BPT Hansa Lux SICAV-SIF

Annual Report and Consolidated Group Accounts 2011

Registered address

20, Boulevard Emmanuel Servais
L-2535 Luxembourg
Grand Duchy of Luxembourg

Registration Number

R.C.S. Luxembourg: B-122 072

Board of Directors

Dr. Claus Löwe (Chairman)
Dr. Lars Ohnemus
Mr. Alain Heinz

BPT Hansa LUX SICAV-SIF

SOCIÉTÉ D'INVESTISSEMENT À CAPITAL VARIABLE

Consolidated Financial Statements

and

Independent Auditor's Report

As at

31 December 2011

No subscription can be received on the basis of financial reports. Subscriptions are only valid if made on the basis of the current prospectus accompanied by the latest annual and the most recent semi-annual report, if published thereafter.

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Management Statement

Today the Board of Directors have reviewed and approved the 2011 consolidated financial statements of BPT Hansa Lux SICAV-SIF and its subsidiaries.

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the European Union. We consider the applied policies to be appropriate and that the consolidated financial statements provide a true and fair view of the consolidated financial position of BPT Hansa Lux SICAV-SIF and its subsidiaries as of December 31, 2011 and of their consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

We recommend that the consolidated financial statements and the annual report are approved at the annual general meeting of shareholders.

Berlin, 12 April 2012

BOARD OF DIRECTORS

Dr. Claus Löwe (Chairman)

Dr. Lars Ohnemus

Alain Heinz

Independent Auditor's Report

To the Shareholders of BPT Hansa Lux SICAV-SIF Luxembourg

Following our appointment by the General Meeting of the Shareholders, we have audited the accompanying consolidated financial statements of BPT Hansa Lux SICAV-SIF and its subsidiaries, which comprise the consolidated statement of financial position as at December 31, 2011, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

RESPONSIBILITY OF THE BOARD OF DIRECTORS CONSOLIDATED FINANCIAL STATEMENTS

The Board of Directors is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as the Board of Directors determines is necessary to enable the preparation and presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

RESPONSIBILITY OF THE "RÉVISEUR D'ENTREPRISES AGRÉÉ"

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier". Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the judgement of the "réviseur d'entreprises agréé", including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the "réviseur d'entreprises agréé" considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of BPT Hansa Lux SICAV-SIF and its subsidiaries as of December 31, 2011, and of their consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Luxembourg, 12 April 2012

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Management Review

PRINCIPLE ACTIVITIES AND REVIEW OF BUSINESS

As of the end of 2011 BPT Hansa Lux SICAV-SIF (hereinafter “the Fund” or “BPT Hansa”) has completed its fourth full year of operations. The Fund’s total gross asset value (GAV) slightly decreased over the year to EUR 61.6 million at year end 2011 and the direct property yield shows an average of 5.4% for the entire portfolio which is 0.1pp higher than the budget. This result is mainly due to a strong focus on cost management and increase of the rental income of the Hanover property. On the other side, the 2011 performance was negatively affected by a significant decrease of the net operating income of Berlin-Dahlem caused by a one-time negative effect of the settlement with the lease guarantor in 2010. However, the Berlin-Dahlem property performance will be back on track in 2012 increasing and stabilizing the Fund’s revenues in 2012.

The net operating income of the Fund in 2011 decreased to EUR 3.2 million (EUR 3.3 million in 2010). The average direct property yield for the year was higher than budgeted in Hanover (6.2%), other properties performed in line with the budget: Berlin-Dahlem (4.6%), Hamburg (6.8%) and Weinmeisterstrasse (6.0%).

The remaining weighted non-breakable lease term for the properties in the portfolio was at approximately 12 years at the end of 2011. Once again the economic growth had a favorable impact on occupancy levels of the assets, especially in the Hanover property which remained stable at 100%. This positive trend is expected to continue in 2012.

The Hamburg-Wärtsilä and Weinmeisterstrasse properties have also been operating smoothly in 2011. Since the end of 2010 the office space in the Walsroderstrasse property in Hanover has been fully let.

At the end of 2011, the portfolio of the Fund shows an occupancy rate of 100% including the lease guarantee for some minor vacant retail space in Berlin-Dahlem, or 99.2% when considering some minor vacant archive space. As for the minor vacancy in Berlin-Dahlem, Seminaris has again requested additional congress space for rent. A private university is expected to absorb the rest of the space. The Fund is in negotiations for these possible lettings.

Due to mid-term effects of the worldwide financial crisis the Fund has not raised new equity in the past year and is thus behind its planned investments for the year 2011. Nevertheless, compared to many competing funds, BPT Hansa is not faced with any legacy issues; the business concept is clear and the operating results satisfactory. As all properties are now fully operational, the management is aiming for maximizing the income stream and reducing the operation costs.

In the interest of optimizing the setup and improve the efficiency of the vehicle, fixed overheads have over the cause of 2011 once again been reduced further by EUR 0.1 million to EUR 0.9 million. In addition, the Fund is in the process of changing custodian and central administration service provider which will further reduce fixed cost in 2012.

The operating performance of the Fund however increased during the year 2011. Coming from a net loss of EUR 0.2 million in 2010, the Fund showed a net profit of EUR 0.15 million in 2011. Excluding the one-off valuation loss of EUR 0.59 million of Berlin-Dahlem in 2010, the result was slightly lower in 2011 due to the lower rental income and decrease in value of Berlin-Dahlem property. While positive in absolute numbers, the profit is EUR 0.12 million below budget this was as previously indicated coursed by valuation loss in Dahlem property. However due to the improved value of interest rate swap and the positive net result from Hanover, NAV increased to EUR 100.95 per share at the year-end 2011 from EUR 99.35 per share at the year-end 2010.

In March 2012, and by approval of the Board of Directors and the CSSF, the provisions of the Private Placement Memorandum ("PPM") were changed lifting the original 10-year minimum holding period requirement for each real estate asset in the Fund. In the current volatile European economic environment this provision has proofed not to be in the best interest of the Fund and its shareholders putting unjustifiable restraints on the ability with which the Board may decide to sell and reinvest the Fund's equity, if the interest of the Fund and its shareholders so justify. A revised PPM is available from the Fund upon request.

In this respect, the management is looking at different investment opportunities and future investment focus will primarily be on Berlin; and there won't be disposed any core buildings where there is no future value enhancement potential.

Over the cause of 2011, the Fund's loan portfolio decreased from EUR 36.5 million to 36.0 million. This decrease is due to ongoing amortization of the loans. As of 31 December 2011 the loan to value ratio of the Fund was 60.6% (2010: 61.4%). The Fund maintains its current relationships with its financing partners by taking a proactive approach in cooperating with the banks, especially after the financial crisis when banks have increased their focus on risk management and loan performance.

As a result of the ongoing asset and property management and the 100%- letting in Walsroderstrasse, the year end fair values of the portfolio consisting of 4 investment properties has remained stable at EUR 59.3 million (2010: EUR 59.4 million), despite the slight decrease of the Berlin-Dahlem property. The entire portfolio was jointly appraised by two independent valuators (sbg - value and Dr.-Ing. Krellmann, publicly appointed and sworn expert). The average (unweighted) capitalization rate applied to the valuation of BPT Hansa's portfolio remained unchanged in comparison to 2010.

FUTURE DEVELOPMENTS

During 2012, the Fund will concentrate on the composition and performance of the current property portfolio including, if preferable, the possible divestment of non-performing properties and reinvestment of equity into higher yielding assets to allow for a better risk/return balance.

MACRO-ECONOMIC FACTORS

After a year of record growth (3.7%) in 2010, 2011 was again effected by weakening trends in world trade and a new debt crisis. Nevertheless, despite the cooling down of the European and world economic climate, the German economy kept expanding by 3.0% in 2011 driven largely by the domestic economy.

For 2012 the government is projecting a substantially lower growth in GDP of 0.7%. The continuous improvement of the labour market is providing a significant support for private income and an increase in private consumption. Germany has experienced a strong rise in employment during 2010 and 2011. The 41.1 million people employed are the highest level noted ever. The total unemployment level is steadily decreasing and reached its lowest level in 20 years with a rate of only 7.1%.

