

BGP HOLDINGS PLC

**Annual Report and Consolidated Financial Statements
31 December 2016**

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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 2016.

Principal activities

The principal activities of BGP Holdings plc, which are substantially unchanged since last year, are those that pertain to an investment holding company. The underlying operational activities of the Group have almost ceased in the light of the sale of the investment portfolio during the year. However the Group will continue its activities in line with the commitments taken by the Group as detailed below.

Review of the business

2016 was a milestone in the history of the BGP Group. Achieving the objectives set in 2009 by its ultimate shareholders BGP Investment was turned around over several years and finally sold in October 2016 to investors advised by Morgan Stanley. The acquisition was the successful outcome of a two-year dual track parallel sale and listing process. The net proceeds of the transaction amounted to just under EUR 600 million after deducting net debt and transaction expenses.

Despite the distraction of the sale preparations the Group maintained focus on its core objectives, further improving the key performance indicators of the portfolio. Vacancy was further reduced to 6.5% at the date of sale, down from 8.0% at the end of 2015 and rental levels grew at a satisfactory rate. Maintaining a strong operational performance in the final stages of the sale process was key to achieving such a positive outcome

In view of the need to simplify the Group structure for an eventual sale, the remaining special purpose companies which had housed the former retail portfolio were carved out during the year from the target entity BGP Investment s.à r.l. The last retail asset in Straubing was sold in 2016 for EUR 40.5 million, confirming the ultimate focus of the Group on the German Residential sector. BGP Holdings PLC now retains some 40 subsidiaries which we intend to liquidate as soon as practicable. It should be borne in mind that some of these entities have given warranties in the course of the retail sales and some have contingent liabilities which need to run off in the next year or two.

Financial position

The fall in Group NAV largely reflects the EUR 407 million interim dividend declared at the end of 2016, paid out in February this year. This amounted to AUD 0.05860935 per share.

	31 December 2016	31 December 2015
Equity Group share	172,229,370	587,904,425
Exclusion of deferred tax liabilities	-	51,047,714
Exclusion of derivative instruments	-	2,216,014
Group NAV	172,229,370	641,168,153

Group financing

In the light of the sale of the real estate portfolio, the BGP Group has repaid its external debt and no longer owns any real assets. The Group's consolidated balance sheet now consists largely of cash, which will be distributed to shareholders after leaving a conservative provision for wind-down costs and a reserve for possible liabilities under the numerous sale contracts signed in recent years.

Directors' report (continued)

Group financing (continued)

	31 December 2016	31 December 2015
Investment property	-	1,153,332,700
Equity accounted investments	-	4,347,757
Assets held for sale	3,317,763	74,659,302
GAV	3,317,763	1,232,339,759
Long term bank loans and CMBS	-	563,536,244
Short term bank loans and CMBS	-	4,102,107
Liabilities related to assets held for sale	7,102,158	66,792,308
Cash and cash equivalents	(565,396,745)	(49,462,559)
Net loans	(558,294,587)	584,968,100
Loan to value	-	47.5%

Exit Realization

At the end of 2015 the Board decided to postpone the IPO route it had entertained earlier that year and re-open the M&A bidding process. By February 2016 we had entered into exclusivity with investors advised by Morgan Stanley. After some eight months of negotiations and due diligence work a sale and purchase contract was signed in October 2016. The transaction closed a month later. The sale valued the portfolio at EUR 1.17 billion, which the Board considers an outstanding outcome. BGP Holdings PLC was advised by Lazard and Clifford Chance.

Business Outlook

Having sold its real estate assets BGP's sole objective is to return the net proceeds of the sale to its shareholders as quickly as practicable. In July 2017, the reduction of the share premium account of the Company from EUR 166.6 million to EUR 30.6 million has been approved. Thus a further distribution of EUR 136 million (AUD 0.0207 per share or EUR 0.014 per share) has been earmarked for 2017. The size of any final liquidation outcome depends on several post transaction elements. EUR 20 million is held in escrow accounts for up to two years to satisfy possible representation and warranty insurance claims and pending a final audited true-up of the closing accounts of the sale transaction.

The Board

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

Personnel

In view of the sale of the operating businesses alongside the real estate portfolio the BGP Group no longer has any employees.

Results and dividends

The statement of comprehensive income is set out on page 11. In December 2016 BGP Holdings PLC declared an interim dividend of EUR 407 million, which was paid to shareholders in February 2017 (2015: nil).

Directors' report (continued)

Financial risk management

There are no material risks faced by the Company except as disclosed in note 9 to the financial statements "Financial risk management".

Post balance events

The dividend of EUR 407,000,000 has been paid to the shareholders of the Company in February 2017.

On July 3, 2017, the reduction of the share premium account of the Company from EUR 166.6 million to EUR 30.6 million has been approved.

Apart from the above, there were no other subsequent events as at the date of approval of these consolidated financial statements.

Directors

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

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

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

Statement of directors' responsibilities

The directors are required by the Companies Act (Cap. 386) to prepare consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the EU, which give a true and fair view of the state of affairs of the Group at the end of each financial year and of the profit or loss of the Group for the year then ended. In preparing the consolidated financial statements, the directors should:

- Select suitable accounting policies and apply them consistently;
- Make judgements and estimates that are reasonable;
- Prepare the consolidated financial statements on a going concern basis, unless it is inappropriate to presume that the Group will continue in business as a going concern;
- Account for income and charges relating to the accounting period on the accruals basis;
- Value separately the components of asset and liability items; and
- Report comparative figures corresponding to those of the preceding accounting period.

The directors are responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy at any time the financial position of the Group and which enable the directors to ensure that the consolidated financial statements comply with the Companies Act (Cap. 386). This responsibility includes designing, implementing and maintaining such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The directors are also responsible for safeguarding the assets of the Group, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

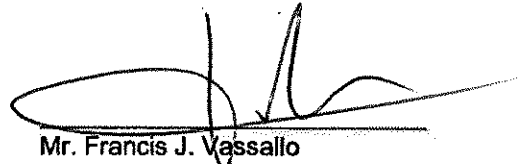
Statement of directors' responsibilities (continued)

Auditor

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,



Mr. Mark Dunstan
Director

Mr. Francis J. Vassallo
Director

Registered office
B2, Industry Street,
Qormi, QRM 3000
Malta

5 September 2017

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF BGP HOLDINGS PLC

Report on the audit of the financial statements

Opinion

We have audited the financial statements of BGP Holdings Plc ('the Company') and of the Group of which the Company is the parent ('the Group'), set on pages 9 to 54, which comprise the consolidated and parent company statements of financial position as at 31 December 2016, and the consolidated and parent company statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and notes to the consolidated and parent company financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated and parent company financial statements give a true and fair view of the financial position of the Group and the Company as at 31 December 2016, 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 EU ("IFRS") and the Companies Act, Cap. 386 of the Laws of Malta (the "Companies Act").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group and the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated and parent company financial statements in accordance with the *Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act, Cap. 281 of the Laws of Malta*, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated and parent company financial statements and our auditor's report thereon.

