtedness was DKK 434,258,757 (2013: DKK 508,667,091)
- the Company had the following Notes in issue:

Series 2	DKK 382,302,941 Fixed/Floating Rate Secured Notes due 2016
Series 3	DKK 265,000,000 Fixed/Floating Rate Secured Notes due 2014

The Company's net assets were DKK 315,750 (31 July 2013: DKK 315,750)

The Company incurred DKK 10,407,475 (2013: DKK 11,678,696) as coupon on the Notes issued and earned DKK 11,072,461 (2013: DKK 13,190,080) as coupon on the investment securities.

Credit events

There was no credit event during the period.

Future developments

The Directors expect the current level of activity to continue in the foreseeable future. The Directors will continue to seek new opportunities for the Company and will continue to ensure proper management of the current portfolio of notes of the Company.

Going concern

The Company's financial statements for the half year ended 31 January 2014 have been prepared on a going concern basis. Each asset and derivative transaction are referenced with a specific Note, and any loss derived from the asset or derivative will be ultimately borne by the Noteholders. The directors anticipate that the investment securities will continue to generate enough cash flow on an ongoing basis to meet the Company liabilities as they fall due. The Notes in issue as at 31 January 2014 have maturities ranging between the years 2014 to 2016. For these reasons, the directors believe that the going concern basis is appropriate.

Results and dividends for the period

The results for the half year are set out on page 5. No dividends are recommended by the directors for the period under review (2013: Nil).

Changes in directors, secretary and registered office

There were no changes in directors, secretary or registered office during the period and since the period end.

Directors, secretary and their interests

The directors who held office on 31 January 2014 did not hold any share in the Company at that date, or during the half year. There were no contracts of any significance in relation to the business of the company in which the directors had any interest, as defined in the Companies Act 1990, at any time during the half year.

Risk management objectives and policies

The Company is subject to various risks. The key risks facing the Company are outlined in Note 21 to the financial statements.

Principal risks and uncertainties for the remaining six months of the year

The underlying business of the Company is expected to continue in an orderly, consistent manner over the remaining six months of the year.

Interim management report (continued)

Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel and infrastructure, and from external factors other than credit, markets and liquidity issues such as those arising from legal and regulatory requirements and generally accepted standards to corporate behaviour.

Operational risks arise from all of the Company's operations. All management and administration functions are outsourced to Deutsche International Corporate Services (Ireland) Limited.

Subsequent events

There has been no significant subsequent event after the period end till the date of signing of this report.

Accounting records

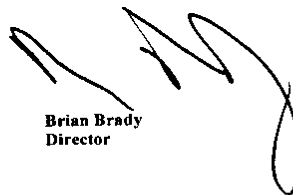
The directors believe that they have complied with the requirements of Section 202 of the Companies Act, 1990 with regard to the keeping of books of account by employing accounting personnel with the appropriate expertise and by providing adequate resources to the financial function. The books of account of the Company are maintained at 5 Harbourmaster Place, IFSC, Dublin 1, Ireland.

On behalf of the board



Michael Whelan
Director

Date: 24/08/14



Brian Brady
Director

Responsibility statement

The Directors are responsible for preparing the management report and the interim financial statements, in accordance with applicable law and regulations. The Directors confirm that, to the best of their knowledge:

- the condensed financial statements, which have been prepared in accordance with applicable accounting standards, give a true and fair view of the assets, liabilities, financial position and results of the issuer; and
- the Interim Management Report includes a fair review of:
 - Important events that have occurred during the first six months of the year;
 - The impact of those events on the condensed financial statements; and
 - A description of the principal risks and uncertainties for the remaining six months of the financial year.

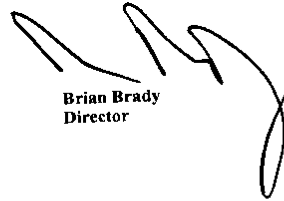
The directors further indicate that such interim financial statements for the half year ended 31 January 2014 have not been audited.

