BGP HOLDINGS PLC

Annual Report and Consolidated Financial Statements
31 December 2015

Company Registration Number: C-36451

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Directors' report

The directors present their report and the audited consolidated and separate financial statements for the year ended 31 December 2015.

Principal activities

The principal activities of BGP Holdings plc (the 'Company'), which are substantially unchanged since last year, are those that pertain to an investment holding company.

The principal activities of the company's subsidiaries, which are substantially unchanged since last year, are those that pertain to entities investing in and managing real estate assets.

Review of the business

The BGP Group maintained its outstanding performance in 2015. In line with its strategy the Group was able to focus on its core objectives in further improving the key performance indicators of the German Residential portfolio and achieving the satisfactory integration of its internal asset management platform.

In the course of 2015 the remaining contracts were terminated with external property managers and a successful rebranding exercise was undertaken. The key revenue driver rental income is currently growing at an annualised rate of over 10% and vacancy has decreased from 8.7% in December 2014, to 8.0% at the end of 2015. Increased emphasis on commercial letting and technical services has also delivered encouraging results.

Against a backdrop of unfavourable international macroeconomic events and equity market volatility the exit process was delayed into 2016. During the year a dual track realisation project was conducted, with preparation for an initial public offering (IPO) pursued concurrently trade sale negotiations with a selected list of counterparties.

The sale of the property held by the associate Otto 3, occurred at the beginning of 2016, and the repatriation of the remaining proceeds from the joint venture with Oxford will further enable the Group to reinvest the returned capital into debt reduction and targeted capex in its own portfolios.

The retail asset Kelheim was sold in May for EUR 21.7 million, the Smaragd retail portfolio sale completed in March for EUR 32.5 million and the last retail asset in Straubing was notarised in early 2016, completing the disposal of BGP retail assets.

Financial position

Reflecting both operational and valuation gains, the net asset value of the Company increased from EUR 566.8 million to EUR 641.2 million.

Net cashflows from operating activities increased to EUR 43.6 million from EUR 42.6 million in 2014 and the Group's cash position remains solid with EUR 49.5 million at hand.

	31 December 2015	**31 December 2014**
Equity Group share	587,904,425	527,828,762
Exclusion of deferred tax liabilities	51,047,714	39,012,852
Exclusion of derivative instruments	2,216,014	-
Group NAV	**641,168,153**	**566,841,614**

Directors' report (continued)

Group financing

The residential portfolio's last legacy loan to Otto 2 was repurchased at a significant discount from the lender in February 2015, releasing the portfolio from cash trap and permitting much needed turnaround investment. The released collateral will be included in a planned refinancing of the Monnet CMBS in 2016.

The combination of the loan repurchase and the non-core asset sales brought BGP's leverage further down to a conservative 47.5% loan to value ("LTV") ratio.

	31 December 2015	**31 December 2014**
Investment property	1,153,332,700	1,084,189,501
Equity accounted investments	4,347,757	37,413,137
Assets held for sale	74,659,302	173,445,401
GAV	**1,232,339,759**	**1,295,048,039**
Long term bank loans and CMBS	563,536,244	565,988,097
Short term bank loans and CMBS	4,102,107	37,850,271
Liabilities related to assets held for sale	66,792,308	171,491,213
Cash and cash equivalents	(49,462,559)	(50,959,351)
Net loans	**584,968,100**	**724,370,230**
Loan to value	**47.5%**	**55.9%**

Exit Realization

A dual track exit realisation project was launched in early 2015, advised by leading investment bank Lazard & Co. GmbH. For the IPO track, investment banks JP Morgan and Berenberg were selected as global coordinators. A prospectus was prepared and submitted to the regulator, analyst and investor meetings were conducted and extensive corporate preparations were completed. In June 2015 however it became apparent that in the light of market volatility largely stemming from the Greek debt crisis the IPO would need to be postponed. On the M&A track, after analysis of a select shortlist of candidates, exclusivity was granted to Conwert Immobilien Invest SE, who for strategic reasons decided to withdraw from the bidding shortly thereafter. Although various discussions with potential counterparts took place after the summer the Board decided to suspend the dual track process until 2016.

Corporate Restructuring

In order to simplify the BGP structure for trade buyers and IPO investors several legacy partnerships and participations were transferred to BGP Holdings Europe S.à r.l. These included companies to be wound up following a run-off period after asset sales in the Retail and Oxford JV portfolios.

The partnership owning the troubled Cologne Technology Park asset filed for insolvency after a shareholders' meeting declined the refinancing proposal made by the lending bank. BGP's 30% participation in Narat GmbH & Co. KG, held by our subsidiary Treso S.à r.l. & Co KG, has also been sold to BGP Holdings Europe S.à r.l. for a nominal sum. There is no recourse to BGP in the structure.

Directors' report (continued)

Corporate Restructuring (continued)

Following the full acquisition of the operating platform the property and facility management companies PentaProperties GmbH and Neuhausmeister GmbH were rebranded with the BGP name, to BGP Hausverwaltung GmbH and BGP Hausmeisterdienst GmbH respectively. A tenant newsletter has been initiated.

Macro evolution

Macroeconomic and political events continued to produce market uncertainty during the year, with Greece (again), Chinese growth concerns, commodity prices and the VW automotive scandal combining to unsettle market sentiment. Nevertheless, the German economy is still performing strongly, with solid growth, low interest rates and record low unemployment.

In the residential property sector demand for assets remains encouragingly strong, consolidation in the sector remains a likely trend as can be seen by the acquisition of LEG by Deutsche Wohnen in 2015 and the attempted merger between Vonovia and Deutsche Wohnen in early 2016. The attraction of the sector is further supported by a low level of new construction and favourable demographic evolution. The safe haven attraction of Germany and its real estate sector in particular has supported valuations. The valuation of the Group's core residential portfolio of residential investment properties increased by almost 6% in 2015. The impact of changes in housing regulation in Germany has been limited.

Business Outlook

The outlook for BGP remains positive for 2016. Solid rental growth and sharp vacancy reduction continue to underpin the portfolio's improved cashflow. The record amount of capital expenditure, in both planned works and letting is bearing fruit. The refinancing of the EUR 376 million Monnet CMBS alone should save nearly EUR 8 million annually in interest cost. The scalable operational platform in most growth regions in Germany should also support accretive acquisitions, further improving the Company's economies of scale.

The Board

The Board met on four occasions during the year. It has guided preparations for the planned divestiture and closely followed a demanding process. It has fulfilled and will continue to respect market standard corporate governance principles.

Personnel

Including the integrated asset management companies in Germany the personnel of the combined Group has grown from 194 to 220.

Results and dividends

The statement of comprehensive income is set out on page 10. Despite the profit realised in the current year, the directors do not recommend payment of any dividend (2014: nil).

Directors' report (continued)

Directors

The directors of the company who held office during the year were:

Mr. Roderick Hamilton McGeoch – Chairman
Mr. Francis J. Vassallo
Dr. Ruth Agius Scicluna Buttigieg
Mr. Mark Dunstan

The company's Articles of Association do not require any directors to retire.

Statement of directors' responsibilities

The directors are required by the Companies Act, Cap 386 of the Laws of Malta to prepare consolidated financial statements which give a true and fair view of the state of affairs of the Group as at the end of each reporting period and of the profit or loss for that period.

In preparing the consolidated financial statements, the directors are responsible for:

- ensuring that the consolidated financial statements have been drawn up in accordance with International Financial Reporting Standards as adopted by the EU;
- selecting and applying appropriate accounting policies;
- making accounting estimates that are reasonable in the circumstances;
- ensuring that the consolidated financial statements are prepared on the going concern basis unless it is inappropriate to presume that the Group will continue in business as a going concern.

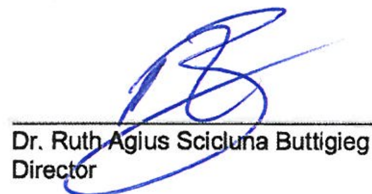
The directors are also responsible for designing, implementing and maintaining internal control relevant to the preparation and the fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error, and that comply with the Companies Act, Cap 386 of the Laws of Malta. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

Ernst & Young Malta Limited have indicated their willingness to continue in office and a resolution for their re-appointment will be proposed at the Annual General Meeting.

On behalf of the Board of Directors,

Mark Dunstan
Director



Dr. Ruth Agius Scicluna Buttigieg
Director

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3rd June 2016

EY
Building a better working world

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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF BGP HOLDINGS PLC

We have audited the financial statements of BGP Holdings PLC ("the Company") and of the Group of which the Company is the parent, set out on pages 8 to 66 which comprise the consolidated and parent company statements of financial position as at 31 December 2015 and the consolidated and parent company statements of comprehensive income, changes in equity and statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Financial Statements

As described in the Directors' Report set out on pages 2 to 5, the directors are responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Companies Act, Cap. 386 of the Laws of Malta and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, 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 audit opinion.

Opinion

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Group and the Company as at 31 December 2015, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union; and
- have been properly prepared in accordance with the requirements of the Companies Act, Cap. 386 of the Laws of Malta.

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Registered in Malta No: C30252

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF BGP HOLDINGS PLC – continued

Report on other Legal and Regulatory Requirements

We also have responsibilities under the Companies Act, Cap. 386 of the Laws of Malta to report to you if in our opinion:

- The information given in the Directors' Report is not consistent with the financial statements.
- Adequate accounting records have not been kept.
- The financial statements are not in agreement with the accounting records.
- We have not received all the information and explanations we require for our audit.
- If certain disclosures of Directors' remuneration specified by law are not made in the financial statements, giving the required particulars in our report.

We have nothing to report to you in respect of these responsibilities.

This copy of the audit report has been signed by Shawn Falzon for and on behalf of

Ernst & Young Malta Limited
Certified Public Accountants

3 June 2016

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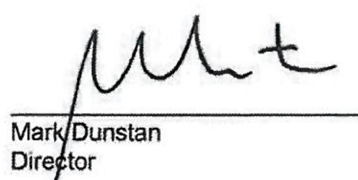
Registered in Malta No: C30252

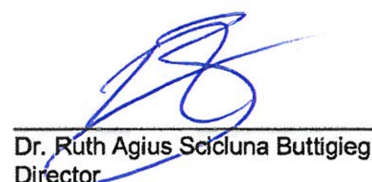
Statements of financial position as at 31 December

	Notes	2015 Group	2014 Group	2015 Company	2014 Company
ASSETS		**EUR**	EUR	**EUR**	EUR
Non-current assets					
Real estate portfolio					
Investments in subsidiaries	4	-	-	**164,432,886**	164,432,886
Investment properties	7.2	**1,153,332,700**	1,084,189,501	-	-
Property, plant and equipment		**510,592**	533,376	-	-
Investment in associates	7.3	**4,347,757**	37,413,137	-	-
Total		**1,158,191,049**	1,122,136,014	**164,432,886**	164,432,886
Other non-current assets					
Goodwill	7.1	**4,579,800**	4,579,800	-	-
Notes receivable	7.8	**20,400,000**	20,400,000	-	-
Other non-current assets		**197,119**	1,242,216	-	-
Total		**25,176,919**	26,222,016	-	-
Total non-current assets		**1,183,367,968**	1,148,358,030	**164,432,886**	164,432,886
Current assets					
Tenants receivables	7.5	**2,626,309**	2,366,750	-	-
Receivables from related parties	14	**500,000**	212	**230,000**	191,088
Prepayments and other assets	7.7	**59,657,991**	58,594,743	**34,750**	-
Cash and cash equivalents	7.6	**49,462,559**	50,959,351	**541,675**	806,597
Total current assets		**112,246,859**	111,921,056	**806,425**	997,685
Assets included in disposal groups classified as held for sale	7.4	**74,659,302**	173,445,401	-	-
TOTAL ASSETS		**1,370,274,129**	1,433,724,487	**165,239,311**	165,430,571

The consolidated financial statements on pages 8 to 66 were authorised for issue by the board on 3rd June 2016 and were signed on its behalf by:



Mark Dunstan
Director



Dr. Ruth Agius Scicluna Buttigieg
Director

The notes on pages 15 to 66 are an integral part of these consolidated financial statements.

Statements of financial position as at 31 December (continued)

	Notes	**2015 Group**	2014 Group	**2015 Company**	2014 Company
EQUITY		**EUR**	EUR	**EUR**	EUR
Capital and reserves attributable to the owners of the Company					
Share capital	8.1	**99,999**	99,999	**99,999**	99,999
Share premium	8.2	**166,606,786**	166,606,786	**166,606,786**	166,606,786
Translation reserve		**-**	(9,677)	**-**	-
Retained earnings		**421,197,640**	361,131,654	**(1,555,558)**	(1,363,886)
Total equity attributable to the owners of the Company		**587,904,425**	527,828,762	**165,151,227**	165,342,899
Non-controlling interests		**285,632**	220,620	**-**	-
Total Equity		**588,190,057**	528,049,382	**165,151,227**	165,342,899
LIABILITIES					
Non-current liabilities					
Loans from banks	8.3	**563,536,244**	565,988,097	**-**	-
Loans from related parties	14	**500**	19,441	**55,000**	55,000
Derivative financial instruments	8.4	**2,216,014**	-	**-**	-
Deferred tax liabilities	11.6	**51,047,714**	39,012,852	**-**	-
Notes payable	7.8	**20,400,000**	20,400,000	**-**	-
Total non-current liabilities		**637,200,472**	625,420,390	**55,000**	55,000
Current liabilities					
Loans from banks	8.3	**4,102,107**	37,850,271	**-**	-
Accrued interest payable to banks	8.3	**1,834,297**	8,347,922	**-**	-
Accrued interest payable to related parties	14	**-**	-	**3,889**	2,597
Accounts payable and accrued expenses	8.5	**71,898,242**	62,090,601	**29,195**	30,075
Income taxes payable		**256,646**	474,708	**-**	-
Total current liabilities		**78,091,292**	108,763,502	**33,084**	32,672
Liabilities included in disposal groups classified as held for sale	7.4	**66,792,308**	171,491,213	**-**	-
Total Liabilities		**782,084,072**	905,675,105	**88,084**	87,672
TOTAL EQUITY AND LIABILITIES		**1,370,274,129**	1,433,724,487	**165,239,311**	165,430,571

The notes on pages 15 to 66 are an integral part of these consolidated financial statements.