Our opinion on the consolidated and parent company financial statements does not cover the other information and we do not express any form of assurance conclusion thereon other than our reporting on other legal and regulatory requirements.

In connection with our audit of the consolidated and parent company financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and parent company financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF BGP HOLDINGS PLC - continued

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and parent company financial statements in accordance with IFRS and the requirements of the Companies Act, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and parent company financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and parent company financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and parent company financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and parent company financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated and parent company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit 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 Group and the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and parent company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the consolidated and parent company financial statements, including the disclosures, and whether the consolidated and parent company financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF BGP HOLDINGS PLC - continued

Report on other legal and regulatory requirements

Matters on which we are required to report by the Companies Act

We are required to express an opinion as to whether the directors' report has been prepared in accordance with the applicable legal requirements. In our opinion the directors' report has been prepared in accordance with the Companies Act.

In addition, in the light of the knowledge and understanding of the Group and the Company and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the directors' report. We have nothing to report in this regard.

We also have responsibilities under the Companies Act to report to you if in our opinion:

- proper accounting records have not been kept;
- proper returns adequate for our audit have not been received from branches not visited by us;
- the financial statements are not in agreement with the accounting records and returns;
- we have not received all the information and explanations we require for our audit.

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

A handwritten signature in blue ink, appearing to read 'Shawn Falzon', with a long horizontal line extending to the right.

*The partner in charge of the audit resulting in this independent auditor's report is
Shawn Falzon for and on behalf of*

Ernst & Young Malta Limited
Certified Public Accountants

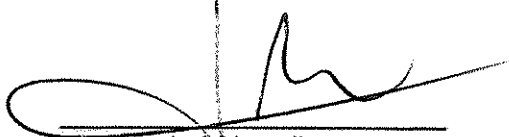
5 September 2017

Statements of financial position as at 31 December

	Notes	2016 Group	2015 Group	2016 Company	2015 Company
ASSETS		EUR	EUR	EUR	EUR
Non-current assets					
Real estate portfolio					
Investments in subsidiaries	4	-	-	164,432,886	164,432,886
Investment properties	7.2	-	1,153,332,700	-	-
Property, plant and equipment		-	510,592	-	-
Investment in associates	7.3	-	4,347,757	-	-
Total		-	1,158,191,049	164,432,886	164,432,886
Other non-current assets					
Goodwill	7.1	-	4,579,800	-	-
Notes receivable	7.8	-	20,400,000	-	-
Other non-current assets		-	197,119	-	-
Total		-	25,176,919	-	-
Total non-current assets		-	1,183,367,968	164,432,886	164,432,886
Current assets					
Tenants receivables	7.5	14,485	2,626,309	-	-
Receivables from related parties	14	30,000	500,000	409,066,528	230,000
Prepayments and other assets	7.7	24,278,595	59,657,991	4,113,728	34,750
Cash and cash equivalents	7.6	565,396,745	49,462,559	295,436	541,675
Total current assets		589,717,825	112,246,859	413,475,692	806,425
Assets included in disposal groups classified as held for sale	7.4	3,317,763	74,659,302	-	-
TOTAL ASSETS		593,035,588	1,370,274,129	577,908,578	165,239,311

The consolidated financial statements on pages 9 to 54 were authorised for issue by the board on 5 September 2017 and were signed on its behalf by:


Mr. Mark Dunstan
Director


Mr. Francis J. Vassallo
Director

Statements of financial position as at 31 December (continued)

	Notes	2016 Group	2015 Group	2016 Company	2015 Company
		EUR	EUR	EUR	EUR
EQUITY					
Capital and reserves attributable to the owners of the Company					
Share capital	8.1	99,999	99,999	99,999	99,999
Share premium	8.2	166,606,786	166,606,786	166,606,786	166,606,786
Translation reserve		-	-	-	-
Retained earnings		5,522,585	421,197,640	3,160,788	(1,555,558)
Total equity attributable to the owners of the Company		172,229,370	587,904,425	169,867,573	165,151,227
Non-controlling interests		-	285,632	-	-
Total Equity		172,229,370	588,190,057	169,867,573	165,151,227
LIABILITIES					
Non-current liabilities					
Loans from banks	8.3	-	563,536,244	-	-
Loans from related parties	14	-	500	55,000	55,000
Derivative financial instruments	8.4	-	2,216,014	-	-
Deferred tax liabilities	11.6	-	51,047,714	-	-
Notes payable	7.8	-	20,400,000	-	-
Total non-current liabilities		-	637,200,472	55,000	55,000
Current liabilities					
Loans from banks	8.3	-	4,102,107	-	-
Payables to related parties	14	407,000,500	-	407,949,685	-
Accrued interest payable to banks	8.3	-	1,834,297	-	-
Accrued interest payable to related parties	14	-	-	5,189	3,889
Accounts payable and accrued expenses	8.5	1,935,768	71,898,242	31,131	29,195
Income taxes payable		4,767,792	256,646	-	-
Total current liabilities		413,704,060	78,091,292	407,986,005	33,084
Liabilities included in disposal groups classified as held for sale	7.4	7,102,158	66,792,308	-	-
Total Liabilities		420,806,218	782,084,072	408,041,005	88,084
TOTAL EQUITY AND LIABILITIES		593,035,588	1,370,274,129	577,908,578	165,239,311

Statements of comprehensive income for the year ended 31 December

	Notes	2016 Group	2015 Group	2016 Company	2015 Company
		EUR	EUR	EUR	EUR
Revenue from investment properties	11.1	101,283,771	108,678,285	-	-
Management fees	11.1	182,934	1,484,702	-	-
Expenses related to investment properties	11.2	(51,685,384)	(58,180,341)	-	-
Profit related to investment properties		49,781,321	51,982,646	-	-
Corporate expenses	11.3	(35,887,766)	(10,982,358)	(871,005)	(191,394)
Other operating expenses		(4,168,632)	(8,472,808)	-	-
Dividend income		-	-	413,231,566	-
Other operating income		6,282,922	3,164,392	3,842,452	-
Net other expenses		(33,773,476)	(16,290,774)	416,203,013	(191,394)
Losses on sale of investment properties		-	(124,112)	-	-
Gains on sale of shares in subsidiaries		37,047,584	-	-	-
Gain on portfolio disposal		37,047,584	(124,112)	-	-
Net unrealised / realised gain on investment properties	11.5	24,267,302	40,880,406	-	-
Operating profit/(loss)		77,322,731	76,448,166	416,203,013	(191,394)
Finance income	11.4	138,192	7,517,340	153	1,776
Finance costs	11.4	(50,625,729)	(22,574,465)	(1,759)	(1,624)
Net gains on derivatives	8.4	2,216,014	(2,216,014)	-	-
Net finance (expenses)/income		(48,271,523)	(17,273,139)	(1,606)	152
Share of result from associates	7.3	(378,840)	1,246,534	-	-
Net profit/(loss) before tax		28,672,368	60,421,561	416,201,407	(191,242)
Current income tax	11.6	(7,739,686)	(413,213)	(4,485,061)	(430)
Deferred income tax	11.6	(25,689,356)	(11,951,731)	-	-
Net profit/(loss) from continuing activities		(4,756,674)	48,056,617	411,716,346	(191,672)
Profit/(Loss) after tax from discontinued activities	11.7	(3,850,664)	12,074,381	-	-
Net profit/(loss) for the year		(8,607,338)	60,130,998	411,716,346	(191,672)
Currency translation difference		-	9,677	-	-
Total comprehensive income/(loss) for the year, net of tax		(8,607,338)	60,140,675	411,716,346	(191,672)
Net profit/(losses) attributable to:		(8,607,338)	60,130,998	-	-
- Owners of the Company		(8,675,055)	60,065,986	411,716,346	(191,672)
- Non-controlling interests		67,717	65,012	-	-
Other comprehensive income to be reclassified to profit and loss in subsequent periods:		-	9,677	-	-
- Owners of the Company		-	9,677	-	-
- Non-controlling interests		-	-	-	-
Total comprehensive income/(loss) attributable to:		(8,607,338)	60,140,675	-	-
- Owners of the Company		(8,675,055)	60,075,663	-	-
- Non-controlling interests		67,717	65,012	-	-

