

# **BGP HOLDINGS PLC**

**Annual Report and Consolidated Financial Statements**  
**31 December 2020**

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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 2020.

### Principal activities

The principal activities of BGP Holdings plc (the 'Company'), which are substantially unchanged since last year, are those that pertain to an investment holding company. The underlying commercial activities of the Group have ceased in the light of the sale of the entire investment portfolio in 2016.

### Review of the business

The real estate investment business of the Company ceased on the sale of its real estate portfolio to investors advised by Morgan Stanley in November 2016. 95% of the net proceeds were distributed to the Company's shareholders via a dividend payment of EUR 407 million in March 2017 and a capital reduction of EUR 136 million in October 2017. Under the terms of the sale some EUR 20 million was left in two escrow accounts, EUR 10 million as a reserve for the outcome of the Closing Date accounts, and EUR 10 million as a reserve for claims under Warranty and Indemnity insurance taken out as an adjunct to the sale. Both these escrow accounts have since been fully paid out to the Company. The six BGP group companies remaining in 2019 have now been reduced to two. Around EUR 660K has been recovered from legacy legal disputes, provisions and insolvencies in the course of 2020.

### Financial position

The NAV of the Company is to be distributed upon final liquidation of the structure, less final liquidation costs. At current exchange rates (1 AUD = 0.630 EUR) this represents a maximum of AUD 0.0051 per share.

	31 December 2020	31 December 2019
Equity Group share	31,543,613	31,452,680
<b>Group NAV</b>	<b>31,543,613</b>	<b>31,452,680</b>

## Directors' report (continued)

### Group financing

Since the sale of the portfolio the Group no longer owns any real estate assets and has repaid all external debt. The Group's consolidated balance sheet now consists largely of cash, which will be distributed to shareholders after liquidation of the remaining companies.

	31 December 2020	31 December 2019
Investment property	-	-
Equity accounted investments	-	-
Assets held for sale	-	-
<b>GAV</b>	<b>-</b>	<b>-</b>
Long term bank loans and CMBS	-	-
Short term bank loans and CMBS	-	-
Liabilities related to assets held for sale	-	-
Cash and cash equivalents	31,678,721	31,428,229
<b>Net Cash</b>	<b>31,678,721</b>	<b>31,428,229</b>

### 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 possible. A Notice of Dispute relating to the 2016 sale was served on the company in March 2018 by the Sellers. No claim was quantified. Although the Company rejected the Notice of Dispute a potential claim continued to exist until the end of 2020 which has become time barred. The directors were obliged to maintain sufficient liquidity in the Company to meet such potential claim, which hindered the liquidation of the remaining corporate entities and the final distribution to shareholders.

### Financial Risk Management

The Group's activities potentially expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group's overall risk management, covering risk exposures for all Company undertakings, focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the respective Group's financial performance. The Group's Board of Directors provides principles for overall risk management, as well as policies covering risks referred to above.

### The Board

The Board met on one occasion during the year. It continues to closely supervise a complex wind-down and distribution 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

In 2020, the Group incurred a gain of EUR 90,933. In view of the legal position of the Company no dividend has been recommended.

## Directors' report (continued)

### Significant Events

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organization as a "Global Pandemic" on March 11, 2020, has impacted global financial markets. Lockdowns and travel restrictions have been implemented by many countries. This event has significantly affected economic activity worldwide.

With the rapid spread of the virus in the first half of 2020, our number one priority was the health and safety of our staff, contractors and partners. Our office remained 100 percent operational and we were well prepared for the possibility of a pandemic within our overall business continuity plans to ensure maintenance of our service levels.

Since the BGP Holdings group is no longer commercially active there has been no impact on the group's operations or results.

We are closely monitoring the spread of COVID-19 and are following the recommendations of global and local public health authorities.

There were no other material events after the reporting period which may have an impact on the 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 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 company at the end of each financial year and of the profit or loss of the company for the year then ended. In preparing the financial statements, the directors should:

- Select suitable accounting policies and apply them consistently;
- Make judgements and estimates that are reasonable;
- Prepare the financial statements on a going concern basis, unless it is inappropriate to presume that the company 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 company and which enable the directors to ensure that the 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 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 company, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## Directors' report (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

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Qormi, CBD 5030  
Malta  
10 August 2021



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## **INDEPENDENT AUDITORS' 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 35, which comprise the consolidated and parent company statement of financial position as at 31 December 2020, and the consolidated and parent company statement of comprehensive income, the statement of changes in equity and the statement 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 2020, 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 Code of Ethics for Professional Accountants (including International Independence Standards) as issued by the International Ethics Standards Board of 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 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 AUDITORS' REPORT TO THE SHAREHOLDERS OF BGP HOLDINGS PLC**

### **Report on the audit of the financial statements - 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 and Company'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 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 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 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 AUDITORS' REPORT TO THE SHAREHOLDERS OF BGP HOLDINGS PLC**

### **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 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;
- the financial statements are not in agreement with the accounting records;
- we have not received all the information and explanations we require for our audit.