Statements of comprehensive income for the year ended 31 December

	Notes	**2015 Group**	2014 Group	**2015 Company**	2014 Company
		EUR	EUR	**EUR**	EUR
Revenue from investment properties	11.1	**108,678,285**	108,288,104	**-**	-
Management fees	11.1	**1,484,702**	-	**-**	-
Expenses related to investment properties	11.2	**(58,180,341)**	(60,802,793)	**-**	-
Profit related to investment properties		**51,982,646**	47,485,311	**-**	-
Corporate expenses	11.3	**(10,982,358)**	(8,622,298)	**(191,394)**	(202,268)
Other operating expenses		**(8,472,808)**	(14,124,392)	**-**	-
Other operating income		**3,164,392**	2,251,265	**-**	-
Net other expenses		**(16,290,774)**	(20,495,425)	**(191,394)**	(202,268)
Gains/(losses) on sale of investment properties		**(124,112)**	2,498,574	**-**	-
Gain on portfolio disposal		**(124,112)**	2,498,574	**-**	-
Net unrealised / realised gain on investment properties	11.5	**40,880,406**	67,921,722	**-**	-
Operating profit/(loss)		**76,448,166**	97,410,182	**(191,394)**	(202,268)
Finance income	11.4	**7,517,340**	64,530	**1,776**	13,951
Finance costs	11.4	**(22,574,465)**	(28,820,755)	**(1,624)**	(1,499)
Net gains on derivatives	8.4	**(2,216,014)**	4,777,303	**-**	-
Net finance (expenses)/income		**(17,273,139)**	(23,978,922)	**152**	12,452
Share of result from associates	7.3	**1,246,534**	(35,671,330)	**-**	-
Net profit/(loss) before tax		**60,421,561**	37,759,930	**(191,242)**	(189,816)
Current income tax	11.6	**(413,213)**	1,172,030	**(430)**	(2,622)
Deferred income tax	11.6	**(11,951,731)**	(11,958,813)	**-**	-
Net profit/(loss) from continuing activities		**48,056,617**	26,973,147	**(191,672)**	(192,438)
Profit after tax from discontinued activities	11.7	**12,074,381**	32,884,507	**-**	-
Net profit/(loss) for the year		**60,130,998**	59,857,654	**(191,672)**	(192,438)
Currency translation difference		**9,677**	(23,147)	**-**	-
Total comprehensive income for the year, net of tax		**60,140,675**	59,834,507	**(191,672)**	(192,438)
Net profit/(losses) attributable to:		**60,130,998**	59,857,654	**-**	-
- Owners of the Company		**60,065,986**	60,498,449	**(191,672)**	(192,438)
- Non-controlling interests		**65,012**	(640,795)	**-**	-
Other comprehensive income to be reclassified to profit and loss in subsequent periods:		**9,677**	(23,147)	**-**	-
- Owners of the Company		**9,677**	(23,147)	**-**	-
- Non-controlling interests		**-**	-	**-**	-
Total comprehensive income attributable to:		**60,140,675**	59,834,507	**-**	-
- Owners of the Company		**60,075,663**	60,475,302	**-**	-
- Non-controlling interests		**65,012**	(640,795)	**-**	-

The notes on pages 15 to 66 are an integral part of these consolidated financial statements.

Statements of changes in equity

	Attributable to the Group's Owners						
Group	Share capital	Share Premium	Translation reserve	Retained earnings	Shareholders' Equity	Non-controlling interests	Total equity
	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Balance as at 31 December 2013	**99,999**	**166,606,786**	**13,470**	**300,633,205**	**467,353,460**	**861,415**	**468,214,875**
Other comprehensive income	-	-	(23,147)	-	(23,147)	-	(23,147)
Net result for the year	-	-	-	60,498,449	60,498,449	(640,795)	59,857,654
Total income and expense for the year	**-**	**-**	**(23,147)**	**60,498,449**	**60,475,302**	**(640,795)**	**59,834,507**
Balance as at 31 December 2014	**99,999**	**166,606,786**	**(9,677)**	**361,131,654**	**527,828,762**	**220,620**	**528,049,382**
Other comprehensive income	-	-	9,677	-	9,677	-	9,677
Net result for the year	-	-	-	60,065,986	60,065,986	65,012	60,130,998
Total income and expense for the year	**-**	**-**	**9,677**	**60,065,986**	**60,075,663**	**65,012**	**60,140,675**
Balance as at 31 December 2015	**99,999**	**166,606,786**	**-**	**421,197,640**	**587,904,425**	**285,632**	**588,190,057**

The notes on pages 15 to 66 are an integral part of these consolidated financial statements.

Statements of changes in equity (continued)

Company	Share Capital	Share Premium	Retained Earnings	Total Equity
	EUR	EUR	EUR	EUR
Balance as at 31 December 2013	**99,999**	**166,606,786**	**(1,171,448)**	**165,535,337**
Net result for the year	-	-	(192,438)	(192,438)
Total income and expense for the year	**-**	**-**	**(192,438)**	**(192,438)**
Balance as at 31 December 2014	**99,999**	**166,606,786**	**(1,363,886)**	**165,342,899**
Net result for the year	-	-	(191,672)	(191,672)
Total income and expense for the year	**-**	**-**	(191,672)	(191,672)
Balance as at 31 December 2015	**99,999**	**166,606,786**	**(1,555,558)**	**165,151,227**

Statements of cash flows

	Notes	**2015 Group**	2014 Group	**2015 Company**	2014 Company
		EUR	EUR	**EUR**	EUR
CASH FLOW FROM OPERATING ACTIVITIES					
Continuing activities		**60,421,561**	37,759,930	**(191,242)**	(189,816)
Discontinued activities		**12,126,466**	32,990,801	**-**	-
Profit/(Loss) before income tax		**72,548,027**	70,750,731	**(191,242)**	(189,816)
Adjustments for:					
Loss of control		**-**	(30,321,172)	**-**	-
Depreciation and impairments		**3,684,298**	14,397,068	**-**	-
Realised gain on disposal of financial assets		**(15,993,086)**	(1,865,711)	**-**	-
Fair value gains on investment properties	7.2 & 11.5	**(37,978,190)**	(64,489,317)	**-**	-
(Gain)/loss from fair value adjustment on derivative financial instruments		**2,216,014**	(6,448,269)	**-**	-
Finance costs	11.4 & 11.7	**22,487,259**	36,502,177	**-**	-
Finance income	11.4 & 11.7	**(7,515,566)**	(1,847,822)	**-**	-
Shares of result from associates	7.3	**(1,246,534)**	35,671,330	**-**	-
Changes in working capital:		**4,587,731**	(4,480,476)	**(73,250)**	(168,013)
Tax paid		**846,570**	(5,244,549)	**(430)**	(2,622)
Net cash generated from/(used in) operating activities		**43,636,523**	42,623,990	**(264,922)**	(360,451)
CASH FLOW FROM INVESTING ACTIVITIES					
Capital expenditure on investment properties	7.2	**(29,011,637)**	(21,286,359)	**-**	-
Acquisition of a subsidiary, net of cash acquired		**-**	(15,613,701)	**-**	-
Proceeds from associates		**34,525,553**	8,122,934	**-**	-
Proceeds from disposal of investment properties		**54,250,000**	104,117,804	**-**	-
Proceeds from sale of shares in subsidiaries		**134,374**	1	**-**	-
Interest received	11.4 & 11.7	**-**	1,847,822	**-**	-
Net cash generated from investing activities		**59,898,290**	77,188,501	**-**	-

Statements of cash flows (continued)

	Notes	**2015 Group**	2014 Group	**2015 Company**	2014 Company
		EUR	EUR	**EUR**	EUR
CASH FLOW FROM FINANCING ACTIVITIES					
Repayments of bank loans		**(91,020,693)**	(279,104,621)	**-**	-
Proceeds from borrowings		**-**	199,202,585	**-**	-
Loan from Group company		**-**	-	**-**	20,000
Interest paid		**(21,310,275)**	(31,106,548)	**-**	-
Net cash (used in) / generated from financing activities		**(112,330,968)**	(111,008,584)	**-**	20,000
Net increase/(decrease) in cash and cash equivalents		**(8,796,155)**	8,803,907	**(264,922)**	(340,451)
Cash and cash equivalents at beginning of the year	7.4 & 7.6	**59,738,978**	50,935,071	**806,597**	1,147,048
Cash and cash equivalents at the end of the year	7.4 & 7.6	**50,942,823**	59,738,978	**541,675**	806,597

For the purpose of the Statement of cash flows, cash and cash equivalents are broken down as follows:

	Note	**2015 EUR**	**2014 EUR**
Included in disposal groups classified as held for sale	7.4	1,480,264	8,779,627
Included continuing operations	7.6	49,462,559	50,959,351
Total		**50,942,823**	**59,738,978**

The notes on pages 15 to 66 are an integral part of these consolidated financial statements.

Note 1 - General information

BGP Holdings plc (the "Company") is a Maltese public limited liability company incorporated on 20 June 2005. The Company underwent a Group restructuring in August 2009. Further to the restructuring of BGP Investment S.à r.l., an investment joint venture between GPT Group and Babcock & Brown, investing in European real estate, the Company became the new parent company of the BGP Group (the "Group") on 12 August 2009. As from 12 August 2009, the Company indirectly holds interests in portfolios of European real estate held through BGP Holdings 2 Limited and BGP Holdings Europe S.à r.l.

These consolidated financial statements have been approved for issue by the Board of Directors on 3rd June 2016.

Note 2 - Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below.

In order to enhance comparability, certain reclassifications in prior year figures have been made.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards as adopted by the EU (IFRS) and the Maltese Companies Act, Cap 386 of the Laws of Malta. These consolidated financial statements have been prepared under the historical cost convention except for investment properties and derivative financial instruments measured at fair value. As the restructuring of the BGP Group occurred on 12 August 2009, the Company prepared consolidated financial statements for the first time in 2009 for the period from 12 August 2009 to 31 December 2009.

The accounting policies adopted are consistent with those of previous financial year except for matters disclosed here below in "Changes in accounting policy disclosures".

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 3.

The accounting policies have been consistently applied by the Group's entities.

Standards and amendments issued but not yet effective and relevant for the Group

The standards and interpretations that are issued, but not yet effective in 2015, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

Note 2 - Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

Amendments to IAS 19 *Defined Benefit Plans: Employee Contributions*

IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is effective for annual periods beginning on or after 1 February 2015. It is not expected that this amendment would be relevant to the Group, since none of the entities within the Group has defined benefit plans with contributions from employees or third parties.

Annual Improvements 2010-2012 Cycle

With the exception of the improvement relating to IFRS 2 *Share-based Payment* applied to share-based payment transactions with a grant date on or after 1 July 2014, all other improvements are effective for accounting periods beginning on or after 1 July 2014. The Group has applied these improvements for the first time in these consolidated financial statements. They include:

- **IFRS 2 *Share-based Payment***
  This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions. The clarifications are consistent with how the Group has identified any performance and service conditions which are vesting conditions in previous periods. In addition, the Group had not granted any awards during the second half of 2014 and 2015. Thus, these amendments did not impact the Group's consolidated financial statements or accounting policies.

- **IFRS 3 *Business Combinations***
  The amendment is applied prospectively and clarifies that all contingent consideration arrangements classified as liabilities (or assets) arising from a business combination should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of IAS 39. This is consistent with the Group's current accounting policy and, thus, this amendment did not impact the Group's accounting policy.

- **IFRS 8 *Operating Segments***
  The amendments are applied retrospectively and clarify that:
  • An entity must disclose the judgements made by management in applying the aggregation criteria in paragraph 12 of IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'
  • The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities

- **IAS 24 *Related Party Disclosures***
  The amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. This amendment has no material impact on the group's financial reporting as transactions between the Group and its management company have already been disclosed within the related parties notes historically.

Note 2 - Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

Annual Improvements 2011-2013 Cycle
These improvements are effective from 1 July 2014 and the Group has applied these amendments for the first time in these consolidated financial statements. They include:

- **IFRS 3 *Business Combinations***
The amendment is applied prospectively and clarifies for the scope exceptions within IFRS 3 that:
• Joint arrangements, not just joint ventures, are outside the scope of IFRS 3
• This scope exception applies only to the accounting in the financial statements of the joint arrangement itself

The Group is not a joint arrangement, and thus this amendment is not relevant for the Group and its subsidiaries.

- **IFRS 13 *Fair Value Measurement***
The amendment is applied prospectively and clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IAS 39. The Group does not apply the portfolio exception in IFRS 13.

- **IAS 40 *Investment Property***
The description of ancillary services in IAS 40 differentiates between investment property and owner-occupied property (i.e., property, plant and equipment). The amendment is applied prospectively and clarifies that IFRS 3, and not the description of ancillary services in IAS 40, is used to determine if the transaction is the purchase of an asset or a business combination. In previous periods, the Group has relied on IFRS 3, not IAS 40, in determining whether an acquisition is of an asset or is a business acquisition. Thus, this amendment did not impact the accounting policy of the Group.

