BGP HOLDINGS PLC

Annual Report and Financial Statements
31 December 2014

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 2014.

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

2014 was a defining year for BGP Holdings PLC. After several years in preparation the Company is finally in reach of achieving the goal set by its shareholders at the time of its spin-off from GPT in 2009. A sale or listing of its main subsidiary, BGP Investment s.à r.l., is planned for 2015, the proceeds of which will be distributed to our shareholders.

Continuing our policy of disposing of all assets outside the residential properties in Germany, many sales were concluded over the year. As at December 2014, only EUR 173 million of non-core assets were still held for sale. In the non-core portfolio the retail asset MKV in Munich was sold in July, at a price above its valuation, realising over EUR 22 million in net proceeds. The sale of the remaining Smaragd retail centres was also notarised. Further French assets in Palaiseau and Ennery were sold, and the remaining HBI structure was transferred upstream to BGP Holdings Europe as part of a corporate restructuring.

The joint venture with Oxford was also divested. The remaining Hanover residential assets were sold to ProImmo AG and the sale of the EUR 200 million Wilhelmshaven portfolio was signed in December with Adler Real Estate AG, closing in January 2015. Net proceeds of EUR 34.7 million have been transferred to the Company.

Tactical sales continued in the core residential portfolio. Assets in Lollar, Biedenkopf and Breienbach were sold, as they required uneconomic capital expenditures and were geographically outside our targeted regions. The Berlin asset in Xantenerstrasse was also opportunistically sold at a price some 40% above valuation.

Finally, the sale of our 25% shareholding in the Otto 3 portfolio was concluded in April 2015 with cash of more than EUR 4 million expected by the end of the year.

Financial position

These sales in 2014 reduced the core investment properties portfolio to the targeted EUR 1.1 billion with less than 17% of gross asset value in non-core assets. Net profit of the year for the owners of the Company decreased from EUR 75.8 million to EUR 60.5 million, the net asset value increased from EUR 468.2 million to EUR 528 million.

Directors' report (continued)

Group financing

The Berlin Franz assets were refinanced in June by a bank loan from Berliner Volksbank, at a rate slightly above 2%, i.e. nearly 3% lower than the previous facility. The key Bundaberg portfolio was also refinanced by Berlin Hyp in December at an all in cost slightly below 2%, an outstanding achievement.

The combination of these re-financings and the sale of non-core assets has brought BGP's leverage to a conservative 55.9% loan to value ("LTV") ratio, providing a springboard for future acquisitions and assuring solid credit standing for a probable refinancing of the Group's outstanding EUR 378 million CMBS in the coming year. A strong cash position at year-end enabled the Company to buy back the debt of the troubled Otto II portfolio in Schleswig Holstein at an attractive discount of nearly 20% in early 2015.

	31 December 2014	**31 December 2013**
Investment property	1,084,189,501	1,124,623,067
Equity accounted investments	37,413,137	82,901,835
Assets held for sale	173,445,401	313,142,692
GAV	**1,295,048,039**	**1,520,667,594**
Long term bank loans and CMBS	565,988,097	508,328,329
Short term bank loans and CMBS	37,850,271	205,759,689
Liabilities related to assets held for sale	171,491,213	339,397,208
Cash and cash equivalents	(50,959,351)	(35,966,396)
Net loans	**724,370,230**	**1,017,518,830**
Loan to value	**55.9%**	**66.9%**

Exit Realization

As preparation for the long planned exit of its existing shareholders, leading investment bank Lazard was hired in June 2014 to advise on a dual track process, trade sale or stock exchange listing. This has proved a demanding process, with the establishment of a comprehensive data-room and significant corporate restructuring required to increase BGP's attractiveness to trade buyers and/or future shareholders. Legacy tax and accounting issues have also been addressed in the process. A long list of M&A buyers was approached late in the year and preparations have commenced on a prospectus to list on the Frankfurt stock exchange.

Corporate Restructuring

2014 was a year of significant corporate restructuring. During the course of the year BGP was transformed from a property holding company to a fully integrated real estate investment platform. Minority participations in asset management, property management and facility management companies were transformed into full ownership to gain control of the management platform at the end of 2014, promising significant cost savings and improved tax efficiency. With the opening of regional offices of these companies BGP has overlaid its geographical asset footprint with a bespoke and scalable management structure permitting the Company to leverage its operational capacity with strategic acquisitions in the future. This evolution greatly widens the pool of trade buyers and makes BGP fully viable as a listing candidate.

Directors' report (continued)

Macro evolution

The German market remains the most robust in Europe, with solid growth, record low interest rates and record low unemployment. In the residential property sphere, demand remains extremely strong, underpinned 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 2014. The coming year will present its challenges, with the potential impact of changes in housing regulation in Germany, as well as the perennial threat of Eurozone instability due to over-indebtedness of weaker Eurozone members, particularly Greece.

Business Outlook

Should the expected sale or listing of BGP Investment take place in 2015 BGP Holdings PLC will receive the proceeds of the sale and listing for further distribution to its shareholders as outlined in the 2009 Information Memorandum. If the exit strategy comprises a listing, it is likely that an initial free float of 50% – 60% of the company's capital will be sold. Typically in a IPO there is then a lock-up period of some six months, during which the selling shareholders engage not to sell further shares into the market. After this time the remaining shares can be sold, meaning that the proceeds to BGP Holdings PLC would arrive in two tranches, and least six months apart. After this time BGP Holdings would continue to manage the legacy assets (HBI, Treso) held by BGP Holdings Europe until these are disposed of. Should BGP Investment be sold in a trade sale it is most likely that a 95% shareholding will be sold in an initial tranche, followed by a 5% stake some years later. Under this scenario BGP Holdings PLC will retain sufficient funds from the disposal to ensure it has adequate capital for this period, in order to effectively manage the legacy assets, to maintain going concern status, and to meet any liabilities under the sale contracts.

The Board

The Board has 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

Following the acquisition of the three management companies in Germany the personnel of the combined group has grown from 6 to 194, of which 150 are employed in the more labour intensive property and facility management companies.

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 (2013: nil).

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.

Directors' report (continued)

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

Francis J. Vassallo
Director

Registered office
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Malta

25 June 2015

Building a better working world

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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF BGP HOLDINGS PLC

We have audited the accompanying financial statements of BGP Holdings PLC ("the Company") and its subsidiaries ("the Group"), as set out on pages 8 to 71 which comprise the consolidated statements of financial position as at 31 December 2014 and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated 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 statement of directors' responsibilities on page 2, 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 management determines is necessary to enable the preparation of consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements:

- give a true and fair view of the financial position of the Company and the Group as at 31 December 2014, and of its financial performance and its 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.

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 consolidated financial statements.
- Adequate accounting records have not been kept.
- The consolidated 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 consolidated 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 Anthony Doublet for and on behalf of

Ernst & Young Malta Limited
Certified Public Accountants

25 June 2015

Statements of financial position as at 31 December

	Notes	2014 Group	2013 Group	2014 Company	2013 Company
ASSETS		EUR	EUR	EUR	EUR
Non-current assets					
Real estate portfolio					
Investments in subsidiaries	4	-	-	164,432,886	164,432,886
Investment properties	6.2	1,084,189,501	1,124,623,067	-	-
Property, plant and equipment		533,376	-	-	-
Investment in associates	6.3	37,413,137	82,901,835	-	-
Total		1,122,136,014	1,207,524,902	164,432,886	164,432,886
Other non-current assets					
Goodwill	6.1	4,579,800	-	-	-
Notes receivable	6.8	20,400,000	20,400,000	-	-
Other non-current assets		1,242,216	1,919,839	-	-
Total		26,222,016	22,319,839	-	-
Total non-current assets		1,148,358,030	1,229,844,741	164,432,886	164,432,886
Current assets					
Tenants receivables	6.5	2,366,750	1,880,928	-	-
Receivables from related parties	13	212	16,585	191,088	-
Prepayments and other assets	6.7	58,594,743	29,362,856	-	22,616
Cash and cash equivalents	6.6	50,959,351	35,966,396	806,597	1,147,048
Total current assets		111,921,056	67,226,765	997,685	1,169,664
Assets classified as held for sale	6.4	173,445,401	313,142,692	-	-
TOTAL ASSETS		1,433,724,487	1,610,214,198	165,430,571	165,602,550

The financial statements on pages 8 to 71 were authorised for issue by the board on 25 June 2015 and were signed on its behalf by:

Mark Dunstan
Director

Francis J. Vassallo
Director

The notes on pages 15 to 71 are an integral part of these financial statements.