Statements of changes in equity

Group	Attributable to the Group's Owners							Total equity
	Share capital	Share Premium	Translation reserve	Retained earnings	Shareholders' Equity	Non-controlling interests	Total equity	
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	
Balance as at 31 December 2014	99,999	166,606,786	(9,677)	361,131,654	527,828,762	220,620	528,049,382	
Other comprehensive income	-	-	9,677	-	9,677	-	9,677	
Net result for the year	-	-	-	60,065,986	60,065,986	65,012	60,130,998	
Total income and expense for the year	-	-	9,677	60,065,986	60,075,663	65,012	60,140,675	
Balance as at 31 December 2015	99,999	166,606,786	-	421,197,640	587,904,425	285,632	588,190,057	
Net result for the year	-	-	-	(8,675,055)	(8,675,055)	67,717	(8,607,338)	
Reversal of non-controlling interests due to disposal	-	-	-	-	-	(353,349)	(353,349)	
Dividend declared	-	-	-	(407,000,000)	(407,000,000)	-	(407,000,000)	
Total income and expense for the year	-	-	-	(415,675,055)	(415,675,055)	(285,632)	(415,960,687)	
Balance as at 31 December 2016	99,999	166,606,786	-	5,522,585	172,229,370	-	172,229,370	

The notes on pages 16 to 54 are an integral part of these consolidated financial statements.

Statements of changes in equity (continued)

<u>Company</u>	Share Capital	Share Premium	Retained Earnings	Total Equity
	EUR	EUR	EUR	EUR
Balance as at 31 December 2014	99,999	166,606,786	(1,363,886)	165,342,899
Net result for the year	-	-	(191,672)	(191,672)
Total income and expense for the year	-	-	(191,672)	(191,672)
Balance as at 31 December 2015	99,999	166,606,786	(1,555,558)	165,151,227
Net result for the year	-	-	411,716,346	411,716,346
Dividend declared	-	-	(407,000,000)	(407,000,000)
Total income and expense for the year	-	-	4,716,346	4,716,346
Balance as at 31 December 2016	99,999	166,606,786	3,160,788	169,867,573

Statements of cash flows

	Notes	2016 Group	2015 Group	2016 Company	2015 Company
		EUR	EUR	EUR	EUR
CASH FLOW FROM OPERATING ACTIVITIES					
Continuing activities		28,672,368	60,421,561	416,201,407	(191,242)
Discontinued activities		(3,850,664)	12,126,466	-	-
Profit/(Loss) before income tax		24,821,704	72,548,027	416,201,407	(191,242)
Adjustments for:					
Dividend income		-	-	(413,231,566)	-
Other income		-	-	(3,842,452)	-
Depreciation and impairments		-	3,684,298	-	-
Realised loss on disposal of investment properties		3,816,557	-	-	-
Realised gain on disposal of shares in subsidiaries		(37,047,584)	-	-	-
Realised gain on disposal of financial assets		-	(15,993,086)	-	-
Fair value gains on investment properties	11.7 & 11.5	(23,437,500)	(37,978,190)	-	-
(Gain)/loss from fair value adjustment on derivative financial instruments		(2,216,014)	2,216,014	-	-
Finance costs	11.4 & 11.7	51,205,884	22,487,259	-	-
Finance income	11.4 & 11.7	(138,192)	(7,515,566)	-	-
Shares of result from associates	7.3	378,840	(1,246,534)	-	-
Changes in working capital:		(41,633,948)	4,587,731	626,395	(73,250)
Tax paid		(828,312)	846,570	(23)	(430)
Net cash generated from/(used in) operating activities		(25,078,565)	43,636,523	(246,239)	(264,922)
CASH FLOW FROM INVESTING ACTIVITIES					
Capital expenditure on investment properties	7.2 & 11.7	(20,189,647)	(29,011,637)	-	-
Proceeds from associates	7.3	3,880,279	34,525,553	-	-
Proceeds from disposal of investment properties	7.2 & 7.4	65,932,744	54,250,000	-	-
Proceeds from sale of shares in subsidiaries	5.2	549,824,139	134,374	-	-
Interest received	11.4 & 11.7	138,192	-	-	-
Net cash generated from investing activities		599,585,707	59,898,290	-	-

Statements of cash flows (continued)

	Notes	2016 Group	2015 Group	2016 Company	2015 Company
		EUR	EUR	EUR	EUR
CASH FLOW FROM FINANCING ACTIVITIES					
Repayments of bank loans		(57,043,010)	(91,020,693)	-	-
Interest paid		(580,155)	(21,310,275)	-	-
Net cash (used in) / generated from financing activities		(57,623,165)	(112,330,968)	-	-
Net increase/(decrease) in cash and cash equivalents		516,883,977	(8,796,155)	(246,239)	(264,922)
Cash and cash equivalents at beginning of the year	7.4 & 7.6	50,942,823	59,738,978	541,675	806,597
Cash and cash equivalents at the end of the year	7.4 & 7.6	567,826,800	50,942,823	295,436	541,675

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

	Note	2016 EUR	2015 EUR
Included in disposal groups classified as held for sale	7.4	2,430,055	1,480,264
Included continuing operations	7.6	565,396,745	49,462,559
Total		567,826,800	50,942,823

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 5 September 2017.

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.

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

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

Standards and amendments issued and effective in the current year but not relevant for the Group

The Group applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2016. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The nature and the effect of these changes are disclosed below. Although these new standards and amendments are applied for the first time in 2016, they did not have a material impact on the annual consolidated financial statements of the Group. The nature and the impact of each new standard or amendment is described below:

Amendments to IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests

The amendments to IFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business, must apply the relevant IFRS 3 Business Combinations principles for business combination accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation if joint control is retained. In addition, a scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party. The amendments apply to both the acquisition of the

Note 2 - Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are applied prospectively. These amendments do not have any impact on the Group as there has been no interest acquired in a joint operation during the period.

Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments clarify the principle in IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is a part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are applied prospectively and do not have any impact on the Group, given that it has not used a revenue-based method to depreciate its non-current assets.

Amendments to IAS 27: Equity Method in Separate Financial Statements

The amendments allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying IFRS and electing to change to the equity method in their separate financial statements have to apply that change retrospectively. These amendments do not have any impact on the Group's consolidated financial statements.

Annual Improvements 2012-2014 Cycle

These improvements include:

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations

Assets (or disposal Group's) are generally disposed of either through sale or distribution to the owners. The amendment clarifies that changing from one of these disposal methods to the other would not be considered a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in IFRS 5. This amendment is applied prospectively.

IFRS 7 Financial Instruments: Disclosures

(i) Servicing contracts

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

(ii) Applicability of the amendments to IFRS 7 to condensed interim financial statements

The amendment clarifies that the offsetting disclosure requirements do not apply to condensed interim financial statements, unless such disclosures provide a significant update to the information reported in the most recent annual report. This amendment is applied retrospectively.

IAS 19 Employee Benefits

The amendment clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is

Note 2 - Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used. This amendment is applied prospectively.

IAS 34 Interim Financial Reporting

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

These amendments do not have any impact on the Group.

Amendments to IAS 1 Disclosure Initiative

The amendments to IAS 1 clarify, rather than significantly change, existing IAS 1 requirements. The amendments clarify:

- The materiality requirements in IAS 1
- That specific line items in the statement(s) of profit or loss and OCI and the statement of financial position may be disaggregated
- That entities have flexibility as to the order in which they present the notes to financial statements
- That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss. Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement(s) of profit or loss and OCI. These amendments do not have any impact on the Group.

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

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

These amendments are applied retrospectively and do not have any impact on the Group as the Group does not apply the consolidation exception.

Standards issued but not yet effective

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

IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and

Note 2 - Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

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

IFRS 15 Revenue from Contracts with Customers

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

The new revenue standard will supersede all current revenue recognition requirements under IFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018, when the IASB finalises their amendments to defer the effective date of IFRS 15 by one year. Early adoption is permitted. The Group is evaluating the impact that this new guidance will have on its financial statements.

Standards, interpretations and amendments to published standards that are not yet endorsed by the European Union

These are as follows:

- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (deferred indefinitely)
- IFRS 14: Regulatory Deferral Accounts (effective for financial year beginning on or after 1 January 2016)
- IFRS 16: Leases (effective for financial year beginning on or after 1 January 2019)
- IFRS 17: Insurance Contracts (effective for financial year beginning on or after 1 January 2021)
- Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealized Losses (effective for financial year beginning on or after 1 January 2017)
- Amendments to IAS 7: Disclosure Initiative (effective for financial year beginning on or after 1 January 2017)
- Clarifications to IFRS 15: Revenue from Contracts with Customers (effective for financial year beginning on or after 1 January 2018)
- Amendments to IFRS 2: Clarification and Measurement of Share-based Payment Transactions (effective for financial year beginning on or after 1 January 2018)
- Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (effective for financial year beginning on or after 1 January 2018)
- Annual Improvement to IFRS Standards 2014-2016 cycle (effective for financial year beginning on or after 1 January 2018 and 1 January 2017)
- IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration (effective for financial year beginning on or after 1 January 2018)
- Amendments to IAS 40: Transfers of Investment Property (effective for financial year beginning on or after 1 January 2018)
- IFRIC 23: Uncertainty over Income Tax Treatments (effective for financial year beginning on or after 1 January 2019)

The changes resulting from these standards are not expected to have a material effect on the financial statements of the Group and the Company.

Note 2 - Summary of significant accounting policies (continued)

2.2 Consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2016. 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.

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.

Note 2 - Summary of significant accounting policies (continued)

2.3 Business combination and goodwill (continued)

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.

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

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

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

2.4 Foreign currency translation

a) Functional and presentation currency

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

b) Transactions and balances

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

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

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

Note 2 - Summary of significant accounting policies (continued)

2.4 Foreign currency translation (continued)

c) Group companies

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

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

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

The exchange rates used for translation are as follows;

Currency	Country	Exchange rate 2016		Exchange rate 2015	
		EUR Closing	EUR Average	EUR Closing	EUR Average
DKK	Denmark	N/A	N/A	N/A	7.4594

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.

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.

Note 2 - Summary of significant accounting policies (continued)

2.6 Property, plant and equipment

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

The cost of an item of property, plant and equipment comprises:

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

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

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

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

2.7 Investment in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control over those policies. The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries.

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

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.

Note 2 - Summary of significant accounting policies (continued)

2.7 Investment in associates (continued)

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.

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.

Note 2 - Summary of significant accounting policies (continued)

2.10 Financial assets carried at amortised cost (continued)

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.

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".

Note 2 - Summary of significant accounting policies (continued)

2.12 Loans and tenants receivables (continued)

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

2.13 Cash and cash equivalents

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

2.14 Non-currents assets held for sale

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

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

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

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

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

2.15 Loans and accounts payable

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

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

Note 2 - Summary of significant accounting policies (continued)

2.16 Derivative financial instruments

The Group uses financial instruments such as interest rate swaps to hedge its risks associated with interest rate fluctuations. These financial instruments are initially recognised at fair value.

The first fair value valuation is the date on which a derivative contract is entered into; the subsequent re-measurements are done at fair value. Derivatives are classified as assets when their fair value is positive and as liabilities when their fair value is negative.

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

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

2.17 Provisions

Provisions for legal claims and other obligations are recognised when:

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

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

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

2.18 Revenue recognition

Revenue comprises:

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

a) Rental income

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

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

b) Service charges recoverable from tenants

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

Note 2 - Summary of significant accounting policies (continued)

2.18 Revenue recognition (continued)

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.

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.

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

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.

Note 3 - Critical accounting estimates and judgement (continued)

3.1 Fair value measurements (continued)

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.

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 2016:

	Fair value by level of hierarchy 31 December 2016			EUR Carrying amount
	EUR Level 1	EUR Level 2	EUR Level 3	
Assets and liabilities measured at fair value				
Assets classified as held for sale	-	3,317,763	-	3,317,763
Assets and liabilities for which fair value is disclosed				
Tenants receivables	-	14,485	-	14,485
Receivables from related parties	-	30,000	-	30,000
Cash and cash equivalents	-	565,396,745	-	565,396,745
Accounts payable	-	(1,935,768)	-	(1,935,768)
Payables to related parties	-	(407,000,500)	-	(407,000,500)
Liabilities directly associated with assets classified as held for sale	-	(7,102,158)	-	(7,102,158)

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 2016.

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 assets and liabilities, as well as the investment property as of 31 December 2015:

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

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

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

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.

Note 3 - Critical accounting estimates and judgement (continued)

3.1 Fair value measurements (continued)

a) Estimate of fair value of investment properties

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

The valuation results were 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 were further discussed and clarified with the external appraisers.

The investment properties owned by the Group (through subsidiaries) have been sold during the year 2016. As at 31 December 2016 there are no more investment properties held by the Group.

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

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.

As at 31 December 2016, the Group does not have any derivative instruments.