Table: Main macro-economic indicators for Germany

Indicator	2007	2008	2009	2010	2011
GDP at Market Prices (EUR bn)	2,423	2,496	2,374	2,478	2,570
Real GDP Growth (%, YOY)	2.2	1.3	-5.1	3.7	3.0
Government Balance (% of GDP)	0.2	0.0	-3.2	-4.3	-1.0
Consumer Price Inflation (%)	2.3	2.6	0.4	1.1	2.3
Unemployed rate (%)	8.7	7.5	7.9	7.4	7.1
Population (million)	82.2	82.0	81.9	81.8	81.8

Sources: Statistisches Bundesamt, Deutsche Bundesbank, Bundesagentur für Arbeit, HWWI; 03/2012

After signing two more lease agreements at the end of 2010, the office space at Walsroder Strasse was fully let all through 2011. With rent from the new leases in place by February and summer 2011, the income improved significantly increasing the average direct property yield in 2011 to 6.2% from 4.5% in 2010.

After a moderate increase in consumer prices in 2010 (1.1%), 2011 showed an average rise of 2.3%. The annual inflation for 2012 is expected at a similar level.

FINANCIAL INSTRUMENTS AND STRATEGY

In connection with the investments, the Fund has secured loans with long-term fixed interest rates. The PPM allows the Fund to use hedging techniques designed to protect the Fund against adverse movements in interest rates but only in one case has the interest rate exposure been hedged with an interest rate swap maturing in 2012. A new swap was concluded already in February 2012 to secure optimal market conditions. At 31 December 2011, 84% of loans in the portfolio are with fixed interest, while 16% of the loans carry variable interest. However, adjusting for the before-mentioned interest rate swap, 100% of the Fund's borrowings effectively have a fixed interest rate.

RISKS AND OPPORTUNITIES

- Interest rate. Due to the fact that there were no new external loans in 2011, the average loan costs of BPT Hansa are at the same level as in 2010 at 5.35%. Typically, interest rate risk is fixed for the whole loan term, i.e. for 10 years currently.
- Tenant debtors. Payment discipline was at approximately 99.86% in 2011. No increase in bad debts is expected for 2012. Such risk is mitigated by the solidity of the tenants and lease guaranties and securities.
- Lease expiry profile. Lease expiry terms for BPT Hansa are calculated on the basis of the average remaining lease term per property. The average remaining lease term per property is calculated by taking the weighted rent average of months left before the tenants can legally and unilaterally terminate existing lease agreements.

PROPERTY REPORT

Berlin-Dahlem

After its launch phase in 2009 the hotel operations of the Berlin-Dahlem property have been developing well. The hotel operator Seminaris has increasing turnover with a still rising trend. Negotiations with the operator for a further letting of approximately 450 sq. m. are still in progress. For the remaining space of 500 sq. m. positive discussions are ongoing with a private university. A final contract will however depend on the ability to align expectations on the issue of fit-out-costs and possible lease terms. Due to the initial lease and lease gap guarantees of the vendor, the total occupancy rate will remain 100% for one more year (2012). As a temporary result of a lower income from the rental guarantee caused by the settlement with the lease guarantor (cf. QFR Q2 and Q4 2010), the direct property yield decreased as expected to 4.6%. However, beginning again from Q1 2012 the agreed lease guarantee is fully valid causing a significant increase of the direct property yield back to approx. 5.4%.

The value of the property decreased slightly in 2011 to EUR 33.0 million.

Weinmeisterstrasse, Berlin

Some fluctuation in the occupancy of the residential area caused a minor volatility in occupancy in 2011. However, the average occupancy rate over the year was at a high level of 99%. For both the office and retail space, the occupancy has remained at 100% throughout the year. Despite rent free time out of prolongation of the retail lease contracts and the fluctuation in the residential occupancy the property performed stable with the direct property yield of 6.0% (2010: 6.0%) and was in line with budget.

The property value increased slightly in 2011 by EUR 0.1 million to EUR 9.5 million.

Wärtsilä, Hamburg

In the second year after completion of the Hamburg property, performance was again excellent. When the Fund entered into this investment, the direct property yield after construction was expected to be in the range of 6.0% - 6.3%. However, as in the year before the average direct property yield for 2011 was 6.8% and thus in line with the budget for the year.

The market value of the property remained stable at EUR 8.7 million.

Walsroder Strasse, Hanover

After signing two more lease agreements at the end of 2010, the office space at Walsroder Strasse was fully let in all through 2011. With rent from the new leases in place by February and summer 2011, the income increased significantly. The average direct property yield increased to 6.2% (coming from 4.5% in 2010) and was 0.8pp above budget.

The market value of the property increased by EUR 0.24 million to EUR 8.14 million.

Consolidated Statement of Comprehensive Income

For the years ended 31 December 2011 and 31 December 2010

'000 Euro	Notes	2011	2010
Rental income		3,676	3,771
Cost of rental activities	4	(497)	(499)
Profit from property operating activities		**3,179**	**3,272**
Administrative expenses	5	(804)	(881)
Fund custodian fees		(51)	(51)
Fund expenses		**(855)**	**(932)**
Other operating income		28	81
Other operating expenses		(41)	(46)
Gross valuation gains on investment properties	9	176	179
Gross valuation losses on investment properties	9	(409)	(873)
Net operating profit before financing		**2,078**	**1,681**
Financial income	6	62	78
Financial expenses	7	(1,975)	(2,010)
Net financing costs		**(1,913)**	**(1,932)**
Profit (loss) before tax		**165**	**(251)**
Income tax charge	8	(15)	15
Profit (loss) for the year		**150**	**(236)**
Net movement on cash flow hedges		241	71
Income tax effect		-	-
		241	**71**
Other comprehensive income for the year, net of tax		**241**	**71**
Total comprehensive income (losses) for the year, net of tax		**391**	**(165)**
Basic and diluted earnings (losses) per share (Euro)	13	0.62	(0.97)

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

As at 31 December 2011 and 31 December 2010

’000 Euro	Notes	2011	2010
Non-current assets			
Investment properties	9	59,305	59,390
Total non-current assets		**59,305**	**59,390**
Current assets			
Trade and other receivables	10	312	389
Cash and cash equivalents	11	1,959	2,427
Total current assets		**2,271**	**2,816**
Total assets		**61,576**	**62,206**
Equity			
Share capital	12a	24,348	24,348
Cash flow hedge reserve	12b	(96)	(337)
Retained earnings		328	178
Total equity		**24,580**	**24,189**
Liabilities			
Non-current liabilities			
Interest bearing loans and borrowings	14	35,160	35,932
Derivative financial instruments	21	-	133
Other non-current liabilities		65	64
Total non-current liabilities		**35,225**	**36,129**
Current liabilities			
Trade and other payables	15	31	452
Interest bearing loans and borrowings	14	801	537
Derivative financial instruments	21	96	204
Other current liabilities	16	843	695
Total current liabilities		**1,771**	**1,888**
Total liabilities		**36,996**	**38,017**
Total equity and liabilities		**61,576**	**62,206**

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the years ended 31 December 2011 and 31 December 2010

'000 Euro	Share Capital	Cash flow hedge reserve	Retained earnings	Total equity
As at 1 January 2010	**24,348**	**(408)**	**414**	**24,354**
Net loss for year	-	-	(236)	**(236)**
Other comprehensive income	-	71	-	**71**
Total comprehensive income	**-**	**71**	**(236)**	**(165)**
As at 31 December 2010	**24,348**	**(337)**	**178**	**24,189**
Net profit for the year	-	-	150	**150**
Other comprehensive income	-	241	-	**241**
Total comprehensive income	**-**	**241**	**150**	**391**
As at 31 December 2011	**24,348**	**(96)**	**328**	**24,580**

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the years ended 31 December 2011 and 31 December 2010

