BGP HOLDINGS PLC

Annual Report and Financial Statements
31 December 2011

Company Registration Number: C-36451

Directors' report

The directors present their report and the audited consolidated and separate financial statements for the year ended 31 December 2011.

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.

Review of the business

The directors expect that the Company's level of business and its financial position will continue to improve in the foreseeable future. Taking into account the Company's available cash resources, there are sufficient funds to meet operating cost requirements.

The Group's assets are managed by a subsidiary of BGP Holdings Europe S.à.r.l and are being positioned for a medium term exit, as capital markets recover.

Results and dividends

The statement of comprehensive income is set out on page 6. In view of the losses sustained in the current year, the directors do not recommend payment of any dividend (2010: 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 financial statements which give a true and fair view of the state of affairs of the company as at the end of each reporting year and of the profit or loss for that period.

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

- ensuring that the 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 financial statements are prepared on the going concern basis unless it is inappropriate to presume that the company 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

Mark Dunstan
Director

Ruth Agius Scicluna Buttigieg
Director

Registered office
259 St Paul Street
Valletta VLT1213
Malta

23 July 2012

ERNST & YOUNG

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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 and its subsidiaries ("the Group"), set out on pages 5 to 24 which comprise the consolidated statements of financial position as at 31 December 2011 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 Consolidated 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 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 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 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 auditor's 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 auditor considers 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 for 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 2011, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union; and
- have been properly prepared in accordance with the requirements of the Companies Act, Cap. 386 of the Laws of Malta.

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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

23 July 2012

Statement of financial position

	Notes	2011 Group	2010 Group	2011 Company	2010 Company
		As at 31 December			
ASSETS		€	€	€	€
Non-current assets					
Investments in subsidiaries	5	-	-	**82,288**	119,149
Investment in joint venture undertaking	6	-	-	-	-
Loans receivable	7	**1,000**	1,000	-	-
Total non-current assets		**1,000**	1,000	**82,288**	119,149
Current assets					
Receivables	8	**12,278**	94,461	**11,098**	91,947
Cash and cash equivalents	9	**1,559,252**	1,738,798	**1,410,017**	1,520,368
Total current assets		**1,571,530**	1,833,259	**1,421,115**	1,612,315
Total assets		**1,572,530**	1,834,259	**1,503,403**	1,731,464
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	10	**99,999**	99,999	**99,999**	99,999
Share premium account	11	**166,606,786**	166,606,786	**166,606,786**	166,606,786
Accumulated losses		**(165,250,617)**	(165,016,229)	**(165,226,941)**	(165,051,011)
Total equity		**1,456,168**	1,690,556	**1,479,844**	1,655,774
Current liabilities					
Payables	12	**116,362**	143,703	**23,559**	75,690
Total equity and liabilities		**1,572,530**	1,834,259	**1,503,403**	1,731,464

The notes on pages 9 to 24 are an integral part of these financial statements.

The financial statements on pages 5 to 24 were authorised for issue by the board on 23 July 2012 and were signed on its behalf by:

Mark Dunstan
Director

Ruth Agius Scicluna Buttigieg
Director

Statement of comprehensive income

		Year ended 31 December			
	Note	**2011 Group**	2010 Group	**2011 Company**	2010 Company
		€	€	€	€
Administrative expenses	13	**(259,950)**	(702,283)	**(165,067)**	(576,474)
Operating loss		**(259,950)**	(702,283)	**(165,067)**	(576,474)
Finance income	14	**32,808**	38,005	**30,865**	35,695
Finance costs	15	**(649)**	(1,243)	**(369)**	(859)
Provision for impairment of investments	13	**-**	-	**(36,861)**	(44,810)
Loss before tax		**(227,791)**	(665,521)	**(171,432)**	(586,448)
Tax expense	16	**(6,597)**	(4,591)	**(4,498)**	(4,321)
Loss for the year		**(234,388)**	(670,112)	**(175,930)**	(590,769)
Other comprehensive income		**-**	-	**-**	-
Total comprehensive loss for the year		**(234,388)**	(670,112)	**(175,930)**	(590,769)

The notes on pages 9 to 24 are an integral part of these financial statements.