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.

Note 3 - Critical accounting estimates and judgement (continued)

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 assets sold during 2016. Please refer to the note 17 for the detailed list of companies included.

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 2016 of EUR 565.4 million compared to EUR 413.7 million of liabilities towards related parties, accounts payable and accrued expenses and income taxes payable.

As at the date of publication of these consolidated financial statements, the Group has complied with all its loan covenants or standstill agreements.

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

Note 4 - Investments in group undertakings

As at 31 December 2016, the Group, including the Company encompassed a total of 45 business entities listed in note 17.

Company

	2016 EUR	2015 EUR
Opening carrying amount	164,432,886	164,432,886
(Impairment provision) / Reversal of impairment	-	-
Closing carrying amount	164,432,886	164,432,886

Investments in Company's undertakings as at 31 December 2016 are shown below:

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

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

Note 5 - Acquisitions and disposals

5.1 Acquisition of shares in subsidiary

Group

There were no acquisitions during 2016.

5.2 Sale and liquidation of shares in subsidiaries

a) Disposal of shares in subsidiaries

BGP Investment S.à r.l., holding investment properties at fair value of EUR 1,196,959,847 and bank loans of EUR 570,580,798, was sold to a third party on 14 November 2016 pursuant to a Sale Purchase Agreement. The proceeds received on sale amounted to EUR 549,824,139. In addition, EUR 20 million is held in escrow accounts for up to two years to satisfy possible representation and warranty insurance claims and pending a final audited true-up of the closing accounts of the sale transaction.

b) Liquidation of subsidiaries

The following companies holding no investment properties as at 1 January 2016 were merged during 2016:

- Jade Portfolio 1, entity absorbed by Jade Management Holdings
- Jade Portfolio 2, entity absorbed by Jade Management Holdings

Note 6 – Operating segment

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

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

Note 6 – Operating segment (continued)

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

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

For the year ended 31 December 2016, the revenue and profit information about the Group's operating segment are the same as those reported in the consolidated statement of comprehensive income relating to the continuing operations. Most of the revenue generated by the Group in the year ended 31 December 2016 was derived from the operating segment Residential, which included investment properties located in Germany.

The assets and liabilities of the Group's operating segment as at 31 December 2016 are the same as those reported in the consolidated statement of financial position at that date excluding the asset held for sale and the liabilities associated with assets held for sale. Most of the investment properties held by the Group were located in Germany.

Note 7 – Assets

7.1 Goodwill

Group

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

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 Asset Management GmbH and its subsidiaries.

Following to the disposal of BGP Investment S.à r.l., i.e. the Group's subsidiary that had recorded goodwill in 2014, goodwill was reversed.

Note 7 – Assets (continued)

7.2 Investment properties

	Total 2016 EUR	Total 2015 EUR
Fair value at the beginning of the year	1,153,332,700	1,084,189,501
Sale of investment properties	(532,744)	(566,627)
Costs subsequently capitalised	19,359,845	28,829,420
Valuation gains from investment properties		
- Fair value gains on investment properties	24,267,302	47,206,029
- Fair value losses on investment properties	-	(6,325,623)
Derecognition following to disposal of subsidiary	(1,196,427,103)	-
Fair value at the end of the year	-	1,153,332,700

7.3 Investment in associates

Group

As at 31 December 2016, investment in associates is comprised of the following companies which hold or held properties located in Germany:

- "Heidi portfolio" (35%), comprised of the following entities:
 - KPI Retail Property 20 S.à r.l.
 - Jade Management Holding S.à r.l.
 - Jade Portfolio 1 S.à r.l. (merged into Jade Management Holding S.à r.l.)
 - Jade Portfolio 2 S.à r.l. (merged into Jade Management Holding S.à r.l.)
- Narat GmbH ("Narat") (30%)
- BGP Otto 3 GmbH & Co KG ("BGP Otto 3") (25%)

	Heidi	Narat	Otto 3	Total
Carrying value as at 31 December 2014	35,451,367	-	1,961,770	37,413,137
Share of result from Associate	1,042,681	-	203,853	1,246,534
Cash received	(34,745,458)	-	-	(34,745,458)
Other	-	-	933,544	933,544
Receivable included in RPT (note 14)	(500,000)	-	-	(500,000)
Carrying value as at 31 December 2015	1,248,590	-	3,099,167	4,347,757
Share of result from Associate	-	-	(378,840)	(378,840)
Cash received	(1,159,952)	-	(2,720,327)	(3,880,279)
Other	(58,638)	-	-	(58,638)
Receivable included in RPT (note 14)	(30,000)	-	-	(30,000)
Carrying value as at 31 December 2016	-	-	-	-

Note 7 – Assets (continued)

7.3 Investment in associates (continued)

a) Heidi Portfolio

The investment properties of the aforementioned "Heidi portfolio" were unconditionally sold in the year ended 31 December 2014. Consideration was partially deferred to 2015 and 2016. The share of result from the investment in Heidi realised in the year ended 31 December 2015 was determined by a positive adjustment of the consideration agreed in 2014. There was no additional adjustment of the consideration in 2016. An amount of EUR 1,159,952 has been received in March 2016 from Jade Management Holding S.à r.l..

Heidi portfolio	31 December 2016	31 December 2015
Total assets	-	5,116,181
Total liabilities	-	(620,210)
Group's share of profit for the year	-	1,042,681

The carrying value of the investment in Heidi Portfolio is nil as at 31 December 2016.

b) Narat

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

Following the important appreciation of the CHF against EUR, the direct impact on the Narat's bank loan and derivative instrument in CHF reduced its NAV to a negative balance. Consequently, the 30% of shares held by the Group was impaired for its total amount EUR 22.1 million in 2014. The value of the shares reduced to nil remains unchanged as at 31 December 2016.

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

c) BGP Otto 3

The project BGP Otto 3 represents the Group's investment in BGP Otto 3 GmbH & Co KG which has sold its investment properties during the year 2016 for a sale price of EUR 22,900,000. An amount of EUR 2,720,327 has been received in February 2016 from BGP Otto 3 GmbH & Co KG.

The carrying value of the investment in BGP Otto 3 is nil as at 31 December 2016, following to the realisation of a loss for EUR 378,840.

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

Group

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

2016

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

2015

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

Note 7 – Assets (continued)

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

Assets	2016	2015
	EUR	EUR
Investment property	-	68,840,000
Tenants receivables	567,317	1,418,077
Prepayment and other assets	320,391	1,555,602
Cash and cash equivalents	2,430,055	1,480,264
Income taxes receivable	-	1,365,359
Assets classified as held for sale	3,317,763	74,659,302
Liabilities	2016	2015
	EUR	EUR
Bank loans and overdrafts	(5,716,352)	(62,759,362)
Income taxes payable	(179,939)	-
Accounts payable and accrued expenses	(1,205,867)	(4,032,946)
Liabilities directly associated with assets classified as held for sale	(7,102,158)	(66,792,308)

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

	2016	2015
	EUR	EUR
Balance at start of period	68,840,000	157,222,359
Sale of investment properties	(68,010,198)	(85,662,360)
Costs subsequently capitalised	-	182,217
Fair value losses	(829,802)	(2,902,216)
Balance at end of year	-	68,840,000

Investment properties were sold for EUR 65.4 million (EUR 40.5 million for BGP Retail 9 and EUR 24.9 million for HBI France Propco). The total loss on disposal equal to EUR 3.4 million and is included in the loss from discontinued operations (Note 11.7). The sale of HBI France Propco's investment properties has resulted in a financial loss of EUR 2.6 million before transaction costs. Transaction costs and other costs related to the sale amounted to EUR 0.8 million.