Standards issued but not yet effective
The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's consolidated financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

IFRS 9 *Financial Instruments*
In July 2014, the IASB issued the final version of IFRS 9 *Financial Instruments* that replaces IAS 39 *Financial Instruments: Recognition and Measurement* and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

The Group is currently assessing the impact of IFRS 9 and plans to adopt the new standard on the required effective date.

IFRS 15 *Revenue from Contracts with Customers*
IFRS 15 was issued in May 2014 and establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

Note 2 - Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

IFRS 15 *Revenue from Contracts with Customers (continued)*
The new revenue standard will supersede all current revenue recognition requirements under IFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018, when the IASB finalises their amendments to defer the effective date of IFRS 15 by one year. Early adoption is permitted. The Group plans to adopt the new standard on the required effective date using the full retrospective method.

The Group is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date.

IFRS 16 *Leases*
IFRS 16 was issued in January 2016 and is effective for annual periods beginning on or after 1 January 2019. Early application permitted if IFRS 15 has already been applied or is applied at the same date as new leases standard.

Under the new accounting standards on leases, lessees will have a single on balance sheet accounting model for all leases, with exemptions for leases of 'low-value assets' and short-term leases. Lessor accounting is substantially unchanged. The new accounting standards also require additional disclosure requirements compared to current accounting.
The Group is currently assessing the impact of IFRS 16 and plans to adopt the new standard on the required effective date.

Amendments to IFRS 11 *Joint Arrangements: Accounting for Acquisitions of Interests*
The amendments to IFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business, must apply the relevant IFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.
The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are prospectively effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact on the Group.

Amendments to IAS 16 and IAS 38: *Clarification of Acceptable Methods of Depreciation and Amortisation*
The amendments clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are effective prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group given that the Group has not used a revenue-based method to depreciate its non-current assets.

Amendments to IAS 27: *Equity Method in Separate Financial Statements*
The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying IFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. For first-time adopters of IFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to IFRS. The amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments will not have any impact on the Group's consolidated financial statements.

Note 2 - Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

Amendments to IFRS 10 and IAS 28: *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognised in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture. These amendments must be applied prospectively and are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact on the Group.

Annual Improvements *2012-2014 Cycle*
These improvements are effective for annual periods beginning on or after 1 January 2016. They include:

- **IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations***
Assets (or disposal groups) are generally disposed of either through sale or distribution to owners. The amendment clarifies that changing from one of these disposal methods to the other would not be considered a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in IFRS 5. This amendment must be applied prospectively.

- **IFRS 7 *Financial Instruments: Disclosures***
(i) Servicing contracts
The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and the arrangement against the guidance for continuing involvement in IFRS 7 in order to assess whether the disclosures are required. The assessment of which servicing contracts constitute continuing involvement must be done retrospectively. However, the required disclosures would not need to be provided for any period beginning before the annual period in which the entity first applies the amendments.

(ii) Applicability of the amendments to IFRS 7 to condensed interim financial statements
The amendment clarifies that the offsetting disclosure requirements do not apply to condensed interim financial statements, unless such disclosures provide a significant update to the information reported in the most recent annual report. This amendment must be applied retrospectively.

- **IAS 19 *Employee Benefits***
The amendment clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used. This amendment must be applied prospectively.

- **IAS 34 *Interim Financial Reporting***
The amendment clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the interim financial report (e.g., in the management commentary or risk report). The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. This amendment must be applied retrospectively.

These amendments are not expected to have any impact on the Group.

Note 2 - Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

- **Amendments to IAS 1 *Disclosure Initiative***

The amendments to IAS 1 *Presentation of Financial Statements* clarify, rather than significantly change, existing IAS 1 requirements. The amendments clarify:
• The materiality requirements in IAS 1
• That specific line items in the statement(s) of profit or loss and OCI and the statement of financial position may be disaggregated
• That entities have flexibility as to the order in which they present the notes to financial statements
• That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement(s) of profit or loss and OCI. These amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact on the Group.

- **Amendments to IFRS 10, IFRS 12 and IAS 28 *Investment Entities: Applying the Consolidation Exception***

The amendments address issues that have arisen in applying the investment entities exception under IFRS 10.
The amendments to IFRS 10 clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value.
Furthermore, the amendments to IFRS 10 clarify that only a subsidiary of an investment entity that is not an investment entity itself and that provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value. The amendments to IAS 28 allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries.

These amendments must be applied retrospectively and are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact on the Group.

2.2 Consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2015. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if, and only if, the Group has:
- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee;
- The ability to use its power over the investee to affect its returns.

Note 2 - Summary of significant accounting policies (continued)

2.2 Consolidation (continued)

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements;
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date on which the Group gains control until the date on which the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

2.3 Business combination and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.
Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IAS 39 Financial Instruments: Recognition and Measurement, is measured at fair value with changes in fair value recognised either in profit or loss or as a change to OCI ("Other Comprehensive Income"). If the contingent consideration is not within the scope of IAS 39, it is measured in accordance with the appropriate IFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Note 2 - Summary of significant accounting policies (continued)

2.3 Business combination and goodwill (continued)

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

2.4 Foreign currency translation

a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates which is the functional currency. The consolidated financial statements are presented in EUR which is the parent's functional and the Group's presentation currency.

b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of comprehensive income except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange gains and losses are presented in the consolidated statement of comprehensive income within "Finance income" or "Finance costs".

Translation differences on investment properties, investments in associates and derivatives are recognised in profit or loss as part of the fair value gain or loss.

Note 2 - Summary of significant accounting policies (continued)

2.4 Foreign currency translation (continued)

c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

When a foreign operation is partially disposed of or sold, exchange differences that were recorded in other comprehensive income are recognised in the statement of comprehensive income as part of the gain or loss on the sale.

The exchange rates used for translation are as follows;

		Exchange rate 2015		**Exchange rate 2014**	
Currency	**Country**	**EUR** Closing	**EUR** Average	**EUR** Closing	**EUR** Average
DKK	Denmark	N/A	7.4594	7.4443	7.4545

2.5 Investment properties

Property that is held for long-term rental yields or for capital appreciation or both and that is not occupied by the Group is classified as investment property.

Investment property is measured initially at its cost, including related acquisition costs.

After initial recognition, investment property is carried at fair value. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. These valuations are performed annually by independent experts. Investment property that is being redeveloped for continuing use as investment property or for which the market has become less active continues to be measured at fair value.

Note 2 - Summary of significant accounting policies (continued)

2.5 Investment properties (continued)

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the consolidated statement of comprehensive income during the financial period in which they are incurred.

Investment property under construction is also valued at fair value as determined by independent real estate valuation experts, except if such values cannot be reliably determined. In the exceptional cases when a fair value cannot be reliably determined, such properties are recorded at cost. The fair value of investment properties under construction is determined using either the Discounted Cash Flow Method or the Residual Method.

Changes in fair values are recognised in the consolidated statement of comprehensive income.

2.6 Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met.

The cost of an item of property, plant and equipment comprises:
(a) Its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates.
(b) Any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by Management.
(c) The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, if the Group has this obligation.

Depreciation is calculated on a straight-line basis over the whole useful life of the assets. The economic useful life is the period of time over which an asset is expected to be available for use by the Group.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

2.7 Investment in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control over those policies.

The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries.

The Group's investments in its associates are accounted for using the equity method.

Note 2 - Summary of significant accounting policies (continued)

2.7 Investment in associates (continued)

Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment individually.

The consolidated statement of profit or loss reflects the Group's share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the consolidated statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss as "Share of profit of an associate" in the consolidated statement of profit or loss.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

2.8 Investments in subsidiaries

Company

Investments in subsidiaries are accounted for by the cost method of accounting.

Provisions are recorded where, in the opinion of the directors, there is impairment in value. Where there has been impairment in the value of an investment, it is recognised as an expense in the period in which the impairment is identified. The results of the subsidiaries are reflected in these financial statements only to the extent of dividends receivable. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the statement of comprehensive income.

2.9 Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Assets in this category are classified as current assets if expected to be settled within one year, otherwise, they are classified as non-current.

Derivative financial instruments are also categorised as held for trading if they do not meet the hedge accounting criteria as defined by IAS 39.

Note 2 - Summary of significant accounting policies (continued)

2.10 Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as finance income in the income statement. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to finance costs in the income statement.

2.11 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments received or made under an operating lease are recognised in income over the lease term. Tenancies for real estate are operating leases by this definition.

Leases which transfer substantially all the risks and rewards incidental to ownership of the leased assets to the lessee are classified as finance leases.

Where the Group is the lessee and the leased asset is an investment property, it recognises such leases at the commencement of the lease term as assets at the fair value of the leased property or, if lower, the present value of the minimum lease payments. Each lease payment is apportioned between finance charge and reduction of outstanding liability so as to produce a constant rate of interest on the liability. The liability is reported in other liabilities. The finance charge is recognised in expenses in the consolidated statement of comprehensive income.

Where the Group is the lessor, it recognises the present value of lease payments for finance leases as a receivable. Any difference between the gross receivable and the present value of the receivable is recognised in net interest and investment income over the lease term. Finance income is recognised over the lease term using the annuity method, reflecting a constant annual return. So far, the Group is not party to any such leases, either as a lessor or lessee.

2.12 Loans and tenants receivables

Loans and tenants receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are recognised when the Group provides a debtor directly with money, goods or services without any intention of trading the debt.

Note 2 - Summary of significant accounting policies (continued)

2.12 Loans and tenants receivables (continued)

They are included in current assets, except for maturities greater than 12 months after the end of reporting period. These are classified as non-current assets.

Loans and tenants receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of loans and tenant receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the loans and tenant receivables.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the consolidated statement of comprehensive income within "Finance costs".

When a tenant receivable is uncollectible, it is written off against the allowance account for tenant receivables. Subsequent recoveries of amounts previously written off are credited in the consolidated statement of comprehensive income.

2.13 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts, if any, are shown within borrowings in current liabilities on the statement of financial position. For the purpose of the consolidated statement of cash flow, cash and cash equivalents consist of cash and short term deposits as defined above, net of outstanding bank overdrafts.

2.14 Non-currents assets held for sale

Non-current assets (except investment properties) and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Investment properties classified as held for sale are measured at fair value. Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale and the property must be actively marketed for sale and such sale should be expected to qualify for recognition as a completed sale within one year from the date of classification.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations;
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- Is a subsidiary acquired exclusively with a view to resale.

Note 2 - Summary of significant accounting policies (continued)

2.14 Non-currents assets held for sale (continued)

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the consolidated statement of comprehensive income.

Additional disclosures are provided in Notes 7.4 and 11.7. All other notes to the consolidated financial statements include amounts for continuing operations, unless otherwise mentioned.

2.15 Loans and accounts payable

Loans and accounts payables are measured initially at fair value, net of transaction costs incurred, and subsequently at amortised cost using the effective interest method. Any difference between the amount of a loan (after deduction of transaction costs) and the amount repaid is recognised in the consolidated statement of comprehensive income over the loan term using the effective interest rate method.

Loans and accounts payables are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of reporting period.

2.16 Derivative financial instruments

The Group uses financial instruments such as interest rate swaps to hedge its risks associated with interest rate fluctuations. These financial instruments are initially recognised at fair value.
The first fair value valuation is the date on which a derivative contract is entered into; the subsequent re-measurements are done at fair value. Derivatives are classified as assets when their fair value is positive and as liabilities when their fair value is negative.

The Group does not apply hedge accounting even though the derivatives are cash flow hedges as no formal designation and documentation is done.

The valuation techniques applied to fair value of the derivatives include the swap models, using present value calculations. The model incorporates various inputs including the credit quality of counterparties and forward rates.

2.17 Provisions

Provisions for legal claims and other obligations are recognised when:

- the Group has a present legal or constructive obligation as a result of past events;
- it is probable that an outflow of resources will be required to settle the obligation; and
- the amount has been reliably estimated.

Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses unless they related to onerous contracts.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Note 2 - Summary of significant accounting policies (continued)

2.18 Revenue recognition

Revenue comprises:

- rental income,
- service charges recoverable from tenants,
- interest income.

a) Rental income

Rental income is recognised on a straight line basis over the lease term and includes rents charged to the tenants in accordance with the terms of the related lease agreements taking into account any rent free periods and other lease incentives, net of any sales taxes.

The lease term is the non-cancellable period of the lease together with any further terms for which the tenant has the option to continue to lease the asset when at the inception of the lease it is reasonably certain that the lessee will exercise the option.

b) Service charges recoverable from tenants

Service charges recoverable from tenants represent income receivable from tenants for the services of utilities, warden and property caretakers. When the Group is acting as an agent of the tenants, the service charges income is presented net of the related expenses. Service charges recharged to tenants are recognised on an accrual basis in the period to which these relate and in which that expense can be contractually recovered.

c) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flows discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

2.19 Taxation

Tax expense for the reporting period comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

Current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of reporting period in the countries where the company’s subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Note 2 - Summary of significant accounting policies (continued)

2.19 Taxation (continued)

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.20 Impairment of non-financial assets

Assets that have an indefinite useful life – for example, goodwill – are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date. Impairment losses on goodwill are not reversed.

Note 3 - Critical accounting estimates and judgement

Estimates and judgements are continually evaluated and are based on historical experience as adjusted for current market conditions and other factors.

Company

Investments in Group undertakings are accounted for at cost and assessed for impairment by the directors. In making this judgement, the directors evaluate, among other factors, the financial health of and near-term business outlook for the investee companies, (including factors such as industry and investee projected performance and operational and financing cash flow). Provisions are recorded where, in the opinion of the directors, there is a long-term impairment in value. Following the improvement in the net equity position as at 31 December 2014, the impairment provision has been reversed to nil leaving the book value of the subsidiary at cost.

In the opinion of the directors, the accounting estimates and judgements made in the course of preparing these consolidated financial statements are not difficult, subjective or complex to a degree which would warrant their description as critical in terms of the requirements of IAS 1.