Statement of changes in equity

Group	Share Capital €	Share Premium €	Accumulated losses €	Total €
Balance at 1 January 2010	99,999	166,606,786	(164,346,117)	2,360,668
Total comprehensive loss for the financial year	-	-	(670,112)	(670,112)
Balance at 31 December 2010	99,999	166,606,786	(165,016,229)	1,690,556
Total comprehensive loss for the financial year	-	-	(234,388)	(234,388)
Balance at 31 December 2011	**99,999**	**166,606,786**	**(165,250,617)**	**1,456,168**

Company	Share Capital €	Share Premium €	Accumulated Losses €	Total €
Balance at 1 January 2010	99,999	166,606,786	(164,460,242)	2,246,543
Total comprehensive loss for the financial year	-	-	(590,769)	(590,769)
Balance at 31 December 2010	99,999	166,606,786	(165,051,011)	1,655,774
Total comprehensive loss for the financial year	-	-	(175,930)	(175,930)
Balance at 31 December 2011	**99,999**	**166,606,786**	**(165,226,941)**	**1,479,844**

The notes on pages 9 to 24 are an integral part of these financial statements.

Statement of cash flows

	Notes	2011 Group	2010 Group	2011 Company	2010 Company
		€	€	€	€
Operating activities					
Cash used in operations	18	**(205,108)**	(671,410)	**(135,471)**	(573,635)
Interest received		**32,808**	38,005	**29,987**	28,808
Finance costs		**(649)**	(1,243)	**(369)**	(859)
Income tax paid		**(6,597)**	(4,591)	**(4,498)**	(4,321)
Net cash used in operating activities		**(179,546)**	(639,239)	**(110,351)**	(550,007)
Net movement in cash and cash equivalents		**(179,546)**	(639,239)	**(110,351)**	(550,007)
Cash and cash equivalents at beginning of year		**1,738,798**	2,378,037	**1,520,368**	2,070,375
Cash and cash equivalents at end of year	9	**1,559,252**	1,738,798	**1,410,017**	1,520,368

The notes on pages 9 to 24 are an integral part of these financial statements.

Notes to the financial statements

1. General information

BGP Holdings plc (the "Company") is a Maltese public limited liability company. 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 estates, 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.

On 2 January 2012, BGP Holdings plc through its subsidiary BGP Holdings Europe S.à.r.l. became the sole parent company of BGP Investment S.à.r.l.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

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 financial statements have been prepared under the historical cost convention, in accordance with those IFRS and IFRIC interpretations issued and effective as at the reporting date of these statements (31 December 2011). 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 preparation of financial statements in conformity with IFRSs as adopted by the EU requires the use of certain accounting estimates. It also requires directors to exercise their judgement in the process of applying the company's accounting policies (see Note 4 – Critical accounting estimates and judgements).

Standards, interpretations and amendments to published standards effective in 2011

In 2011, the company adopted new standards, amendments and interpretations to existing standards that are mandatory for the Company's accounting period beginning on 1 January 2011. The adoption of these revisions to the requirements of IFRSs as adopted by the EU did not result in substantial changes to the Company's accounting policies.

Standards, interpretations and amendments to published standards that are not yet effective

Certain new standards, amendments and interpretations to existing standards have been published by the date of authorisation for issue of these financial statements that are mandatory for the company's accounting periods beginning after 1 January 2011. The Company has not early adopted these revisions to the requirements of IFRSs as adopted by the EU and the Company's directors are of the opinion that there are no requirements that will have a possible significant impact on the Company's financial statements in the period of initial application.

2. **Summary of significant accounting policies** - continued

2.2 Foreign currency translation

(a) Functional and presentation currency

Items included in these financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The Euro is the company's functional and 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. 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 statement of comprehensive income.

2.3 Basis of Consolidation

Subsidiaries are all entities (including special purpose entities) over which the Company has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity.

Subsidiaries are fully consolidated line by line from the date on which control is transferred to any entity within the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries which comprise a business. When the Company acquires an entity, that does not constitute a business, it shall allocate the cost of the subsidiaries between the individual identifiable assets and liabilities in the subsidiaries based on their relative fair values at the date of acquisition. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange.