On behalf of the board



Michael Whelan
Director

Date: 27/03/14



Brian Brady
Director


Statement of comprehensive income
For the period 1 August 2013 to 31 January 2014

		Period ended 31-Jan-14 DKK	Period ended 31-Jan-13 DKK
	Notes		
Net gain on investment securities	4	29,024,430	95,246,770
Net loss on debt securities issued	5	(30,999,446)	(92,466,875)
Net gain/(loss) from derivative financial instruments	6	1,975,016	(2,779,895)
		-	-
Operating results			
	7	305	880
Gain on foreign exchange movements	8	229,211	207,246
Other income	9	(229,516)	(208,126)
Other expenses		-	-
		-	-
Operating results before income tax			
	10	-	-
Income tax expense		-	-
		-	-
Profit for the period			
		-	-
Other comprehensive income		-	-
		-	-
Total comprehensive income for the half year			

All items dealt with in arriving at the result for the half year ended 31 January 2014 related to continuing operations.

The notes on pages 9 to 14 form an integral part of these interim financial statements.

On behalf of the board



Michael Whelan
Director



Brian Brady
Director

Date: 27/03/14


Statement of financial position
As at 31 January 2014

		31-Jan-14 DKK	31-Jul-13 DKK
Assets	Notes		
Cash and cash equivalents	11	307,094	306,789
Derivative financial assets	14	87,088,899	84,448,897
Investment securities at fair value through profit or loss	12	347,476,952	424,524,983
Other receivables	13	10,703,600	5,456,220
Total assets		<u>445,576,545</u>	<u>514,736,889</u>
Liabilities			
Debt securities issued at fair value through profit or loss	15	434,565,851	508,973,880
Other payables	16	10,694,944	5,447,259
Total liabilities		<u>445,260,795</u>	<u>514,421,139</u>
Equity	17		
Share capital		298,528	298,528
Retained earnings		17,222	17,222
Shareholder's funds - equity		<u>315,750</u>	<u>315,750</u>
Total liabilities and equity		<u>445,576,545</u>	<u>514,736,889</u>

The notes on pages 9 to 14 form an integral part of these interim financial statements

On behalf of the board


Michael Whelan
Director


Brian Brady
Director

Date: 27/03/14

Statement of changes in equity
For the half year ended 31 January 2014

	Share capital DKK	Retained earnings DKK	Total equity DKK
Balance as at 1 August 2012	298,528	17,222	315,750
<i>Total comprehensive income for the period</i>	-	-	-
Profit for the period	-	-	-
Other comprehensive income	-	-	-
Total comprehensive income for the period	-	-	-
Balance as at 31 January 2013	298,528	17,222	315,750
<i>Total comprehensive income for the period</i>	-	-	-
Profit for the period	-	-	-
Other comprehensive income	-	-	-
Total comprehensive income for the period	-	-	-
Balance as at 31 July 2013	298,528	17,222	315,750
<i>Total comprehensive income for the period</i>	-	-	-
Profit for the period	-	-	-
Other comprehensive income	-	-	-
Total comprehensive income for the period	-	-	-
Balance at 31 January 2014	298,528	17,222	315,750

Statement of cash flows
For the period 1 August 2013 to 31 January 2014

	Period ended 31-Jan-14 DKK	Period ended 31-Jan-13 DKK
Net cash flows from operating activities	-	-
Profit before income tax		
Adjustments for:	(2,640,002)	1,268,511
- Net (gain)/loss from derivative financial instruments	20,591,971	80,788,179
- Net loss on debt securities issued	(17,951,969)	(82,056,690)
- Net gain on investment securities	-	-
Operating cash flow before movement in working capital	(5,247,380)	(4,881,450)
Increase in other receivables	5,247,685	4,882,780
Decrease in other payables	305	1,330
Net cash generated from operating activities		
Cash flows from investing activities	95,000,000	50,000,000
Disposal of investment securities	95,000,000	50,000,000
Net cash flows from investing activities		
Cash flows from financing activities	(95,000,000)	(50,000,000)
Redemptions of debt securities issued	(95,000,000)	(50,000,000)
Net cash used in financing activities		
	305	1,330
Net increase in cash and cash equivalents		

The notes on pages 9 to 14 form an integral part of these interim financial statements.