Note 3 - Critical accounting estimates and judgement (continued)

Group

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and the disclosure of contingent assets and liabilities.

Actual amounts may differ from these estimates. In particular, management must make estimates and assumptions in the following areas:

3.1 Fair value measurements

The Group 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 cost are disclosed in the consolidated 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 Group 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 Group 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 consolidated financial statements on a recurring basis, the Group 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 3 - Critical accounting estimates and judgement (continued)

3.1 Fair value measurements (continued)

The following table provides the fair value measurement hierarchy of the Group's financial assets and liabilities, as well as the investment property as of 31 December 2015:

	Fair value by level of hierarchy 31 December 2015			
	EUR	EUR	EUR	EUR
	Level 1	Level 2	Level 3	Carrying amount
Assets and liabilities measured at fair value				
Investment property	-	-	1,153,332,700	1,153,332,700
Assets classified as held for sale	-	46,319,302	28,340,000	74,659,302
Assets and liabilities for which fair value is disclosed				
Tenants receivables	-	2,626,309	-	2,626,309
Receivables from related parties	-	500,000	-	500,000
Deposits	-	12,065,524	-	12,065,524
Cash and cash equivalents	-	49,462,559	-	49,462,559
Loans from bank and institutional investors	-	(592,921,787)	-	(567,638,351)
Accrued interest payable to banks	-	(1,834,297)	-	(1,834,297)
Financial instruments held to maturity	-	22,960,486	-	20,400,000
Other non-current liabilities	-	(22,960,486)	-	(20,400,000)
Accounts payable	-	(71,898,242)	-	(71,898,242)
Liabilities directly associated with assets classified as held for sale	-	(66,792,308)	-	(66,792,308)
Derivative instruments	-	(2,216,014)	-	(2,216,014)

Fair value of the Group's interest-bearing borrowings and loans are determined by using the discounted cash flow ("DCF") method using a discount rate that reflects the issuer's borrowing rate including its own non-performance risk as at 31 December 2015.

The valuation techniques applied to fair value the derivatives include the swap models, using present value calculations. The model incorporates various inputs including the credit quality of counterparties and forward rates.

Note 3 - Critical accounting estimates and judgement (continued)

3.1 Fair value measurements (continued)

The following table provides the fair value measurement hierarchy of the Group's financial asset and liabilities, as well as the investment property, as of 31 December 2014:

	Fair value by level of hierarchy 31 December 2014			
	EUR	EUR	EUR	EUR
	Level 1	Level 2	Level 3	Carrying amount
Assets and liabilities measured at fair value				
Investment property	-	-	1,084,189,501	1,084,189,501
Derivative financial instruments	-	2,541,045	-	2,541,045
Assets classified as held for sale	-	79,385,612	94,059,789	173,445,401
Assets and liabilities for which fair value is disclosed				
Receivables from related parties	-	212	-	212
Payables from related parties	-	(19,441)	-	(19,441)
Tenants receivables	-	2,366,750	-	2,366,750
Deposits	-	11,087,509	-	11,087,509
Cash and cash equivalents	-	50,959,351	-	50,959,351
Loans from bank and institutional investors	-	(624,089,725)	-	(603,838,368)
Accrued interest payable to banks	-	(8,347,922)	-	(8,347,922)
Financial instruments held to maturity	-	23,113,430	-	20,400,000
Other non-current liabilities	-	(23,113,430)	-	(20,400,000)
Accounts payable	-	(62,090,601)	-	(62,090,601)
Liabilities directly associated with assets classified as held for sale	-	(171,491,213)	-	(171,491,213)

Fair value of the Group's interest-bearing borrowings and loans are determined by using the DCF method using a discount rate that reflects the issuer's borrowing rate including its own non-performance risk as at 31 December 2014.

The valuation techniques applied to fair value the derivatives include the swap models, using present value calculations. The model incorporates various inputs including the credit quality of counterparties and forward rates.

Note 3 - Critical accounting estimates and judgement (continued)

3.1 Fair value measurements (continued)

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 fair values:

- Cash and short-term deposits, rent receivables, account payables, and other current liabilities approximate their carrying amounts due to the short-term maturities of these instruments;
- The fair value of floating rate loans (from banks, shareholders and related parties) is estimated by discounting future cash flows using rates currently available for debt or similar terms and remaining maturities. The fair value approximates their carrying values gross of unamortised transaction costs;
- The fair values of the derivative interest rate swap contracts are estimated by discounting expected future cash flows using current market interest rates and yield curve over the remaining term of the instrument;
- The fair value of tenant deposits is estimated by discounting the nominal amount received to the expected date of repayment based on prevailing market interest rates.

a) Estimate of fair value of investment properties

As at each year-end, all properties are valued by external appraisers. Each year, the Board of Managers appoints external appraisers who are responsible for the external valuations of the Group's property for the annual consolidated financial statements. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

The valuation results are reviewed by the Board of Managers with the assistance of BGP Asset Management GmbH team and any issues related to the valuation of the Group's property are further discussed and clarified with the external appraisers.

The investment property owned by the Group directly (through subsidiaries) have been valued at fair value (level 3), as determined by independent appraisers as at 31 December 2015. These fair values have been used for the preparation of the consolidated financial statements.

The fair value of investment property is determined using a discounted cash flow ("DCF"). This method, which is based on dynamic investment calculations, allows valuation parameters to be reflected explicitly and, therefore, provides a transparent arithmetical determination of fair value. In the DCF method, the future income and expenditure flows associated with the subject asset are explicitly forecasted over a 10-year period detailed consideration, assuming a letting scenario which is not taking into account any potential privatisation of individual apartments. The cash flows calculated for the period of detailed consideration are discounted, monthly in advance, to the date of valuation, allowing the effect on the current fair value of the receipts and payments at varying dates during the 10-year period to be properly reflected.

The discount rate chosen reflects not only the market situation, location, condition and letting situation of the asset and the yield expectations of a potential investor but also the level of security of the forecast future cash flows. As the discounting process means that the effect of future cash flows reduces in importance while at the same time the uncertainty of forecasting tends to increase over time, it is usual in real estate investment considerations for the sustainable net rental income after a ten-year time horizon (the period of detailed consideration) to be capitalized, using a growth-implicit yield, and then discounted to the date of valuation.

The assumptions adopted in the valuation model reflect the average estimates that would be made at the respective date of valuation by investors active in the market. The result of the DCF method is, therefore, the price that a relevant investor in the market would be prepared to pay for the asset at the respective date of valuation, in order to achieve a return from the proposed investment that is in line with present asset market expectations.

Note 3 - Critical accounting estimates and judgement (continued)

3.1 Fair value measurements (continued)

a) Estimate of fair value of investment properties (continued)

The valuations were performed by CBRE, an accredited independent valuer. CBRE is a specialist in valuing these types of investment properties, due to its current local and national knowledge of the particular property market involved and its skills and understanding to undertake the valuations competently.

The valuations have been prepared in accordance with the RICS Valuation – Professional Standards, Ninth Edition (Red Book), published by the Royal Institution of Chartered Surveyors January 2014 and are consistent with the principles in IFRS 13. The properties have been valued individually and no account has been taken of discount or premium that may be negotiated in the market if all or part of the portfolio was to be marketed simultaneously, either in lots or as a whole.

The properties are freehold-equivalent or leasehold-equivalent and are mainly apartment buildings, high-rise apartment blocks and mixed-used properties. The portfolio also includes retail units (office units and commercial units) and garages, parking spaces and miscellaneous rental units (antennae, advertising, automats etc.), that generate additional rental income.

Description of valuation techniques used and key inputs to valuation on investment properties as at December 31, 2015 is as follows:

Class of property	Fair value 31 December 2015	Valuation technique	Key unobservable inputs	Range
Residential	1,153,332,700	DCF	Estimated rental value p.a.	EUR 93,913,447
			Estimated rental value per sqm	EUR 5.52 – 6.39
			Rental growth p.a.	0% - 2%
			Long term vacancy rate	2.1% - 2.2%
			Discount rate	5.25% - 8.5%
Office, Warehouse, Light Industrial	28,340,000	DCF	Estimated rental value p.a.	EUR 197,865-EUR 1,071,950
			Estimated rental value per sqm	EUR 48.00-91.00
			Equivalent Yield	8.75%-11.50%
			Net Initial Yield	7.42%-11.22%
			Revisionary Yield	9.24%-14.29%

Sensitivity analysis to significant changes in unobservable inputs within Level 3 of the hierarchy

Significant increases (decreases) in the estimated rental value (per sqm p.a.) in isolation would result in a significantly higher (lower) fair value measurement. Significant increases (decreases) in the discount rate in isolation would result in a significantly lower (higher) fair value.

A quantitative sensitivity analysis is as shown below:

	Sensitivity used	Effect on fair value of Investment property (EUR)
Increase in estimated rental value	+10%	128,783,000
Decrease in estimated rental value	-10%	(132,791,000)
Increase in discount rate	+0.25 bps	(21,851,200)
Decrease in discount rate	-0.25 bps	22,842,100

Note 3 - Critical accounting estimates and judgement (continued)

3.1 Fair value measurements (continued)

b) Estimate of fair value of derivatives

Where the fair value of derivatives recorded in the consolidated statement of financial position cannot be derived from active markets, they are determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of derivatives.

The carrying values of these estimates are presented on the face of the consolidated statement of financial position.

3.2 Income taxes

The Group is subject to income tax in different jurisdictions. Significant estimates are required in determining the provisions for income taxes. There are some transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax consequences based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax provisions in the period in which such determination is made.

The carrying values of these estimates are presented on the face of the consolidated statement of financial position.

3.3 Acquisitions and disposal of property companies

The Group acquired subsidiaries that own investment properties. At the time of each acquisition, the Group considers whether or not the acquisition represents an integrated set of activities and assets to conclude whether the acquisition is a business combination. More specifically, the following criteria are considered:

a. the number of items of land and buildings owned by the subsidiary,
b. the extent of ancillary services provided by the subsidiary (eg. maintenance, cleaning, security, bookkeeping, hotel services etc.),
c. whether the subsidiary has allocated its own staff to manage the property and/or to deploy any processes (including all relevant administration such as invoicing, cash collection, provision of management information to the entity's owners and tenant information),
d. whether the management of the investment property is a complex process.

When the acquired subsidiaries do not represent an integrated set of activities and assets, it is accounted for as an acquisition of a group of assets and liabilities. The cost of the acquisition is allocated to the assets and liabilities acquired based upon their relative fair values, and no goodwill nor deferred tax resulting from the allocation of the cost of acquisition is recognised. The Group accounts for acquisition of subsidiaries as a business combination where an integrated set of activities is acquired in addition to the properties.

Discontinued operations relate mostly to the retail portfolio held for sale and to the assets already sold during 2014. Please refer to the note 17 for the detailed list of companies included.

Note 3 - Critical accounting estimates and judgement (continued)

3.4 Operating Lease Commitments – Group as Lessor

The Group entered into commercial property leases on its investment properties portfolio. The Group has determined, based on an evaluation of the terms and conditions of each individual arrangement, that it retains all the significant risks and rewards of ownership of these properties and as a consequence accounts for the contracts as operating leases.

3.5 Going concern assessment

The Group's consolidated financial statements have been prepared on a going concern basis which assumes that the Group will be able to meet its financial obligations as and when they fall due. This is supported by the business plan approved by the Company Management and the cash position as at 31 December 2015 of EUR 49.5 million compared to EUR 4.1 million of loans from banks and institutional investors maturing in 2016.

Given the non-recourse nature of the Group's financing structure at a subsidiary level, and the fact that the Group has adequate cash reserves, the Board of Directors is of the opinion that the maturing bank debts do not change their assessment that the Group is a going concern. As at the date of publication of these consolidated financial statements, the Group has complied with all its loan covenants or standstill agreements.

Accordingly, the Board of Directors continues to adopt the going concern basis in preparing the consolidated financial statements.

Note 4 - Investments in group undertakings

As at 31 December 2015, the Group, including the Company encompassed a total of 95 business entities listed in note 17.

Company

	2015	2014
	EUR	EUR
Opening carrying amount	**164,432,886**	164,432,886
(Impairment provision) / Reversal of impairment	**-**	-
Closing carrying amount	**164,432,886**	164,432,886

Investments in Company's undertakings as at 31 December 2015 are shown below:

	Registered Office	**Class of shares held**	**Percentage of shares held**
BGP Holdings 2 Limited	B2 Industry Street Qormi, QRM 3000 Malta	Ordinary shares	99.99 %

The total historical cost of the investment in BGP Holdings 2 Limited amounts to EUR 164,432,886.

Note 5 - Acquisitions and disposals

5.1 Acquisition of shares in subsidiary

Group

There were no acquisitions during 2015.

5.2 Sale and liquidation of shares in subsidiaries

a) Disposal of shares in subsidiaries

HBI Denmark PropCo ApS, holding investment property at book value of EUR 31,412,360 and bank loans of EUR 45,885,850, was sold to a third party in July 2015. The proceeds received on sale amounted to EUR 638,515. The net gain on sale amounted to EUR 15,289,373.

Wohnungsbaugesellschaft Jade erste mbH & Co, Wohnungsbaugesellschaft JADE GmbH and Wohnungsbaugesellschaft Jade zweite mbH & Co KG were sold during the year ended 31 December 2015. See note 7.3 for additional details.

b) Liquidation of subsidiaries

The following companies holding no investment properties as at 1 January 2015 were liquidated during 2015 for a combined loss on liquidation of EUR (10,686):

- BGP Retail 4 S.à r.l. & Co KG, entity dissolved
- BGP Logistikzentrum GmbH, entity liquidated

Within the so called "Heidi Portfolio", KPI Retail Property 21 S.à r.l., Candlepower Investments B.V. and Promontoria Holding VIII B.V. merged into KPI Retail Property 20 S.à r.l.. The latter has been transferred to BGP Holdings Europe S.à r.l. in December 2015.