The management intends to liquidate the companies in the near future.

7.5 Tenant receivables

Group	2016	2015
	EUR	EUR
Rent receivable	33,920	13,375,294
Service charges receivable	-	4,843,259
Provision for impairment	(19,435)	(15,592,244)
	14,485	2,626,309

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

Note 7 – Assets (continued)

7.5 Tenant receivables (continued)

As at 31 December 2016 receivables with a nominal value of EUR 33,920 (2015: EUR 18,218,553) were partially impaired and provided for. Movements in the provision for impairment of receivables were as follows:

	2016 EUR	2015 EUR
As at start of year	15,592,244	16,545,207
Increases	-	712,939
Decreases	(15,572,809)	(1,665,902)
As at end of year	<u>19,435</u>	<u>15,592,244</u>

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

	Total	Neither past due nor impaired	Past due not impaired				
			<30 days	30-60 days	60-90 days	90-120 days	> 120 days
31 December 2015	2,626,309	-	1,133,978	303,011	122,221	74,117	992,982
31 December 2016	14,485	-	14,485	-	-	-	-

7.6 Cash and cash equivalents

Group and Company

	2016 Group EUR	2015 Group EUR	2016 Company EUR	2015 Company EUR
Cash at bank – non restricted	565,396,745	20,551,140	295,436	541,675
Cash at bank – restricted	-	408,246	-	-
Short-term deposits – non restricted	-	27,876,683	-	-
Short-term deposits – restricted	-	620,000	-	-
Cash in hand	-	6,490	-	-
	<u>565,396,745</u>	<u>49,462,559</u>	<u>295,436</u>	<u>541,675</u>

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.

7.7 Prepayments and other assets

Group and Company

	2016 Group EUR	2015 Group EUR	2016 Company EUR	2015 Company EUR
Monnet – Capex Reserve	-	837,932	-	-
Monnet – Cash Sweep	-	1,391,293	-	-
Other	187,853	10,226	-	-
Receivable from tax authorities	3,839,223	390,022	3,842,452	-
Trade receivables	-	26,667	-	-
Prepayments and accrued expenses	249,519	44,853,143	271,276	34,750
Deposits	-	12,065,524	-	-
Sales proceeds receivable	20,000,000	83,184	-	-
	<u>24,276,595</u>	<u>59,657,991</u>	<u>4,113,728</u>	<u>34,750</u>

Note 7 – Assets (continued)

7.8 Financial instruments

Group

In order to meet the retention requirement of article 122A of the Capital Requirement Directive ("CRD"), BGP Investment S.à r.l. held EUR 20,400,000 of class D notes issued by Monnet Finance Limited as at 31 December 2015.

In consideration for the class D notes, BGP Investment S.à r.l. had 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.

Following to the termination of the loan granted by Monnet Finance Limited (refer to note 8.3) in November 2016, the loan has been reassigned to BGP Investment S.à r.l..

Note 8 - Equity and liabilities

8.1 Share capital

Company

	2016 EUR	2015 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.

8.2 Share premium account

Company

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

	2016 EUR	2015 EUR
Share premium	166,606,786	166,606,786

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

Note 8 - Equity and liabilities (continued)

8.3 Financial liabilities

Group

	Effective interest rate	Maturity	2016 EUR	2015 EUR
Non current borrowings from banks and institutional investors				
Berlin-Hannoversche Hypothekenbank AG	2.10% and 2.5%+Euribor 3M	31 Dec 2021	-	158,000,000
Berliner Volksbank	2.08%	30 Mar 2019	-	38,031,260
Monnet Finance Limited	3.913%	12 Nov 2018	-	373,558,207
			-	569,589,467
Capitalized financing costs			-	(10,210,074)
Capitalized financing costs – Accumulated Amortisation			-	4,156,851
			-	563,536,244
Current borrowings from banks and institutional investors				
Berliner Volksbank	2.08%	30 March 2019	-	1,287,238
Monnet Finance Limited	3.913%	12 Nov 2018	-	2,814,869
			-	4,102,107
			-	567,638,351

Loans were granted to BGP Investment S.à r.l. and its subsidiaries; the balance as at 31 December 2016 is indeed nil following to the disposal of BGP Investment S.à r.l..

There are no outstanding accrued interest as at 31 December 2016 (2015: EUR 1,834,297).

8.4 Derivative financial instruments

Following the sale of BGP Investment S.à r.l. in November 2016, there is no value of the financial derivatives recognized as a liability in the balance sheet as at 31 December 2016 (2015: EUR 2,216,014).

8.5 Accounts payable and accrued expenses

Group and Company

	2016 Group EUR	2015 Group EUR	2016 Company EUR	2015 Company EUR
Tenant payables and deposits	-	52,470,822	-	-
Other creditors and accrued expenses	1,933,846	11,260,627	31,131	29,195
Earn-out	-	5,000,000	-	-
Deferred income	-	1,731,497	-	-
VAT payable	827	946,792	-	-
Taxes excluding income tax	1,095	488,504	-	-
Total trade and other liabilities	1,935,768	71,898,242	31,131	29,195

Note 9 - Financial risk management

9.1 Financial risk factors

Group

The Group's principal financial liabilities comprise loans payable to shareholders as well as trade and other payables linked to the sale of BGP Investment S.à r.l.. The Group's principal financial liabilities are mainly composed of a dividend to be paid by the Company to its shareholders. The Group's main financial assets consist of trade and other receivables, as well as cash and short-term deposits that derive directly from the sale of BGP Investment S.à r.l..

Note 9 - Financial risk management (continued)

9.1 Financial risk factors (continued)

The Group's exposure to market risk, credit risk and liquidity risk is very limited due to the fact that the Group has sold all its investments during 2016. The Group has enough cash to reimburse all its liabilities.

9.2 Foreign exchange risk

Group

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

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

9.3 Credit risk

Group

Financial instruments that potentially subject the Group to credit risk are primarily cash and cash equivalents, trade receivables, derivatives and other current assets. The Group has also very minimal exposure to credit risk due to the sale of its investment properties.

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.

There are past due receivables fully provided for in the amount of EUR 19,435 (2015: EUR 15,592,244) 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

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

- | | |
|--|--|
| • Banque et Caisse D'Epargne de l'Etat | Aa2 (Moody's), AA+ (S&P) |
| • Unicredit Bank AG | A2 (Moody's), BBB (S&P), BBB+ (Fitch) |
| • ING Bank N.V. | A1 (Moody's), A (S&P), A+ (Fitch) |

Note 9 - Financial risk management (continued)

9.4 Liquidity risk

Group

The Group is not really exposed to liquidity risks. Indeed the assets of the Group are mainly composed of cash which is liquid on the market.