Statements of financial position as at 31 December (continued)

	Notes	2014 Group	2013 Group	2014 Company	2013 Company
EQUITY		**EUR**	EUR	**EUR**	EUR
Capital and reserves attributable to the owners of the Company					
Share capital	7.1	**99,999**	99,999	**99,999**	99,999
Share premium	7.2	**166,606,786**	166,606,786	**166,606,786**	166,606,786
Translation reserve		**(9,677)**	13,470	**-**	-
Retained earnings		**361,131,654**	300,633,205	**(1,363,886)**	(1,171,448)
Total equity attributable to the owners of the Company		**527,828,762**	467,353,460	**165,342,899**	165,535,337
Non-controlling interests		**220,620**	861,415	**-**	-
Total Equity		**528,049,382**	468,214,875	**165,342,899**	165,535,337
LIABILITIES					
Non-current liabilities					
Loans from banks	7.3	**565,988,097**	508,328,329	**-**	-
Loans from related parties	13	**19,441**	-	**55,000**	35,000
Derivative financial instruments	9.4	**-**	5,231,744	**-**	-
Deferred tax liabilities	10.6	**39,012,852**	27,313,216	**-**	-
Notes payable	6.8	**20,400,000**	20,400,000	**-**	-
Total non-current liabilities		**625,420,390**	561,273,289	**55,000**	35,000
Current liabilities					
Loans from banks	7.3	**37,850,271**	205,759,689	**-**	-
Loans from related parties	13	**-**	236,375	**-**	-
Accrued interest payable to banks	7.3	**8,347,922**	8,114,480	**-**	-
Accrued interest payable to related parties	13	**-**	-	**2,597**	1,473
Derivative financial instruments	9.4	**-**	18,780	**-**	-
Accounts payable and accrued expenses	7.4	**62,090,601**	26,078,162	**30,075**	30,740
Income taxes payable		**474,708**	1,121,340	**-**	-
Total current liabilities		**108,763,502**	241,328,826	**32,672**	32,213
Liabilities directly associated with the assets classified as held for sale	6.4	**171,491,213**	339,397,208	**-**	-
Total Liabilities		**905,675,105**	1,141,999,323	**87,672**	67,213
TOTAL EQUITY AND LIABILITIES		**1,433,724,487**	1,610,214,198	**165,430,571**	165,602,550

The notes on pages 15 to 71 are an integral part of these financial statements.

Statements of comprehensive income for the year ended 31 December

	Notes	2014 Group	2013 Group	2014 Company	2013 Company
		EUR	EUR	EUR	EUR
Revenue from investment properties	10.1	**108,288,104**	104,353,051	-	-
Expenses related to investment properties	10.2	**(60,802,793)**	(66,158,854)	-	-
Profit related to investment properties		**47,485,311**	38,194,197	-	-
Corporate expenses	10.3	**(8,622,298)**	(7,169,204)	**(202,268)**	(161,754)
Other operating expenses		**(14,124,392)**	(1,686,347)	-	(748)
Other operating income		**2,251,265**	3,521,629	-	164,393,974
Net other expenses		**(20,495,425)**	(5,333,922)	**(202,268)**	164,231,472
Gains on sale of investment properties		**2,498,574**	780,479	-	-
(Losses)/Gains on sale of shares in subsidiaries		-	(12,422)	-	-
Gain on portfolio disposal		**2,498,574**	768,057	-	-
Net unrealised / realised gain on investment properties	10.5	**67,921,722**	29,440,589	-	-
Operating profit/(loss)		**97,410,182**	63,068,921	**(202,268)**	164,231,472
Finance income	10.4	**64,530**	145,208	**13,951**	29,126
Finance costs	10.4	**(28,820,755)**	(29,242,774)	**(1,499)**	(1,336)
Net gains on derivatives	9.4	**4,777,303**	15,183,967	-	-
Net finance (expenses)/income		**(23,978,922)**	(13,913,599)	**12,452**	27,790
Share of result from associates	6.3	**(35,671,330)**	14,210,911	-	-
Net profit/(loss) before tax		**37,759,930**	63,366,233	**(189,816)**	164,259,262
Current income tax	10.6	**1,172,030**	(1,445,563)	**(2,622)**	(4,746)
Deferred income tax	10.6	**(11,958,813)**	(2,756,274)	-	-
Net profit/Loss) from continuing activities		**26,973,147**	59,164,396	**(192,438)**	164,254,516
Profit after tax from discontinued activities	10.7	**32,884,507**	16,808,202	-	-
Net profit/(loss) for the year		**59,857,654**	75,972,598	**(192,438)**	164,254,516
Currency translation difference		**(23,147)**	10,900	-	-
Total comprehensive income for the year, net of tax		**59,834,507**	75,983,498	**(192,438)**	164,254,516
Net profit/(losses) attributable to:		**59,857,654**	75,972,598	**(192,438)**	164,254,516
- Owners of the Company		**60,498,449**	75,817,264	**(192,438)**	164,254,516
- Non-controlling interests		**(640,795)**	155,334	-	-
Other comprehensive income to be reclassified to profit and loss in subsequent periods:		**(23,147)**	10,900	-	
- Owners of the Company		**(23,147)**	10,900	-	-
- Non-controlling interests		-	-	-	-
Total comprehensive income attributable to:		**59,834,507**	75,983,498	-	-
- Owners of the Company		**60,475,302**	75,828,164	-	-
- Non-controlling interests		**(640,795)**	155,334	-	-

The notes on pages 15 to 71 are an integral part of these financial statements.

Statements of changes in equity

Group	Share capital	Share Premium	Translation reserve	Retained earnings	Shareholders' Equity	Non-controlling interests	Total equity
	Attributable to the Group's Owners						
	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Balance as at 31 December 2012	**99,999**	**166,606,786**	**2,570**	**224,815,941**	**391,525,296**	**706,081**	**392,231,377**
Other comprehensive income	-	-	10,900	-	10,900	-	10,900
Net result for the year	-	-	-	75,817,264	75,817,264	155,334	75,972,598
Total income and expense for the year	**-**	**-**	**10,900**	**75,817,264**	**75,828,164**	**155,334**	**75,983,498**
Balance 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 at 31 December 2014	**99,999**	**166,606,786**	**(9,677)**	**361,131,654**	**527,828,762**	**220,620**	**528,049,382**

The notes on pages 15 to 71 are an integral part of these financial statements.

Statements of changes in equity (continued)

Company	Attributable to the Company's Owners				
	Share Capital	Share Premium	Retained Earnings	Shareholders' Equity	Total Equity
	EUR	EUR	EUR	EUR	EUR
Balance as at 31 December 2012	**99,999**	**166,606,786**	**(165,425,964)**	**1,280,821**	**1,280,821**
Net income and expense for the year recognised directly in equity	-	-	-	-	-
Net result for the year	-	-	164,254,516	164,254,516	164,254,516
Total income and expense for the year	-	-	**164,254,516**	164,254,516	164,254,516
Balance at 31 December 2013	**99,999**	**166,606,786**	**(1,171,448)**	**165,535,337**	**165,535,337**
Net income and expense for the year recognised directly in equity	-	-	-	-	-
Net result for the year	-	-	(192,438)	(192,438)	(192,438)
Total income and expense for the year	-	-	**(192,438)**	**(192,438)**	**(192,438)**
Balance at 31 December 2014	**99,999**	**166,606,786**	**(1,363,886)**	**165,342,899**	**165,342,899**

The notes on pages 15 to 71 are an integral part of these financial statements.

Statements of cash flows

	Notes	2014 Group	2013 Group	2014 Company	2013 Company
		EUR	EUR	**EUR**	EUR
CASH FLOW FROM OPERATING ACTIVITIES					
Continuing activities		**37,759,230**	63,366,233	**(189,816)**	164,259,262
Discontinued activities		**32,990,801**	17,306,754	**-**	-
Profit/(Loss) before income tax		**70,750,031**	80,672,987	**(189,816)**	164,259,262
Adjustments for:					
Loss of control	5.2a	**(30,321,172)**	-	**-**	-
Amortisation of borrowing costs on loans		**14,397,068**	1,718,964	**-**	-
Realised gain on disposal of financial assets		**(1,865,711)**	-	**-**	-
Fair value gains on investment properties	6.2 & 10.7	**(64,489,317)**	(25,512,501)	**-**	-
Gains from fair value adjustment on derivatives		**(6,448,269)**	(26,865,573)	**-**	-
Net foreign exchange gains		**-**	15,668	**-**	-
Unrealised losses on financial assets	4	**-**	-	**-**	(164,393,974)
Interest expense	10.4 & 10.7	**36,502,177**	46,217,835	**-**	-
Interest income	10.4 & 10.7	**(1,847,822)**	(278,612)	**-**	-
Shares of result from associates	6.3	**35,671,330**	(14,210,911)	**-**	-
Changes in working capital:		**(4,597,994)**	(6,753,869)	**(168,013)**	(25,060)
Tax paid		**(5,244,549)**	(3,162,290)	**(2,622)**	(4,746)
Net cash generated from/(used in) operating activities		**42,505,773**	51,841,698	**(360,451)**	(164,518)
CASH FLOW FROM INVESTING ACTIVITIES					
Capital expenditure of investment properties	6.2	**(21,286,359)**	(6,100,598)	**-**	-
Acquisition of a subsidiary, net of cash acquired		**(15,613,701)**	-	**-**	-
Additional investment in associate		**8,122,934**	-	**-**	-
Proceeds from sale of investment properties		**104,117,804**	25,855,175	**-**	-
Proceeds from sale of shares in subsidiaries		**1**	-	**-**	-
Interest received	10.4 & 10.7	**1,847,822**	278,612	**-**	-
Net cash generated from investing activities		**77,188,501**	20,033,189	**-**	-

The notes on pages 15 to 71 are an integral part of these financial statements.