'000 Euro	Notes	2011	2010
Operating activities			
Profit (loss) before tax		**165**	**(251)**
Adjustments for non cash items:			
Value adjustment of investment properties, net	9	233	694
Interest income	6	(62)	(78)
Amortized loan administration fees		27	28
Interest expenses	7	1,947	1,982
Working capital adjustments:			
Decrease in trade and other accounts receivables		84	397
Increase/(decrease) in other non-current liabilities		1	(1)
Increase/(decrease) in trade and other accounts payable		(421)	193
Increase/ (Decrease) in other current liabilities		35	(94)
(Paid)/refunded income tax		(30)	15
Net cash flow from operating activities		**1,979**	**2,885**
Investing activities			
Interest received		62	78
Capital expenditure on investment properties	9	(148)	(873)
Net cash flow from investing activities		**(86)**	**(795)**
Financing activities			
Reimbursement of bank loans	14	(535)	(570)
Interest paid		(1,826)	(1,960)
Net cash flow from financing activities		**(2,361)**	**(2,530)**
Net change in cash and cash equivalents		**(468)**	**(440)**
Cash and cash equivalents at the beginning of the year		**2,427**	**2,867**
Cash and cash equivalents at the end of the year	11	**1,959**	**2,427**

The accompanying notes are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

As at 31 December 2011 and December 2010

1. GENERAL INFORMATION

BPT Hansa Lux SICAV-SIF was incorporated in the Grand Duchy of Luxembourg on 23 October 2006 as a 'société anonyme' under the Luxembourg law on commercial companies dated 10 August 1915; amended and registered as a 'société d'investissement à Capital variable' ("SICAV-SIF") under the related law dated 13th February 2007.

The Articles of Incorporation (the "Articles") have been published on 26 January 2007 in the Memorial C, Recueil des Sociétés et Associations (the "Mémorial"). BPT Hansa Lux SICAV-SIF is registered at the Registre de Commerce, Luxembourg, under number B122.072. The Articles of Association have been amended for the last time on 24 June 2010, published in the Mémorial on 16 August 2010.

BPT Hansa Lux SICAV-SIF is established for a limited period so as to end on 3 May 2023 but may be dissolved prior to this term by a resolution of the shareholders, subject to the quorum and majority requirements for the amendment of the Articles.

The Fund consists of BPT Hansa Lux SICAV-SIF and the subsidiaries disclosed in Note 23 (the "Fund").

BPT Hansa Lux SICAV-SIF is the ultimate parent and controlling entity. The exclusive object of BPT Hansa Lux SICAV-SIF is to invest in securities representing risk capital in order to provide its investors with the benefit of the result of the management of its assets in consideration of the risk with they incur. BPT Hansa Lux SICAV-SIF is offering an opportunity to invest in a diversified real estate investment fund focussing on the Northern German real estate market.

The consolidated financial statements of the Fund for the year ended on 31 December 2011 were authorised for issue in accordance with a resolution of the Board of Directors of 12 April 2012. Those consolidated financial statements will be ratified by the general meeting of shareholders on 2 May 2012.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied unless otherwise stated in the following text.

Basis of preparation
The Fund's consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (the 'IFRS') as adopted for use in the European Union.

The Fund has adopted the following new and amended IFRS and IFRIC interpretations during the year (adoption of these revised standards and interpretations did not have any effect on the financial performance or position of the Fund, they did, however, give rise to additional disclosures, including in some cases revisions to accounting policies):

New and amended standards and interpretations
The accounting policies adopted are consistent with those of the previous financial year, except for the following new and amended IFRS and IFRIC interpretations effective as of 1 January 2011:
- IAS 24 Related Party Disclosures (amendment) effective 1 January 2011
- IAS 32 Financial Instruments: Presentation (amendment) effective 1 February 2010
- Improvements to IFRSs (May 2010)

IAS 24 *Related Party Transactions* (Amendment)

The IASB has issued an amendment to IAS 24 that clarified the definitions of a related party. The new definitions emphasize a symmetrical view on related party relationships as well as clarifying in which circumstances persons and key management personnel affect related party relationships of an entity. Secondly, the amendment introduces an exemption from the general related party disclosure requirements, for transactions with a government and entities that are controlled, jointly controlled or significantly influenced by the same government as the reporting entity. The adoption of the amendment did not have any impact on the financial position or performance of the Fund but the appropriate disclosures are included in Note 18.

Improvements to IFRSs

In May 2010, the Board issued its third omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard. The adoption of the following amendments resulted in changes to accounting policies, but did not have any impact on the financial position or performance of the Fund:

- *IFRS 3 Business Combinations*: The measurement options available for non-controlling interest (NCI) have been amended. Only components of NCI that constitute a present ownership interest that entitles their holder to a proportionate share of the entity's net assets in the event of liquidation shall be measured at either fair value or at the present ownership instruments' proportionate share of the acquiree's identifiable net assets. All other components are to be measured at their acquisition date fair value.
- *The amendments to IFRS 3* are effective for annual periods beginning on or after 1 July 2011. The Fund however adopted these as of 1 January 2011 and changed its accounting policy accordingly.
- *IFRS 7 Financial Instruments – Disclosures*: The amendment was intended to simplify the disclosures provided, by reducing the volume of disclosures around collateral held and improving disclosures by requiring qualitative information to put the quantitative information in context. The Fund reflects the revised disclosure requirements in Note 20.
- *IAS 1 Presentation of Financial Statements*: The amendment provides an option to present an analysis of each component of other comprehensive income maybe either in the statement of changes in equity (SOCIE) or in the notes to the financial statements. The Fund provides this analysis in the SOCIE.

Other amendments resulting from Improvements to IFRSs to the following standards did not have any impact on the accounting policies, financial position or performance of the Fund:

- *IFRS 3 Business Combinations* (Contingent consideration arising from business combination prior to adoption of IFRS 3 (as revised in 2008));
- *IFRS 3 Business Combinations* (Un-replaced and voluntarily replaced share-based payment awards);
- *IAS 27 Consolidated and Separate Financial Statements;*
- *IAS 34 Interim Financial Statements;*
- *IFRIC 13 Customer Loyalty Programmes* (determining the fair value of award credits);
- *IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments;*
- *IAS 32 Financial Instruments*: Presentation (Amendment).

Standards issued but not yet effective

Standards issued but not yet effective up to the date of issuance of the Fund's financial statements are listed below. This listing is of standards and interpretations issued, which the Fund reasonably expects to be applicable at a future date. The Fund intends to adopt those standards when they become effective.

IAS *1 Financial Statement Presentation – Presentation of Items of Other Comprehensive Income*

The amendments to IAS 1 change the grouping of items presented in OCI. Items that could be reclassified (or 'recycled') to profit or loss at a future point in time (for example, upon derecognition or settlement) would be presented separately from items which will never be reclassified. The amendment becomes effective for annual periods beginning on or after 1 July 2012.

IAS 12 *Income Taxes – Recovery of Underlying Assets*

The amendment clarified the determination of deferred tax in investment property measured at fair value. The amendment introduces a rebuttable presumption that deferred tax on investment property measured using the fair value model in IAS 40 should be determined on the basis that its carrying amount will be recovered through sale. Furthermore, it introduces the requirement that deferred tax on non-depreciable assets measured using the revaluation model in IAS 16 should always be measured on the sale basis of the asset. The amendment becomes effective for annual periods beginning on or after 1 January 2012.

IAS 19 *Employee Benefits (Amendment)*

The IASB has issued numerous amendments to IAS 19. These range from fundamental changes like removing the corridor mechanism and the concept of expected returns on plan assets to simple clarifications and rewording. The amendment becomes effective for annual periods beginning on or after 1 January 2013.

IAS 27 (as revised in 2011)

As a consequence of the new IFRS 10 and IFRS 12, what remains in IAS 27 is limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements. The amendment becomes effective for annual periods beginning on or after 1 January 2013.

IAS 28 (as revised in 2011)

As a consequence of the new IFRS 11 and IFRS 12, IAS 28 has been renamed IAS 28 *Investments in Associates and Joint Ventures*, and describes the application of the equity method to investments in joint ventures in addition to associates. The amendment becomes effective for annual periods beginning on or after 1 January 2013.