9.5 Interest rate risk

Group

The Group's interest rate risk is almost nil. Following the sale of BGP Investment S.à r.l., the Group reimbursed most of these bank loans. Only one, granted to HBI France PropCo, remains as at 31 December 2016 with a maturity date as at 20 February 2017. This loan has since been reimbursed by the Group.

Note 10 - Financial risks

10.1 Currency risk

Group

Currency exposure is connected to financing either expressed in foreign currencies in a company having EUR as functional currency or being denominated in EUR in companies having another currency as functional currency. The Group has no significant currency exposure.

10.2 Liquidity and cash flow interest rate risk

Group

As mentioned in Note 9.4 the Group's exposure to liquidity risk is very limited due to the fact that all its investment properties have been sold during 2016 and that the assets of the Group are mainly composed of cash and short term deposits.

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 2016 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				
Payables to related parties	-	407,000,500	-	-	-
Other liabilities	-	6,703,560	-	-	-
31 December 2016	-	413,704,060	-	-	-

Note 10 - Financial risks (continued)

10.2 Liquidity and cash flow interest rate risk (continued)

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

10.3 Capital management

Group

The primary objective of the Group's capital management was to optimise the benefits from bank financing. The Group did not monitor capital using a gearing ratio but it monitored the loan to value ratio on an asset by asset basis. In the current environment, the Company's objective was to achieve a loan to value ratio below 50%.

Over the period, the Group disinvested from all its investment properties and repaid most of its loans with the objective to optimise the value to be repatriated to its shareholders.

As a consequence, the loan to value ratio is no longer relevant for the Group.

	31 December 2016	31 December 2015
Investment property	-	1,153,332,700
Equity accounted investments	-	4,347,757
Assets held for sale	3,317,763	74,659,302
GAV	3,317,763	1,232,339,759
Long term bank loans and CMBS	-	563,536,244
Short term bank loans and CMBS	-	4,102,107
Liabilities related to assets held for sale	7,102,158	66,792,308
Cash and cash equivalents	(565,396,745)	(49,462,559)
Net loans	(558,294,587)	584,968,100
Loan to value	N/A	47.5%

Note 11 - Consolidated statement of comprehensive income

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

11.1 Revenue from investment properties

Group

	2016	2015
	EUR	EUR
Rental income from investment properties	68,049,431	75,041,731
Service charges recoveries	32,172,108	32,821,587
Other building income	1,062,232	814,967
	<u>101,283,771</u>	<u>108,678,285</u>
Asset management fees	<u>182,934</u>	<u>1,484,702</u>

11.2 Expenses related to investment properties

Group

	2016	2015
	EUR	EUR
Utilities	24,303,444	25,983,750
Maintenance and repairs	9,294,465	10,748,836
Staff wages, salaries, bonuses and social security	8,019,560	8,804,874
Bad debt allowances	2,119,629	2,627,444
Leasehold costs	2,355,845	2,672,298
Letting costs	60,286	147,468
Property taxes	2,813,273	3,169,925
Insurance	2,557,795	2,385,760
Other	161,087	1,639,986
	<u>51,685,384</u>	<u>58,180,341</u>

11.3 Corporate expenses

Group and Company

	2016 Group EUR	2015 Group EUR	2016 Company EUR	2015 Company EUR
Tax consulting and audit fees	2,777,793	2,161,815	23,423	23,600
Consulting and legal fees	22,592,825	2,414,710	163,079	159,219
Other corporate expenses	7,429,440	6,337,750	6,093	8,575
Insurance	3,087,708	68,083	678,410	-
	<u>35,887,766</u>	<u>10,982,358</u>	<u>871,005</u>	<u>191,394</u>

Note 11 - Consolidated statement of comprehensive income (continued)

11.3 Corporate expenses (continued)

Fees charged by the auditor for services rendered during the financial years ended 31 December 2016 and 2015 relate to the following:

	2016 Group EUR	2015 Group EUR	2016 Company EUR	2015 Company EUR
Annual statutory audit	350,000	345,000	23,423	23,600
	350,000	345,000	23,423	23,600

11.4 Finance income and costs

Group and Company

Finance income and costs for the years ended 31 December 2016 and 2015 are as follows:

Finance income	2016 Group EUR	2015 Group EUR	2016 Company EUR	2015 Company EUR
Discount on settlement of external loan	-	7,427,279	-	-
Other finance income	138,039	79,032	-	-
Net FX Gain	-	9,253	-	-
Interest income	153	1,776	153	1,776
	138,192	7,517,340	153	1,776

Finance costs	2016 Group EUR	2015 Group EUR	2016 Company EUR	2015 Company EUR
Interest on bank loans	(16,371,117)	(19,198,357)	-	-
SWAP payments	(18,615,326)	(820,811)	-	-
Amortisation of capitalised finance costs	(6,051,286)	(1,840,624)	-	-
Loan termination fees	(8,644,637)	-	-	-
Other finance costs	(940,722)	(709,811)	(1,759)	(1,624)
Net foreign exchange loss	(2,641)	(4,862)	-	-
	(50,625,729)	(22,574,465)	(1,759)	(1,624)

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

	2016 EUR	2015 EUR
Fair value gains on investment properties	24,267,302	47,206,029
Fair value losses on investment properties	-	(6,325,623)
Net fair value losses/gains on investment properties (note 7.2)	24,267,302	40,880,406

Note 11 - Consolidated statement of comprehensive income (continued)

11.6 Income tax

Group

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

	2016	2015
	EUR	EUR
Profit before tax from continuing operations	28,672,368	60,421,561
Profit/(Loss) before tax from discontinued operations	(3,850,664)	12,126,466
Net gain before tax	24,821,704	72,548,027
Expected tax expense/income: (2016 & 2015: 35.00%)	(8,687,596)	(25,391,809)
Effect of tax rates in other countries	(3,173,248)	20,079,964
Non recognition of current year deferred tax asset	-	11,925,259
Permanent differences	(3,257,864)	(75,787,574)
Timing differences	(50,494,712)	(13,347,900)
Current income tax of previous periods	-	52,224
Share of result of associates	-	69,650
Additions to unrecognized losses carried forward	33,297,756	-
Utilisation of previously unrecognised losses carried forward	-	69,983,157
Other tax effect	(1,113,378)	-
Effective income tax (current and deferred)	(33,429,042)	(12,417,029)

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

	2016	2015
	EUR	EUR
Losses available for offset against future taxable income	-	21,800,676
Other timing differences	-	1,800,381
Capitalised Borrowing Costs	-	(520,909)
Revaluation of investment properties to fair value	-	(74,127,862)
Deferred tax liability	-	(51,047,714)
	2016	2015
	EUR	EUR
Deferred tax liabilities	-	(51,047,714)
Liabilities directly associated with the assets held for sale	-	-
Deferred tax liability	-	(51,047,714)

Note 11 - Consolidated statement of comprehensive income (continued)

11.6 Income tax (continued)

Group (continued)

No deferred tax assets have been recognised for tax losses carried forward. 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 2016 and 2015, 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 2016 or 2015 by the Company to its shareholders.