Notes to the financial statements
For the period 1 August 2013 to 31 January 2014

1. General Information

Kalvebod PLC is a special purpose company incorporated and registered in Ireland with limited liability on 12 October 2005 under registered number 409286. The Company has established a EUR 10,000,000,000 Secured Notes Programme (the "Programme") to issue secured notes (the "Notes") and/or other secured limited recourse indebtedness (the "Alternative Investments"). The net proceeds from each issue of Notes (or Alternative Investments) are used to purchase the Collateral comprised in the Mortgaged Property in respect of the relevant Notes or Alternative Investments, to pay for or enter into any Credit Support Document or Swap Agreement in connection with such Notes or Alternative Investments and to pay expenses in connection with the administration of the Issuer or the issue of the Notes or Alternative Investments.

Notes earn interest at a fixed or floating percentage rate. The length of the interest periods for the Notes and the applicable interest rate or its method of calculation may differ from time to time or be constant for any Series. Notes may have a maximum interest rate, a minimum interest rate, or both. All such information was set out in the relevant Prospectus.

The Company had entered into Swap Agreements with Swap counterparties and any swap or repurchase entered into in connection with Notes of any Series by the Company are limited recourse obligation of the Issuer and the terms are set out in the relevant Prospectus.

The debt securities are listed on the Copenhagen Stock Exchange.

The Company has no direct employees.

2. Basis of preparation

Statement of compliance

The condensed financial statements for the half year ended 31 January 2014 have been prepared in accordance with International Accounting Standard (IAS) 34 'Interim Financial Reporting'. The condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 July 2013.

3. Significant accounting policies

The same accounting policies, presentation and methods of computation are followed in these condensed interim financial statements as were applied in the preparation of the Company's financial statements for the year ended 31 July 2013.

4. Net gain on investment securities

Designated at fair value through profit or loss

Coupon income
Net gain on investment securities

Period ended 31-Jan-14	Period ended 31-Jan-13
DKK	DKK
11,072,461	13,190,080
17,951,969	82,056,690
<u>29,024,430</u>	<u>95,246,770</u>

5. Net loss on debt securities issued

Designated at fair value through profit or loss

Coupon expenses
Net loss on debt securities issued

Period ended 31-Jan-14	Period ended 31-Jan-13
DKK	DKK
(10,407,475)	(11,678,696)
(20,591,971)	(80,788,179)
<u>(30,999,446)</u>	<u>(92,466,875)</u>

6. Net gain/(loss) from derivative financial instruments

Net swap expense
Net gain/(loss) on derivative financial instruments

Period ended 31-Jan-14	Period ended 31-Jan-13
DKK	DKK
(664,986)	(1,511,384)
2,640,002	(1,268,511)
<u>1,975,016</u>	<u>(2,779,895)</u>

7. Gain on foreign exchange movements

Net gain on foreign exchange movements

Period ended 31-Jan-14	Period ended 31-Jan-13
DKK	DKK
305	880

8. Other income

Arranger income
Bank interest

Period ended 31-Jan-14	Period ended 31-Jan-13
DKK	DKK
229,211	206,796
-	450
<u>229,211</u>	<u>207,246</u>

Deutsche Bank, AG London, as arranger bears all the expenses of the Company. Arranger income is the total expenses incurred by the Company during the half year that need to be borne by Deutsche Bank AG London.

Notes to the financial statements (continued)
For the period 1 August 2013 to 31 January 2014

9. Other expenses

	Period ended 31-Jan-14 DKK	Period ended 31-Jan-13 DKK
Audit fees	(82,643)	(81,573)
Administration expenses	(68,521)	(52,219)
Directors fees	(52,235)	(52,219)
Tax fees	(26,117)	(22,115)
	<u>(229,516)</u>	<u>(208,126)</u>

The Company is administered by Deutsche International Corporate Services (Ireland) Limited and has no employees.
The Company is administered by Deutsche International Corporate Services (Ireland) Limited and has no employees.