Statements of cash flows (continued)

	Notes	2014 Group	2013 Group	2014 Company	2013 Company
		EUR	EUR	EUR	EUR
CASH FLOW FROM FINANCING ACTIVITIES					
Repayments of bank loans		**(279,104,621)**	(18,957,830)	-	-
Proceeds from borrowings		**199,202,585**	-	-	-
Loan from Group company		-	-	**20,000**	-
Interest paid		**(31,106,548)**	(44,397,330)	-	-
Net cash (used in) / generated from financing activities		**(111,008,584)**	(63,355,160)	**20,000**	-
Net increase/(decrease) in cash and cash equivalents		**8,685,690**	8,519,727	**(340,451)**	(164,518)
Cash and cash equivalents at beginning of the year	6.6	**35,966,396**	39,899,088	**1,147,048**	1,311,566
Cash included in assets classified as held for sale		**6,307,265**	(12,452,419)	-	-
Cash and cash equivalents at the end of the year	6.6	**50,959,351**	35,966,396	**806,597**	1,147,048

The notes on pages 15 to 71 are an integral part of these 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 25th June 2015.

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".

Certain balances for the year ended 31 December 2013 have been reclassified to ensure comparability with those for the year ended 31 December 2014.

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 to existing standards and interpretations effective on or after January 1, 2014 relevant to the Group

IAS 36 Recoverable Amount Disclosures for Non- Financial Assets - Amendments to IAS 36

The amendments clarify the disclosure requirements in respect of fair value less costs of disposal. When IAS 36 Impairment of Assets was originally changed as a consequence of IFRS 13, the IASB intended to require disclosure of information about the recoverable amount of impaired assets if that amount was based on fair value less costs to sell. An unintended consequence of the amendments was that an entity would be required to disclose the recoverable amount for each cash-generating unit for which the carrying amount of goodwill or intangible assets with indefinite useful lives allocated to that unit was significant in comparison with the entity's total carrying amount of goodwill or intangible assets within definite useful lives. This requirement has been deleted by the amendment.

Note 2 - Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

IFRS 10, IFRS 12 and IAS 27 Investment Entities (Amendments)

The investment entities amendments apply to investments in subsidiaries, joint ventures and associates held by a reporting entity that meets the definition of an investment entity.
The key amendments include:

• Investment entity is defined in IFRS 10.
• An investment entity must meet three elements of the definition and consider four typical characteristics, in order to qualify as an investment entity.
• An entity must consider all facts and circumstances, including its purpose and design, in making its assessment.
• An investment entity accounts for its investments in subsidiaries, associates and joint ventures at fair value through profit or loss in accordance with IFRS 9 (or IAS 39, as applicable), except for investments in subsidiaries, associates and joint ventures that provide services that relate only to the investment entity, which must be consolidated (investments in subsidiaries) or accounted for using the equity method (investments in associates or joint ventures).
• An investment entity must measure its investment in another controlled investment entity at fair value.
• A non-investment entity parent of an investment entity is not permitted to retain the fair value accounting that the investment entity subsidiary applies to its controlled investees.
• For venture capital organisations, mutual funds, unit trusts and others that do not qualify as investment entities, the existing option in IAS 28, to measure investments in associates and joint ventures at fair value through profit or loss, is retained.

IFRS 10 Consolidated Financial Statements, IAS 27 Separate Financial Statements

IFRS 10 replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. It also addresses the issues raised in SIC-12 Consolidation-Special Purpose Entities.

IFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by IFRS 10 will require management to exercise significant judgement to determine which entities are controlled and therefore are required to be consolidated by a parent, compared with the requirements that were in IAS 27. Based on the preliminary analyses performed, IFRS 10 is not expected to have any impact on the currently held investments of the Group.

IFRS 11 Joint Arrangements

IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities — Non-monetary Contributions by Venturers. IFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture must be accounted for using the equity method.

The application of this new standard does not have any impact on the Group.

Note 2 - Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

IAS 32 Offsetting Financial Assets and Financial Liabilities - Amendments to IAS 32

The amendments to IAS 32 clarify the meaning of "currently has a legally enforceable right to set-off". The amendments also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems), which apply gross settlement mechanisms that are not simultaneous. The amendments clarify that rights of set-off must not only be legally enforceable in the normal course of business, but must also be enforceable in the event of default and the event of bankruptcy or insolvency of all of the counterparties to the contract, including the reporting entity itself. The amendments also clarify that rights of set-off must not be contingent on a future event. The IAS 32 offsetting criteria require the reporting entity to intend either to settle on a net basis, or to realise the asset and settle the liability simultaneously. The amendments clarify that only gross settlement mechanisms with features that eliminate or result in insignificant credit and liquidity risk and that process receivable and payables in a single settlement process or cycle would be, in effect, equivalent to net settlement and, therefore, meet the net settlement criterion.

IFRIC Interpretation 21 Levies (IFRIC 21)

IFRIC 21 clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached.

IFRIC 21 is effective for annual periods beginning on or after 1 January 2014. The Group is not affected by the release of this interpretation.

IAS 28 Investments in Associates and Joint Ventures (as revised in 2011)

As a consequence of the new IFRS 11 and IFRS 12, IAS 28 has been renamed IAS 28 Investments in Associates and Joint Ventures, and describe the application of the equity method to investments in joint ventures in addition to associates. The amendment becomes effective for annual periods beginning on or after 1 January 2014.

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 2014, 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 which reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for 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. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of IFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before 1 February 2015. The adoption of IFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but no impact on the classification and measurement of the Group's financial liabilities.

Note 2 - Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

Annual improvements 2010-2012 Cycle
These improvements are effective from 1 July 2014 and are not expected to have a material impact on the Group. They include:

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 IFRS 9 (or IAS 39, as applicable).

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.

Annual improvements 2011-2013 Cycle
These improvements are effective from 1 July 2014 and are not expected to have a material impact on the Group. They include:

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 IFRS 9 (or IAS 39, as applicable).

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 business combination.

2.2 Consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2014. 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.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

The exchange rates used for translation are as follows:

		Exchange rates at 31 December 2014		**Exchange rates at 31 December 2013**	
Currency	**Country**	**EUR**	**EUR**	**EUR**	**EUR**
		Closing	Average	Closing	Average
DKK	Denmark	7.4443	7.4545	7.4595	7.4576

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 associate 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 short-term deposit

Cash and short-term deposit 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 6.4 and 10.7. 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 require 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) Services 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 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 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	-	173,445,401	-	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 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 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 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 2013:

	Fair value by level of hierarchy 31 December 2013			
	EUR	EUR	EUR	EUR
	Level 1	Level 2	Level 3	Carrying amount
Assets and liabilities measured at fair value				
Derivative financial instruments	-	(5,231,744)	-	(5,231,744)
Investment property	-	-	1,124,623,067	1,124,623,067
Assets classified as held for sale	-	313,142,692	-	313,142,692
Assets and liabilities for which fair value is disclosed				
Receivables from related parties	-	16,585	-	16,585
Tenants receivables	-	1,880,928	-	1,880,928
Deposits	-	10,361,300	-	10,361,300
Cash and cash equivalents	-	35,966,396	-	35,966,396
Loans from bank and institutional investors	-	(742,791,233)	-	(714,088,018)
Accrued interest payable to banks	-	(8,114,480)	-	(8,114,480)
Financial instruments held to maturity	-	23,159,254	-	20,400,000
Other non-current liabilities	-	(23,159,254)	-	(20,400,000)
Accounts payable	-	(26,078,162)	-	(26,078,162)
Liabilities directly associated with assets classified as held for sale	-	(339,397,208)	-	(339,397,208)

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 2013.

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 2014. 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, 2014 is as follows:

Class of property	Fair value 31 December 2014	Valuation technique	Key unobservable inputs	Range
			Estimated rental value p.a.	EUR 93,697,967
			Estimated rental value per sqm	EUR 4.99 – 6.49
Residential	1,084,189,501	DCF	Rental growth p.a.	0% - 2%
			Long term vacancy rate	2.1% - 2.2%
			Discount rate	5.1% - 8.5%

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%	120,331,499
Decrease in estimated rental value	-10%	(122,377,501)
Increase in discount rate	+0.25 bps	(20,595,501)
Decrease in discount rate	-0.25 bps	20,939,499

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 such as part of HBI's light industrial portfolio (Please refer to the note 16 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 2014 of EUR 51.0 million compared to EUR 37.9 million of loans from banks and institutional investors maturing in 2015.

As of 31 December 2014, the loans from banks classified as current due to maturity amount to EUR 37,850,271 (note 7.3) with the associated fair value of the investment properties amounting to EUR 40,890,000. The loan and accrued interest have been bought back by the Company for an amount of EUR 33.7 million in February 2015.

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.

In addition, all transactions on retail assets held for sale as at end of 2014 have been closed over the first months of 2015 with the exception of the Straubing asset held by BGP Retail 9 S.à r.l. & Co KG (see note 6.4). If this portfolio is not sold before July 2015, the bank loan financing this portfolio amounting to EUR 32.3 million will fall due and a refinancing will have to be put in place.

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 2014, the Group, including the Company encompassed a total of 105 business entities listed in note 16.

Company

	2014	2013
	EUR	EUR
Opening carrying amount	**164,432,886**	38,912
(Impairment provision) / Reversal of impairment	**-**	164,393,974
Closing carrying amount	**164,432,886**	164,432,886

Investments in Company's undertakings as at 31 December 2014 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

Note 4 - Investments in group undertakings (continued)

The total historical cost of the investment in BGP Holdings 2 Limited amounts to EUR 164,432,886. As at 31 December 2013, the total of impairment charges previously recognised in relation to this investment amounting to EUR 164,393,974 was reversed.