Note 6 – Operating segment

The Group is organised in one major business segment, Residential, which is also the only reportable operating segment of the Group.

The operating segment "Residential" includes the acquisition, development, leasing and disposal of residential properties. This operating segment derives its revenue primarily from rental income from lessees.

The management has determined the operating segments based on the reports reviewed by the Board of Managers in making strategic decision. The main factor used to identify the Group's reportable segment is the real estate sector.

The Board of Managers assess the performance of the operating segment based on a measure of the operating profit. The operating profit and the result of the Group's reportable segment reported to the Board of Managers are measured in a manner consistent with that in profit or loss. A reconciliation of operating profit to profit before tax is therefore not presented separately.

For the year ended 31 December 2015, the revenue and profit information about the Group's operating segment are the same as those reported in the consolidated statement of comprehensive income relating to the continuing operations. All the revenue generated by the Group in the year ended 31 December 2015 is derived from the operating segment Residential, which includes investment properties located in Germany.

Note 6 – Operating segment (continued)

The assets and liabilities of the Group's operating segment as at 31 December 2015 are the same as those reported in the consolidated statement of financial position at that date excluding the asset held for sale and the liabilities associated with assets held for sale. All the investment properties held by the Group are located in Germany.

Note 7 – Assets

7.1 Goodwill

Group

	Goodwill	Accumulated impairment	Net carrying value
	EUR	EUR	EUR
Balance at the beginning of the year	15,968,800	(11,389,000)	4,579,800
Movement in the year	-	-	-
Balance at the end of the year	15,968,800	(11,389,000)	4,579,800

Goodwill is tested for impairment at least annually and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit ("CGU") to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

The goodwill of the Group tested for impairment is allocated to one single CGU which corresponds to the assets acquired in connection with the business combination involving BGP AM and its subsidiaries. The recoverable amount of the Asset Management CGU, as at 31 December 2015, has been determined based on a value in use calculation using cash flow projections from financial budgets approved by senior Management covering a five year period. Cash flows beyond the five year period have been extrapolated using an estimated growth rate of 2% which is based on the long-term inflation outlooks of the European Union. As a result of this analysis, Management has recognised an impairment charge of EUR 11,389,000 against goodwill. The impairment charge is recorded within "Other operating expenses" caption in the consolidated statement of comprehensive income.

The calculation of the value in use of the Asset Management CGU is based on the following key inputs.

Discount rate	7.6%
Long term growth rate	2%
Growth rate in fair value of the serviced real estate assets	5%

Discount rate - The discount rate represents the current market assessment of the risks specific to the CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and is derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data.

A rise in the discount rate to 7.8% would result in a further impairment.

Note 7 – Assets (continued)

7.1 Goodwill (continued)

Growth rate in fair value of the serviced real estate assets – BGP Asset Management GmbH invoices an annual fee corresponding to 0.45% of the market value of the serviced real estate assets. It derives that the revenue expected to be generated by the CGU over the next five years are significantly impacted by the fluctuation in the market value of the serviced real estate assets. Over the next five years, the market value of the serviced real estate assets is expected to grow by 5% each year.

A fall in the above growth rate to 4.0% would result in a further impairment.

Long term growth rate – Given the GCU is mostly exposed to the German market, the long-term growth rate is based on long-term inflation outlooks in the EU. Since the European Central Bank aims at maintaining inflation at a rate of 2%, this is the long-term growth rate used for the assessment of the value in use.

A fall in the long-term growth rate to 1.8% would result in a further impairment.

7.2 Investment properties

	Total 2015 EUR	**Total 2014 EUR**
Fair value at the beginning of the year	1,084,189,501	1,003,773,067
Sale of investment properties	(566,627)	(8,421,056)
Costs subsequently capitalised	28,829,420	20,915,768
Valuation gains from investment properties		
- Fair value gains on investment properties	47,206,029	69,900,326
- Fair value losses on investment properties	(6,325,623)	(1,978,604)
Fair value at the end of the year	**1,153,332,700**	**1,084,189,501**

Note 7 – Assets (continued)

7.2 Investment properties (continued)

	Continuing Residential	**Discontinued Retail**	**Discontinued Light Industrial**	**Total 2014**
	Level 3*	**Level 3***	**Level 3***	
	EUR	**EUR**	**EUR**	**EUR**
Fair value at the beginning of the year	1,003,773,067	120,850,000	-	1,124,623,067
Transfer to assets classified as held for sale (see note 7.4)	-	(98,000,000)	-	(98,000,000)
Tenant incentives	-	-	-	-
Leasing costs	-	-	-	-
Sale of investment properties	(8,421,056)	(21,534,000)	-	(29,955,056)
Foreign exchange loss	-	-	-	-
Costs subsequently capitalised	20,915,768	370,591	-	21,286,359
Valuation gains from investment properties				
- Fair value gains on investment properties	69,900,326	2,662,669	-	72,562,995
- Fair value losses on investment properties	(1,978,604)	(4,349,260)	-	(6,327,864)
Fair value at the end of the year	**1,084,189,501**	**-**	**-**	**1,084,189,501**

*Classified in accordance with the fair value hierarchy, see note 3.1.

The significant methods and assumptions used by the valuers in estimating the fair value of investment property are set out in note 3.1 a).

Note 7 – Assets (continued)

7.3 Investment in associates

Group

As at 31 December 2015, investment in associates is comprised of the following companies which hold or held properties located in Germany:

- "Heidi portfolio" (35%), comprised of the following entities:
  - KPI Retail Property 20 S.à r.l. (transferred to BGP Holdings Europe S.à r.l. in December 2015)
  - KPI Retail Property 21 S.à r.l. (merged into KPI Retail Property 20 S.à r.l.)
  - Candlepower Investments B.V. (merged into KPI Retail Property 20 S.à r.l.)
  - Promontoria Holding VIII B.V. (merged into KPI Retail Property 20 S.à r.l.)
  - Jade Management Holding S.à r.l.
  - Jade Porfolio 1 S.à r.l.
  - Jade Portfolio 2 S.à r.l.
  - Wohnungsbaugesellschaft Jade erste mbH & Co KG (sold during 2015)
  - Wohnungsbaugesellschaft JADE GmbH & Co KG (sold during 2015)
  - Wohnungsbaugesellschaft Jade zweite mbH & Co KG (sold during 2015)
- Narat GmbH ("Narat") (30%)
- BGP Otto 3 S.à r.l. & Co KG ("BGP Otto 3") (25%)

	Heidi	Narat	Otto 3	BGP AM	Total
Carrying value as at 31 December 2013	59,250,183	22,260,405	1,095,690	295,557	82,901,835
Share of result from Associate	(15,646,698)	(22,103,397)	1,645,498	433,267	(35,671,330)
Change of scope	-	-	-	(728,824)	(728,824)
Other	(8,152,118)	(157,008)	(779,418)	-	(9,088,544)
Carrying value as at 31 December 2014	35,451,367	-	1,961,770	-	37,413,137
Share of result from Associate	1,042,681	-	203,853	-	1,246,534
Cash received	(34,745,458)	-	-	-	(34,745,458)
Other	-	-	933,544	-	933,544
Receivable included in RPT (note 14)	(500,000)	-	-	-	(500,000)
Carrying value as at 31 December 2015	1,248,590	-	3,099,167	-	4,347,757

a) Heidi Portfolio

The investment properties of the aforementioned "Heidi portfolio" were unconditionally sold in the year ended 31 December 2014. Consideration was partially deferred to 2015 and 2016. The share of result from the investment in Heidi realised in the year ended 31 December 2015 was determined by a positive adjustment of the consideration agreed in 2014.

Heidi portfolio	**31 December 2015**	**31 December 2014**
Total assets	5,116,181	81,242,931
Total liabilities	(620,210)	(45,791,564)
Group's share of profit for the year	1,042,681	(15,646,698)

The carrying value of the investment in Heidi portfolio amounts to EUR 1,248,590 as at 31 December 2015.

The Company also carries a receivable from Wohnungsbaugesellschaft Jade erste mbH & Co KG amounting to EUR 500,000 as at 31 December 2015. (refer to note 14 – Loans receivable from related parties).

Note 7 – Assets (continued)

7.3 Investment in associates (continued)

b) Narat

The investment in Narat GmbH is held by the Company through its subsidiary Treso S.à r.l. & Co KG.

Following the important appreciation of the CHF against EUR, the direct impact on the Narat's bank loan and derivative instrument in CHF reduced its NAV to a negative balance. Consequently, the 30% of shares held by the Group was impaired for its total amount EUR 22.1 million in 2014. The value of the shares reduced to nil remains unchanged as at 31 December 2015.

On the 5th May 2015, Narat GmbH filed for insolvency. There is no recourse to BGP Group and BGP Group does not expect to receive any funds following the insolvency proceedings.

c) Otto 3

The project BGP Otto 3 represents the Group's investment in BGP Otto 3 S.à r.l. & Co KG.

Financial position	**2015** **EUR**	**2014** **EUR**
Investment properties	22,900,000	22,431,000
Current assets	2,181,781	2,357,231
Total Assets	**25,081,781**	**24,788,231**
Non-current liabilities	(3,198,903)	(14,878,494)
Short term bank debts	(10,001,142)	-
Other current liabilities	(3,219,244)	(2,062,657)
Total Liabilities	**(16,419,289)**	**(16,941,151)**
Net assets as at 31 December	**8,662,492**	**7,847,080**
Share of Ownership	25%	25%
Group's carrying amount of the investment	**2,165,623**	**1,961,770**

Comprehensive income	**2015** **EUR**	**2014** **EUR**
Revenue from investment properties	2,723,480	2,787,296
Expenses related to investment properties	(1,630,201)	(1,650,151)
Corporate expenses	(83,844)	(97,241)
Net finance costs	(436,283)	(472,273)
Net gain/(loss) on fair value adjustment of investment properties	233,799	6,275,153
Other income	8,461	7,822
Income taxes	-	(268,615)
Profit/(loss) for the year	**815,412**	**6,581,991**
Share of Ownership	25%	25%
Group's share of profit /(loss) for the year	**203,853**	**1,645,498**

The investment in Otto 3 includes a loan receivable from the associate amounting to EUR 933,544.

Note 7 – Assets (continued)

7.4 Assets and liabilities included in disposal groups classified as held for sale

Group

As at 31 December, assets and liabilities of the following companies were classified as held for sale;

2015
- BGP Retail 9 S.à r.l. & Co KG
- HBI France PropCo ApS

2014
- BGP Retail 1 S.à r.l. & Co KG
- BGP Retail 9 S.à r.l. & Co KG
- BGP Retail 10 S.à r.l. & Co KG
- BGP Retail 11 S.à r.l. & Co KG
- BGP Retail 13 S.à r.l. & Co KG
- BGP Retail 14 S.à r.l. & Co KG
- BGP Retail 16 S.à r.l. & Co KG
- HBI Denmark PropCo ApS
- HBI France PropCo ApS

Assets	**2015**	**2014**
	EUR	**EUR**
Investment property	68,840,000	157,222,359
Tenants receivables	1,418,077	3,644,427
Prepayment and other assets	1,555,602	977,110
Cash and cash equivalents	1,480,264	8,779,627
Income taxes receivable	1,365,359	2,821,878
Assets classified as held for sale	**74,659,302**	**173,445,401**

Liabilities	**2015**	**2014**
	EUR	**EUR**
Bank loans and overdrafts	(62,759,362)	(161,513,200)
Derivatives	-	(2,541,045)
Accounts payable and accrued expenses	(4,032,946)	(7,436,968)
Liabilities directly associated with assets classified as held for sale	**(66,792,308)**	**(171,491,213)**

The movements on Investment properties held for sale were as follows:

	2015	**2014**
	EUR	**EUR**
Balance at start of period	157,222,359	284,376,145
Transfer of properties to held for sale	-	98,000,000
Sale of investment properties	(85,662,360)	(221,919,809)
Costs subsequently capitalised	182,217	198,428
Fair value losses	(2,902,216)	(3,432,405)
Balance at end of period	68,840,000	157,222,359

Note 7 – Assets (continued)

7.4 Assets and liabilities included in disposal groups classified as held for sale (continued)

BGP Retail 9 S.à r.l. & Co KG hold investment properties at book value of EUR 43,750,000 and bank loans of EUR 32,300,526. The investment properties were sold and the loan repaid in March of 2016.

HBI France Propco ApS holding investment properties at book value of EUR 28,340,000 and bank loans of EUR 31,198,836 is scheduled to be sold in 2016.

BGP Retail 1 S.à r.l. & Co KG hold investment properties at book value of EUR 13,050,000 and bank loans of EUR 10,815,711. The investment properties were sold and the loan repaid in Q1 of 2015.

BGP Retail 10 S.à r.l. & Co KG hold investment properties at book value of EUR 8,450,000 and bank loans of EUR 7,667,595. The investment properties were sold and the loan repaid in Q1 of 2015.

BGP Retail 11 S.à r.l. & Co KG hold investment properties at book value of EUR 21,700,000 and bank loans of EUR 16,522,224. The investment properties were sold and the loan repaid in Q1 of 2015.

BGP Retail 13 S.à r.l. & Co KG hold investment properties at book value of EUR 2,450,000 and bank loans of EUR 1,709,068 The investment properties were sold and the loan repaid in Q1 of 2015.

BGP Retail 14 S.à r.l. & Co KG hold investment properties at book value of EUR 7,200,000 and bank loans of EUR 8,010,150. The investment properties were sold and the loan repaid in Q1 of 2015.