Company

	2016	2015
	EUR	EUR
Current taxation:		
Current tax expense	4,485,061	430

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:

	2016	2015
	EUR	EUR
Profit/(loss) before tax	416,201,407	(191,242)
Tax on Profit/(loss) at 35%	145,670,492	(66,935)
Tax effect of:		
Income subject to 15% final withholding tax	(31)	(572)
Income not subject to tax		
Expenses not deductible for tax purposes	305,467	67,556
Non-taxable income	(141,490,867)	-
Movement in accrued interest receivable	-	381
Tax expense	4,485,061	430

Note 11 - Consolidated statement of comprehensive income (continued)

11.7 Discontinued operations

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

	2016	2015
	EUR	EUR
Revenue from investment properties	4,846,542	10,412,812
Expenses related to investment properties	(2,352,050)	(4,561,309)
Corporate expenses	(750,538)	(3,133,744)
Other operating expenses	(377,776)	(2,374,049)
Other operating income	9,672	1,148,530
Net gains/(loss) on disposals	(3,816,557)	15,953,410
Valuation losses from investment property	(829,802)	(2,902,216)
Finance income	-	15,044
Finance costs	(580,155)	(2,875,787)
Net gains on derivatives	-	443,775
Profit before tax from discontinued operations	(3,850,664)	12,126,466
Current income tax	-	(52,085)
Deferred income tax	-	-
Profit/(Loss) after tax for the year	(3,850,664)	12,074,381

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

	2016	2015
	EUR	EUR
Operating	(6,827,044)	(7,190,316)
Investing	65,400,000	54,202,157
Financing	(57,623,165)	(54,311,204)
Net cash outflow	(949,791)	(7,299,363)

11.8 Directors' emoluments

Group

	2016	2015
	EUR	EUR
Directors' fees	194,500	264,503

The company did not pay any directors' fees in 2016 and 2015.

Note 12 – Leases

Group

Following the sale of all its investment properties, the Group is no more involved with operating lease agreements for the office, retail and residential properties portfolio.

Note 13 – Contingencies, commitments and guarantees

Group

Securities and pledges

The Group's principal business activity was 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 were in-line with normal market practice for financing investment properties in Europe.

At the end of 2016, no more investment properties were held by the Group. Therefore the Group does no longer provide securities and pledges to the financial institutions.

Operating lease commitments – Group as lessor

The Group used to lease real estate under operating leases. The terms of the leases were in line with normal practices in each market. Leases were reviewed or subject to automatic inflationary adjustments as appropriate.

At the end of 2016, the Group was no longer involved with operating lease commitments.

Ongoing litigation

As of 31 December 2016, there was no material on-going litigation, which could materially affect the consolidated financial position of the Group.

Company

As of 31 December 2016 and 2015, there are no capital commitments and contingent liabilities which have not been disclosed in these financial statements.

Note 14 - Related parties transactions

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

a) Receivable from and payables to related parties (Group)

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

Receivable from related parties	2016	2015
	EUR	EUR
Wohnungsbaugesellschaft Jade erste mbH & CO KG	-	500,000
Jade Management Holding S.à r.l.	<u>30,000</u>	<u>-</u>
	30,000	500,000
Payables to related party	2016	2015
	EUR	EUR
Dividend payable to Trust Company Fiduciary Services Limited	385,429,000	-
Dividend payable to GPT Group	21,571,000	-
Payable to Vivacon AG	<u>500</u>	<u>500</u>
	407,000,500	500

Note 14 - Related parties transactions (continued)

b) Receivable from and payables to related parties (Company)

Receivable from related parties	2016	2015
	EUR	EUR
Receivable from BGP Holdings 2 Limited	408,746,528	-
Loan to BGP Holdings 2 Limited	320,000	230,000
	<u>409,066,528</u>	<u>230,000</u>
Payables to related party	2016	2015
	EUR	EUR
Dividend payable to Trust Company Fiduciary Services Limited	385,429,000	-
Dividend payable to GPT Group	21,571,000	-
Amounts owed to group BGP Holdings Europe	949,685	-
Loan payable to BGP Holdings Europe	55,000	55,000
Interest on loan from BGP Holdings Europe	5,189	3,889
	<u>408,009,874</u>	<u>58,889</u>

c) Key management personnel

The key management of the company are considered to be the directors. The remuneration received by the directors during the current and preceding financial years has been separately disclosed in note 11.8. The company was also charged consultancy fees amounting to EUR 139,000 (2015: EUR 139,000) by a company which is owned by a member of key management.

Note 15 - Statutory information

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

The immediate and ultimate parent company of BGP Holdings PLC is The Trust Company (Australia) Limited with its registered address at Level 18, 123, Pitt Street, Sydney, NSW2000, Australia.

Note 16 - Subsequent events

The dividend of EUR 407,000,000 has been paid to the shareholders of the Company in February 2017.

On July 3, 2017, the reduction of the share premium account of the Company from EUR 166.6 million to EUR 30.6 million has been approved.

Apart from the above, there were no other subsequent events as at the date of approval of these consolidated financial statements.

Note 17 - Group companies

The detailed list of the consolidated entities is as follows:

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

Note 17 - Group companies (continued)

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

Note 17 - Group companies (continued)

	Name of the Company	Country	% Control	% Interest	Consolidation Method	(dis)continued activity
82	KPI Retail Property 14 S.à r.l.	Luxembourg	99.64%	99.64%	Full method	discontinued
83	KPI Retail Property 16 S.à r.l.	Luxembourg	99.64%	99.64%	Full method	discontinued
84	KPI Retail Property 17 S.à r.l.	Luxembourg	99.64%	99.64%	Full method	discontinued
85	KPI Retail Property 19 S.à r.l.	Luxembourg	99.64%	99.64%	Full method	discontinued
86	KPI Retail Property 20 S.à r.l.	Luxembourg	36.56%	36.56%	Equity	discontinued
87	KPI Retail Property 3 S.à r.l.	Luxembourg	99.64%	99.64%	Full method	discontinued
88	KPI Retail Property 35 S.à r.l.	Luxembourg	0%	0%	Sold	discontinued
89	KPI Retail Property 7 S.à r.l.	Luxembourg	0%	0%	Sold	discontinued
90	KPI Retail Property 9 S.à r.l.	Luxembourg	99.64%	99.64%	Full method	discontinued
91	Minotaurus Immobilien GmbH & Co KG	Germany	0%	0%	Sold	discontinued
92	Minotaurus Immobilien Verwaltungs GmbH	Germany	0%	0%	Sold	discontinued
93	Narat GmbH	Germany	30%	30%	Equity	discontinued
94	Norddeutschland Grundbesitz Erweber GmbH	Germany	0%	0%	Sold	discontinued
95	Norddeutschland Grundbesitz Verwaltungs GmbH	Germany	94.6%	94.6%	Full method	continued
96	Treso S.à r.l. & Co KG	Germany	100%	100%	Full method	discontinued