Note 5 - Acquisitions and disposals

5.1 Acquisition of shares in subsidiary

Group

In December 2014, the Group acquired the remaining 51% of the shares in BGP Asset Management GmbH ("BGP AM"), a Company domiciled in Germany and which provides asset management services to the Group residential real estate portfolio. The shares have been acquired from the acquiree Management. BGP AM is the sole shareholder of three entities whose main activities are described as follows:

- BGP Immobilien Services GmbH, a Company domiciled in Germany, whose activity consists in letting and brokerage services for residential properties;
- Penta Property GmbH, a Company domiciled in Germany, whose activity consists in property management services including rent collection, property accounting and tenant management;
- Neuhausmeisterdienst GmbH, a Company domiciled in Germany, whose activity consists in facility management services for real estate properties including janitor and gardening services.

BGP AM and its subsidiaries are a group of entities composed of processes and tenant servicing activities. The Group Management is of the opinion that this forms a business as defined in IFRS 3 *Business Combinations* and therefore the acquisition has been accounted for as a business combination.

The purpose of the acquisition is to internalize a fully integrated residential real estate management platform. This integration is intended to increase the quality of the services provided to the tenants and the real estate assets, fostering the revenues, and reduce the operating costs. In a long-term perspective, the Management of the Group expects this vertical integration to increase the value of the Group's assets because this new link between the Group and its management platform will secure future revenue and increase the operating performance.

The Group has obtained control of BGP AM in exchange for a net cash consideration amounting to EUR 15,613,701 including the indirect acquisition price of the following subsidiaries;

- BGP Immobilien Services GmbH
- Penta Property GmbH
- Neuhausmeisterdienst GmbH

BGP AM obtained control over the three aforementioned entities in the course of 2014.

Assets acquired and liabilities assumed

Immediately before the acquisition date, the Group owned 49% of the shares in BGP AM. The fair value of the equity interest in BGP AM held by the Group as of the date of acquisition corresponds to the equity accounted value amounting to EUR 295,690.

Note 5 - Acquisitions and disposals (continued)

5.1 Acquisition of shares in subsidiary (continued)

The fair value of the identifiable assets and liabilities of BGP AM including its subsidiaries as at the date of acquisition were as follows:

	EUR
Intangible assets	96,267
Tangible assets	494,541
Short term receivables and prepayments	2,338,858
Fair value of assets acquired	**2,929,666**

	EUR
Long term liabilities	1,145,940
Short term liabilities	1,843,135
Fair value of liabilities acquired	**2,989,075**

The following table summarises the consideration paid by the Group, the fair value of the assets acquired and liabilities assumed and the fair value of the Group's previously held equity interest in BGP AM at the time of the acquisition:

	EUR
Net cash consideration transferred	(15,613,701)
Fair value of the Group's previously held equity interest in BGP AM	(295,690)
Net fair value of identifiable assets acquired and liabilities assumed	(59,409)
Goodwill	**(15,968,800)**

The goodwill of EUR 15,968,800 mainly arose from the cancellation of the asset management incentive fee accruing on the increase in net asset value of the portfolio under management. None of the goodwill recognised is expected to be deductible for tax purposes. No gain or loss has arisen from re-measuring to fair value the 49% equity interest held by the Group in BGP AM.

No revenue for BGP AM and its subsidiaries has been included in the consolidated statement of comprehensive income since the acquisition date is in December 2014. Except the pre-acquisition 49% of result in the equity accounted BGP AM amounting to EUR 433,267, BGP AM and its subsidiaries did not contribute to profits over 2014.

Had BGP AM and its subsidiaries been consolidated from 1 January 2014, the consolidated statement of comprehensive income would show an increase in revenue by EUR 10,296,857 and an increase of profit by EUR 331,424.

5.2 Sale of shares in subsidiary

a) Disposal of shares in subsidiaries and loss of control

MKV Grundstückverwaltungs GmbH, holding investment property at book value of EUR 71,100,000 and bank loans of EUR 45,294,772, was sold to a third party in July 2014. The consideration paid was based on an estimated value of the property of EUR 71,668,571, the net result amounting to EUR 52,338.

Note 5 - Acquisitions and disposals (continued)

5.2 Sale of shares in subsidiary (continued)

On June 27, 2014, the Group has disposed its investment properties held by Lancelot Land B.V and realized a net result on the loss of control of this Dutch subsidiary of EUR 30.3 million (included in "profit after tax from discontinued activities").

b) Liquidation of subsidiaries

The following companies holding no investment properties as at 1 January 2014 were liquidated during 2014 for a combined loss on liquidation of EUR (33,022):

- BGP Resi GP 1 S.à r.l.
- BGP Resi GP 7 S.à r.l.
- BGP Retail GP 2 S.à r.l.
- BGP Minerva S.à r.l.
- KPI Retail Property 18 S.à r.l.

Note 6 – Assets

6.1 Goodwill

Group

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

Goodwill was recognized on the acquisition of BGP AM GmbH which occurred in December 2014. 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 2014, 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	8%
Long term growth rate	2%
Growth rate in fair value of the serviced real estate assets	5%

Note 6 – Assets (continued)

6.1 Goodwill (continued)

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 8.2% would result in a further impairment.

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 4.5% 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.

Note 6 – Assets (continued)

6.2 Investment properties

	Continuing Residential Level 3*	Discontinued Retail Level 3*	Discontinued Light Industrial Level 3*	Total 2014	Total 2013
	EUR	EUR	EUR	EUR	EUR
Fair value at the beginning of the year	1,003,773,067	120,850,000	-	1,124,623,067	1,322,875,664
Transfer to assets classified as held for sale (see note 6.4)	-	(98,000,000)	-	(98,000,000)	(213,276,146)
Tenant incentives	-	-	-	-	10,000
Leasing costs	-	-	-	-	(103,000)
Sale of investment properties	(8,421,056)	(21,534,000)	-	(29,955,056)	(16,425,684)
Foreign exchange loss	-	-	-	-	(70,865)
Costs subsequently capitalised	20,915,768	370,591	-	21,286,359	6,452,368
Valuation gains from investment properties					
- Fair value gains on investment properties	69,900,326	2,662,669	-	72,562,995	42,183,365
- Fair value losses on investment properties	(1,978,604)	(4,349,260)	-	(6,327,864)	(17,022,635)
Fair value at the end of the year	**1,084,189,501**	**-**	**-**	**1,084,189,501**	**1,124,623,067**

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

Note 6 – Assets (continued)

6.2 Investment properties (continued)

	Continuing Residential Level 3*	Discontinued Retail Level 3*	Discontinued Light Industrial Level 3*	Total 2013
	EUR	EUR	EUR	EUR
Fair value at the beginning of the year	967,840,000	126,902,302	228,133,362	1,322,875,664
Transfer to assets classified as held for sale (see note 6.4)	-	-	(213,276,146)	(213,276,146)
Tenant incentives	-	-	10,000	10,000
Leasing costs	-	-	(103,000)	(103,000)
Sale of investment properties	1,015,001	(9,800,000)	(7,640,685)	(16,425,684)
Foreign exchange loss	-	-	(70,865)	(70,865)
Costs subsequently capitalised	5,477,477	426,593	548,298	6,452,368
Valuation gains from investment properties				
- Fair value gains on investment properties	35,104,958	7,078,407	-	42,183,365
- Fair value losses on investment properties	(5,664,369)	(3,757,302)	(7,600,964)	(17,022,635)
Fair value at the end of the year	**1,003,773,067**	**120,850,000**	**-**	**1,124,623,067**

*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 6 – Assets (continued)

6.3 Investment in associates

Group

The following tables illustrate the summarized financial information as of 31 December 2013 and 2014.

a) Heidi

The project Heidi includes the Group's investment in the following entities: KPI Retail Property 20 S.à r.l.; KPI Retail Property 21 S.à r.l.; Jade Management Holding S.à r.l.; JADE PORTFOLIO 1 S.à r.l.; JADE PORTFOLIO 2 S.à r.l.; Wohnungsbaugesellschaft JADE GmbH; Candlepower Investments B.V.; Promontoria Holding VIII B.V.

Financial position

	2014 EUR	**2013 EUR**
Investment properties	192,548,976	288,149,671
Other non-current assets	142,800	300,435
Current assets	39,430,883	17,154,131
Total Assets	**232,122,659**	**305,604,237**
Non-current liabilities	(526,723)	(84,770)
Short term bank debts	(102,472,311)	(114,924,238)
Other current liabilities	(27,834,005)	(21,308,993)
Total Liabilities	**(130,833,039)**	**(136,318,001)**
Net assets as at 31 December	**101,289,620**	**169,286,236**
Share of Ownership	35%	35%
Group's carrying amount of the investment	**35,451,367**	**59,250,183**

Comprehensive income

	2014 EUR	**2013 EUR**
Revenue from investment properties	22,881,738	29,220,305
Expenses related to investment properties	(12,153,094)	(20,370,764)
Corporate expenses	(1,117,259)	(1,763,473)
Net finance costs	(2,247,228)	(4,387,168)
Net gain/(loss) on fair value adjustment of investment properties	(51,718,812)	34,640,901
Net (gain)/loss on sale of investment properties	(28,451)	(5,169,204)
Other expenses	15,713	-
Other income	265,540	6,657,329
Income taxes	(603,000)	(162,329)
Profit/(loss) for the year	**(44,704,853)**	**38,665,597**
Share of Ownership	35%	35%
Group's share of profit /(loss) for the year	**(15,646,699)**	**13,532,959**

Note 6 – Assets (continued)

6.3 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. During 2014, a balance of EUR 157,008 was distributed by the associate to the Group.