Auditor's remuneration (VAT inclusive)

	Period ended 31-Jan-14 DKK	Period ended 31-Jan-13 DKK
Statutory audit	(82,643)	(81,573)
Other assurance services	-	-
Tax advisory services	(26,117)	(22,115)
Other non-audit services	-	-
	<u>(108,760)</u>	<u>(103,688)</u>

10. Income tax expense

Profit on ordinary activities before tax

Current tax at standard rate 25%

Current tax charge

	Period ended 31-Jan-14 DKK	Period ended 31-Jan-13 DKK
Profit on ordinary activities before tax	-	-
Current tax at standard rate 25%	-	-
Current tax charge	<u>-</u>	<u>-</u>

The tax assessed for the period is at standard rate of corporation tax in the Republic of Ireland at a rate of 25% (2013: 25%) in accordance with Section 110 of the Taxes Consolidation Act, 1997.

Deferred tax

Any temporary differences arising on the assets will be offset by a corresponding difference in liabilities. Therefore the Company does not have any deferred tax expense.

11. Cash and cash equivalents

Cash at bank

	31-Jan-14 DKK	31-Jul-13 DKK
Cash at bank	<u>307,094</u>	<u>306,789</u>

The cash balances are held with Deutsche Bank Amsterdam and Bank of Ireland.

12. Investment securities

Designated as at fair value through profit or loss

Maturity analysis of investment securities

Within 1 year

More than 1 year and less than 2 years

More than 2 years and less than 5 years

More than 5 years

	31-Jan-14 DKK	31-Jul-13 DKK
Designated as at fair value through profit or loss	<u>347,476,952</u>	<u>424,524,983</u>
Maturity analysis of investment securities		
Within 1 year	193,715,000	70,000,000
More than 1 year and less than 2 years	-	194,300,000
More than 2 years and less than 5 years	153,761,952	160,224,983
More than 5 years	-	-
	<u>347,476,952</u>	<u>424,524,983</u>

Movement in investment securities

At beginning of period/year

Additions during the period/year

Disposals during the period/year

Net changes in fair value during the period/year

At end of period/year

	31-Jan-14 DKK	31-Jul-13 DKK
Movement in investment securities		
At beginning of period/year	424,524,983	305,949,522
Additions during the period/year	-	-
Disposals during the period/year	(95,000,000)	(50,000,000)
Net changes in fair value during the period/year	17,951,969	168,575,461
At end of period/year	<u>347,476,952</u>	<u>424,524,983</u>

Notes to the financial statements (continued)
For the period 1 August 2013 to 31 January 2014

12. Investment securities (continued)		31-Jan-14	Currency	Fair value 31-Jan-14 DKK	Fair value 31-Jul-13 DKK
Series	Description	Nominal			
		-	DKK	-	70,000,000
Series 1	Saxo Privatbank A/S	100,000,000	DKK	54,914,983	57,223,208
Series 2	Forstædemmes Bank A/S	10,000,000	DKK	5,491,498	5,722,321
Series 2	Gjerlev-Enslev Sparekasse	50,000,000	DKK	27,457,491	28,611,604
Series 2	Vestjysk Bank A/S	70,000,000	DKK	38,440,488	40,056,246
Series 2	Skjern Bank A/S	50,000,000	DKK	27,457,492	28,611,604
Series 2	Sparekassen Farso	90,000,000	DKK	65,790,000	60,300,000
Series 3	Saxo Privatbank A/S	75,000,000	DKK	54,825,000	50,250,000
Series 3	Vestjysk Bank A/S	50,000,000	DKK	36,550,000	33,500,000
Series 3	Møns Bank A/S	-	DKK	-	16,750,000
Series 3	Skjern Bank A/S	50,000,000	DKK	36,550,000	33,500,000
Series 3	Sparekassen Bredebro	-	DKK	347,476,952	424,524,983

The carrying value of the assets of the Company represents their maximum exposure to credit risk. The credit risk is eventually transferred to the Noteholders. The investment securities are held as collateral for debt securities issued by the Company.