BGP Retail 16 S.à r.l. & Co KG hold investment properties at book value of EUR 1,400,000 and bank loans of EUR 1,728,968. The investment properties were sold and the loan repaid in Q1 of 2015.

HBI Denmark Propco ApS holding investment properties at book value of EUR 31,412,360 and bank loans of EUR 45,885,850 was sold in June 2015.

Note 7 – Assets (continued)

7.5 Tenant receivables

Group

	2015 EUR	2014 EUR
Rent receivable	13,375,294	13,866,425
Service charges receivable	4,843,259	5,045,532
Provision for impairment	(15,592,244)	(16,545,207)
	2,626,309	**2,366,750**

Rent and service charge receivable are non-interest bearing and are typically due within 30 days.

As at 31 December 2015 receivables with a nominal value of EUR 18,218,553 (2014: EUR 18,911,957) were partially impaired and provided for. Movements in the provision for impairment of receivables were as follows:

	2015 EUR	2014 EUR
As at start of year	**16,545,207**	**15,935,249**
Increases	712,939	760,754
Decreases	(1,665,902)	(150,796)
As at end of year	**15,592,244**	**16,545,207**

As at 31 December, the analysis of trade receivables that were past due but not impaired is set below:

			Past due not impaired				
	Total	**Neither past due nor impaired**	**<30 days**	**30-60 days**	**60-90 days**	**90-120 days**	**> 120 days**
31 December 2014	2,366,750	-	419,828	397,116	452,556	103,400	993,850
31 December 2015	2,626,309	-	1,133,978	303,011	122,221	74,117	992,982

7.6 Cash and cash equivalents

Group and Company

	2015 Group EUR	2014 Group EUR	**2015 Company EUR**	2014 Company EUR
Cash at bank – non restricted	**20,551,140**	30,475,718	**541,675**	806,597
Cash at bank – restricted	**408,246**	926,289	**-**	-
Short-term deposits – non restricted	**27,876,683**	17,575,643	**-**	-
Short-term deposits – restricted	**620,000**	1,970,296	**-**	-
Cash in hand	**6,490**	11,405	**-**	-
	49,462,559	50,959,351	**541,675**	806,597

Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

The fair value of cash and cash equivalents equals their carrying amount.

Note 7 – Assets (continued)

7.7 Prepayments and other assets

Group and Company

	2015 Group EUR	2014 Group EUR	**2015 Company EUR**	2014 Company EUR
Monnet – Capex Reserve	**837,932**	6,046,356	**-**	-
Monnet – Cash Sweep	**1,391,293**	1,607,038	**-**	-
Other	**10,226**	-	**-**	-
Tax advances	**390,022**	718,939	**-**	-
Trade receivables	**26,667**	-	**-**	-
Prepayments and accrued expenses	**44,853,143**	39,134,901	**34,750**	-
Deposits	**12,065,524**	11,087,509	**-**	-
Sales proceeds receivable	**83,184**	-	**-**	-
	59,657,991	58,594,743	**34,750**	-

7.8 Financial instruments

Group

In order to meet the retention requirement of article 122A of the Capital Requirement Directive ("CRD"), BGP Investment S.à r.l. holds EUR 20,400,000 of class D notes issued by Monnet Finance Limited.

In consideration for the class D notes, BGP Investment S.à r.l. assigned EUR 20,400,000 of existing loan from BGP Investment S.à r.l. to BGP Investment II S.à r.l., to the issuer Monnet Finance Limited.

Note 8 - Equity and liabilities

8.1 Share capital

Company

	2015 EUR	2014 EUR
Authorised		
9,796,902,030 ordinary ‘A’ shares of EUR0.0000102072 each	**99,999**	99,999
1 ordinary ‘B’ share of EUR1	**1**	1
	100,000	100,000
Issued and fully paid		
9,796,902,030 ordinary ‘A’ shares of EUR0.0000102072 each	**99,999**	99,999
	99,999	99,999

Holders of ordinary ‘A’ shares have the right to receive dividends, participate in the profits of the company and attend and vote at all general meetings of the Company.

Note 8 - Equity and liabilities (continued)

8.2 Share premium account

Company

This amount is not distributable by way of dividend to shareholders. It may be applied by the Company in paying up unissued shares of the Company as fully paid bonus shares to the shareholders of the Company.

	2015	2014
	EUR	EUR
Share premium	**166,606,786**	166,606,786
	166,606,786	166,606,786

There were no movements on the share premium account during the year.

8.3 Financial liabilities

Group

	Effective interest rate	Maturity	2015	2014
			EUR	**EUR**
Non current borrowings from banks and institutional investors				
Berlin-Hannoversche Hypothekenbank AG	2.10% and 2.5%+Euribor 3M	31 Dec 2021	158,000,000	158,000,000
Berliner Volksbank	2.08%	30 Mar 2019	38,031,260	39,318,497
Monnet Finance Limited	3.913%	12 Nov 2018	373,558,207	376,623,436
			569,589,467	**573,941,933**
Capitalized financing costs			(10,210,074)	(10,210,074)
Capitalized financing costs – Accumulated Amortisation			4,156,851	2,256,238
			563,536,244	**565,988,097**
Current borrowings from banks and institutional investors				
Berliner Volksbank	2.08%	30 March 2019	1,287,238	1,260,826
Monnet Finance Limited	3.913%	12 Nov 2018	2,814,869	2,126,024
Nord LB	5.120%	27 Feb 2015	-	34,463,421
			4,102,107	**37,850,271**
			567,638,351	**603,838,368**

The interest on the loans is to be paid on a monthly or quarterly basis. The outstanding amount of the accrued interest as at 31 December 2015 is EUR 1,834,297 (2014: EUR 8,347,922).

The Group, as part of the Framework Agreement, has to comply with certain covenants including loan to value ("LTV") ratio and interest services coverage ratio ("ISCR"). The Group comply with both ratios as mentioned in the Framework Agreement.

Except in BGP Otto 2 S.à r.l. & Co KG and BGP Resi 23 S.à r.l. & Co KG, all investment properties are mortgaged or pledged as security for long and short term loans.

Note 8 - Equity and liabilities (continued)

8.4 Derivative financial instruments

In 2014, the Group has completed a EUR 158 million refinancing of its Bundaberg German Residential portfolio with Berlin-Hannoverschen Hypothekenbank AG. The loan matures on 31 December 2021. The first tranche (EUR 133 million) is composed of a variable interest rate and an IRS buying a fix rate of 2.10%. The second tranche (EUR 25 million) is composed of an interests rate of Euribor 3M + 1.53% with a cap at 400bps.

As at 31 December, the cumulative value of the financial derivatives is recognized as a liability in the balance sheet at a fair value amounting to EUR 2,216,014.

8.5 Accounts payable and accrued expenses

Group and Company

	2015 Group EUR	2014 Group EUR	**2015 Company EUR**	2014 Company EUR
Tenant payables and deposits	**52,470,822**	48,595,932	**-**	-
Other creditors and accrued expenses	**11,260,627**	10,642,453	**29,195**	30,075
Earn-out	**5,000,000**	-	**-**	-
Deferred income	**1,731,497**	1,486,017	**-**	-
VAT payable	**946,792**	958,519	**-**	-
Taxes excluding income tax	**488,504**	407,680	**-**	-
Total trade and other liabilities	**71,898,242**	62,090,601	**29,195**	30,075

Note 9 - Financial risk management

9.1 Financial risk factors

Group

The Group's principal financial liabilities, other than derivative financial instruments, comprise loans from banks, as well as trade and other payables linked to its real estate business. The main purpose of these financial liabilities is to finance the Group's real estate operations. The Group’s main financial assets consist of trade and other receivables, as well as cash and short-term deposits that derive directly from its operations.

The Group is exposed to market risk, credit risk and liquidity risk. Uncertainties linked to financial risks are managed through an active periodic risk management.

The Group's senior management oversees the management of these real estate risks either when entering into a real estate deal or after the deal acquisition. The Group uses local knowledge and experience and local property managers to minimise these risks. In addition, the Group decreases its exposure to real estate market risks by:

- Diversifying its investments spread over four countries in Europe; and
- Diversifying the activities of tenants.

Financial instruments affected by market risks include loans, deposits and derivative financial instruments. The Group decreases its exposure to financial market risks by entering into economic hedge derivatives. The Group does not enter into derivatives for speculative purposes.

Note 9 - Financial risk management (continued)

9.2 Foreign exchange risk

Group

The Group operates in Europe and was exposed to foreign exchange risk arising from currency exposure to the Danish krone (DKK). Foreign exchange risk arose from recognised monetary assets and liabilities, assets measured at fair value and net investments in foreign operations. The Group had the following strategies when dealing with currency exposures:

- Completed properties in countries other than Germany: the lease agreements are indexed to Euro as much as possible. In addition, the related borrowings are also denominated in EUR;
- Completed properties in Denmark: the Group does not economically hedge the currency risks and is exposed to the changes in conversion rates between the local currency and EUR.

9.3 Credit risk

Group

Financial instruments that potentially subject the Group to credit risk are primarily cash and cash equivalents, trade receivables, derivatives and other current assets.

a) Risk for trade receivables and other current assets

The Group's earnings, distributable cash flow and its total equity value could be adversely affected if a significant number of tenants are unable to meet their lease obligations to the Group.

The Group has no significant concentrations of credit risk.

The Group has policies in place to ensure that rental contracts are entered into only with lessees with an appropriate credit history.

There are past due receivables fully provided for in the amount of EUR 15,592,244 (2014: EUR 16,545,207) concerning tenants that defaulted on the rent. A provision for impairment of receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables.

Subsequent recoveries of amounts previously written off are credited to the consolidated statement of comprehensive income.

b) Risk for cash and cash equivalents and derivatives

For banks and financial institutions, only independently rated parties with a minimum rating of "A" are accepted. The Group has cash and cash equivalents as described in note 7.6, with the following long-term bank deposit ratings by S&P, Fitch and Moody's:

- Deutsche Bank AG — **A2** (Moody's), **A** (S&P), **A-** (Fitch)
- Berliner Sparkasse (subsidiary of LBB) — **Aa3** (Moody's)
- Nord LB — **A2** (Moody's), **A-** (Fitch)
- Aareal Bank AG — **BBB+** (Fitch)
- Banque et Caisse D'Epargne de l'Etat — **Aa2** (Moody's), **AA+** (S&P)
- Unicredit Bank AG — **A2** (Moody's), **BBB** (S&P), **A-** (Fitch)
- ING Bank N.V. — **A1** (Moody's), **A** (S&P), **A** (Fitch)
- Berliner Volksbank AG — **AA-** (S&P), **AA-** (Fitch)
- Berlin-Hannoversche Hypothekenbank AG — **A+** (Fitch)

The extent of the Group's credit exposure is represented by the aggregate balance of amounts receivable, as reduced by the effects of any netting arrangements with counterparties.

Note 9 - Financial risk management (continued)

9.4 Liquidity risk

Group

The liquidity risks to which the Group is exposed are of two kinds:

- The real estate market is illiquid and the Group is committed to meet certain bank covenants, including loan-to-value ratio. In case of breach of a covenant, the Group could be forced to redeem part or all of the bank debt. To manage this risk, the Group monitors on a quarterly basis its compliance with loan-to-value ratio covenants. In case of a breach, the Group may consider the disposal of properties, a cash collaterisation or higher interest margins.
- The possibility that tenants may not be able to settle obligations within the normal terms of trade. The Group manages this liquidity risk by assessing periodically the financial viability of tenants.

Management's timely reaction also demonstrates this; indeed, management initiated discussions with representatives of banks in order to amend corporate financing agreements.

9.5 Interest rate risk

Group

The Group's interest rate risk arises from long-term borrowings with variable interest rates. Borrowings issued at variable rates expose the Group to interest rate risk. The Group's strategy is to mitigate its interest rate risks by entering into economic hedges through swap transactions.

The analysis below is performed for reasonably possible movements in interest rates with all variables held constant, showing the impact on profit before tax and equity.

	Increase/ (Decrease) in basis points	Effect on profit before tax EUR
2015		
Impact on interest expense (decrease)/increase	100 bps	(254,167)
Impact on interest expense (decrease)/increase	(100) bps	254,167
2014		
Impact on interest expense (decrease)/increase	100 bps	(250,000)
Impact on interest expense (decrease)/increase	(100) bps	250,000

Note 10 - Financial risks

10.1 Currency risk

Group

Currency exposure is connected to financing either expressed in foreign currencies in a company having EUR as functional currency or being denominated in EUR in companies having another currency as functional currency.

The following table gives the impact in absolute terms on net income in EUR thousand of the variation increase / (decrease) by 10% against the Euro for each currency in which the Group has a significant exposure. 10% is the sensitivity rate used when reporting currency risk internally to key management and represents management's assessment of the reasonable possible change in foreign exchange rates.

	Increase/(decrease) of 10% against EUR In EUR'000	
	December 2015	**December 2014**
DKK/EUR	Nil	(115) /91

10.2 Liquidity and cash flow interest rate risk

Group

The liquidity risk is the risk that the Group might encounter, difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Board of Directors monitors the Group's liquidity risk on the basis of expected cash flows and by managing its development agenda and portfolio of investment properties.

The average lifetime of the Group's financial loans is 3.7 years (2014: 4.5 years). Concerning the liquidity risk of the Group, due to the variability of floating interest rates, it is important to analyse the cash flow risk inherent to the floating rate loans and derivatives that will vary over time.

Note 10 - Financial risks (continued)

10.2 Liquidity and cash flow interest rate risk (continued)

Group (continued)

The table below analyses the Group's financial liabilities and derivative financial instruments into relevant maturity groupings based on the remaining period as from 31 December 2015 to the contractual maturity date.