IFRS 9 *Financial Instruments: Classification and Measurement*

IFRS 9 as issued reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard is effective for annual periods beginning on or after 1 January 2013. In subsequent phases, the IASB will address hedge accounting and impairment of financial assets. The completion of this project is expected over the course of 2011.

IFRS 10 *Consolidated Financial Statements*

IFRS 10 replaces the portion of IAS 27 *Consolidated and Separate Financial Statements* that addresses the accounting for consolidated financial statements. It also includes the issues raised in SIC-12 *Consolidation —Special Purpose Entities*. IFRS 10 establishes a single control model that applies to all entities including 'special purpose entities. The changes introduced by IFRS 10 will require management to exercise significant judgment to determine which entities are controlled, and therefore are required to be consolidated by a parent, compared with the requirements that were in IAS 27. This standard becomes effective for annual periods beginning on or after 1 January 2013.

IFRS 11 *Joint Arrangements*

IFRS 11 replaces IAS 31 *Interests in Joint Ventures* and SIC-13 *Jointly-controlled Entities — Non-monetary Contributions by Venturers*. IFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture must be accounted for using the equity method. This standard becomes effective for annual periods beginning on or after 1 January 2013.

IFRS 12 *Disclosure of Involvement with Other Entities*

IFRS 12 includes all of the disclosures that were previously in IAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 and IAS 28 *Investment in Associates*. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required. This standard becomes effective for annual periods beginning on or after 1 January 2013.

IFRS 13 *Fair Value Measurement*

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance of how to measure fair value under IFRS when fair value is required or permitted. This standard becomes effective for annual periods beginning on or after 1 January 2013.

The significant accounting policies applied by the Fund are as follows:

2a. Presentation currency

The consolidated financial statements have been prepared in Euro (EUR), which is BPT Hansa Lux SICAV-SIF's functional and presentation currency.

Unless stated otherwise, all values are rounded to the nearest thousand of Euro. The consolidated financial statements are presented in thousand of Euro.

2b. Consolidated financial statements

The consolidated financial statements of the Fund include BPT Hansa Lux SICAV-SIF and subsidiaries (Note 23) of which BPT Hansa Lux SICAV-SIF directly or indirectly holds more than 50 percent of the voting rights or otherwise has controlling influence. The equity and net income attributable to non-controlling interests, if any, are shown separately in the consolidated statement of financial position and consolidated statement of comprehensive income.

The consolidated financial statements are prepared on the basis of financial statements of BPT Hansa Lux SICAV-SIF and its subsidiaries by consolidation of financial statements' items of a uniform nature. The financial statements used for consolidation have been prepared applying Fund's accounting policy.

Inter-company balances and transactions, including unrealised profits and losses, are eliminated in consolidation.

Companies acquired or sold during a year are included into the financial statements from the date BPT Hansa Lux SICAV-SIF obtains control to the date control ceases, respectively.

The purchase method is applied in the acquisition of new subsidiaries which qualify as business combination, under which the identifiable assets and liabilities and contingent liabilities of these companies are measured at fair value at the acquisition date. Cost of the acquired company consists of fair value of the paid consideration (cash or own shares). If the final determination of the consideration is conditioned by one or several future events, these are only recognised in cost if the relevant event is likely and the effect in cost can be calculated reliably. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, is recognised in accordance with IAS 39 either in profit or loss or as change to other comprehensive income. If the contingent consideration is classified as equity, it shall not be re-measured until it is finally settled within equity.

When the transaction has not been identified as being a business combination, the transaction has been accounted for an acquisition of individual assets and liabilities where the initial purchase consideration is allocated to the separate assets and liabilities acquired, based on their relative fair values.

Assets are recognised in the consolidated statement of financial position when it is probable that future economic benefits will flow to the Fund and the value of the assets can be measured reliably.

Liabilities are recognised in the consolidated statement of financial position when they are probable and can be measured reliably. On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each financial statement item below.

2c. Foreign currency translation

The functional currency of a subsidiary is determined with reference to the currency of the primary economic environment in which the entity generates and expends cash and raises finance. Transactions in other currencies than the functional currency are transactions in foreign currencies.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions. Monetary assets and liabilities denominated in such currencies are translated at the rate of exchange ruling at the reporting date.

The cumulative effect of exchange differences on cash transactions are classified as realised gains and losses in profit or loss in the period in which they are settled.

2d. Investment properties

Investment properties are real estate properties (land or a building – or part of a building- or both) held (by the owner or by the lessee under a finance lease) to earn rentals or for capital appreciation or both, rather than for the use in the production or supply of goods or services or for administrative purposes; or sale in the ordinary course of business.

Investment property is initially recorded at cost including costs directly resulting from the acquisition such as transfer taxes and legal fees. Costs, adding new or improved qualities to an investment property compared to the date of acquisition, and which thereby improve the future yield of the property, are added to cost as an improvement. Costs, which do not add new or improved qualities to an investment property, are expensed in profit or loss under operating expenses.

Under IAS 40, investment properties are valued to fair value as determined by independent appraisers being the estimated price at which the property could be exchanged at the date of the valuation between knowledgeable, willing parties in an arm's length transaction. Valuations are also undertaken on acquisitions and contributions in kind. Two independent valuators: sbg - value – CIS HypCert - and Dr.-Ing. Egbert Krellmann Grundstücksbewertungen (officially appointed and sworn valuator) have been appointed as appraisers of the Fund for the year 2010 (in 2009 – BulwienGesa Valuation GmbH and Dr.-Ing. Egbert Krellmann Grundstücksbewertungen). Their valuations are prepared in accordance with the Practice Statements and Relevant Guidance Notes of the RICS Appraisal and Valuation and approved by both the International Valuation Standards Committee (IVSC) and by the European Group of Valuers' Association (TEGoVA) and by applying the methodology and valuation guidelines as set out by the Royal Institution of Chartered Surveyors in the United Kingdom and in accordance with IAS 40.

Valuations are prepared using the direct capitalization approach. Under the direct capitalization approach, the income and expenses of one year are stabilised and the net resulting operating income is capitalised at a capitalisation or return rate in proportion to the title to the subject property. Such income capitalisation considers the competitive return resulting from alternative instruments of investment into real estate or other property. This calculation excludes the effects of taxes and disposal costs borne by the seller, and is net of transaction costs normally borne by the purchaser. Depreciation is not provided on investment properties.

The fair value does not necessarily represent the liquidation value of the properties which would be dependent upon the price negotiated at the time net of selling costs. The fair value is largely based on estimates as described above which are inherently subjective.

The yield requirement (discount factor) is determined for each property.

Value adjustments are recognised in profit or loss under the items “Gross valuation gains on investment properties” and “Gross valuation (losses) on investment properties”.

2e. Investment properties under construction

Investment properties under construction are initially measured at cost. Cost comprises all costs directly allocable to the construction process and an appropriate share of overheads.

Until 31 December 2008 and as of that date, the investment properties were stated at costs. Since 1 January 2009, the official policy has been changed, and subsequent to initial recognition, investment properties under construction are stated at fair value. Where fair value of investment property under construction is not reliably measurable, the property is measured at cost until the earlier of the date construction is completed or the date at which fair value becomes reliably measurable.

As of 31 December 2010 and 2011 there were no investments properties under construction due to the projects being completed.

If investment properties under construction are sold, their carrying value is recognised as an expense in the year in which the related revenue is recognised.

2f. Accounts receivable

Receivables are measured at nominal value less allowances for doubtful debts, if any. The management assesses specific provisions on a customer by customer basis throughout the year.

2g. Cash and cash equivalents

Cash includes cash on hand and cash with banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less and that are subject to an insignificant risk of change in value.

2h. Derivative financial instruments

The Fund engages in interest rate swaps mainly for interest rate risk management purposes. Outstanding interest rate swaps are carried in the consolidated statement of financial position at the fair value. Fair value is derived from quoted market prices, or using the discounted cash flow method applying effective interest rate. The estimated fair values of these contracts are reported on a gross basis as financial assets for contracts having a positive fair value; and financial liabilities for contracts with a negative fair value. Contracts executed with the same counterparty under legally enforceable master netting agreements are presented on a net basis.