13. Other receivables

Coupon receivable on investment securities
Other income receivable

31-Jan-14 DKK	31-Jul-13 DKK
10,542,069	5,134,904
161,531	321,316
10,703,600	5,456,220

14. Derivative financial instruments

At beginning of the period/year
Net changes in fair value during the period/year
At end of the period/year

31-Jan-14 DKK	31-Jul-13 DKK
84,448,897	79,885,290
2,640,002	4,563,607
87,088,899	84,448,897
87,088,899	84,448,897

Derivative financial assets

Asset swap Series	Trade currency	Notional	Fair value EUR	Maturity date	Fair value 31-Jan-14 DKK
Series 2	EUR	382,302,941	11,670,830	01-May-16	87,088,899
Asset swap Series	Trade currency	Notional	Fair value EUR	Maturity date	Fair value 00-Jan-00 41486
Series 2	EUR	265,000,000	11,328,276	01-May-16	84,448,897

The fair value of the swap represents amounts receivable from the Swap Counterparty should the Series have terminated at 31 January 2014. It represents a priority claim on the Company.

The legal maturity of all derivative financial instruments is greater than one year.

Asset swap

On the date of each Note issuance, the Company entered into an Asset Swap Agreement, the effect of which is that the Swap Counterparty will pay to the Company sums equal to the interest payable to the Noteholders under the Notes issued and the Company will pay to the Swap Counterparty sums equal to the scheduled interest receivable in respect of the Investment Securities acquired out of the issue proceeds of the Notes. Under the terms of the Asset Swaps, currency risk is also transferred to the Swap Counterparty, where applicable.

The Company enters into such Swap Agreements for risk management purposes (i) to reduce or eliminate the mismatch between the amounts payable in respect of interest payable on the debt securities issued and the interest receivable from the investment securities held as collateral and (ii) to eliminate currency risks.

The effect of the Asset Swaps is that interest rate risk and currency risk is transferred to the Swap Counterparty leaving Noteholders exposed to market price risk with respect to changes in the value of the investment securities held on each Noteholders behalf.

Notes to the financial statements (continued)
For the period 1 August 2013 to 31 January 2014

15. Debt securities issued

	31-Jan-14 DKK	31-Jul-13 DKK
	(434,565,851)	(508,973,880)

Designated at fair value through profit and loss

The debt securities are listed on the Copenhagen Stock Exchange.

The debt securities are issued on the Copenhagen Stock Exchange as part of a structured finance deal. The Company's obligations under the debt securities issued are secured by investment securities purchased as per Note 12. The investors' recourse per series is limited to the assets of that particular series. In the event that accumulated losses prove not to be recoverable during the life of the Company, then this will reduce the obligation to the holders of the debt securities by an equivalent amount.

Movement in debt securities issued

	31-Jan-14 DKK	31-Jul-13 DKK
At beginning of period/ year	-	-
Debt securities issued during the period/year	95,000,000	50,000,000
Disposals during the period/ year	(20,591,971)	(173,139,067)
Net changes in fair value during the period/ year	(434,565,851)	(508,973,880)

Debt securities issued for a particular series are designated at fair value through profit or loss when the related investment securities and derivatives are fair valued or when they contain embedded derivatives that significantly modifies cashflows that otherwise would be required to be separated.

Maturity analysis of the debt securities issued

	31-Jan-14 DKK	31-Jul-13 DKK
Within 1 year	(193,715,000)	(70,000,000)
1 to 2 years	-	(194,300,000)
2 to 5 years	(240,850,851)	(244,673,880)
Greater than 5 years	-	-
	(434,565,851)	(508,973,880)

The nominal values of debt securities in issue at 31 January 2014 are as follows:

	Interest rate	Callable on (at Company option)	Currency	31-Jan-14 (Nominal)	31-Jul-13 (Nominal)
Series 1	3 months Cibur + 2.60%	01-Nov-10	DKK	-	(70,000,000)
Series 2	2.00%	01-May-16	DKK	382,302,941	(382,302,941)
Series 3	Variable	01-Nov-14	DKK	265,000,000	(290,000,000)

16. Other payables

Coupon payable on debt securities issued
Net swap amounts payable
Accrued expenses