As the amounts disclosed in the table are the contractual undiscounted cash flows, these amounts will not necessarily reconcile to the amounts disclosed on the statement of financial position for borrowings, derivative instruments and other payables considered as financial instruments.

	On demand	**Not later than 6 months**	**Between 6 and 12 months**	**Between 1 and 5 years**	**Later than 5 years**
			EUR		
Loans from banks	-	2,050,359	2,051,748	415,136,244	148,400,000
Loans from related parties	-	500	-	-	-
Interest payable to banks	-	10,008,314	10,058,550	44,438,698	3,151,244
Other liabilities	-	25,984,976	45,769,580	143,686	20,400,000
31 December 2015	**-**	38,044,149	57,879,878	459,718,628	171,951,244

	On demand	**Not later than 6 months**	**Between 6 and 12 months**	**Between 1 and 5 years**	**Later than 5 years**
			EUR		
Loans from banks	-	35,175,785	2,674,486	389,423,436	184,518,497
Loans from related parties	-	19,441	-	-	-
Interest payable to banks	-	9,627,564	9,736,181	56,363,684	6,142,736
Other liabilities	-	62,090,601	-	-	20,400,000
31 December 2014	**-**	**106,913,391**	**12,410,667**	**445,787,120**	**211,061,233**

Note 10 - Financial risks (continued)

10.3 Capital management

Group

The primary objective of the Group's capital management is to optimise the benefits from bank financing. The Group does not monitor capital using a gearing ratio but it monitors the loan to value ratio on an asset by asset basis.

In the current environment, the Company's objective is to achieve a loan to value ratio below 50%.

Over the period, the Group did invest most of the cash delivered by the asset sales in deleveraging and capital expenditure. The defaulted loans have been refinanced, handed over or repaid. This resulted in a considerable improvement of the loan to value ratio achieving the Company's objectives.

The loans from related parties and the interest on loans from related parties as well as the other non-current liabilities are excluded from the loan to value ratio.

	31 December 2015	31 December 2014
Investment property	1,153,332,700	1,084,189,501
Equity accounted investments	4,347,757	37,413,137
Assets held for sale	74,659,302	173,445,401
GAV	**1,232,339,759**	**1,295,048,039**
Long term bank loans and CMBS	563,536,244	565,988,097
Short term bank loans and CMBS	4,102,107	37,850,271
Liabilities related to assets held for sale	66,792,308	171,491,213
Cash and cash equivalents	(49,462,559)	(50,959,351)
Net loans	**584,968,100**	**724,370,230**
Loan to value	**47.5%**	**55.9%**

Note 11 - Consolidated statement of comprehensive income

The consolidated statement of comprehensive income uses a classification of expenses by nature.

11.1 Revenue from investment properties

Group

	2015	2014
	EUR	EUR
Rental income from investment properties	75,041,731	74,858,274
Service charges recoveries	32,821,587	32,758,856
Other building income	814,967	670,974
	108,678,285	**108,288,104**
Asset management fees	**1,484,702**	**-**

Note 11 - Consolidated statement of comprehensive income (continued)

11.2 Expenses related to investment properties

Group

	2015	2014
	EUR	EUR
Utilities	25,983,750	26,469,861
Maintenance and repairs	10,748,836	11,677,426
Management fees	-	10,162,743
Staff wages, salaries, bonuses and social security	8,804,874	-
Bad debt allowances	2,627,444	2,314,173
Leasehold costs	2,672,298	2,653,152
Letting costs	147,468	1,117,070
Property taxes	3,169,925	3,127,958
Insurance	2,385,760	2,426,805
Other	1,639,986	853,605
	58,180,341	**60,802,793**

11.3 Corporate expenses

Group and Company

	2015 Group EUR	2014 Group EUR	**2015 Company EUR**	2014 Company EUR
Tax consulting and audit fees	**2,161,815**	2,114,488	**23,600**	28,851
Consulting and legal fees	**2,414,710**	2,273,078	**159,219**	165,036
Other corporate expenses	**6,337,750**	4,228,227	**8,575**	8,381
Insurance	**68,083**	6,505	**-**	-
	10,982,358	8,622,298	**191,394**	202,268

Fees charged by the auditor for services rendered during the financial years ended 31 December 2015 and 2014 relate to the following:

	2015 Group EUR	2014 Group EUR	**2015 Company EUR**	2014 Company EUR
Annual statutory audit	**345,000**	427,938	**23,600**	28,851
	345,000	427,938	**23,600**	28,851

Note 11 - Consolidated statement of comprehensive income (continued)

11.4 Finance income and costs

Group and Company

Finance income and costs for the years ended 31 December 2015 and 2014 are as follows:

Finance income	**2015 Group EUR**	2014 Group EUR	**2015 Company EUR**	2014 Company EUR
Discount on settlement of external loan	**7,427,279**	-	**-**	-
Other finance income	**79,032**	50,579	**-**	-
Net FX Gain	**9,253**	-	**-**	-
Interest income	**1,776**	13,951	**1,776**	13,951
	7,517,340	64,530	**1,776**	13,951

Finance costs	**2015 Group EUR**	2014 Group EUR	**2015 Company EUR**	2014 Company EUR
Interest on bank loans	**(19,198,357)**	(21,695,076)	**-**	-
SWAP payments	**(820,811)**	(4,807,223)	**-**	-
Amortisation of capitalised finance costs	**(1,840,624)**	(1,789,536)	**-**	-
Other finance costs	**(709,811)**	(525,429)	**(1,624)**	(1,499)
Net foreign exchange loss	**(4,862)**	(3,491)	**-**	-
	(22,574,465)	(28,820,755)	**(1,624)**	(1,499)

11.5 Net unrealised / realised (losses) / gains on investment properties

	2015 EUR	**2014 EUR**
Fair value gains on investment properties	47,206,029	69,900,326
Fair value losses on investment properties	(6,325,623)	(1,978,604)
Net fair value losses/gains on investment properties (note 7.2)	**40,880,406**	**67,921,722**

Note 11 - Consolidated statement of comprehensive income (continued)

11.6 Income tax

Group

The reconciliation between tax expenses and amount arrived at by applying the Group tax rate 35.00% to net gain/ (loss) before tax is as follows:

	2015	2014
	EUR	EUR
Profit before tax from continuing operations	60,421,561	37,759,930
Profit/(Loss) before tax from discontinued operations	12,126,466	32,990,801
Net gain/(loss) before tax	**72,548,027**	**70,750,731**
Expected tax expense/income: (2015 & 2014: 35.00%)	(25,391,809)	(24,762,756)
Effect of tax rates in other countries	20,079,964	8,170,042
Deconsolidated entities	-	(1,949,504)
Non recognition of current year deferred tax asset	11,925,259	(12,408,774)
Non-deductible expenses	-	(103,252)
Permanent differences	(75,787,574)	15,652,980
Timing differences	(13,347,900)	88,206
Current income tax of previous periods	52,224	142,300
Income subject to 15% withholding tax	-	3,495
Movement in accrued interest receivable	-	(1,235)
Taxes on other basis than profit	-	(3,210)
Share of result of associates	69,650	(6,779,313)
Utilisation of previously unrecognised losses carried forward	69,983,157	11,057,944
Effective income tax (current and deferred) (rate:17.1%)	**(12,417,029)**	**(10,893,077)**

Note 11 - Consolidated statement of comprehensive income (continued)

11.6 Income tax (continued)

Group (continued)

The deferred tax liabilities at 31 December, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

	2015 EUR	2014 EUR
Losses available for offset against future taxable income	21,800,676	20,953,080
Other timing differences	1,800,381	(1,303,525)
Capitalised Borrowing Costs	(520,909)	(684,075)
Revaluation of investment properties to fair value	(74,127,862)	(57,978,332)
Deferred tax liability	**(51,047,714)**	**(39,012,852)**

	2015 EUR	2014 EUR
Deferred tax liabilities	(51,047,714)	(39,012,852)
Liabilities directly associated with the assets held for sale	-	-
Deferred tax liability	**(51,047,714)**	**(39,012,852)**

No deferred tax assets have been recognised for tax losses carried forward totalling EUR 993,013,422 (2014: EUR 890,883,946). Management estimates that the Group companies will not be able to utilise their tax losses in the foreseeable future. All tax losses carried forward for which no deferred tax assets have been recognised do not expire.

At 31 December 2015 and 2014, there was no recognised deferred tax liabilities for withholding tax and other taxes that would be payable in connection with un remitted earnings of subsidiaries, as the Group is able to control the timing of the distribution and the Group has determined that undistributed profits of its subsidiaries will not be distributed in the foreseeable future.

There are no income tax consequences for the Group attached to any payment of dividends in either 2015 or 2014 by the Company to its shareholders.

Note 11 - Consolidated statement of comprehensive income (continued)

11.6 Income tax (continued)

Company

	2015	2014
Current taxation:	**EUR**	EUR
Current tax expense	430	2,622

The tax on the Company's profit/(loss) before tax differs from the theoretical amount that would arise using the basic tax rate applicable as follows:

	2015	2014
	EUR	EUR
Profit/(loss) before tax	(191,242)	(189,816)
Tax on Profit/(loss) at 35%	(66,935)	(66,436)
Tax effect of:		
Income subject to 15% final withholding tax	(572)	(3,495)
Income not subject to tax		
Expenses not deductible for tax purposes	67,556	71,318
Movement in accrued interest receivable	381	1,235
Tax expense	**430**	2,622

Note 11 - Consolidated statement of comprehensive income (continued)

11.7 Discontinued operations

The results of the discontinued operations for the year are presented below (please refer to notes 3.3 and 17):

	2015 EUR	2014 EUR
Loss of control of subsidiary	-	30,321,172
Revenue from investment properties	10,412,812	23,741,510
Expenses related to investment properties	(4,561,309)	(10,022,634)
Corporate expenses	(3,133,744)	(2,802,994)
Other operating expenses	(2,374,049)	(20,325)
Other operating income	1,148,530	619,082
Net gains on disposals	15,953,410	1,130,951
Valuation losses from investment property	(2,902,216)	(3,432,405)
Finance income	15,044	1,785,356
Finance costs	(2,875,787)	(9,999,878)
Net gains on derivatives	443,775	1,670,966
Profit before tax from discontinued operations	**12,126,466**	**32,990,801**
Current income tax	(52,085)	(106,294)
Deferred income tax	-	-
Profit after tax for the year	**12,074,381**	**32,884,507**

The net cash flows incurred by the discontinued operations are, as follows:

	2015 EUR	2014 EUR
Operating	(9,222,960)	(9,585,861)
Investing	54,202,157	93,012,651
Financing	(54,311,204)	(99,315,535)
Net cash (outflow)/inflow	**(9,332,007)**	**(15,888,745)**

11.8 Directors' emoluments

Group

	2015 EUR	2014 EUR
Directors' fees	264,503	154,580

The company did not pay any directors' fees in 2015 and 2014.

Note 12 – Leases

Group

The Group has entered into operating lease agreements for the office, retail and residential properties portfolio. The remaining non-cancellable terms are between 36 and 198 years. The lease agreement terms and conditions have been agreed under normal market conditions.

During the next financial years Group companies are going to receive minimum lease payments as follows from existing leases:

As at December 2015	2016	2017-2020	From 2021
	EUR	EUR	EUR
Future minimum lease payments	2,649,760	10,224,336	171,272,310

As at December 2014	2015	2016-2019	From 2020
	EUR	EUR	EUR
Future minimum lease payments	2,687,325	10,347,778	171,485,787

Note 13 – Contingencies, commitments and guarantees

Group

Securities and pledges

The Group's principal business activity is the investing in investment properties in Europe, through a mixture of equity and external financing. The Group through its underlying property owning subsidiaries and associates entered into various finance agreements in the past for which the securities are in-line with normal market practice for financing investment properties in Europe.

The main securities and pledges provided by the Group through its underlying property owning subsidiaries and associates to the financial institutions that provide these loans (refer to note 8.3) are as follows:

- Assignment of future rights and claims of selling contracts in respect of the financed investment property (land and buildings);
- Pledge of bank accounts in which all rental income is collected;
- Assignment of all insurance claims with regards to the finance Investment property;
- Assignment of rights and claims of all rental agreements associated with the financed investment property and
- Benefits out of any swap agreement linked to the financing provided.

Note 13 – Contingencies, commitments and guarantees (continued)

Operating lease commitments – Group as lessor

The Group leases real estate under operating leases. The terms of the leases are in line with normal practices in each market. Leases are reviewed or subject to automatic inflationary adjustments as appropriate. These leases have no terms of renewal, purchase options or escalation and specific details are disclosed in note 12 to the consolidated financial statements.

The leasing arrangements entered into or in relation with Group's investment properties portfolio which include a clause authorising tenants to terminate the leasing arrangements up to six-month notice are not considered as non-cancellable leases.

Ongoing litigation

As of 31 December 2015, there was no material on-going litigation, which could materially affect the consolidated financial position of the Group.

Company

As of 31 December 2015 and 2014, there are no capital commitments and contingent liabilities which have not been disclosed in these financial statements.

Note 14 - Related parties transactions

Companies forming part of the Group are considered by the directors to be related parties as these companies have the same ultimate controlling company. Transactions with related parties are entered into on a regular basis as a result of normal commercial transactions.

a) Receivable from and payables to related parties

The following amounts were receivables from and payables to related parties as at the end of year:

Group

Receivables from related parties	**2015 EUR**	**2014 EUR**
- Wohnungsbaugesellschaft Jade erste mbH & CO KG	500,000	-
- GP Fees receivable from subsidiaries of Babcock & Brown European Investments S.à r.l.	-	212
	500,000	**212**

b) Loans to related parties

Company

Loans to related parties	**2015 EUR**	**2014 EUR**
- Loan to BGP Holdings 2 Limited	230,000	191,088
	230,000	**191,088**

Note 14 - Related parties transactions

Loans from related parties	**2015**	**2014**
	EUR	**EUR**
- Loan from Group company	55,000	55,000
- Interest on loan from Group company	3,889	2,597
	58,889	**57,597**

Amount receivable from Group company is unsecured, interest free and repayable on demand.