Gains or losses from changes in the fair value of outstanding interest rate swaps, which are not classified as hedging instruments, are recognised in profit or loss as they arise.

2i. Hedge accounting

The effectiveness of the hedge is assessed by comparing the value of the hedge item with the notional value implicit in the contractual terms of the financial instruments being used in the hedge.

For the purposes of hedge accounting, hedges are classified into two categories: (a) fair value hedges which hedge the exposure to changes in the fair value of a recognised asset or liability; and (b) cash flow hedges which hedge exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a forecasted transaction.

In relation to fair value hedges, which meet the conditions for hedge accounting, any gain or loss from re-measuring the hedging instrument to fair value is recognised immediately in profit or loss.

In relation to cash flow hedges, which meet the conditions for hedge accounting, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised initially in other comprehensive income and the ineffective portion is recognised in profit or loss. The gains or losses on effective cash flow hedges recognised initially in other comprehensive income are either transferred to profit or loss in the year in which the hedged transaction impacts profit or loss or included in the initial measurement of the cost of the related asset or liability.

For hedges, which do not qualify for hedge accounting, any gains or losses arising from changes in the fair value of the hedging instrument are taken directly to profit or loss for the year.

2j. Financial liabilities

Debts to banks and financial institutions are recognised on taking out the loan at the proceeds received less transaction costs incurred. Subsequently, these debts items are measured at amortised cost using the effective interest rate method.

The Fund classifies its financial liabilities as current when they are due to be settled within twelve months after reporting date, even if:

(i) the original term was for a period longer than twelve months; and
(ii) an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting date and before the consolidated financial statements are authorised for issue.

A financial liability is derecognised when the obligation under the liability is discharged or 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 derecognising 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.

Borrowing costs are expensed as incurred.

2k. Other liabilities

Other liabilities, comprising payables to suppliers, guarantee deposits received from tenants and other payables, are measured at amortised cost using the effective interest rate method.

Deferred income is recognised under liabilities and includes received payments for future income.

2l. Financial assets

The Fund recognises financial assets on its consolidated statement of financial position when, and only when, the Fund becomes a party to the contractual provisions of the instrument.

Financial assets in the scope of IAS 39 are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in case of investments not at fair value through profit or loss, directly attributable transaction costs.

The Fund determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year-end.

All “regular way” purchases and sales of financial assets that require delivery within the time frame established by regulation or market convention are recognised at trade date (the date that the Fund commits to purchase or sell the asset), otherwise such transactions are treated as derivatives until the settlement day.

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised where:
(i) the rights to receive cash flows from the asset have expired;
(ii) the Fund has transferred its rights to receive cash flows from the asset, or retained the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a “pass-through” arrangement; and
(iii) the Fund either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

2m. Contingent liabilities

Contingent liabilities are not recognised in the consolidated financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

A contingent asset is not recognised in the consolidated financial statements but disclosed when an inflow or economic benefits is possible.

2n. Subsequent events

Post-reporting date events that provide additional information about the Fund's position at the reporting date (adjusting events) are reflected in the consolidated financial statements. Post-reporting date events that are not adjusting events are disclosed in the notes when material.

2o. Rental income

The Fund leases its buildings to customers under agreements that are classified as operating lease.

Rental income represents rents charged to customers and is recognised on a straight line basis, net of any sales taxes, over the lease period to the first break option.

Expense reimbursement income are recognised on gross basis and included in profit or loss when the company is not acting as agent on behalf of third parties and charging the commissions for the collections. Otherwise, revenue is the commissions.

2p. Expenses recognition

Expenses are accounted for an accrual basis. Expenses are charged to profit or loss, except for those incurred in the acquisition of an investment property which are capitalised as part of the cost of investment and costs incurred to acquire borrowings (Note 2j). Operating expenses comprise costs incurred to earn rental revenue during the financial year to cover operations and maintenance of the own properties.

2q. Administrative expenses

Administrative expenses include costs and expenses which were incurred for the management of the investment properties and the Fund during the year.

2r. Current taxation

The consolidated subsidiaries of the Fund are subject to taxation in the countries in which they operate. Current taxation is provided for at the applicable current rates on the respective taxable profits.

2s. Deferred taxation

Deferred income tax is provided using the liability method on temporary differences at the reporting date between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

i) where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
ii) in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry forward of unused tax credits and unused tax losses can be utilised except:

i) where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor the taxable profit or loss; and
ii) in respect of deductible temporary differences associated with investments in subsidiaries, associates and interest in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax assets to be utilised. Unrecognised deferred income tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when an asset is realised or the liability settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2t. Significant accounting judgments, estimates and assumptions

The preparation of the Fund's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Judgments

The preparation of the Fund's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Classification of investment property

The Fund determines whether a property qualifies as investment property. Investment in property mainly comprises the investment in land and buildings in the form of offices, commercial warehouse, retail for residential properties which are not occupied substantially for use by, or in the operations of, the Fund, nor for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation by leasing to third parties under long term operating leases.

Operating lease contracts – Fund as lessor

Leases in which substantially all risks and rewards of ownership are retained by another party, the lessor, are classified as operating leases. Payments, including prepayments, made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight line basis over the period of the lease.

Deferred tax

The Fund is subject to income and capital gains taxes in numerous jurisdictions. Significant judgment is required in determining the total provision for income and deferred taxes. There are many transactions and calculations for which the ultimate tax determination and timing of payment is uncertain during the ordinary course of business. In particular, the effective tax rate applicable on the temporary differences on investment properties depends on the way and timing the investment property will be disposed of. The Fund recognises liabilities for anticipated tax issues 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 and deferred tax provisions in the year in which the determination is made.

Estimates and assumptions

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Revaluation of investment properties

The Fund carries its investment properties at fair value, with changes in fair value being recognised in profit or loss. The Fund engaged two independent valuation specialists to determine fair value as at 31 December 2011. The valuators used a valuation technique based on a direct capitalization approach as there is a lack of comparable market data because of the nature of the property. The determined fair value of the investment properties is the most sensitive to the estimated yield. The key assumptions used to determine the fair value of the investment property, are further explained in Note 9.

Investment properties under construction

Since 1 January 2009, the investment properties under construction are measured at fair value. Such measurement involves significant judgement, and, where the fair value of investment property under construction is not reliably measurable, the property is measured at cost until the earlier of the date construction is completed or the date at which fair value becomes reliably measurable.

Until 31 December 2008 and as of that date the investment properties under construction were stated at cost.

In 2009 the investment properties were completed and there were no investment properties under construction as of 31 December 2010 and 2011.

The Fund, however, expects no impact from the adoption of the amendments on its financial position or performance.

3. THE FUND RISK MANAGEMENT POLICY

3a. Risk relating to investment in real estate

Investment in real estate is subject to varying degrees of risk. The main factors which affect value of investment include:

(i) changes in the general economic climate;
(ii) conditions in the market in which invested real estate operate;
(iii) government regulations and taxation;
(iv) availability of investment opportunities in real estate.

To address these risks the Fund is subject to the following investment restrictions that is described in more detail in the Fund's PPM:

(i) None of the shareholders is allowed to hold directly or indirectly more than 25% of the shares of the Fund;
(ii) In any case, no investor may hold less than EUR 125,000 of subscribed capital in the Fund;
(iii) Following the investment period no more than 15% of the final Fund's GAV will be invested in any single real estate property. Also the ten largest investments may not be more than 50% of the final Fund's GAV. The Fund will not invest more than 30% of its NAV in a real estate company.

3b. Credit risk

The Fund's procedures are in force to ensure on a permanent basis that properties are leased to customers with an appropriate credit history and do not exceed an acceptable credit exposure limit. Major acquisition and project finance credit risks are minimised by sharing these risks with banks and insurance companies. Credit risks related to the placement of liquid funds and to trading in financial instruments (counterparty credit risks) are minimised by making agreements only with the most reputable domestic and international banks and financial institutions.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, if any, in the consolidated statement of financial position. Consequently, the Fund considers that its maximum exposure is reflected by the amount of trade receivables, net of allowance for doubtful accounts recognised at the reporting date.