	31-Jan-14 DKK	31-Jul-13 DKK
	(9,610,741)	(3,867,296)
	(923,208)	(1,258,293)
	(160,995)	(321,670)
	(10,694,944)	(5,447,259)

17. Share Capital – equity

Authorised:
40,000 ordinary shares of €1 each

Issued and fully paid:
40,000 ordinary share of €1 each

	31-Jan-14 DKK	31-Jul-13 DKK
	298,528	298,528
	298,528	298,528

18. Ownership of the Company

The issued shares are held in trust for charitable purposes by BADB Charitable Trust Limited, Eurydice Charitable Trust Limited and MEDB Charitable Trust Limited each holding 13,332 shares (the 'Share Trustees') and Mr Anthony Walsh, Mr James Scanlon, Mr Patrick Molloy and Mr Turlough Galvin each holding one share. The Share Trustees hold the issued shares of the Company in trust for charity. The Board of Directors have considered the issue as to who is the Controlling Party. It has been determined that the control of the day to day activities of the Company rests with the Board. The Board comprises of three directors.

Notes to the financial statements (continued)
For the period 1 August 2013 to 31 January 2014

19. Transactions with related and certain other parties

During the half year the Company incurred a fee of DKK 68,521 (2013: DKK 52,219) relating to administration services provided by Deutsche International Corporate Services (Ireland) Limited. Michael Whelan and Paul McNaughton, as directors of the Company, had an interest in this fee in their capacity as directors of Deutsche International Corporate Services (Ireland) Limited. The Company also paid director fees of DKK 52,235 (2013: DKK 52,219) in relation to services provided by Paul McNaughton and Brian Brady as directors of the Company.

Deutsche Bank, AG London, as Arranger for each Series, shall pay the Company \$1,000 for issuance of any new Series and agrees to reimburse the Company for any costs, fees, expenses, or out-goings incurred.

The directors are of the view that there were no other related party transactions requiring disclosure.

20. Charges

The debt securities issued by the Company under each Series are secured by way of mortgage over the collateral purchased in respect of that Series, and by the assignment of a fixed first charge of the Company's rights, title and interest under respective Swap Agreement.

21. Financial risk management

Introduction and overview

The Company has established a EUR 10,000,000,000 Secured Notes Programme (the "Programme") to issue secured notes (the "Notes") and/or other secured limited recourse indebtedness (the "Alternative Investments"). The net proceeds from each issue of Notes or Alternative Investments will be used to purchase the Collateral comprised in the Mortgaged Property in respect of the relevant Notes or Alternative Investments, to pay for or enter into any Credit Support Document or Swap Agreement in connection with such Notes or Alternative Investments and to pay expenses in connection with the administration of the Issuer or the issue of the Notes or Alternative Investments.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The risk profile of the Company is such that market, credit, liquidity and other risks of the investment securities and derivatives held for risk management are borne fully by the holders of debt securities issued.

The Company has exposure to the following risks from its use of financial instruments:

- (a) Market risk;
- (b) Credit risk;
- (c) Fair values; and
- (d) Liquidity risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk and the Company's management of capital.

The Company limits its exposure to credit risk by only investing in liquid securities and only with counterparties that have a credit rating defined in the documentation of the relevant series. The risk of default on these assets is borne by the holders of the debt securities of the relevant series.

The Company has entered into a number of Series in the Programme. Each Series is governed by a separate Supplemental Programme Memorandum. Each Series consists of an investment in collateral from the proceeds of the issuance of debt securities and/or Alternative Investments.

The Programme offers investors the opportunity to invest in a portfolio of investments, the "investment securities", and alter the interest rate risk and credit risk profile of the portfolio through the use of derivative instruments.

The Debt securities are recorded at the value of the net proceeds received in DKK and are carried at fair value through profit or loss. The ultimate amount repaid to the Note holders will depend on the proceeds from the collateral and any payments the Swap counterparty is obliged to make under the terms of the swap agreement. The Company is obliged to provide for the payment or physical delivery of the deliverable obligations to the Swap counterparty and to the Note holders.