When the purchase method is applied, identifiable assets acquired and liabilities and contingent liabilities assumed are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the statement of comprehensive income.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides an evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the accounting policies applied by the Group.

2. Summary of significant accounting policies - continued

2.4 Investments in Joint Ventures

The Group has an interest in a joint venture which is a jointly controlled entity. A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control that involves the establishment of a separate entity in which each party has an interest. The Company recognises its interest in the joint venture using the equity method.

Under the equity method, the investment in joint ventures are carried in the consolidated statement of financial position at cost plus post acquisition changes in the Group's share of net assets of the joint venture. In the consolidated statement of comprehensive income, the Group reflects the share of the results of operations of the joint venture. Where there has been a change recognised directly in the equity of the joint venture, the Group recognises its share of any changes. Unrealised gains and losses resulting from transactions between the Group and the joint venture are eliminated to the extent of the interest in the joint venture.

The financial statements of the joint venture are prepared for the same reporting period as the Group. Adjustments are made were necessary to bring the accounting policies in line with those of the Group. After the application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its joint venture. The Group determines at each reporting date whether there is any objective evidence that the investment in the joint venture is impaired. If this is the case the management of the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value and recognises the amount in the consolidated statement of comprehensive income of the Group.

2.5 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.

2.6 Receivables

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 receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payment are considered indicators that the receivables are impaired. When a receivable is uncollectible, it is written off in the statement of comprehensive income. Subsequent recoveries of the amounts previously written off are credited in the statement of comprehensive income.

2. **Summary of significant accounting policies** - continued

2.7 Cash and cash equivalents

Cash and cash equivalents include deposits held at call with banks.

2.8 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

2.9 Other payables

Other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.10 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

2.11 Current and deferred tax

The tax expense for the 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 directly in equity. In this case, the tax is also recognised in equity.

Deferred 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 financial statements. However, the deferred 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 nor loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. Deferred 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.

2.12 Revenue recognition

The company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the group's activities as described below.

2. Summary of significant accounting policies - continued

2.12 Revenue recognition- continued

Revenue is recognised as follows:

(a) Interest income

Interest income is recognised for all interest-bearing instruments on a time-proportion basis using the effective interest method.

(b) Dividend income

Dividend income is recognised when the right to receive payment is established.

2.13 Dividend distribution

Dividend distribution to the company's shareholders is recognised as a liability in the company's financial statements in the period in which the dividends are approved by the company's shareholders.

2.14 Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

3. Financial risk management

3.1 Financial risk factors

The Group's activities potentially expose it to a variety of financial risks: market risk (including foreign exchange risk, fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk. The Group's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Company's board of directors provides principles for overall risk management, as well as policies covering risks referred to above and specific areas such as investment of excess liquidity. The Group did not make use of derivative financial instruments to hedge certain risk exposures during the current and preceding financial years.

(a) Market risk

(i) Foreign exchange risk

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities which are denominated in a currency that is not the entity's functional currency. The Group is not significantly exposed to foreign exchange risk and a sensitivity analysis for foreign exchange risk disclosing how profit or loss and equity would have been affected by changes in foreign exchange rates that were reasonably possible at the end of the reporting period is not deemed necessary.

3. **Financial risk management**- continued

3.1 Financial risk factors- continued

(ii) Cash flow and fair value interest rate risk

The Group has no significant interest-bearing assets or liabilities apart from cash and cash equivalents. Accordingly the Group is not significantly exposed to cash flow or fair value interest rate risk. The Company's operating cash flows are substantially independent of changes in market interest rates.

(b) Credit risk

Credit risk arises from cash and cash equivalents and credit exposures to debtors, including outstanding receivables and committed transactions. The Group's and Company's exposures to credit risk as at the end of the reporting periods are analysed as follows:

	2011 Group €	2010 Group €	**2011 Company €**	2010 Company €
Loans receivable (Note 7)	**1,000**	1,000	**-**	-
Cash and cash equivalents (note 9)	**1,559,252**	1,738,798	**1,410,017**	1,520,368

The maximum exposure to credit risk at the end of the reporting period in respect of the financial assets mentioned above is equivalent to their carrying amount as disclosed in the respective notes to the financial statements. The Group does not hold any collateral as security in this respect.