Financial position

	2014 EUR	2013 EUR
Investment properties	185,300,893	200,110,000
Other non-current assets	565,391	2,261,564
Current assets	27,045,909	25,447,459
Total Assets	**212,912,193**	**227,819,023**
Short term bank debts	(150,240,415)	(153,152,706)
Other current liabilities	(533,429)	(464,966)
Total Liabilities	**(150,773,844)**	**(153,617,672)**
Net assets as at 31 December	**62,138,349**	**74,201,351**
Share of Ownership	30%	30%
Share of Net Assets	**18,641,505**	**22,260,405**
Impairment	(18,641,505)	-
Group's carrying amount of the investment	**-**	**22,260,405**

Comprehensive income

	2014 EUR	2013 EUR
Revenue from investment properties	14,306,541	15,044,619
Expenses related to investment properties	(4,700,132)	(662,108)
Corporate expenses	(410,239)	13,582
Net finance costs	(5,926,704)	(6,080,318)
Net gain/(loss) on fair value adjustment of investment properties	(14,809,107)	1,340,007
Other expenses	-	(35,571)
Other income	-	266,502
Profit/(loss) for the year	**(11,539,641)**	**9,886,713**
Share of Ownership	30%	30%
Group's share of profit /(loss) for the year	**(3,461,891)**	**2,966,014**
Impairment	(18,641,505)	-
Share of Result in associate	**(22,103,396)**	**2,966,014**

Note 6 – Assets (continued)

6.3 Investment in associates (continued)

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

	2014 EUR	2013 EUR
Investment properties	22,431,000	14,966,223
Other non-current assets	-	140,773
Current assets	2,357,231	1,060,783
Total Assets	**24,788,231**	**16,167,779**
Non-current liabilities	(14,878,494)	-
Short term bank debts	-	(10,872,410)
Other current liabilities	(2,062,657)	(912,608)
Total Liabilities	**(16,941,151)**	**(11,785,018)**
Net assets as at 31 December	**7,847,080**	**4,382,761**
Share of Ownership	25%	25%
Group's carrying amount of the investment	**1,961,770**	**1,095,690**

Comprehensive income

	2014 EUR	2013 EUR
Revenue from investment properties	2,787,296	2,677,882
Expenses related to investment properties	(1,650,151)	(1,451,628)
Corporate expenses	(97,241)	
Net finance costs	(472,273)	(395,385)
Net gain/(loss) on fair value adjustment of investment properties	6,275,153	(130,796)
Net (gain)/loss on sale of investment properties	-	-
Other expenses	-	(2,133,300)
Other income	7,822	34,930
Income taxes	(268,615)	-
Profit/(loss) for the year	**6,581,991**	**(1,398,297)**
Share of Ownership	25%	25%
Group's share of profit /(loss) for the year	**1,645,498**	**(349,574)**

Note 6 – Assets (continued)

6.3 Investment in associates (continued)

d) BGP AM

The Group held 49% of the shares of BGP AM until December 2014, when it acquired the residual 51%. For additional details, please refer to note 5.1. The share of result attributable to BGP AM until the Group took over control of the subsidiary has been included in the caption "Share of result from associates".

Financial position

	2014 EUR	2013 EUR
Investment properties	-	-
Other non-current assets	-	512,731
Current assets	-	858,665
Total Assets	-	**1,371,396**
Non-current liabilities	-	-
Short term bank debts	-	-
Other current liabilities	-	(768,218)
Total Liabilities	-	**(768,218)**
Net assets as at 31 December	-	**603,178**
Share of Ownership	100%	49%
Group's carrying amount of the investment	-	**295,557**

Comprehensive income

	2014 EUR	2013 EUR
Management fees	5,518,873	4,760,369
Direct property expenses	(2,909,839)	-
Corporate expenses	(1,230,385)	(2,780,222)
Net finance income	13,524	7,262
Other expenses	(98,469)	(1,003,718)
Other income	16,534	220,390
Income taxes	(426,018)	(399,807)
Profit/(loss) for the year	**884,220**	**804,274**
Share of Ownership	49%	49%
Group's share of profit /(loss) for the year	**433,267**	**394,094**

Note 6 – Assets (continued)

6.4 Assets and liabilities classified as held for sale

Group

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

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

2013

- HBI Denmark PropCo ApS
- HBI France PropCo ApS
- Lancelot Land B.V.
- MKV Grundstückverwaltungs GmbH

Further to the formal decision of Management to dispose of all its retail assets, the related investment properties have been reclassified among the non-current assets held for sale. During the first quarter of fiscal year 2015, all the retail assets, except the property held by BGP Retail 9 S.à r.l. & Co KG, have been unconditionally sold to third parties. These properties were pledged in favor of credit institutions and previous authorisation from the lenders was necessary before proceeding to the disposal. Therefore, Management considered that both the investment properties and the related external financing had to be classified as held for sale. In this context, through the proceeds from disposal, the Company has effectively settled the external loans contracted by these retail entities.

Assets	**2014**	**2013**
	EUR	**EUR**
Investment property	157,222,359	284,376,145
Tenants receivables	3,644,427	4,139,799
Prepayment and other assets	977,110	6,852,385
Cash and cash equivalents	8,779,627	14,968,675
Income taxes receivable	2,821,878	2,805,688
Assets classified as held for sale	**173,445,401**	**313,142,692**

Liabilities	**2014**	**2013**
	EUR	**EUR**
Finance lease	-	(2,639,290)
Deferred income tax liabilities	-	(5,388,286)
Bank loans and overdrafts	(161,513,200)	(300,807,461)
Derivatives	(2,541,045)	(15,012,313)
Accounts payable and accrued expenses	(7,436,968)	(15,549,858)
Liabilities directly associated with assets classified as held for sale	**(171,491,213)**	**(339,397,208)**

Note 6 – Assets (continued)

6.4 Assets and liabilities classified as held for sale (continued)

BGP Retail 1 S.à r.l. & Co KG holding investment properties at book value of EUR 13,050,000, sold the investment properties at book value and repaid bank loans of EUR 10,825,974 in the course Q1 2015.

BGP Retail 10 S.à r.l. & Co KG holding investment properties at book value of EUR 8,450,000, sold the investment properties at book value and repaid bank loans of EUR 7,752,061 in the course of Q1 2015.

BGP Retail 11 S.à r.l. & Co KG holding investment properties at book value of EUR 21,700,000, sold the investment properties at book value and repaid bank loans of EUR 16,407,657 in the course of Q1 2015.

BGP Retail 13 S.à r.l. & Co KG holding investment properties at book value of EUR 2,450,000, sold the investment properties at book value and repaid bank loans of EUR 1,900,904 in the course of Q1 2015.

BGP Retail 14 S.à r.l. & Co KG holding investment properties at book value of EUR 7,200,000, sold the investment properties at book value and repaid bank loans of EUR 8,010,181 in the course of Q1 2015.

BGP Retail 16 S.à r.l. & Co KG holding investment properties at book value of EUR 1,400,000, sold the investment properties at book value and repaid bank loans of EUR 1,750,617 in the course of Q1 2015.

BGP Retail 9 S.à r.l. & Co KG holding investment properties at book value of EUR 43,750,000 and bank loans of EUR 32,300,526 (which has a contractual due date as at 30th July 2015) is scheduled to be sold in 2015.

During Q1 2015 all the bank loans granted to the aforementioned entities have been fully repaid except for the external loan contracted by BGP Retail 9 S.à r.l. & Co KG which has a contractual due date as at 30th July 2015.

HBI France Propco ApS holding investment properties at book value of EUR 25,360,000 and bank loans of EUR 36,873,109 is scheduled to be sold in 2015.

HBI Denmark Propco ApS holding investment properties at book value of EUR 30,655,441 and bank loans of EUR 45,885,850 is scheduled to be sold in 2015.

Note 6 – Assets (continued)

6.5 Tenant receivables

Group

	2014	2013
	EUR	EUR
Rent receivable	**13,866,425**	12,920,751
Service charges receivable	**5,045,532**	4,895,426
	18,911,957	17,816,177

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

As at 31 December 2014 receivables with a nominal value of EUR 18,911,957 (2013: EUR 17,816,177) were partially impaired and provided for. Movements in the provision for impairment of receivables were as follows:

	2014	2013
	EUR	EUR
As at start of year	**15,935,249**	15,066,347
Increases	**760,754**	1,095,810
Decreases	**(150,796)**	(226,908)
As at end of year	**16,545,207**	15,935,249

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

		Neither past due nor impaired	**Past due not impaired**				
	Total		**<30 days**	**30-60 days**	**60-90 days**	**90-120 days**	**> 120 days**
31 December 2013	1,880,928	-	676,160	312,159	260,878	131,365	500,366
31 December 2014	2,366,750	-	419,828	397,116	452,556	103,401	993,850

Note 6 – Assets (continued)

6.6 Cash and cash equivalents

Group and Company

	2014 Group EUR	2013 Group EUR	**2014 Company EUR**	2013 Company EUR
Cash at bank – non restricted	**30,475,718**	16,373,142	**806,597**	1,147,048
Cash at bank – restricted	**926,289**	1,257,201	-	-
Short-term deposits – non restricted	**17,575,643**	14,802,264	-	-
Short-term deposits – restricted	**1,970,296**	3,533,789	-	-
Cash in hand	**11,405**	-	-	-
	50,959,351	35,966,396	**806,597**	1,147,048

Cash at bank earns interest on the basis of up to 85% of 1-month EURIBOR plus 35 basis points. 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.