There are no significant concentrations of credit risk within the Fund.

3c. Interest rate risk

The Fund is exposed to interest rate risk primarily through market value changes to the net debt portfolio (price risk) and also through changes in interest rates. Fluctuations in interest rates affect the interest expense. As the Fund's income is not directly correlated with the level of interest rates, there is the risk management policy to synchronize the interest cost with the earnings and to hedge the long-term loans to a fixed rate for their whole life. This converts floating rate liabilities to fixed rate liabilities. In order to achieve this, the Fund either takes fixed rate loans or swaps floating for fixed interest payments (Note 20b).

At 31 December 2011 and 2010, after taking into account the effect of interest rate swaps, 100% of the Fund's borrowings are at fixed interest rate.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of Fund's equity (through the impact on interest rate swap values). There is no impact on the Fund's profit before tax.

	2011	**2010**
'000 Euro	**Effect on equity**	**Effect on equity**
Increase in basis points, +100	15	92
Decrease in basis points, -100	(15)	(92)

3d. Liquidity risk

The investments made by the Fund will be illiquid in nature. The ability of the Fund to liquidate its investments at attractive prices at appropriate times will depend on a number of factors that may be outside of the control of the management. The Fund's management reviews the liquidity of the assets held within the Fund based on current market conditions on a regular basis.

The Fund's objectives are to maintain a balance between continuity of funding and flexibility through the use of bank loans. 2.2% of Fund's borrowings will mature in less than one year at 31 December 2011 (2010: 1.5%) based on the carrying value of borrowings reflected in the consolidated financial statements. The table below summarises the maturity profile of Fund's financial liabilities at 31 December 2011 and 2010.

'000 Euro	On demand	Less than 1 year	1-5 years	>5 years	Total
Year ended 31 December 2011					
Interest bearing loans and borrowings*	-	2,714	17,584	28,142	**48,440**
Trade and other payables	-	31	-	-	**31**
Other liabilities	-	266	65	-	**331**
Total current and non-current	**-**	**3,011**	**17,649**	**28,142**	**48,802**
Year ended 31 December 2010					
Interest bearing loans and borrowings*	-	2,694	17,979	30,143	**50,816**
Trade and other payables	-	452	-	-	**452**
Other liabilities	-	171	64	-	**235**
Total current and non-current	**-**	**3,317**	**18,043**	**30,143**	**51,503**

* Includes interest expense for the same period.

3e. Foreign exchange risk

The Fund holds assets denominated in the Euro, its functional currency. The Fund is therefore has no risk from movements in exchange rates of other currencies against Euro.

3f. Capital management

The Fund monitors capital using gearing ratio, which is borrowing divided by total paid in capital plus borrowings. The Fund's target gearing ratio is maximum 70% that should be reached when the Fund is fully invested.

'000 Euro	2011	2010
Interest bearing loans and borrowings	35,961	36,469
Total borrowings	**35,961**	**36,469**
Total paid in capital	24,348	24,348
Total borrowings and paid in capital	**60,309**	**60,817**
Gearing ratio	**59.6%**	**60.0%**

4. COST OF RENTAL ACTIVITIES

’000 Euro	2011	2010
Real estate taxes	210	212
Utilities	76	89
Property management expenses	79	82
Repair and maintenance	70	50
Property insurance	47	48
Other costs	15	18
Total cost of rental activities	**497**	**499**

In 2011, EUR 225 thousand of total rental activities costs were recharged to the tenants (2010: EUR 203 thousand). The recharged amount is included in the rental income balance.

5. ADMINISTRATIVE EXPENSES

’000 Euro	2011	2010
Management fee	445	445
External consultant expenses	233	273
Board fees and other Board related expenses	121	155
Other	5	8
Total	**804**	**881**

BPT Asset Management is entitled to a base management fee equivalent to a percentage of the value of the Fund’s investment in real estate. A quarterly management fee is based on the investment properties GAV at the end of each calendar quarter and charged 0.75% of the GAV per annum of the real estate portfolio.

6. FINANCIAL INCOME

Financial income in 2011 amounts to EUR 62 thousand (2010: EUR 78 thousand) and represents interest income that was earned mainly on loan notes and cash balances on current bank accounts.

7. FINANCIAL EXPENSES

Financial expenses in 2011 amount to EUR 1,975 thousand (2010: EUR 2,010 thousand) and represent interest expenses mainly related to liabilities to banks (Note 14).

8. INCOME TAX

BPT Hansa Lux SICAV-SIF is subject to an income tax (corporate income tax and municipal business tax) at the global rate of 29.63% (2010: 29.63%). However, BPT Hansa Lux SICAV-SIF can exempt from its tax base all investment income or capital gains attributable to securities.

Real estate revenues, or capital gains derived from real estate are subject to taxes by assessment in the countries where real estate is situated. The Fund's subsidiaries depreciate their historical property cost in accordance with applicable tax regulations. Depreciation is deducted from taxable profits in determining current taxable income.

The major components of income tax for the years ended 31 December 2011 and 2010 are:

'000 Euro	2011	2010
Consolidated statement of comprehensive income		
Current income tax:		
Tax on taxable income for the year	15	(15)
Adjustment of deferred tax for the year	-	-
Income tax expense reported in the statement of comprehensive income	**15**	**(15)**

Deferred income tax as at 31 December 2011 and 2010 relates to following:

	Consolidated statement of financial position		Consolidated statement of comprehensive income	
'000 Euro	**2011**	**2010**	**2011**	**2010**
Deferred tax liability				
Revaluation of investment properties to fair value	(387)	(280)	(107)	(106)
	(387)	**(280)**	**(107)**	**(106)**
Deferred tax assets				
Tax losses brought forward	387	280	107	106
	387	**280**	**107**	**106**
Deferred income tax expenses/(income)				
Deferred income tax liability, net	**-**	**-**	**-**	**-**
Reflected in the statement of financial position as follows:				
Deferred tax assets	387	280		
Deferred tax liability	(387)	(280)		
Deferred income tax liability, net	**-**	**-**		

The Fund has offset the deferred tax asset and liability, as the Fund has a legally enforceable right to set off current tax assets against current tax liabilities of Fund's property entities.

The tax losses incurred by German entities were recognised to the extent it can be utilised in near future e.g. up to the amount of deferred tax liabilities as at 31 December 2011. The unrecognised tax losses at 31 December 2011 amounted to EUR 627 thousand (2010: EUR 391 thousand).

The reconciliation between tax expense and accounting profit for the years ended 31 December 2011 and 2010 is as follows:

'000 Euro	2011	2010
Profit before income tax	**165**	**(251)**
At weighted average statutory tax rate	(12)	(64)
Non deductible expenses	38	14
Non –taxable income	(37)	50
Adjustments related to previous year	(4)	15
Total income tax expenses	**(15)**	**15**

Summary of taxation rates by country is presented below:

	2011	2010
Germany	15.825%	15.825%
Luxembourg	29.63%	29.63%

The subsidiaries in Germany are not subject to the German income tax. BPT Hansa Lux SICAV-SIF is the limited tax payer in Germany on the income received from its partnership interest held in the subsidiaries at a tax rate of 15.825%.

9. INVESTMENT PROPERTY

Investment property represents buildings, which are rented out under lease contracts.

The fair value of the investment properties was jointly appraised by two independent valuators (sbg - value – CIS HypCert - and Dr.-Ing. Egbert Krellmann – officially appointed and sworn expert), same as in 2010,, in accordance with the Practice Statements and Relevant Guidance Notes of the RICS Appraisal and Valuation and approved by both the International Valuation Standards Committee (IVSC) and by the European Group of Valuers' Association (TEGoVA). In accordance with that basis, the market value is an estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

The appraisers derive the fair value by applying the methodology and valuation guidelines as set out by the Royal Institution of Chartered Surveyors in the United Kingdom and in accordance with IAS 40.

According to the PPM, properties will be assessed at least annually by an independent real estate appraiser.