All substantial risks and rewards associated with the investment securities are ultimately borne by the Noteholders.

(a) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or value of its holdings of financial instruments.

Market risk embodies the potential for both loss and gains and includes interest rate risk, currency risk and price risk.

The objective of market risk management is to manage and control market risks exposures with acceptable parameters while optimizing the returns on risk.

(i) Interest rate risk

The Company has entered into Asset Swaps in respect of series 2 which fully swaps the interest payable on the Notes with the interest receivable on the collateral. Under the terms of the Asset Swap, the interest receivable on the collateral is payable to the Swap Counterparty and the interest payable to the Noteholders is receivable from the Swap Counterparty. For series 3, interest received are paid as interest expense to the noteholders thereby, eliminating any interest rate risk.

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Notes to the financial statements (continued)
For the period 1 August 2013 to 31 January 2014

21. Financial risk management(continued)

(a) Market risk (continued)

(ii) Currency risk

Only the cash and cash equivalents are partially denominated in EUR with all other assets and liabilities denominated in DKK. Therefore, the Company has limited exposure to fluctuation in exchange rates between Euro and its functional currency, i.e. DKK. The risk has been mitigated by the Company receiving arranger income for all foreign exchange transactions.

(iii) Price risk

Price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

Other price risk may include risks such as equity price risk, commodity price risk, prepayment risk (i.e. the risk that one party to a financial asset will incur a financial loss because the other party repays earlier or later than expected), and residual value risk.

In relation to the Company's portfolio, it is not subject to equity price risk, commodity price risk, prepayment risk or residual value risk.

(b) Credit risk

The Company limits its exposure to credit risk by only investing in liquid securities and only with counterparties that have a credit rating defined in the documentation of relevant series. The risk of default of these assets is borne by the swap counterparty or the holder of the debt securities of the relevant series.

(c) Fair values

The Company's investment securities and debt securities issued are carried at fair value on the statement of financial position. Usually the fair value of the financial instruments can be reliably determined within a reasonable range of estimates. The carrying amounts of all the Company's financial assets and financial liabilities at the reporting date approximated their fair values.

Fair value measurement principles

The determination of fair values of financial liabilities at fair value through profit or loss is based on quoted market prices from the Copenhagen Stock Exchange.

The fair value of derivative financial instruments is obtained from the Swap counterparty which uses its proprietary valuation model that takes into account the notional amount, maturity date and any early redemption clause.

Because on limited recourse, the investment securities at fair value through profit or loss of the Company is determined by reference to the fair value of the associated debt securities at fair value through profit or loss and the fair value of derivative financial instruments. Any future change in the fair value of financial liabilities and derivatives will have an equal but opposite impact on the fair value of financial assets.

(d) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulties in meeting obligations arising from its financial liabilities that are settled by delivering cash or another financial asset or that such obligations will have to be settled in a manner disadvantageous to the Company. The Company's approach is to ensure, as far as possible that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring acceptable losses or risking damage to the Company's reputation.

The Company's obligation to the Noteholders of a particular series is limited to the net proceeds upon realisation of the collateral of that series. Should the net proceeds be insufficient to make all payments due in respect of a particular series of Notes, the other assets of the Company will not be available for payment and the deficit is instead borne by the Noteholders and/or the swap counterparty according to the established priorities.

22. Capital risk management

The Company view the share capital as its capital. The Company is a special purpose vehicle set up to issue debt instruments for the purpose of making investments as defined under the programme memorandum and in each of the Series memorandum agreements. Share capital of € 40,000 was issued in line with Irish Company Law and is not used for financing the investment activities of the Company. The Company is not subject to any other externally imposed capital requirements.

23. Subsequent events

There has been no significant subsequent event after the period end till the date of signing of this report.

24. Comparatives

In line with IAS 34, the comparative information for the Statement of Comprehensive Income, Statement of Cash Flows and Statement of Changes in Equity is for the period from 1 August 2012 to 31 January 2013 and the comparative information for the Statement of Financial Position is 31 July 2013.

25. Approval of financial statements

The Board of Directors approved these financial statements on 24/02/2014.