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



*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

10 August 2021

## Statement of financial position as at 31 December

	Notes	2020 Group	2019 Group	2020 Company	2019 Company
		EUR	EUR	EUR	EUR
<b>ASSETS</b>					
<b>Non-current assets</b>					
Investments in subsidiaries	4	-	-	19,846,621	28,432,885
Total		-	-	19,846,621	28,432,885
<b>Total non-current assets</b>					
		-	-	19,846,621	28,432,885
<b>Current assets</b>					
Receivables from related parties	14	-	-	15,562,028	4,567,287
Prepayments and other assets	7.2	31,158	249,013	-	172,639
Cash and cash equivalents	7.1	31,678,721	31,428,229	2,704,930	2,915,718
<b>Total current assets</b>		<b>31,709,879</b>	<b>31,677,242</b>	<b>18,266,958</b>	<b>7,655,644</b>
<b>TOTAL ASSETS</b>					
		<b>31,709,879</b>	<b>31,677,242</b>	<b>38,113,579</b>	<b>36,088,529</b>

The consolidated financial statements on pages 9 to 35 were authorised for issue by the board on 10 August 2021 and were signed on its behalf by:

  
\_\_\_\_\_  
Mark Dunstan  
Director

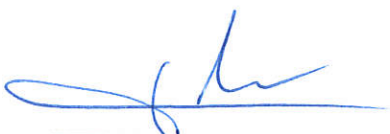
  
\_\_\_\_\_  
Mr. Francis J. Vassallo  
Director

## Statement of financial position as at 31 December (continued)

	Notes	2020 Group	2019 Group	2020 Company	2019 Company
		EUR	EUR	EUR	EUR
<b>EQUITY</b>					
<b>Capital and reserves attributable to the owners of the Company</b>					
Share capital	8.1	99,999	99,999	99,999	99,999
Share premium	8.2	30,606,786	30,606,786	30,606,786	30,606,786
Restructuring reserve	8.4	-	-	1,920,248	-
Retained earnings		836,828	745,895	(1,339,082)	(1,333,251)
<b>Total equity attributable to the owners of the Company</b>		<b>31,543,613</b>	<b>31,452,680</b>	<b>31,287,951</b>	<b>29,373,534</b>
<b>Total Equity</b>		<b>31,543,613</b>	<b>31,452,680</b>	<b>31,287,951</b>	<b>29,373,534</b>
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Loans from related parties	14	-	-	5,619,485	5,504,939
<b>Total non-current liabilities</b>		<b>-</b>	<b>-</b>	<b>5,619,485</b>	<b>5,504,939</b>
<b>Current liabilities</b>					
Payables to related parties	14	-	-	1,103,977	1,103,977
Accounts payable and accrued expenses	8.3	166,266	224,562	102,166	106,079
Income taxes payable		-	-	-	-
<b>Total current liabilities</b>		<b>166,266</b>	<b>224,562</b>	<b>1,206,143</b>	<b>1,210,056</b>
<b>Total Liabilities</b>		<b>166,266</b>	<b>224,562</b>	<b>6,825,628</b>	<b>6,714,995</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>31,709,879</b>	<b>31,677,242</b>	<b>38,113,579</b>	<b>36,088,529</b>

The consolidated financial statements on pages 9 to 35 were authorised for issue by the board on 10 August 2021 and were signed on its behalf by:

  
\_\_\_\_\_  
Mr. Mark Dunstan  
Director

  
\_\_\_\_\_  
Mr. Francis J. Vassallo  
Director

## Statement of comprehensive income for the year ended 31 December

	Notes	2020	2019	2020	2019
		Group	Group	Company	Company
		EUR	EUR	EUR	EUR
Revenue from investment properties		-	-	-	-
Expenses related to investment properties		-	-	-	-
<b>Profit related to investment properties</b>		-	-	-	-
Corporate expenses	11.1	(969,094)	(1,121,741)	(519,128)	(319,422)
Other operating expenses	11.2	(156,027)	(95,333)	-	(118,804)
Other operating income	11.3	660,285	604	-	-
Reversal of impairment in subsidiary	4	-	-	625,249	564,981
<b>Net other expenses</b>		<b>(464,836)</b>	<b>(1,216,470)</b>	<b>106,121</b>	<b>126,755</b>
Gains on sale of shares in subsidiaries		-	-	-	-
<b>Gain on portfolio disposal</b>		-	-	-	-
Net unrealized / realized losses on receivables		-	(2,814)	-	-
<b>Operating profit/(loss)</b>		<b>(464,836)</b>	<b>(1,219,284)</b>	<b>106,121</b>	<b>126,755</b>
Finance income	11.4	718,599	248,511	13,499	24,102
Finance costs	11.4	(137,594)	(121,941)	(125,452)	-
<b>Net finance (expenses)/income</b>		<b>581,005</b>	<b>126,570</b>	<b>(111,953)</b>	<b>24,102</b>
<b>Net profit/(loss) before tax</b>		<b>116,169</b>	<b>(1,092,714)</b>	<b>(5,832)</b>	<b>150,857</b>
Current income tax	11.5	(25,236)	(19,704)	-	-
<b>Net profit/(loss) from continuing activities</b>		<b>90,933</b>	<b>(1,112,418)</b>	<b>(5,832)</b>	<b>150,857</b>
Profit after tax from discontinued activities		-	-	-	-
<b>Net profit/(loss) for the year</b>		<b>90,933</b>	<b>(1,112,418)</b>	<b>(5,832)</b>	<b>150,857</b>
Currency translation difference		-	(26,410)	-	-
<b>Total comprehensive income/(loss) for the year, net of tax</b>		<b>90,933</b>	<b>(1,138,828)</b>	<b>(5,832)</b>	<b>150,857</b>
<b>Net profit/(losses) attributable to:</b>		<b>90,933</b>	<b>(1,138,828)</b>	<b>(5,832)</b>	<b>150,857</b>
- Owners of the Company		90,933	(1,138,828)	(5,832)	150,857
- Non-controlling interests		-	-	-	-
<b>Total comprehensive income/(loss) attributable to:</b>		<b>90,933</b>	<b>(1,138,828)</b>	<b>(5,832)</b>	<b>150,857</b>
- Owners of the Company		90,933	(1,138,828)	(5,832)	150,857
- Non-controlling interests		-	-	-	-

## Statement 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	
Balance as at 31 December 2018	99,999	30,606,786	-	1,884,723	32,591,508	-	32,591,508	
Net result for the year	-	-	-	(1,138,828)	(1,138,828)	-	(1,138,828)	
Total income and expense for the year	-	-	-	(1,138,828)	(1,138,828)	-	(1,138,828)	
Balance as at 31 December 2019	99,999	30,606,786	-	745,895	31,452,680	-	31,452,680	
Net result for the year	-	-	-	90,933	90,933	-	90,933	
Total income and expense for the year	-	-	-	90,933	90,933	-	90,933	
Balance as at 31 December 2020	99,999	30,606,786	-	836,828	31,543,613	-	31,543,613	

## Statement of changes in equity (continued)

<u>Company</u>	Share Capital	Share Premium	Retained Earnings	Restructuring Reserve	Total Equity
	EUR	EUR	EUR	EUR	EUR
Balance as at 31 December 2018	99,999	30,606,786	(1,484,107)	-	29,222,678
Net result for the year	-	-	150,857	-	150,857
Total income and expense for the year	-	-	150,857	-	150,857
Balance as at 31 December 2019	99,999	30,606,786	(1,333,250)	-	29,373,535
Impact of merger	-	-	-	1,920,248	1,920,248
Net result for the year	-	-	(5,832)	-	(5,832)
Total income and expense for the year	-	-	(5,832)	-	(5,832)
Balance as at 31 December 2020	99,999	30,606,786	(1,339,082)	1,920,248	31,287,951

## Statement of cash flows

Notes	<b>2020 Group</b>	2019 Group	<b>2020 Company</b>	2019 Company
	EUR	EUR	EUR	EUR
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
Continuing activities	116,169	(1,092,714)	(5,832)	150,857
<b>Profit/(loss) before income tax</b>	<b>116,169</b>	<b>(1,092,714)</b>	<b>(5,832)</b>	<b>150,857</b>
Adjustments for:				
Depreciation and impairments	-	-	(625,249)	(564,981)
Cash acquired via merger	-	-	67,043	-
Currency translation difference	-	(26,341)	-	-
Changes in working capital:	117,875	149,867	241,297	48,000
Tax paid	(121,146)	(1,047,084)	-	-
<b>Net cash generated (used in)/from operating activities</b>	<b>112,898</b>	<b>(2,016,272)</b>	<b>(322,741)</b>	<b>(366,124)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>				
<b>Net cash generated from/(used in) investing activities</b>	-	-	-	-
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
Finance costs	11.4 137,594	-	125,452	(118,804)
Finance income	11.4 -	-	(13,499)	24,102
<b>Net cash (used in) / generated from financing activities</b>	<b>137,594</b>	<b>-</b>	<b>111,953</b>	<b>(94,702)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>250,492</b>	<b>(2,016,272)</b>	<b>(210,788)</b>	<b>(460,826)</b>
Cash and cash equivalents at beginning of the year	7.1 31,428,229	33,444,501	2,915,718	3,376,544
<b>Cash and cash equivalents at the end of the year</b>	<b>7.1 31,678,721</b>	<b>31,428,229</b>	<b>2,704,930</b>	<b>2,915,718</b>

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

	Note	<b>2020 EUR</b>	<b>2019 EUR</b>
Included continuing operations	7.1	31,678,721	31,428,229
<b>Total</b>		<b>31,678,721</b>	<b>31,428,229</b>

## 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. From 12 August 2009, the Company indirectly held interests in portfolios of European real estate held through BGP Holdings 2 Limited and BGP Holdings Europe S.à r.l. These interests were sold in 2016.