'000 Euro	2011	2010
Cost		
Balance at 1 January	59,247	58,374
Additions (subsequent expenditure)	148	873
Cost at 31 December	**59,395**	**59,247**
Fair valuations		
Balance at 1 January	143	837
Net revaluation gain (loss)	(233)	(694)
Fair valuations at 31 December	**(90)**	**143**
Carrying amount at 31 December	**59,305**	**59,390**

Yields used by the appraiser to value the investment properties as at 31 December 2011 were between 5.54% and 6.74% (2010: between 5.57% and 6.74%).

10. TRADE AND OTHER RECEIVABLES

'000 Euro	2011	2010
Trade receivable, gross	89	253
Less allowance for doubtful receivables	-	-
Accounts receivables from limited partners	142	91
Prepaid expenses	49	21
Accrued income	21	-
Other accounts receivables	11	24
Total	**312**	**389**

Trade receivables are non-interest bearing and are generally on 30 days' terms.

As at 31 December and for the year then ended, the impairment allowances for doubtful receivables were as follows:

'000 Euro	2011	2010
Balance at 1 January	-	196
Charge for the year	-	-
Amount written off	-	(196)
Balance at 31 December	**-**	**-**

As at 31 December, the ageing analysis of trade receivables that were past due but not impaired is as follows:

		Neither past due	Past due but not impaired				
'000 Euro	Total	nor impaired	<30 days	30-60 days	60-90 days	90-120 days	>120 days
2011	312	212	91	9	-	-	-
2010	389	204	130	12	-	34	9

11. CASH AND CASH EQUIVALENTS

'000 Euro	2011	2010
Cash at banks and on hand	1,959	2,427
Total cash	**1,959**	**2,427**

For the purpose of the consolidated cash flow statement, cash and cash equivalents consist of cash and cash equivalents net of outstanding bank overdrafts. As at 31 December 2011 and 31 December 2010, the Fund had no outstanding bank overdrafts.

12. EQUITY

12a. Subscribed capital

As at 31 December 2011 and 2010, the subscribed capital of BPT Hansa Lux SICAV-SIF is represented by 243,484 ordinary shares with a par value of EUR 100 each, fully paid-in. On May 29 2008 the Board of Directors agreed to convert the convertible bonds of EUR 4,000 thousand held by Aage V. Jensen Charity Foundation into shares of the Fund to be operated on identical terms as the conversion that took place on 31 December 2007. During the year 2008, the authorised share capital was increased by EUR 2,500 thousand by issuing 25,006 ordinary shares.

Ordinary shares issued and fully paid:

	Number of shares	Amount, in Euro
As at 1 January 2010	**243,484**	**24,347,800**
Movement	-	-
As at 31 December 2010	**243,484**	**24,347,800**
Movement	-	-
As at 31 December 2011	**243,484**	**24,347,800**

12b. Cash flow hedge valuation reserve

This reserve represents the fair value of the effective part of the derivative financial instruments (interest rate swaps), used by the Fund to secure the cash flows from interest rate risk, at the reporting date.

'000 Euro	2011	2010
Balance at the beginning of the year	**(337)**	**(408)**
Movement in fair value of existing hedges	241	71
Net variation during the year	**241**	**71**
Balance at the end of the year	**(96)**	**(337)**

13. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing the net profit for the year attributable to ordinary shareholders, by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share are calculated by dividing the net profit for the year attributable to ordinary shareholders by the total number of ordinary shares committed to existing shareholders. As at December 31, 2011 and 2010 ordinary shares committed to existing shareholders equal the ordinary shares outstanding as that day.

For the period ended December 31	2011	2010
Earnings/(losses) per period (Euro)		
Basic and diluted	150,376	(235,779)
Weighted average number of ordinary shares during the period		
Basic and diluted	243,484	243,484
Earnings/(losses) per share (Euro)		
Basic and diluted	0.62	(0.97)

14. INTEREST BEARING LOANS AND BORROWINGS

All Fund's debts to banks are denominated in EUR.

'000 Euro	Maturity	Effective interest rate	2011	2010
Non-current borrowings				
Sparkasse Hannover	Oct 2016	4.77%	5,605	5,730
Eurohypo AG	Dec 2017	5.35%	5,860	5,954
Berlin-Hannoversche Hypothekenbank	Jun 2019	5.32%	18,783	18,997
Berlin-Hannoversche Hypothekenbank	Jun 2023	5.97%	5,898	6,000
Less capitalised loan arrangement and legal fees			(185)	(212)
Less current portion			(801)	(537)
Total non-current debt			**35,160**	**35,932**
Current portion of non-current borrowings				
Current portion of non-current borrowings			801	537
Total current debt			**801**	**537**
Total			**35,961**	**36,469**

The fair values of borrowings bearing variable interest rates are approximate their carrying value. Changes in fair value of fixed interest rate loans are disclosed in Note 20a.

For the maturity of the borrowings see Note 3d.

For the borrowings received, the Fund pledged the following:

- Assignment of land charge for properties located at:
  - Walsroderstrasse 93/93a, Hannover, Germany with the carrying value totalling to EUR 7,391 thousand.
  - Weinmeisterstrasse 12-14, Berlin, Germany with the carrying value totalling to EUR 6,510 thousand.
  - Lansstrasse 2, 14195 Berlin-Dahlem, Germany with the carrying value totalling to EUR 19,500 thousand.
  - Schlenzigstrasse 8, D-21107 Hamburg, Germany with the carrying value totalling to EUR 6,000 thousand.
- Rights and claims of existing and future rent receivables from lease agreements of investment properties located at Walsroderstrasse 93/93a, Hannover, Germany; Weinmeisterstrasse 12-14, Berlin, Germany; Lansstrasse 2, 14195 Berlin-Dahlem, Germany and Schlenzigstrasse 8, D-21107 Hamburg, Germany.
- Assignment of all rights and claims arising from the following guarantee agreements:
  - Between the BPT2 GmbH & Co. KG and Kommunalprojekt privatepublic-partnership GmbH, Brigachtal for the rights and claims out of the leasehold rent difference guarantee contract and the first letting guarantee contract.
  - Between the BPT2 GmbH & Co. KG and Kirchner Hoch- und Tiefbau GmbH for the rights and claims out of the general contractor's agreement for the amount of EUR 300 thousand.
  - Between the BPT 3 GmbH & Co. Vermögensverwaltung KG and bauwo Grundstücks AG for the rights and claims arising out of the general contractor's agreement.
- Pledge of all claims arising from the derivative instrument.

15. TRADE AND OTHER PAYABLES

'000 Euro	2011	2010
Trade payables	31	86
Other payables	-	366
Total trade and other payables	**31**	**452**

In 2010 the other payables of EUR 366 thousand are related to BPT2 GmbH & Co. KG prepaid lease guarantee for 2011.

Terms and conditions of trade and other payables:

- Trade payables are non-interest bearing and are normally settled on 30-day terms.
- Other payables are non-interest bearing and have an average term of 3 months.

16. OTHER CURRENT LIABILITIES

'000 Euro	2011	2010
Accrued payables for construction works	266	171
Accrued audit and accounting fees	107	106
Accrued financial expenses	227	105
Accrued directors fees and related taxes	18	64
Other accrued payables	139	157
Other current liabilities	86	92
Total other current liabilities	**843**	**695**

17. COMMITMENTS AND CONTINGENCIES

17a. Operating leases commitments – Fund as a lessor

The Fund leases real estate under operating leases. The terms of the leases are in line with normal practises in each market. Leases are reviewed or subject to automatic inflationary adjustments as appropriate.

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

Lease payments receivable from non-cancellable lease are shown below. For the purposes of this schedule it is conservatively assumed that a lease expires on the date of the first break option.

'000 Euro	2011 Amount receivable	%	2010 Amount receivable	%
Year of expiry or first break option:				
Within 1 year	67	23%	28	9%
Between 2 and 5 years	44	15%	113	38%
5 years and more	185	62%	160	53%
Total	**296**	**100%**	**301**	**100%**

17b. Litigation

As at 31 December 2011 and 2010, the Fund had no pending legal actions.