The group banks only with financial institutions with high quality standing or rating.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient availability of funding. All the group's financial liabilities are due within one year.

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may issue new shares or adjust the amount of dividends paid to shareholders.

The Group's equity, as disclosed in the statement of financial position, constitutes its capital. The Group maintains the level of capital by reference to its financial obligations and commitments arising from operational requirements. In view of the nature of the Group's activities, the capital level as at the end of the reporting period is deemed adequate by the directors.

3. Financial risk management- continued

3.3 Fair values of financial instruments

At 31 December 2011 and 2010 the carrying amounts of cash and cash equivalents, receivables, payables and accrued expenses reflected in the financial statements are reasonable estimates of fair value in view of the nature of these instruments or the relatively short period of time between the origination of the instruments and their expected realisation.

4. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

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. In line with the treatment adopted in previous years, the book value of the investment in subsidiary has been written down to reflect the subsidiary's net equity position as at 31 December 2011 (Note 5).

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.

5. Investments in subsidiaries

As at 31 December 2011, BGP Group, including the Company (BGP Holdings plc, the parent company of the Group) encompassed a total of 3 business entities.

	Ownership interest (%) 31 December 2011	Ownership interest (%) 31 December 2010	Profile
BGP Holdings plc	-	-	Parent company
BGP Holdings 2 Limited	100	100	Investment Holding Co.
BGP Holdings Europe S.à.r.l	100	100	Investment Holding Co.

5. Investments in subsidiaries- continued

Company

	2011	2010
	€	€
Opening carrying amount	**119,149**	163,959
Impairment provision	**(36,861)**	(44,810)
Closing carrying amount	**82,288**	119,149

Investments in subsidiaries as at 31 December 2011 are shown below:

	Registered Office	**Class of shares held**	**Percentage of shares held %**
BGP Holdings 2 Limited	259, St Paul Street Valletta VLT1213 Malta	Ordinary shares	100

The total historical cost of the investment in BGP Holdings 2 Limited amounts to €164,432,885. As at 31 December 2010, total impairment charges in relation to this investment amounted to €164,313,736.

In 2011, and in line with the treatment adopted in previous years, the directors have deemed it prudent to further impair the book value of the investment in subsidiary by an amount of €36,861 in order to reflect the subsidiary's net equity position as at 31 December 2011.

6. Investment in joint venture undertaking

Group

The investment in joint venture undertaking represents a 50% investment held by a group undertaking in BGP Investment S.à.r.l. a company registered in Luxembourg. On 2 January 2012, BGP Holdings plc through its subsidiary BGP Holdings Europe S.à.r.l. became the sole parent company of BGP Investment S.à.r.l.

BGP Investment S.à.r.l. had a negative equity as at 31 December 2008 and consequently the value of this investment had been fully impaired in 2008. As at 31 December 2011 the equity position of this investee company did not improve and accordingly the directors have deemed it prudent not to revise the carrying amount of this investment in these group accounts.

6. Investment in joint venture undertaking - continued

1) The consolidated statement of financial position as at 31 December for BGP Investment S.à.r.l. is as follows:

	2011	2010
	€'000	€'000
Assets		
Non-current assets		
Completed investment properties	1,236,241	1,387,934
Other non-current assets	49,128	53,696
Investment properties held for sale	52,254	97,116
Current assets	121,080	130,571
Total assets	**1,458,703**	**1,669,317**
Liabilities		
Non-current liabilities		
Interest bearing loans and borrowings	(1,543,586)	(1,639,585)
Other non-current liabilities	(116,629)	(118,572)
Current liabilities		
Interest bearing loans and borrowings	(426,693)	(560,709)
Other current liabilities	(201,095)	(87,975)
Total liabilities	**(2,288,003)**	**(2,406,841)**
Net liabilities	**(829,300)**	**(737,524)**
Net equity	(834,998)	(744,180)
Non-controlling interests	5,698	6,656
Total negative equity	**(829,300)**	**(737,524)**
50% Share of total equity	**(414,650)**	**(368,762)**