These consolidated financial statements have been approved for issue by the Board of Directors on 10 August 2021.

## Note 2 - Summary of significant accounting policies

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

### 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, interpretations and amendments to published standards as endorsed by the European Union effective in the current year

The accounting policies adopted are consistent with those of the previous financial year, except for the following amendments to IFRS effective during the year:

- Amendments to IFRS 16 *Leases Covid-19-Related Rent Concessions* (issued on 28 May 2020)
- Amendments to IFRS 3 *Business Combinations* (issued on 22 October 2018)
- Amendments to IFRS 9, IAS 39 and IFRS 7: *Interest Rate Benchmark Reform* (issued on 26 September 2016)
- Amendments to IAS 1 and IAS 8: *Definition of Material* (issued on 31 October 2018)
- Amendments to References to the Conceptual Framework in IFRS Standards (issued on 29 March 2018)

The adoption of these standards did not have significant impact on the financial statements or performance of the company payments).



## Note 2 - Summary of significant accounting policies (continued)

### 2.1 Basis of preparation (continued)

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

Up to the date of approval of these financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective for the current reporting period and which have not been adopted early.

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 *Interest Rate Benchmark Reform – Phase 2* (issued on 27 August 2020 and effective for financial years beginning on or after 1 January 2021).
- Amendments to IFRS 4 *Insurance Contracts – deferral of IFRS 9* (issued on 25 June 2020 and effective for financial years beginning on or after 1 January 2021)

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

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

Up to date of approval of these financial statements, certain new standards, amendments and interpretations to existing standards have been published but which are not yet adopted by the EU. The Group plans to adopt the new standards upon their effective date. The new and amended standards follow:

- Amendments to IAS 1 *Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Classification of Liabilities as Current or Non-current – Deferral of Effective Date* (issued on 23 January 2020 and 15 July 2020 respectively)
- Amendments to IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets; and Annual Improvements 2018-2020
- Amendments to IAS 1 *Presentation of the Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies* (issued on 12 February 2021)
- Amendments to IAS 8 *Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates* (issued on 12 February 2021)
- Amendments to IFRS 26 Leases: Covid-19 Related Rent Concessions beyond 30 June 2021 (issued on 31 March 2021).

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

### 2.2 Consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2020. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if, and only if, the Group has:

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

## **Note 2 - Summary of significant accounting policies (continued)**

### **2.2 Consolidation (continued)**

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

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

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

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

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

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

### **2.3 Business combination and goodwill**

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

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

If the business combination is achieved in stages, any previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

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

## **Note 2 - Summary of significant accounting policies (continued)**

### **2.3 Business combination and goodwill (continued)**

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

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

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

#### **2.3a Business combination under common control**

As part of the winding down of the Group, during 2020, BGP Holdings Plc ("the Company") merged BGP Holdings 2 Limited into the Company. Effective 29 December 2020, BGP Holdings Plc, approved a draft terms of merger between BGP Holdings Plc and BGP Holdings 2 Limited, with the former being the surviving entity. For accounting purposes, the merger was effective as from 1 January 2020.

The restructuring qualified as a reorganisation of entities under common control because there has been no change in the ultimate ownership of the Group before and after the restructuring. A business combination under common control can be accounted for using either the acquisition method or the pooling of interest method.

Management determined that the pooling of interest method is the most appropriate method, since the logic of pooling is that there is no change in control. Therefore, the pooling of interest method of accounting has been used in the consolidated financial statements. Accordingly, the assets and liabilities of the combining entities are reflected at their carrying values. The excess of the cost of business combinations over the net carrying amounts of the assets and liabilities of the acquired companies is recognized under "Restructuring reserve" account in the equity section of the consolidated statement of financial position.

In applying the pooling of interests method, an entity has a choice of two views for its accounting policy, which must then be applied consistently: (i) restatement of periods prior to the combination under common control or (ii) no restatement of periods prior to the combination under common control. Management has selected the second option, such that the business combination under common control is accounted for from the effective date of the restructuring, being 1 January 2020 and accordingly the consolidated financial statements for the combined entities were not restated for periods prior to the combination under common control occurring.