18. RELATED PARTIES

During the year, the Fund entered into transactions with related parties. Those transactions and related balances are presented below. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

BPT Asset Management A/S

The Fund has entered into investment advisory agreement with BPT Asset Management A/S. Under the terms of the agreement, BPT Asset Management A/S group companies carry out asset manager's functions on behalf of the Fund and the Fund is paying management fees respectively (Note 5). In 2011 and 2010 a quarterly management fee was based on the investment properties GAV at the end of each calendar quarter and charged 0.75% of the GAV per annum of the real estate portfolio.

In addition, internal costs borne by BPT Asset Management A/S group related to the acquisition of properties are remunerated with an acquisition fee of 0.3% of the investment value of each acquisition made. In 2011 and 2010 there were no acquisitions of properties and respectively no acquisition fee paid.

The following table provides the total amount of the transactions, which have been entered into with related parties for the relevant financial year:

'000 Euro	2011	2010
BPT Asset Management A/S		
Property management fees	(21)	(23)
Management fees	(445)	(445)
Payables	-	-

Entities having control or significant influence over the Fund

The shareholders owning more than 5% of the ordinary shares as of 31 December 2011:

	Number of shares	%
Danske Capital, Sampo Bank Plc Clients	132,376	54.4%
Aage V. Jensen Charity Foundation	40,000	16.4%
Danske Capital Copenhagen	23,069	9.5%
BPT Asset Management A/S	16,510	6.8%

19. REMUNERATION OF THE MANAGEMENT AND OTHER PAYMENTS

The Fund's management (Board of Directors) remuneration amounted to EUR 82 thousand in 2011 (2010: EUR 96 thousand). In 2011 and 2010 the management of the Fund did not receive any loans or guarantees; no other payments or property transfers were made or accrued.

20. FINANCIAL INSTRUMENTS

20a. Fair values

Set out below is a comparison by category of carrying amount and fair values of all of the Fund's financial instruments carried in the consolidated financial statements:

	Carrying amount		Fair value	
'000 Euro	**2011**	**2010**	**2011**	**2010**
Financial assets				
Cash and cash equivalents	1,959	2,427	1,959	2,427
Financial liabilities				
Debts to banks	36,146	36,681	41,109	39,789
Derivative financial instruments	96	337	96	337

The fair value of derivatives and borrowings has been calculated by discounting the expected future cash flows at prevailing interest rates as no market quotations are available for these instruments.

The following table shows an analysis of the fair values of financial instruments recognised in the balance sheet by the level of the fair value hierarchy:

Year ended 31 December 2011

'000 Euro	Level* 1	Level* 2	Level* 3	Total fair value
Financial assets				
Cash and cash equivalents	-	1,959	-	**1,959**
Financial liabilities				
Debts to banks	-	41,109	-	**41,109**
Hedging instruments	-	96	-	**96**

Year ended 31 December 2010

'000 Euro	Level* 1	Level* 2	Level* 3	Total fair value
Financial assets				
Cash and cash equivalents	-	2,427	-	**2,427**
Financial liabilities				
Debts to banks	-	39,789	-	**39,789**
Hedging instruments	-	337	-	**337**

* Explanation of the fair value hierarchy:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 – use of a model with inputs (other than quoted prices included in level 1) that are directly or indirectly observable market data;
- Level 3 – use of a model with inputs that are not based on observable market data.

The fair value of derivatives has been calculated by discounting the expected future cash flows at prevailing interest rates, as no market quotations are available for these instruments. The fair value of borrowings approximates to the carrying value disclosed in the consolidated statement of financial position.

20b. Interest rate risk

The following table sets out the carrying amount by maturity, of the Fund's financial instruments that are exposed to interest rate risk:

Year ended 31 December 2011

'000 Euro	Less than 1 year	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years	Total
Fixed rate							
Bank loan	(132)	(137)	(145)	(152)	(5,039)	-	(5,605)
Bank loan	(100)	(104)	(111)	(117)	(123)	(5,305)	(5,860)
Interest rate swap	100	104	111	117	123	5,305	5,860
Bank loan	(439)	(463)	(488)	(514)	(543)	(16,336)	(18,783)
Bank loan	(130)	(138)	(146)	(155)	(164)	(5,165)	(6,898)

Year ended 31 December 2010

'000 Euro	Less than 1 year	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years	Total
Fixed rate							
Bank loan	(125)	(132)	(138)	(145)	(152)	(5,038)	(5,730)
Bank loan	(94)	(99)	(105)	(111)	(117)	(5,428)	(5,954)
Interest rate swap	94	99	105	111	117	5,428	5,954
Bank loan	(214)	(663)	(475)	(501)	(528)	(16,616)	(18,997)
Bank loan	(102)	(130)	(138)	(146)	(155)	(5,329)	(6,000)

Interest on financial instruments classified as floating rate is reprised at intervals of less than one year. Interest on financial instruments classified as fixed rate is fixed until the maturity of the instrument. The other financial instruments of the Fund that are not included in the above tables are non-interest bearing and are therefore not subject to interest rate risk.

21. DERIVATIVE FINANCIAL INSTRUMENTS

The Fund entered into an interest rate swap agreement ('IRS') with Eurohypo AG. The purpose of IRS is to hedge the interest rate risk arising from interest rate fluctuations on the non-current bank loan, as Fund's policy is to have fixed interest expenses.

On 19 July 2007, BPT1 GmbH & Co. Vermögensverwaltung KG signed the IRS contract of EUR 6 million with Eurohypo AG. The maturity of the IRS is 28 September 2012. The hedge accounting start date coincides with the date of Eurohypo AG loan full disbursement. The loan was fully disbursed on 31 December 2007. The IRS contract is designated as effective cash flow hedge instrument, thus changes in the fair value are accounted for in a separate equity reserve (Note 12b). As at 31 December 2011 the fair value of minus EUR 96 thousand (2010: minus EUR 337 thousand) was determined by the independent valuator Markit Group Limited.

22. SUBSEQUENT EVENTS

On 22 February 2012, BPT1 GmbH & Co. Vermögensverwaltung KG signed a forward IRS contract with a notional amount of EUR 5.8 million with Eurohypo AG which will be effective as of 28 September 2012.

There were no post-balance-sheet events except disclosed.

23. LIST OF CONSOLIDATED COMPANIES

Subsidiaries included in the consolidated financial statements

Company name	**Registered office**	**Registration Number**	**Date of Acquisition**	**Activity**	**Share capital**
BPT Hansa S.à r.l.	20, Boulevard Emmanuel Servais, L-2535 Luxembourg	B-120 957	13 November 2007	Financing company	100%
BPT GmbH & Co. Vermögensverwaltung KG	Weinmeisterstr. 12 – 14 10178 Berlin, Germany	HRA 42461 B	10 November 2006	Asset holding company	100% (directly 93.82%, indirectly 6.18%)
BPT GmbH	Weinmeisterstr. 12 – 14 10178 Berlin, Germany	HRB 110698 B	10 November 2006	General partner	100%
BPT1 GmbH & Co. Vermögensverwaltung KG	Weinmeisterstr. 12 – 14 10178 Berlin, Germany	HRA 41318 B	20 November 2007	Asset holding company	100% (directly 94%, indirectly 6%)
BPT1 GmbH	Weinmeisterstr. 12 – 14 10178 Berlin, Germany	HRB 113832 B	20 November 2007	General partner	100%
BPT2 GmbH & Co. KG	Weinmeisterstr.12-14, 10178 Berlin, Germany	HRA 44328 B	28 July 2007	Asset holding company	100% (directly 94%, indirectly 6%)
BPT 2 GmbH	Weinmeisterstr.12-14, 10178 Berlin, Germany	HRB 126293 B	28 July 2007	General partner	100%
BPT3 GmbH & Co. Vermögensverwaltung KG	Weinmeisterstr. 12-14 10178 Berlin, Germany	HRA 42479 B	4 June 2008	Asset holding company	100% (directly 94%, indirectly 6%)
BPT3 GmbH	Weinmeisterstr. 12-14 10178 Berlin, Germany	HRB 116714 B	4 June 2008	General partner	100%

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