6. Investment in joint venture undertaking - continued

2) The consolidated statement of comprehensive income for the years ended 31 December 2010 and 31 December 2011 for BGP investment S.à r.l. is as follows:

	2011	2010
	€'000	€'000
Net rental income	81,945	104,017
Profits on sales of investment properties	19,583	15,614
Other expenses	(12,963)	(8,991)
Valuation losses from completed investment properties	(57,950)	(51,505)
Operating profit	**30,615**	**59,135**
Net finance income and expenses	(109,575)	(117,037)
Share of losses of associates	(11,004)	(2,523)
Income tax	(854)	(8,513)
Loss for the year	**(90,818)**	**(68,938)**
50% Share of loss for the year	**(45,409)**	**(34,469)**

During the financial year ended 31 December 2010, BGP Investment S.à.r.l.'s consolidated financial results included a provision amounting to approximately €56.6 million for the negative equity of two companies underlying the BGP Investment S.à.r.l.'s group structure, namely HBI France Propco ApS and HBI Genas ApS. This provision should have been reversed in the 2010 consolidation of BGP Investment S.à.r.l. and accordingly this adjustment has been treated as an adjusting error in the prior year disclosures provided in the BGP Holdings plc 2010 consolidated financial statements (refer to Note 6 (3) below).

Since for BGP Holdings plc consolidation purposes, the investment in joint venture undertaking had been fully impaired in 2008, these errors have no impact on the consolidated results of the Parent Company in both the years ended 31 December 2010 and 2011.

3) The impact of the above adjusting disclosure errors are as follows:

	2010	2010
	€'000	€'000
	(Original)	(Adjusted)
Current liabilities		
Other current liabilities	(144,586)	(87,975)
Total liabilities	**(144,586)**	**(87,975)**
50% Share	**(72,293)**	**(43,988)**

6. Investment in joint venture undertaking - continued

	2010 €'000 (original)	2010 €'000 (Adjusted)
(Losses)/profits on sales of investment properties	(40,997)	15,614
Profit/(Loss) for the year	**(40,997)**	**15,614**
50% Share	**(20,498)**	**7,807**

7. Loans receivable

Group

	2011 **€**	2010 €
Loans receivable	**1,000**	1,000

On 4 August 2009, GPT RE Limited sold the loan with a nominal amount of €747,867,808 lent to BGP Investment S.à.r.l. on behalf of General Property Trust to BGP Holdings Europe S.à.r.l. for a consideration of €1,000.The consideration represents the estimated recoverable amount at the date of transaction.

8. Receivables

Group and Company

	2011 **Group** **€**	2010 Group €	**2011** **Company** **€**	2010 Company €
Prepayments and accrued income	**12,278**	94,461	**11,098**	91,947

9. Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise the following:

Group and Company

	2011 **Group** **€**	2010 Group €	**2011** **Company** **€**	2010 Company €
Cash at bank	**1,559,252**	1,738,798	**1,410,017**	1,520,368

10. Share capital

Company	2011 €	2010 €
Authorised		
9,796,902,030 ordinary 'A' shares of €0.0000102072 each	**99,999**	99,999
1 ordinary 'B' share of €1	**1**	1
	100,000	100,000
Issued and fully paid		
9,796,902,030 ordinary 'A' shares of €0.0000102072 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.

11. Share premium account

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.

12. Payables

Group and Company

	2011 Group €	2010 Group €	2011 Company €	2010 Company €
Amounts falling due within one year				
Other creditors	**28,868**	38,886	**16,361**	8,056
Accruals	**87,494**	104,817	**7,198**	67,634
	116,362	143,703	**23,559**	75,690

13. Expenses by nature

Group	2011 €	2010 €
Professional and consultancy fees	**114,793**	153,055
Insurance	**81,727**	116,855
Registry maintenance	**-**	365,607
Legal and notary fee	**9,940**	350
Realised exchange differences	**7**	7,893
Other expenses	**53,483**	58,523
Total expenses	**259,950**	702,283

13. Expenses by nature- continued

Group

Auditor's fees

Fees charged by the auditor for services rendered during the financial years ended 31 December 2011 and 2010 relate to the following:

	2011	2010
	€	€
Annual statutory audit	**28,771**	21,940

The total audit fees for the audit of the joint venture BGP Investment S.à.r.l. and its subsidiaries amounted to EUR 524,500 (2010: EUR 584,200).