## **Note 2 - Summary of significant accounting policies (continued)**

### **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.

#### **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.

### **2.5 Investments in subsidiaries**

#### **Company**

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

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

### **2.6 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. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

## **Note 2 - Summary of significant accounting policies (continued)**

### **2.7 Financial assets carried at amortised cost**

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

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

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

### **2.8 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.

### **2.9 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)**

### **2.10 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.

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.

### **2.11 Revenue recognition**

Revenue comprises:

- interest income.

#### **a) 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.

### **2.12 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

## **Note 2 - Summary of significant accounting policies (continued)**

### **2.12 Taxation (Continued)**

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.

### **2.13 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:

### **Note 3 - Critical accounting estimates and judgement (continued)**

#### **3.1 Fair value measurements**

The Group measures certain financial instruments such as non-financial assets such as investment property, at fair value at the end of each reporting period. Also, fair values of financial instruments measured at amortised cost are disclosed in the consolidated financial statements.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The Group must be able to access the principal or the most advantageous market at the measurement date. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.



### **Note 3 - Critical accounting estimates and judgement (continued)**

#### **3.1 Fair value measurements (continued)**

##### **a) IFRS 9 – Financial Instruments**

The classification requirements for debt and equity instruments are described below.

##### *Classification and Measurement*

In IFRS 9, the classification and measurement categories are:

- Amortised cost;
- Fair value through other comprehensive income (FVOCI); or
- Fair value through profit or loss (FVTPL).

##### *Debt instruments*

In order to determine the measurement approach to be applied to a financial instrument, IFRS 9 requires an assessment of:

- The purpose for which the financial instrument is held - the business model assessment.
- The cash flows associated with the instrument – in order to determine if those cash flows are solely payments of principal and interest (the 'SPPI' test).

##### *Business model assessment*

Under IFRS 9, the classification of financial assets is based both on the business model within which the asset is held and the contractual cash flow characteristics of the asset. The business model reflects how the Group manages the assets in order to generate cash flows, and specifically, whether the Group's objective is to collect contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from sale of the assets. If neither of these objectives are applicable where the financial assets are held for trading purposes, the assets are held at FVTPL.

##### *The 'SPPI' test*

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group assesses whether the assets' cash flows represent solely payments of principal and interest.

In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement (i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement). Where the contractual cash flows introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related asset is measured at FVTPL.

##### *Debt instruments at amortised cost*

Debt instruments are measured at amortised cost if two criteria are met: The asset fits a hold to collect business model whose objective is to hold the asset for the collection of cash flows and those cash flows represent SPPI.

##### *Debt instruments at FVTPL*

Debt instruments are classified as FVTPL if they are either held for trading, do not meet the SPPI criterion or otherwise designated at FVTPL on initial recognition.

**Note 3 - Critical accounting estimates and judgement (continued)**

**3.1 Fair value measurements (continued)**

**b) IFRS 9 – Financial Instruments (continued)**

Debt instruments are classified as held for trading if they are derivatives or if they are acquired or incurred principally for the purpose of selling or repurchasing in the near-term, or form part of a portfolio of financial instruments that are managed together and for which there is evidence of short-term profit taking.

In certain circumstances, financial assets and financial liabilities other than those that are held for trading are designated at FVTPL where this results in more relevant information, because it significantly reduces a measurement inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains or losses on them on a different basis, or where the assets or liabilities are managed and their performance evaluated on a fair value basis.

*Impairment*

The Group applied the simplified approach to recognise lifetime expected credit losses for its trade receivables, lease receivables and contract assets as required or permitted by IFRS 9.

Under the simplified approach, impairment loss allowances are always measured at an amount equal to lifetime ECL. Lifetime ECL losses are the losses that result from all possible events of default over the expected life of the instrument.

*Derecognition*

A financial asset (or, when applicable a part of a financial asset or part of a Group of similar financial assets) is derecognised where:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and
- Either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset.

*Financial liabilities*

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss. When a financial liability is extinguished for an amount that differs from the carrying value of the liability, the difference is recognised in the statement of profit or loss and other comprehensive income.

### Note 3 - Critical accounting estimates and judgement (continued)

#### 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.

#### 3.3 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 cash position as at 31 December 2020 of EUR 31.7 million compared to EUR 0.2 million of liabilities towards related parties, accounts payable and accrued expenses and income taxes payable.

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 2020, the Group, including the Company encompassed a total of 4 business entities listed in note 17.