Loan from Group company is unsecured, bears interest at a 3 month Euribor rate + 260 basis points.

c) **Transactions with related parties:**

Group

	2015	**2014**
Asset management fees:	**EUR**	**EUR**
- BGP Asset Management GmbH	-	4,609,992
General partner fees:		
- Subsidiaries of Babcock & Brown European Investments S.à r.l.	-	4,167
	-	**4,614,159**

d) Key management personnel

The key management of the company are considered to be the directors. The remuneration received by the directors during the current and preceding financial years has been separately disclosed in note 11.8. The company was also charged consultancy fees amounting to EUR 139,000 (2014: EUR 139,000) by a company which is owned by a member of key management.

Note 15 - Statutory information

BGP Holdings plc is a public limited liability company and is incorporated in Malta.

The immediate and ultimate parent company of BGP Holdings PLC is The Trust Company (Australia) Limited with its registered address at Level 15, 20, Bond Street, Sydney, NSW2000, Australia.

Note 16 - Subsequent events

Other than the disposal of the property held by BGP Retail 9 S.à r.l. & Co KG (please refer to Note 7.4), there were no other subsequent events as at the date of approval of these consolidated financial statements.

Note 17 - Group companies

The detailed list of the consolidated entities is as follows:

	Name of the Company	Country	% Control	% Interest	Consolidation Method	(dis)continued activity
1	Annenhoefe Grundstuckverwaltunggesellschaft GmbH	Germany	99.98%	99.98%	Full method	continued
2	BGP Asset Management GmbH	Germany	100%	100%	Full method	continued
3	BGP Franz Erweber 1 Portfolio GmbH	Germany	94.6%	94.6%	Full method	continued
4	BGP Franz 1 S.à r.l. & Co KG	Germany	99.68%	99.68%	Full method	continued
5	BGP Hausmeisterdienst GmbH	Germany	100%	100%	Full method	continued
6	BGP Hausverwaltung GmbH	Germany	100%	100%	Full method	continued
7	BGP Holdings Europe S.à r.l.	Luxembourg	100%	100%	Full method	continued
8	BGP Holdings PLC	Malta	100%	100%	Full method	continued
9	BGP Holdings 2 Limited	Malta	100%	100%	Full method	continued
10	BGP Immobilienservice GmbH	Germany	100%	100%	Full method	continued
11	BGP Investment II S.à r.l.	Luxembourg	100%	100%	Full method	continued
12	BGP Investment S.à r.l.	Luxembourg	100%	100%	Full method	continued
13	BGP Logistikzentrum GmbH	Germany	0%	0%	Liquidated	discontinued
14	BGP Management GmbH	Germany	94%	94%	Full method	continued
15	BGP Minotaurus S.à r.l.	Luxembourg	100%	100%	Full method	continued
16	BGP Norddeutschland S.à r.l. & Co KG	Germany	99.65%	99.65%	Full method	continued
17	BGP Otto Erwerber Portfolio 1 GmbH	Germany	94.6%	94.6%	Full method	continued
18	BGP Otto Erwerber Portfolio 2 GmbH	Germany	94.6%	94.6%	Full method	continued
19	BGP Otto Erwerber Portfolio 3 GmbH	Germany	94.6%	94.6%	Full method	continued
20	BGP Otto Erwerber Portfolio 4 GmbH	Germany	94.6%	94.6%	Full method	continued
21	BGP Otto 1 S.à r.l. & Co KG	Germany	99.68%	99.68%	Full method	continued
22	BGP Otto 2 S.à r.l. & Co KG	Germany	99.68%	99.68%	Full method	continued
23	BGP Otto 3 GmbH & Co KG	Germany	25%	25%	Equity	continued
24	BGP Otto 4 S.à r.l. & Co KG	Germany	99.68%	99.68%	Full method	continued
25	BGP Property Partner 1 S.à r.l.	Luxembourg	100%	100%	Full method	discontinued
26	BGP Resi 1 S.à r.l. & Co KG	Germany	99.64%	99.64%	Full method	continued
27	BGP Resi 2 S.à r.l. & Co KG	Germany	99.98%	99.98%	Full method	continued
28	BGP Resi 20 S.à r.l. & Co KG	Germany	99.98%	99.98%	Full method	continued
29	BGP Resi 21 S.à r.l. & Co KG	Germany	99.98%	99.98%	Full method	continued
30	BGP Resi 22 S.à r.l. & Co KG	Germany	99.98%	99.98%	Full method	continued
31	BGP Resi 23 S.à r.l. & Co KG	Germany	99.98%	99.98%	Full method	continued
32	BGP Resi 4 S.à r.l. & Co KG	Germany	99.98%	99.98%	Full method	continued
33	BGP Resi 5 S.à r.l. & Co KG	Germany	99.98%	99.98%	Full method	continued
34	BGP Resi 6 S.à r.l. & Co KG	Germany	99.98%	99.98%	Full method	continued
35	BGP Resi 7 S.à r.l. & Co KG	Germany	99.98%	99.98%	Full method	continued
36	BGP Resi 9 S.à r.l. & Co KG	Germany	99.98%	99.98%	Full method	continued
37	BGP Resi GP 2 S.à r.l.	Luxembourg	100%	100%	Full method	continued
38	BGP Resi GP 3 S.à r.l.	Luxembourg	100%	100%	Full method	continued
39	BGP Resi GP 4 S.à r.l.	Luxembourg	100%	100%	Full method	continued
40	BGP Resi GP 5 S.à r.l.	Luxembourg	100%	100%	Full method	continued
41	BGP Resi GP 6 S.à r.l.	Luxembourg	100%	100%	Full method	continued

Note 17 - Group companies (continued)

	Name of the Company	Country	% Control	% Interest	Consolidation Method	(dis)continued activity
42	BGP Retail 1 S.à r.l. & Co KG	Germany	99.98%	99.98%	Full method	discontinued
43	BGP Retail 10 S.à r.l. & Co KG	Germany	99.98%	99.98%	Full method	discontinued
44	BGP Retail 11 S.à r.l. & Co KG	Germany	99.98%	99.98%	Full method	discontinued
45	BGP Retail 13 S.à r.l. & Co KG	Germany	99.98%	99.98%	Full method	discontinued
46	BGP Retail 14 S.à r.l. & Co KG	Germany	99.98%	99.98%	Full method	discontinued
47	BGP Retail 16 S.à r.l. & Co KG	Germany	99.98%	99.98%	Full method	discontinued
48	BGP Retail 17 S.à r.l. & Co KG	Germany	99.98%	99.98%	Full method	discontinued
49	BGP Retail 19 S.à r.l. & Co KG	Germany	99.98%	99.98%	Full method	discontinued
50	BGP Retail 3 S.à r.l. & Co KG	Germany	99.98%	99.98%	Full method	discontinued
51	BGP Retail 4 S.à r.l. & Co KG	Germany	99.64%	99.64%	Dissolved	discontinued
52	BGP Retail 9 S.à r.l. & Co KG	Germany	99.98%	99.98%	Full method	discontinued
53	BGP Retail GP 1 S.à r.l.	Luxembourg	100%	100%	Full method	discontinued
54	BGP Retail GP 3 S.à r.l.	Luxembourg	100%	100%	Full method	discontinued
55	BGP Retail GP 4 S.à r.l.	Luxembourg	100%	100%	Full method	discontinued
56	BGP Retail GP 5 S.à r.l.	Luxembourg	100%	100%	Full method	discontinued
57	BGP Retail GP 6 S.à r.l.	Luxembourg	100%	100%	Full method	discontinued
58	Candlepower Investments B.V.	Netherlands	0%	0%	Merged	continued
59	Goniatit Grundstuckverwaltunggesellschaft GmbH	Germany	99.98%	99.98%	Full method	continued
60	HBI Denmark PropCo ApS	Denmark	0%	0%	Sold	discontinued
61	HBI France HoldCo ApS	Denmark	100%	75%	Full method	discontinued
62	HBI France PropCo ApS	Denmark	100%	75%	Full method	discontinued
63	HBI LuxFin Co S.à r.l.	Luxembourg	100%	75%	Full method	discontinued
64	HBI S.à r.l.	Luxembourg	100%	75%	Full method	discontinued
65	Jade Immobilien Management GmbH	Germany	35%	35%	Equity	continued
66	Jade Management Holding S.à r.l.	Luxembourg	26.3%	26.3%	Equity	continued
67	JADE PORTFOLIO 1 S.à r.l.	Luxembourg	26.3%	26.3%	Equity	continued
68	JADE PORTFOLIO 2 S.à r.l.	Luxembourg	18%	18%	Equity	continued
69	Jade zweite Wohnungsbeteiligungs GmbH	Germany	35%	35%	Equity	continued
70	KPI Residential Property 2 S.à r.l.	Luxembourg	99.62%	99.62%	Full method	continued
71	KPI Residential Property 20 S.à r.l.	Luxembourg	99.64%	99.64%	Full method	continued
72	KPI Residential Property 21 S.à r.l.	Luxembourg	99.64%	99.64%	Full method	continued
73	KPI Residential Property 22 S.à r.l.	Luxembourg	99.64%	99.64%	Full method	continued
74	KPI Residential Property 23 S.à r.l.	Luxembourg	99.64%	99.64%	Full method	continued
75	KPI Residential Property 4 S.à r.l.	Luxembourg	99.62%	99.62%	Full method	continued
76	KPI Residential Property 5 S.à r.l.	Luxembourg	99.62%	99.62%	Full method	continued
77	KPI Residential Property 6 S.à r.l.	Luxembourg	99.62%	99.62%	Full method	continued
78	KPI Residential Property 7 S.à r.l.	Luxembourg	99.62%	99.62%	Full method	continued
79	KPI Residential Property 9 S.à r.l.	Luxembourg	99.62%	99.62%	Full method	continued
80	KPI Residential Property 10 S.à r.l.	Luxembourg	5.2%	5.2%	Equity	continued
81	KPI Retail Property 1 S.à r.l.	Luxembourg	99.64%	99.64%	Full method	discontinued
82	KPI Retail Property 10 S.à r.l.	Luxembourg	99.64%	99.64%	Full method	discontinued
83	KPI Retail Property 11 S.à r.l.	Luxembourg	99.64%	99.64%	Full method	discontinued
84	KPI Retail Property 13 S.à r.l.	Luxembourg	99.64%	99.64%	Full method	discontinued

Note 17 - Group companies (continued)

	Name of the Company	Country	% Control	% Interest	Consolidation Method	(dis)continued activity
85	KPI Retail Property 14 S.à r.l.	Luxembourg	99.64%	99.64%	Full method	discontinued
86	KPI Retail Property 16 S.à r.l.	Luxembourg	99.64%	99.64%	Full method	discontinued
87	KPI Retail Property 17 S.à r.l.	Luxembourg	99.64%	99.64%	Full method	discontinued
88	KPI Retail Property 19 S.à r.l.	Luxembourg	99.64%	99.64%	Full method	discontinued
89	KPI Retail Property 20 S.à r.l.	Luxembourg	36.56%	36.56%	Full method	discontinued
90	KPI Retail Property 21 S.à r.l.	Luxembourg	0%	0%	Merged	discontinued
91	KPI Retail Property 3 S.à r.l.	Luxembourg	99.64%	99.64%	Full method	discontinued
92	KPI Retail Property 35 S.à r.l.	Luxembourg	5.2%	5.2%	Equity	discontinued
93	KPI Retail Property 7 S.à r.l.	Luxembourg	6%	6%	Equity	discontinued
94	KPI Retail Property 9 S.à r.l.	Luxembourg	99.64%	99.64%	Full method	discontinued
95	Minotaurus Immobilien GmbH & Co KG	Germany	99.8%	99.8%	Full method	continued
96	Minotaurus Immobilien Verwaltungs GmbH	Germany	100%	100%	Equity	continued
97	MKV Grundstuckverwaltungs GmbH	Germany	0%	0%	Sold	discontinued
98	Narat GmbH	Germany	30%	30%	Equity	discontinued
99	Norddeutschland Grundbesitz Erweber GmbH	Germany	94.2%	94.2%	Full method	continued
100	Norddeutschland Grundbesitz Verwaltungs GmbH	Germany	94.6%	94.6%	Full method	continued
101	Promontoria Holding VIII B.V.	Netherlands	0%	0%	Merged	continued
102	Treso S.à r.l. & Co KG	Germany	100%	100%	Full method	discontinued
103	Wohnungsbaugesellschaft Jade erste mbH & Co KG	Germany	0%	0%	Sold	continued
104	Wohnungsbaugesellschaft JADE GmbH	Germany	0%	0%	Sold	continued
105	Wohnungsbaugesellschaft Jade zweite mbH & Co KG	Germany	0%	0%	Sold	continued

Detailed accounts

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Statement of comprehensive income (Company)

	2015 EUR	2014 EUR
Administrative expenses (page 69)	**(191,394)**	(202,268)
Operating loss	**(191,394)**	(202,268)
Interest income	**1,776**	13,951
Other finance costs	**(1,624)**	(1,499)
Loss for the year before tax	**(191,242)**	(189,816)

Administrative expenses (Company)

	2015	2014
	EUR	EUR
Directors' remuneration	**-**	5,418
Professional and consultancy fees	**164,637**	165,036
Auditors' remuneration	**23,600**	28,851
General expenses	**3,157**	2,963
Total administrative expenses	**191,394**	202,268