6.7 Prepayments and other assets

Group and Company

	2014 Group EUR	2013 Group EUR	**2014 Company EUR**	2013 Company EUR
Monnet – Capex Reserve	**6,046,356**	10,233,220	-	-
Monnet – Cash Sweep	**1,607,038**	1,347,399	-	-
Other	**39,134,901**	3,438,035	-	18,000
Tax advances	**718,939**	2,078,605	-	-
Trade receivables	-	1,300,277	-	-
Prepayments and accrued expenses	-	601,136	-	4,616
Deposits	**11,087,509**	10,361,300	-	-
Sales proceeds receivable	-	2,884	-	-
	58,594,743	29,362,856	-	22,616

6.8 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 7 - Equity and liabilities

7.1 Share capital

Company

	2014 EUR	2013 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.

7.2 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.

	2014 EUR	2013 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.

Note 7 - Equity and liabilities (continued)

7.3 Financial liabilities

Group

	Effective interest rate	Maturity	2014	2013
Non current borrowings from banks and institutional investors			**EUR**	**EUR**
Berlin-Hannoversche Hypothekenbank AG	2.10% and 2.5%+Euribor 3M	31 Dec 2021	158,000,000	-
Berliner Volksbank	2.10%	30 Mar 2019	39,318,497	-
Bayern LB	EURIBOR +2.306%	31 Jul 2015	-	32,300,526
Deutsche Pfandbrief AG	1 or 3 month EURIBOR + 105-110 bps	31 Dec 2015 to 30 Mar 2016	-	42,350,441
Eurohypo AG	1 month EURIBOR + 80-135 bps	31 Aug 2015 to 30 Jun 2016	-	19,404,249
Monnet Finance Limited	3.913%	12 Nov 2018	376,623,436	383,295,394
Wells Fargo Bank International	4.810%	1 Nov 2016	-	39,312,488
			573,941,933	**516,663,098**
Capitalized financing costs			(10,210,074)	(9,489,291)
Capitalized financing costs – Accumulated Amortisation			2,256,238	1,154,522
			565,988,097	**508,328,329**
Current borrowings from banks and institutional investors				
Bayern LB	EURIBOR +2.306%	31 Jul 2015	-	740,000
Berlin-Hannoversche Hypothekenbank	4.16% to 5.88%	31 Dec 2014	-	160,855,000
Berliner Volksbank	2.10%	30 March 2019	1,260,826	-
Deutsche Pfandbrief AG	1 or 3 month EURIBOR + 100-110 bps	31 Dec 2015 to 30 Mar 2016	-	1,271,562
Eurohypo AG	1 month EURIBOR + 80-135 bps	31 Aug 2015 to 30 Jun 2016	-	527,495
Heleba Landesbank Hessen-Thüringen	3 month EURIBOR + 85-200 bps	31 Jul 2014 to 15 Aug 2014	-	4,510,881
Monnet Finance Limited	3.913%	12 Nov 2018	2,126,024	1,922,480
Nord LB	5.120%	27 Feb 2015	34,463,421	35,401,019
Wells Fargo Bank International	4.810%	1 Nov 2016	-	531,252
			37,850,271	**205,759,689**

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 2014 is EUR 8,347,922 (2013: EUR 8,114,480).

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.

All investment properties are mortgaged or pledged as security for long and short term loans.

Note 7 - Equity and liabilities (continued)

7.4 Accounts payable and accrued expenses

Group and Company

	2014 Group EUR	2013 Group EUR	**2014 Company EUR**	2013 Company EUR
Tenant payables and deposits	**48,595,932**	11,088,014	**-**	-
Other creditors	**10,642,453**	13,851,641	**30,075**	30,740
VAT payable	**958,519**	955,544	**-**	-
Deferred income	**1,486,017**	78,398	**-**	-
Taxes excluding income tax	**407,680**	104,565	**-**	-
Total trade and other liabilities	**62,090,601**	26,078,162	**30,075**	30,740

Note 8 - Financial risk management

8.1 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 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 8 - Financial risk management (continued)

8.2 Foreign exchange risk

Group

The Group operates in Europe and is exposed to foreign exchange risk arising from currency exposure to the Danish krone (DKK). Foreign exchange risk arises from recognised monetary assets and liabilities, assets measured at fair value and net investments in foreign operations. The Group has 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.

8.3 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 16,545,207 (2013: EUR 15,935,249) 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 6.6, with the following long-term bank deposit ratings by S&P, Fitch and Moody's:

• Deutsche Bank AG	**A3** (Moody's), **A** (S&P), **A+** (Fitch)
• Berliner Sparkasse (subsidiary of LBB)	**A1** (Moody's)
• Nord LB	**A3** (Moody's), **A** (Fitch)
• Aareal Bank AG	**A-** (Fitch)
• Banque et Caisse D'Epargne de l'Etat	**Aa1** (Moody's), **AA+** (S&P)
• Unicredit Bank AG	**Baa1** (Moody's), **A-** (S&P), **A+** (Fitch)
• ING Bank N.V.	**A2** (Moody's), **A** (S&P), **A+** (Fitch)
• Berliner Volksbank AG	**AA-** (S&P), **A+** (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 8 - Financial risk management (continued)

8.4 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.

8.5 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
2014		
Impact on interest expense (decrease)/increase	100 bps	(250,000)
Impact on interest expense (decrease)/increase	(100) bps	250,000
2013		
Impact on interest expense (decrease)/increase	100 bps	(955,375)
Impact on interest expense (decrease)/increase	(100) bps	955,375

Note 9 - Financial risks

9.1 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 2014	**December 2013**
DKK/EUR	(115)/91	(119) / 145

9.2 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 4.5 years (2013: 3.2 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 9 - Financial risks (continued)

9.2 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 2014 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	-	35,175,785	2,674,486	389,423,436	184,518,497
Loans from related parties	-	19,441	-	-	-
Derivative financial instruments	-	-	-	-	-
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**

	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	-	39,335,552	166,424,137	516,663,098	-
Loans from related parties	-	236,375	-	-	-
Derivative financial instruments	-	2,493,812	2,493,812	262,900	-
Interest payable to banks	-	21,366,872	12,994,130	63,211,912	-
Other liabilities	-	26,078,162	-	-	20,400,000
31 December 2013	-	**89,510,773**	**181,912,079**	**580,137,910**	**20,400,000**

Note 9 - Financial risks (continued)

9.3 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 2014	31 December 2013
Investment property	1,084,189,501	1,124,623,067
Equity accounted investments	37,413,137	82,901,835
Assets held for sale	173,445,401	313,142,692
GAV	**1,295,048,039**	**1,520,667,594**
Long term bank loans and CMBS	565,988,097	508,328,329
Short term bank loans and CMBS	37,850,271	205,759,689
Liabilities related to assets held for sale	171,491,213	339,397,208
Cash and cash equivalents	(50,959,351)	(35,966,396)
Net loans	**724,370,230**	**1,017,518,830**
Loan to value	**55.9%**	**66.9%**

9.4 Derivative financial instruments

Description	Bank	Nominal	Maturity	31-Dec-14	31-Dec-13	Impact on Statement of comprehensive income
		EUR		EUR	EUR	EUR
IRS	Hypo Real Estate	4,548,690	30 March 2016**	-	(370,823)	
IRS	Hypo Real Estate	1,025,685	30 March 2016**	-	(83,617)	
IRS	Landes Bank Berlin	75,280,000	31 December 2014	-	(2,343,655)	
IRS	Landes Bank Berlin	85,650,000	31 December 2014	-	(2,433,649)	
Total		**166,504,375**		-	**(5,231,744)**	

** - SWAPs terminated early following assets sales in Retail portfolio

IRS payment on the SWAPs are payable on a quarterly basis. The outstanding amount of the IRS payments as at 31 December 2014 is EUR nil (2013: EUR 18,780).