Company

	2020 EUR	2019 EUR
Opening carrying amount	28,432,885	27,867,905
De-recognition of investment into BGP Holdings 2 Limited	(28,432,885)	-
Recognition of investment into BGP Holdings Europe S.à r.l.	19,221,372	-
Movement in impairment provision on investment in subsidiaries	625,249	564,980
Closing carrying amount	19,846,621	28,432,885

Investments in Company's undertakings as at 31 December 2020 are shown below:

	Registered Office	Class of shares held	Percentage of shares held
BGP Holdings Europe	6, rue Jean Monnet L-2180 Luxembourg	Ordinary shares	100 %

On 29 December 2020, BGP Holdings 2 Ltd was merged into BGP Holdings Plc. For accounting purposes, the merger was effective as from 1 January 2020.

Following absorption of BGP Holdings 2 Limited, the Company took over all its assets and liabilities, including shares held into BGP Holdings Europe, with registered office at 6, rue Jean Monnet L-2180 Luxembourg. The total historical cost of the investment in BGP Holdings Europe amounts to EUR 21,823,541 as at 31 December 2020.

### Note 5 - Acquisitions and disposals

#### 5.1 Acquisition of shares in subsidiary

Group

**Note 5 - Acquisitions and disposals (continued)**

No acquisition has been made during the year by the Group.

**5.2 Sale and liquidation of shares in subsidiaries**

**a) Fusion of subsidiaries**

BGP Holdings 2 Ltd was merged into BGP Holdings Plc with an accounting effect as at 1 January 2020.

**b) Liquidation of subsidiaries**

HBI S.à r.l. was fully liquidated on 10<sup>th</sup> of April 2020.

**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.

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.

The assets and liabilities of the Group's operating segment as at 31 December 2020 are the same as those reported in the consolidated statement of financial position at that date.

Following the sale of all its investments in 2016, the Group is no more operating on the Residential business segment.

**Note 7 – Assets**

**7.1 Cash and cash equivalents**

Group and Company

	<b>2020</b>	2019	<b>2020</b>	2019
	<b>Group</b>	Group	<b>Company</b>	Company
	<b>EUR</b>	EUR	<b>EUR</b>	EUR
Cash held in custody	-	-	<b>125,486</b>	-
Cash at bank – non restricted	<b>31,678,721</b>	31,428,229	<b>2,579,444</b>	2,915,718
	<b>31,678,721</b>	<b>31,428,229</b>	<b>2,704,930</b>	2,915,718

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

## Note 7 – Assets (Continued)

### 7.2 Prepayments and other assets

Group and Company

	2020 Group EUR	2019 Group EUR	2020 Company EUR	2019 Company EUR
Other	-	196,628	-	-
Receivable from tax authorities	20,755	41,982	-	-
Prepayments	-	-	-	172,639
Deposits	10,403	10,403	-	-
Sales proceeds receivable	-	-	-	-
	<b>31,158</b>	<b>249,013</b>	<b>-</b>	<b>172,639</b>

## Note 8 - Equity and liabilities

### 8.1 Share capital

Group and Company

	2020 EUR	2019 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
	<b>100,000</b>	<b>100,000</b>
Issued and fully paid		
9,796,902,030 ordinary 'A' shares of EUR0.0000102072 each	99,999	99,999
	<b>99,999</b>	<b>99,999</b>

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

Group and 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.

	2020 EUR	2019 EUR
Share premium	<b>30,606,786</b>	<b>30,606,786</b>

### 8.3 Accounts payable and accrued expenses

Group and Company

	2020 Group EUR	2019 Group EUR	2020 Company EUR	2019 Company EUR
Other creditors and accrued expenses	166,266	224,562	102,166	106,079
<b>Total trade and other liabilities</b>	<b>166,266</b>	<b>224,562</b>	<b>102,166</b>	<b>106,079</b>

### 8.4 Restructuring reserve

The reserve represents the adjustments to equity arising from the restructuring as disclosed in Note 2.3a to the financial statements.

## **Note 9 - Financial risk management**

### **9.1 Financial risk factors**

Group

The Group's principal financial liabilities comprise accounts payable and accrued expenses as well as income taxes payables. The Group's main financial assets consist of trade and other receivables, as well as cash and short-term.

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 in 2016. The Group has enough cash to reimburse all its liabilities.

### **9.2 Foreign exchange risk**

Group

The Group operates only in Europe and is consequently not exposed to foreign exchange risk.

### **9.3 Credit risk**

Group

Financial instruments that potentially subject the Group to credit risk are primarily cash and cash equivalents, trade receivables 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 has no significant concentrations of credit risk.

b) Risk for cash and cash equivalents

For banks and financial institutions, only independently rated parties of repute are accepted. The Group has cash and cash equivalents as described in note 7.1, with the following long-term bank deposit ratings by S&P, Fitch and Moody's:

- |  |   |
|--|---|
| • Banque et Caisse D'Epargne de l'Etat | <b>Aa2</b> (Moody's), <b>AA+</b> (S&P)                    |
| • Unicredit Bank AG                    | <b>BBB-</b> (S&P), <b>BBB-</b> (Fitch)                    |
| • ING Bank N.V.                        | <b>Aa3</b> (Moody's), <b>A+</b> (S&P), <b>AA-</b> (Fitch) |

### **9.4 Liquidity risk**

Group

The Group has a limited exposure to liquidity risks due to the fact that assets of the Group are mainly composed of cash.