Company

	2011	2010
	€	€
Provision for impairment of investments (Note 5)	**36,861**	44,810
Professional and consultancy fees	**67,605**	77,411
Insurance	**81,727**	116,855
Registry maintenance	**-**	365,607
Realised exchange differences	**7**	7,893
Other expenses	**15,728**	8,708
Total expenses	**201,928**	621,284

Auditor's fees

Fees charged by the auditor for services rendered during the financial years ended 31 December 2011 and 2010 relate to the following:

	2011	2010
	€	€
Annual statutory audit – current year	**7,080**	7,080
– over provision in prior years	**-**	(4,720)
	7,080	2,360

Audit fees for both the Group and Company are included in 'other expenses'.

Directors' fees for both the Group and Company are included in 'other expenses' (see Note 17).

14. Finance income

Group and Company

	2011 Group €	2010 Group €	2011 Company €	2010 Company €
Interest receivable	**32,808**	38,005	**30,865**	35,695

15. Finance costs

	2011 Group €	2010 Group €	2011 Company €	2010 Company €
Bank charges	**649**	1,243	**369**	859

16. Tax expense

Group

	2011 €	2010 €
Current taxation:		
Current tax expense	**6,597**	4,591

The tax on the Group's loss before tax differs from the theoretical amount that would arise using the basic tax rate applicable as follows:

	2011 €	2010 €
Loss before tax	**(227,791)**	(665,521)
Tax on loss at statutory tax rates	**(79,727)**	(232,932)
Tax effect of:		
Expenses not deductible for tax purposes	**91,210**	246,234
Income subject to 15% withholding tax	**(6,419)**	(6,121)
Foreign tax paid by foreign subsidiary	**1,782**	-
Movement in accrued interest receivable	**(249)**	(2,590)
Tax expense	**6,597**	4,591

16. Tax expense - continued

Company

	2011	2010
	€	€
Current taxation:		
Current tax expense	**4,498**	4,321

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

	2011	2010
	€	€
Loss before tax	**(171,432)**	(586,448)
Tax on loss at 35%	**(60,001)**	(205,257)
Tax effect of:		
Income subject to 15% final withholding tax	**(5,997)**	(5,762)
Expenses not deductible for tax purposes	**70,804**	217,750
Movement in accrued interest receivable	**(308)**	(2,410)
Tax expense	**4,498**	4,321

17. Directors' emoluments

Group

	2011	2010
	€	€
Directors' fees	**21,044**	22,711

Company

	2011	2010
	€	€
Directors' fees	**5,522**	5,522

18. Cash used in operations

Reconciliation of operating loss to cash used in operations:

	2011 Group €	2010 Group €	**2011 Company €**	2010 Company €
Operating loss	**(259,950)**	(702,283)	**(165,067)**	(576,474)
Changes in working capital:				
Decrease/(increase) in receivables	**82,183**	(21,406)	**81,727**	(12,005)
(Decrease)/increase in payables	**(27,341)**	52,279	**(52,131)**	14,844
Cash used in operations	**(205,108)**	(671,410)	**(135,471)**	(573,635)

19. Related party transactions

Companies forming part of the BGP 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.

Transactions with related parties

During 2010, the company was recharged registry maintenance services amounting to €365,607 from entities under common control.

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 17. The company was also charged consultancy fees amounting to €40,000 (2010: €36,667) by a company which is owned by a member of key management.

20. 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.

21. Events after reporting date

Apart from the matter disclosed in Note 1 to these financial statements, there were no other significant events after the reporting date requiring adjustment or disclosure in these financial statements.

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