Note 10 - Notes to the consolidated statement of comprehensive income

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

10.1 Revenue from investment properties

Group

	2014	2013
	EUR	EUR
Rental income from investment properties	74,858,274	71,588,715
Service charges recoveries	32,758,856	32,496,510
Other building income	670,974	267,826
	108,288,104	**104,353,051**

10.2 Expenses related to investment properties

Group

	2014	2013
	EUR	EUR
Utilities	26,469,861	35,729,252
Maintenance and repairs	11,677,426	7,499,514
Management fees	10,162,743	9,487,645
Bad debt allowances	2,314,173	1,528,087
Leasehold costs	2,653,152	2,654,806
Letting costs	1,117,070	1,255,679
Property taxes	3,127,958	2,949,255
Insurance	2,426,805	2,424,763
Other	853,605	2,629,853
	60,802,793	**66,158,854**

10.3 Corporate expenses

Group and Company

	2014 Group EUR	2013 Group EUR	**2014 Company EUR**	2013 Company EUR
Tax consulting and audit fees	**2,114,488**	2,101,619	**28,851**	28,615
Consulting and legal fees	**2,273,078**	2,509,219	**165,036**	128,459
Other corporate expenses	**4,228,227**	2,422,423	**8,381**	4,680
Insurance	**6,505**	135,943	-	-
Realised exchange differences	-	-	-	-
	8,622,298	7,169,204	**202,268**	161,754

Note 10 - Notes to the consolidated statement of comprehensive income (continued)

10.3 Corporate expenses (continued)

Auditor's fees

Fees charged by the auditor for services rendered during the financial years ended 31 December 2014 and 2013 relate to the following:

	2014 Group EUR	2013 Group EUR	**2014 Company EUR**	2013 Company EUR
Annual statutory audit	**427,938**	573,220	**28,851**	28,615
	427,938	573,220	**28,851**	28,615

10.4 Finance income and costs

Group and Company

Finance income and costs for the years ended 31 December 2014 and 2013 are as follows:

Finance income	**2014 Group EUR**	2013 Group EUR	**2014 Company EUR**	2013 Company EUR
Other finance income	**50,579**	-	-	-
Interest income	**13,951**	145,208	**13,951**	29,126
	64,530	145,208	**13,951**	29,126

Finance costs	**2014 Group EUR**	2013 Group EUR	**2014 Company EUR**	2013 Company EUR
Interest on bank loans	**(21,695,076)**	(13,057,503)	-	-
SWAP payments	**(4,807,223)**	(13,926,984)	-	-
Amortisation of capitalised finance costs	**(1,789,536)**	(1,644,235)	-	-
Other finance costs	**(525,429)**	(597,198)	**(1,499)**	(1,336)
Net foreign exchange loss	**(3,491)**	(16,854)	-	-
	(28,820,755)	(29,242,774)	**(1,499)**	(1,336)

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

	2014 EUR	**2013 EUR**
Fair value gains on investment properties	69,900,326	35,104,958
Fair value losses on investment properties	(1,978,604)	(5,664,369)
Net fair value losses/gains on investment properties (note 6.2)	**67,921,722**	**29,440,589**

Note 10 - Notes to the consolidated statement of comprehensive income (continued)

10.6 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:

	2014	2013
	EUR	EUR
Profit before tax from continuing operations	37,759,930	63,366,233
Profit/(Loss) before tax from discontinued operations	32,990,801	17,306,754
Net gain/(loss) before tax	**70,750,731**	**80,672,987**
Expected tax expense/income: (2014: 35.00 %)	(24,762,756)	(28,235,545)
Effect of tax rates in other countries	8,170,042	18,973,722
Deconsolidated entities	(1,949,504)	220,376
Non recognition of current year deferred tax asset	(12,408,774)	(5,078,371)
Non-deductible expenses	(103,252)	(9,839,543)
Permanent differences	15,652,980	-
Timing differences	88,206	1,267,275
Current income tax of previous periods	142,300	(1,116,230)
Income subject to 15% withholding tax	3,495	6,386
Movement in accrued interest receivable	(1,235)	(924)
Other	-	3,815
Taxes on other basis than profit	(3,210)	(88,414)
Tax-exempt income	-	1,575,400
Share of result of associates	(6,779,313)	1,735,584
Utilisation of previously unrecognised losses carried forward	11,057,944	15,876,080
Effective income tax (current and deferred) (rate:15%)	**(10,893,077)**	**(4,700,389)**

Note 10 - Notes to the consolidated statement of comprehensive income (continued)

10.6 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:

	2014	2013
	EUR	EUR
Losses available for offset against future taxable income	20,953,080	13,549,714
Other timing differences	(1,303,525)	2,869,164
Revaluation of derivatives to fair value	-	827,928
Capitalised Borrowing Costs	(684,075)	(662,349)
DTA > DTL Adjustment	-	(7,597,508)
Revaluation of investment properties to fair value	(57,978,332)	(41,688,453)
Deferred tax liability	**(39,012,852)**	**(32,701,504)**

	2014	2013
	EUR	EUR
Deferred tax liabilities	(39,012,852)	(27,313,216)
Liabilities directly associated with the assets held for sale	-	(5,388,288)
Deferred tax liability	**(39,012,852)**	**(32,701,504)**

Note 10 - Notes to the consolidated statement of comprehensive income (continued)

10.6 Income tax (continued)

Group (continued)

Reflected in the consolidated statement of comprehensive income as follows:

	2014	2013
Deferred tax expense:	**EUR**	**EUR**
Revaluation of investment properties to fair value	(23,772,603)	(11,578,190)
Revaluation of derivatives to fair value	(584,838)	(2,436,524)
Capitalised borrowing costs	(252,274)	(419,007)
	(24,609,715)	**(14,433,721)**
Deferred tax income:		
Losses available for offset against future taxable income	-	607,420
DTA > DTL	-	3,105,856
Other timing differences	12,650,902	7,496,307
	12,650,902	**11,209,583**
Deferred tax income / (expense)	**(11,958,813)**	**(3,224,138)**

No deferred tax assets have been recognised for tax losses carried forward totalling EUR 890,883,946 (2013: EUR 566,758,975). 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 2014 and 2013, 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 2014 or 2013 by the Company to its shareholders.

Note 10 - Notes to the consolidated statement of comprehensive income (continued)

10.6 Income tax (continued)

Company

	2014	2013
Current taxation:	**EUR**	EUR
Current tax expense	**2,622**	4,746

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:

	2014	2013
	EUR	EUR
Profit/(loss) before tax	**(189,816)**	164,259,262
Tax on Profit/(loss) at 35%	**(66,436)**	57,490,742
Tax effect of:		
Income subject to 15% final withholding tax	**(3,495)**	(6,328)
Income not subject to tax	**-**	(57,537,891)
Expenses not deductible for tax purposes	**71,318**	57,343
Movement in accrued interest receivable	**1,235**	880
Tax expense	**2,622**	4,746

Note 10 - Notes to the consolidated statement of comprehensive income (continued)

10.7 Discontinued operations

The results of the discontinued operations for the year are presented below (please refer to notes 3.3 and 16):

	2014	2013
	EUR	EUR
Loss of control of subsidiary (note 5.2 a)	30,321,172	-
Revenue from investment properties	23,741,510	47,888,200
Expenses related to investment properties	(10,022,634)	(18,410,997)
Corporate expenses	(2,802,994)	(1,779,287)
Other operating expenses	(20,325)	(233,506)
Other operating income	619,082	508,118
Net gains/(loss) on disposals	1,130,951	1,612,362
Valuation gains/(loss) from investment property	(3,432,405)	(3,928,088)
Finance income	1,785,356	133,404
Finance costs	(9,999,878)	(20,165,058)
Net gains/(loss) on derivatives	1,670,966	11,681,606
Profit/(loss) before tax from discontinued operations	**32,990,801**	**17,306,754**
Current income tax	(106,294)	(30,688)
Deferred income tax	-	(467,864)
Profit/(loss) after tax for the year	**32,884,507**	**16,808,202**

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

	2014	2013
	EUR	EUR
Operating	(9,585,861)	39,200,414
Investing	93,012,651	(1,330,120)
Financing	(99,315,535)	(36,173,329)
Net cash (outflow)/inflow	**(15,888,745)**	**(1,696,965)**

Note 10 - Notes to the consolidated statement of comprehensive income (continued)

10.8 Directors' emoluments

Group

	2014	2013
	EUR	EUR
Directors' fees	**154,580**	283,600

Company

	2014	2013
	EUR	EUR
Directors' fees	**5,418**	4,680

Note 11 – 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 34 and 191 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 2014	2015	2016-2019	From 2020
	EUR	EUR	EUR
Future minimum lease payments	2,687,325	10,347,778	171,485,787

Note 12 – 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 7.3) 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 12 – 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 11 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 2014, there was no material on-going litigation, which could materially affect the consolidated financial position of the Group.

Company

As of 31 December 2014 and 2013, there are no capital commitments and contingent liabilities which have not been disclosed in these financial statements.

Note 13 - 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	**2014 EUR**	**2013 EUR**
- GP Fees receivable from subsidiaries of Babcock & Brown European Investments S.à r.l.	212	16,585
	212	**16,585**

b) Loans from related parties

Group

Loans from related parties	**2014 EUR**	**2013 EUR**
- BGP Asset Management GmbH	-	236,375
	-	**236,375**

Company

Loans to related parties	**2014 EUR**	**2013 EUR**
- Loan to BGP Holdings 2 Limited	190,000	18,000
	190,000	**18,000**

Note 13 - Related parties transactions

Loans from related parties	**2014 EUR**	**2013 EUR**
- Loan from Group company	55,000	35,000
- Interest on loan from Group company	2,597	1,473
	57,597	**36,473**

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

	2014 EUR	**2013 EUR**
Asset Management fees:		
- BGP Asset Management GmbH	4,609,992	2,713,215
General Partner fees:		
- Subsidiaries of Babcock & Brown European Investments S.à r.l.	45,000	45,000
	4,654,992	**2,758,215**

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 10.8. The company was also charged consultancy fees amounting to EUR 139,000 (2013: EUR 99,000) by a company which is owned by a member of key management.