Cash is liquid on the market and the Group is consequently not exposed to liquidity risks.

### **9.5 Interest rate risk**

Group

The Group's interest rate risk is nil. Indeed the Group has no bank loans as at 31 December 2020.

## 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 assets of the Group are mainly composed of cash and short term deposits.

The table below analyses the Group's financial liabilities and into relevant maturity groupings based on the remaining period as from 31 December 2020 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, and other payables considered as financial instruments.

#### The Group

	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	-	-	-	-	-
Other liabilities	-	166,266	-	-	-
<b>31 December 2020</b>	-	<b>166,266</b>	-	-	-

	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	-	-	-	-	-
Other liabilities	-	224,562	-	-	-
<b>31 December 2019</b>	-	<b>224,562</b>	-	-	-

### 10.3 Capital management

Group

During 2016, 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.

	31 December 2020	31 December 2019
Assets held for sale	-	-
<b>GAV</b>	-	-
Liabilities related to assets held for sale	-	-
Cash and cash equivalents	31,678,721	31,428,229
<b>Net cash</b>	<b>31,678,721</b>	<b>31,428,229</b>
<b>Loan to value</b>	<b>N/A</b>	<b>N/A</b>

**Note 11 - Consolidated statement of comprehensive income**

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

**11.1 Corporate expenses**

Group and Company

	<b>2020</b>	2019	<b>2020</b>	2019
	<b>Group</b>	Group	<b>Company</b>	Company
	<b>EUR</b>	EUR	<b>EUR</b>	EUR
Tax consulting and audit fees	<b>167,162</b>	273,761	<b>87,831</b>	112,925
Consulting and legal fees	<b>289,722</b>	524,365	<b>139,000</b>	139,000
Directors Fees	<b>102,320</b>	124,433	<b>76,000</b>	5,418
Other corporate expenses	<b>345,092</b>	139,852	<b>151,499</b>	2,749
Insurance	<b>64,798</b>	59,330	<b>64,798</b>	59,330
	<b>969,094</b>	1,121,741	<b>519,128</b>	319,422

Fees charged by the auditor for services rendered during the financial years ended 31 December 2020 and 2019 relate to the following:

	<b>2020</b>	2019	<b>2020</b>	2019
	<b>Group</b>	Group	<b>Company</b>	Company
	<b>EUR</b>	EUR	<b>EUR</b>	EUR
Annual statutory audit	<b>36,344</b>	51,150	<b>36,344</b>	95,096
	<b>36,344</b>	51,150	<b>36,344</b>	95,096

**11.2 Other operating expenses**

Group and company

	<b>2020</b>	2019	<b>2020</b>	2019
	<b>Group</b>	Group	<b>Company</b>	Company
	<b>EUR</b>	EUR	<b>EUR</b>	EUR
Other operating expenses	<b>156,027</b>	95,333	-	118,804
	<b>156,027</b>	95,333	-	118,804

**11.3 Other operating income**

	<b>2020</b>	2019
	<b>Group</b>	Group
	<b>EUR</b>	EUR
Other operating income	<b>660,285</b>	604
	<b>660,285</b>	604



**Note 11 - Consolidated statement of comprehensive income (continued)**

**11.4 Finance income and costs**

Group and Company

Finance income and costs for the years ended 31 December 2020 and 2019 are as follows:

<b>Finance income</b>	<b>2020</b>	2019	<b>2020</b>	2019
	<b>Group</b>	Group	<b>Company</b>	Company
	<b>EUR</b>	EUR	<b>EUR</b>	EUR
Other finance income	<b>705,638</b>	248,511	<b>19</b>	-
Interest income	<b>12,961</b>	-	<b>13,480</b>	24,102
	<b>718,599</b>	248,511	<b>13,499</b>	24,102
<b>Finance costs</b>	<b>2020</b>	2019	<b>2020</b>	2019
	<b>Group</b>	Group	<b>Company</b>	Company
	<b>EUR</b>	EUR	<b>EUR</b>	EUR
Other finance costs	<b>137,594</b>	121,941	<b>125,452</b>	-
	<b>137,594</b>	121,941	<b>125,452</b>	-

**11.5 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:

	<b>2020</b>	2019
	<b>EUR</b>	EUR
Profit/(loss) before tax from continuing operations	<b>116,169</b>	(1,092,714)
<b>Net profit/(loss) before tax</b>	<b>116,169</b>	(1,092,714)
<b>Expected tax expense/credit:</b> (2020 & 2019: 35%)	<b>40,659</b>	(382,450)
Expenses not deductible for tax	<b>(65,895)</b>	362,746
<b>Effective income tax (current and deferred)</b>	<b>(25,236)</b>	(19,704)

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 2020 and 2019, 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.

**Note 11 - Consolidated statement of comprehensive income (continued)**

**11.5 Income tax (continued)**

There are no income tax consequences for the Group attached to any payment of dividends in either 2020 or 2019 by the Company to its shareholders.

Company	<b>2020</b>	2019
Current taxation:	<b>EUR</b>	EUR
Current tax expense	<u>-</u>	<u>-</u>

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:

	<b>2020</b>	2019
	<b>EUR</b>	EUR
(Loss)/profit before tax	<u>(5,832)</u>	150,857
Tax on Profit at 35%	<b>(2,041)</b>	52,800
Tax effect of:		
Income not subject to tax		
Expenses not deductible for tax purposes	<b>220,878</b>	144,943
Non-taxable income	<u>(218,837)</u>	(197,743)
Tax expense	<u>-</u>	<u>-</u>

**11.6 Directors' emoluments**

Group and company	<b>2020</b>	2019	<b>2020</b>	2019
	<b>Group</b>	Group	<b>Company</b>	Company
	<b>EUR</b>	EUR	<b>EUR</b>	EUR
Directors' fees	<u>102,320</u>	215,000	<u>76,000</u>	5,418

**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. By the end of 2017, no more investment properties were held by the Group. Therefore, the Group does no longer provide securities and pledges to the financial institutions.

**Note 13 – Contingencies, commitments and guarantees (continued)**

**Ongoing litigation**

As of 31 December 2020, there was no material on-going litigation, which could materially affect the consolidated financial position of the Group.

**Contingent liabilities**

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 possible. A Notice of Dispute relating to the 2016 sale was served on the company in March 2018 by the Sellers. No claim was quantified. Although the Company rejected the Notice of Dispute a potential claim continued to exist until the end of 2020 which has become time barred. The directors were obliged to maintain sufficient liquidity in the Company to meet such potential claim, which hindered the liquidation of the remaining corporate entities and the final distribution to shareholders.

Company

As of 31 December 2020 and 2019, 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 (Company)

<b>Receivable from related parties</b>	<b>2020</b>	<b>2019</b>
	<b>EUR</b>	<b>EUR</b>
Receivable from BGP Holdings Europe S.à r.l.	<b>15,562,028</b>	-
Receivable from BGP Holdings 2 Limited	-	2,488,602
Loan to BGP Holdings 2 Limited	-	2,078,685
	<b>15,562,028</b>	<b>4,567,287</b>

<b>Payables to related party</b>	<b>2020</b>	<b>2019</b>
	<b>EUR</b>	<b>EUR</b>
Amounts owed to BGP Holdings Europe S.à r.l.	<b>1,103,977</b>	1,103,977
Loan payable to BGP Holdings Europe S.à r.l.	<b>5,215,000</b>	5,215,000
Interest on loan payable to BGP Holdings Europe S.à r.l.	<b>404,485</b>	289,939
	<b>6,723,462</b>	<b>6,608,916</b>

b) Key management personnel

The key management of the Company are considered to be the directors. Directors' fees received by the directors during the current and preceding financial years amounted to EUR 76,000 (2019: EUR 5,418). The company was also charged consultancy fees amounting to EUR 139,000 (2019: 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 – Significant and subsequent events**

*Subsequent events*

On 15 January 2021, BGP Finance S.à r.l. and BGP Retail GP 1 S.à r.l. were merged into BGP Holdings Europe S.à r.l.. On 28 May 2021, BGP Holdings Europe was put into liquidation.

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

*Significant events*

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organization as a "Global Pandemic" on the March 11, 2020, has impacted global financial and real estate markets. Lockdowns and travel restrictions have been implemented by many countries. This event might significantly affect economic activity worldwide and, as a result, the Group and Company's operations and financial results. Although the Novel Coronavirus (COVID-19) is not expected to have a significant impact, the extent to which the Coronavirus will impact our results will depend on future developments that cannot be reliably predicted, including actions to contain the disease or treat it and mitigate its impact on the economies of affected countries, among others.

**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	BGP Finance S.à r.l.	Luxembourg	100%	100%	Full method	Discontinued in 2021
2	BGP Holdings Europe S.à r.l.	Luxembourg	100%	100%	Full method	Continued
3	BGP Holdings PLC	Malta	100%	100%	Full method	Continued
4	BGP Holdings 2 Limited	Malta	100%	100%	Full method	Merged during 2020
5	BGP Retail GP 1 S.à r.l.	Luxembourg	100%	100%	Full method	Discontinued in 2021
6	HBI S.à r.l.	Luxembourg	100%	75%	Full method	Liquidated