Note 14 - 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 15 - Subsequent events

- In the first five months of 2015, the Group has sold all its retail assets except one located in Straubing. Out of the EUR 98.0 million assets classified as held for sale, EUR 54.3 million have been disposed of, while EUR 46.5 million of the related bank loans reported as at 31 December 2014 were repaid in the first five months of 2015. The final net proceeds after repayment of the bank loans and accrued interests as at the date of closing amounted to EUR 7.8 million, equivalent to the net asset value reported as at December 2014. As at December 2014, the remaining retail asset in Straubing was reported for a fair value of EUR 43.8 and the related bank loan amounted to EUR 32.3 million.

- The sale of the Heidi portfolio has been fully completed and paid in, except for a balance of EUR 5.0 million retained in an escrow account to cover potential tax risks, that are estimated as remote. The Group is entitled to receive 35% of the outstanding balance. The net proceeds distributed to Company during the first five months of 2015 amount to EUR 34.7 million.

- In February 2015, the Company has fully repaid the principal and accrued interests of the loan financing the Otto II portfolio (1,301 residential units located in the north of Germany). The total liability of EUR 41.3 million has been acquired with a large discount of EUR 7.6 million for EUR 33.7 million. The fair value of the portfolio was estimated to EUR 40.9 million as at 31 December 2014.

- In May 2015, the Group agreed on the sale of its remaining 25% share in the Otto III portfolio that was equity accounted in the Group consolidated accounts for an amount of EUR 1.9 million as at 31 December 2014. The Group have also granted to the associate a loan, which amounted to EUR 0.8 million (inclusive of outstanding interests) as at 31 December 2014. The net proceeds expected to be cashed in by year end are estimated to EUR 3.7 million and BGP AM, a fully owned subsidiary, will receive a fee on the sale amounting to EUR 1.3 million.

The Directors are not aware of any matter or circumstance occurring since 31 December 2014 that has significantly or may significantly affect the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in subsequent financial years.

Note 16 - 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	Babcock & Brown Franz Erweber 1 Portfolio GmbH	Germany	94.6%	94.6%	Full method	continued
3	Babcock & Brown Otto Erwerber Portfolio 1 GmbH	Germany	94.6%	94.6%	Full method	continued
4	Babcock & Brown Otto Erwerber Portfolio 2 GmbH	Germany	94.6%	94.6%	Full method	continued
5	Babcock & Brown Otto Erwerber Portfolio 3 GmbH	Germany	94.6%	94.6%	Full method	continued
6	Babcock & Brown Otto Erwerber Portfolio 4 GmbH	Germany	94.6%	94.6%	Full method	continued
7	Babcock & Brown Otto Portfolio 2 S.à r.l. & Co KG	Germany	99.68%	99.68%	Full method	continued
8	BGP Asset Management GmbH	Germany	100%	100%	Full method	continued
9	BGP Franz 1 S.à r.l. & Co KG	Germany	99.68%	99.68%	Full method	continued
10	BGP Holdings Europe S.à r.l.	Luxembourg	100%	100%	Full method	continued
11	BGP Holdings PLC	Malta	100%	100%	Full method	continued
12	BGP Holdings 2 Limited	Malta	100%	100%	Full method	continued
13	BGP Immobilienservice GmbH	Germany	100%	100%	Full method	continued
14	BGP Investment II S.à r.l.	Luxembourg	100%	100%	Full method	continued
15	BGP Investment S.à r.l.	Luxembourg	100%	100%	Full method	continued
16	BGP Logistikzentrum GmbH	Germany	94%	94%	Full method	discontinued
17	BGP Management GmbH	Germany	94%	94%	Full method	continued
18	BGP Minerva S.à r.l.	Luxembourg	100%	100%	Full method	liquidated
19	BGP Minotaurus S.à r.l.	Luxembourg	100%	100%	Full method	continued
20	BGP Norddeutschland S.à r.l. & Co KG	Germany	99.65%	99.65%	Full method	continued
21	BGP Otto 1 S.à r.l. & Co KG	Germany	99.68%	99.68%	Full method	continued
22	BGP Otto 3 S.à r.l. & Co KG	Germany	25%	25%	Equity	continued
23	BGP Otto 4 S.à r.l. & Co KG	Germany	99.68%	99.68%	Full method	continued
24	BGP Property Partner 1 S.à r.l.	Luxembourg	100%	100%	Full method	discontinued
25	BGP Resi 1 S.à r.l. & Co KG	Germany	99.64%	99.64%	Full method	continued
26	BGP Resi 2 S.à r.l. & Co KG	Germany	99.98%	99.98%	Full method	continued
27	BGP Resi 20 S.à r.l. & Co KG	Germany	99.98%	99.98%	Full method	continued
28	BGP Resi 21 S.à r.l. & Co KG	Germany	99.98%	99.98%	Full method	continued
29	BGP Resi 22 S.à r.l. & Co KG	Germany	99.98%	99.98%	Full method	continued
30	BGP Resi 23 S.à r.l. & Co KG	Germany	99.98%	99.98%	Full method	continued
31	BGP Resi 4 S.à r.l. & Co KG	Germany	99.98%	99.98%	Full method	continued
32	BGP Resi 5 S.à r.l. & Co KG	Germany	99.98%	99.98%	Full method	continued
33	BGP Resi 6 S.à r.l. & Co KG	Germany	99.98%	99.98%	Full method	continued
34	BGP Resi 7 S.à r.l. & Co KG	Germany	99.98%	99.98%	Full method	continued
35	BGP Resi 9 S.à r.l. & Co KG	Germany	99.98%	99.98%	Full method	continued
36	BGP Resi GP 1 S.à r.l.	Luxembourg	100%	100%	Full method	liquidated
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 16 - Group companies (continued)

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

Note 16 - Group companies (continued)

	Name of the Company	Country	% Control	% Interest	Consolidation Method	(dis)continued activity
85	KPI Retail Property 11 S.à r.l.	Luxembourg	99.64%	99.64%	Full method	discontinued
86	KPI Retail Property 13 S.à r.l.	Luxembourg	99.64%	99.64%	Full method	discontinued
87	KPI Retail Property 14 S.à r.l.	Luxembourg	99.64%	99.64%	Full method	discontinued
88	KPI Retail Property 16 S.à r.l.	Luxembourg	99.64%	99.64%	Full method	discontinued
89	KPI Retail Property 17 S.à r.l.	Luxembourg	99.64%	99.64%	Full method	discontinued
90	KPI Retail Property 18 S.à r.l.	Luxembourg	99.64%	99.64%	Full method	Liquidated
91	KPI Retail Property 19 S.à r.l.	Luxembourg	99.64%	99.64%	Full method	discontinued
92	KPI Retail Property 20 S.à r.l.	Luxembourg	36.56%	36.56%	Full method	discontinued
93	KPI Retail Property 21 S.à r.l.	Luxembourg	21%	21%	Full method	discontinued
94	KPI Retail Property 3 S.à r.l.	Luxembourg	99.64%	99.64%	Full method	discontinued
95	KPI Retail Property 35 S.à r.l.	Luxembourg	5.2%	5.2%	Equity	discontinued
96	KPI Retail Property 7 S.à r.l.	Luxembourg	6%	6%	Equity	discontinued
97	KPI Retail Property 9 S.à r.l.	Luxembourg	99.64%	99.64%	Full method	discontinued
98	Lancelot Land B.V.	Netherlands	100%	75%	Full method	loss of control
99	Minotaurus Immobilien GmbH & Co KG	Germany	99.8%	99.8%	Full method	continued
100	Minotaurus Immobilien Verwaltungs GmbH	Germany	100%	100%	Equity	continued
101	MKV Grundstuckverwaltungs GmbH	Germany	0%	0%	Sold	discontinued
102	Narat GmbH	Germany	30%	30%	Equity	continued
103	Neuhausmeisterdienst GmbH	Germany	100%	100%	Full method	continued
104	Norddeutschland Grundbesitz Erweber GmbH	Germany	94.2%	94.2%	Full method	continued
105	Norddeutschland Grundbesitz Verwaltungs GmbH	Germany	94.6%	94.6%	Full method	continued
106	PentaProperty GmbH	Germany	100%	100%	Full method	continued
107	Promontoria Holding VIII B.V.	Netherlands	35%	35%	Equity	continued
108	Treso S.à r.l. & Co KG	Germany	100%	100%	Full method	discontinued
109	Wohnungsbaugesellschaft Jade erste mbH & Co KG	Germany	35%	35%	Equity	continued
110	Wohnungsbaugesellschaft JADE GmbH	Germany	35%	35%	Equity	continued
111	Wohnungsbaugesellschaft Jade zweite mbH & Co KG	Germany	35%	35%	Equity	continued

Detailed accounts

Statement of comprehensive income (Company)

	2014 EUR	2013 EUR
Administrative expenses (page 74)	**(202,268)**	(162,502)
Operating loss	**(202,268)**	(162,502)
Reversal of provision/(Provision for impairment of investments)	**-**	164,393,974
Interest income	**13,951**	29,126
Other finance costs	**(1,499)**	(1,336)
Loss for the year before tax	**(189,816)**	164,259,262

Administrative expenses (Company)

	2014 EUR	2013 EUR
Directors' remuneration	**5,418**	4,680
Professional and consultancy fees	**165,036**	128,459
Auditors' remuneration	**28,851**	28,615
General expenses	**2,963**	748
Total administrative expenses	**202,268**	162,502