BPT HANSA LUX SICAV-SIF
Société d’Investissement à Capital Variable

CONSOLIDATED FINANCIAL STATEMENTS

AND

INDEPENDENT AUDITOR’S REPORT

AS AT 31 DECEMBER 2021

GENERAL INFORMATION

Business name	BPT Hansa Lux SICAV-SIF (the "Fund") Registered alternative investment fund manager ("AIFM")
Beginning of financial year	1 January 2021
End of financial year	31 December 2021
Investment Manager	Northern Horizon Capital A/S Christian IX's Gade 2, 2nd floor, DK-1111 Copenhagen K, Denmark
Custodian and Paying Agent	Banque de Luxembourg S.A. (the "BdL") 14, Boulevard Royal L-2449 Luxembourg
Fund Administrator, Domiciliary, Registrar and Transfer agent	European Fund Administration S.A. (the "EFA") 2, rue d'Alsace, P.O. Box 1725, L-1017 Luxembourg
Type of Fund	Non-public closed-ended real estate fund
Style of Fund	Core plus/ Value added
Status of Fund	Closed for new subscriptions
Market segment	Offices
Life time	Finite (3 May 2023)
Address of the Fund	2, Rue d'Alsace, L-1122 Luxembourg, Grand Duchy of Luxembourg
Fund manager	Sebastian Russ
Board of Directors	Alain Heinz, Chairman (Luxembourg) Dr. Lars Christian Ohnemus (Denmark) Rüdiger Kimpel (Luxembourg)
Phone	+49 171 5517870
Independent auditor	Ernst & Young S.A. 35 E, Avenue John Kennedy, L-1855, Kirchberg, Luxembourg
Property valuators	Bulwiengesa appraisal GmbH Eschersheimer Landstrasse 10 D-60322 Frankfurt am Main

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DEFINITIONS OF KEY TERMS AND ABBREVIATIONS

CSSF	Luxembourg financial supervisory authority ("Commission de Surveillance du Secteur Financier")
Fund or Group	BPT Hansa Lux SICAV-SIF
Board/Board of Directors	Board of directors of the Fund
IFRS	International Financial Reporting Standards
INREV	European Association for Investors in Non-listed Real Estate Vehicles
INREV NAV	NAV, adjusted to comply with INREV guidelines
Investor(s)	Well-informed investors defined in Article 2 (1) of the SIF Law shall be any institutional investor, a professional investor or any other investor who a) has confirmed in writing that he adheres to the status of well-informed Investor, and b) (ii) invests a minimum of EUR 125,000 in the Fund, or (ii) has obtained an assessment made by a credit institution within the meaning of Directive 2006/48/EC, by an investment firm within the meaning of Directive 2004/39/EC or by a management company within the meaning of Directive 2001/107/EC certifying his expertise, his experience and his knowledge in adequately appraising an investment in the specialised investment fund
GAV	The gross asset value meaning the aggregate of the market value of investments
INREV GAV	IFRS GAV, adjusted to comply with INREV guidelines
Investment Manager	Northern Horizon Capital A/S, registered address at Christian IX's Gade 2, 2nd floor, DK-1111 Copenhagen K, Denmark acting through its wholly owned subsidiary Northern Horizon Capital GmbH, registered address at Jägerstraße 58-60, D-10177 Berlin, Germany
Leverage	Debt financing of the Fund, corresponding to maximum 70% of GAV
NAV	Net asset value for the Fund determined in compliance with IFRS
NAV per share	NAV divided by the amount of shares in the Fund at the moment of determination
NOI	Net operating income
Direct Property Yield	NOI divided by the total acquisition price including acquisition fees and incurred capital expenditures
PPM	Fund's Private Placement Memorandum dated 29 June 2012
Return on Equity	Ratio between Return and Average Total Equity for the relevant period expressed as a percentage
SPA	Sales and purchase agreement
Valuation Day	31 December each year

MANAGEMENT STATEMENT

Today the Board of Directors have reviewed and approved the 2021 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 31 December 2021 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.

19 May 2022

Board of Directors

Alain Heinz (Chairman) ____________________

Dr. Lars Ohnemus ____________________

Rüdiger Kimpel ____________________

MANAGEMENT REPORT

BPT Hansa Lux SICAV-SIF (“the Fund” or “BPT Hansa”) is a direct real estate fund investing in commercial properties in Northern Germany, mainly Berlin. The fund is designed for institutional Investors, German and international, and should be seen as a long-term investment product. The financial objective of the Fund, when fully invested, is to provide its Investors with consistent and above average risk-adjusted return by acquiring high quality cash flows generating commercial properties with potential for adding value through active management, thereby creating a stable income stream of high yielding income combined with capital gains at exit. The strategy of the Fund did not change since the year-end 2013, despite the fact that the fund size of EUR 300 million has not been reached.

Northern Horizon Capital A/S has been appointed by the Board and the Shareholders as an investment adviser and manager of the investments of the Fund (the „Investment Manager“). The Investment Manager acts as adviser for the Fund and manages the investments of the Fund in relation to its investment practices. The Investment Manager has not been granted any discretionary investment powers over the assets of the Fund. The advice relates to the placement of funds and respects the overall investment policies, risk profile, purpose and investment-related restrictions determined by the PPM.

The Investment Manager has a clear focus on corporate governance and high ethical standards and as well an internal compliance management to ensure that all Investors are treated fairly and equally. The Investment Manager follows the INREV guidelines for corporate governance and it is a longstanding principle of the Investment Manager that all its funds are transparent and that communication to Investors is accurate, direct and timely. The requirements for good corporate governance in relation to the composition of the board of directors for each fund are also adhered to, ensuring an independent and competent Board of Directors.

Investors participate in management of the Fund through General Meetings. Any regularly constituted meeting of the Shareholders of the Fund shall represent the entire body of its Shareholders. It shall have the broadest power to order, carry out or ratify acts relating to the operations of the Fund. The general meeting of Shareholders shall meet upon call by the Board. It may also be called upon the request of Shareholders representing at least 5% of the share capital. Notice of the General Meeting is given at least 8 days in prior to the meeting to their addresses as recorded in the register of Shareholders. Every Share carries one (1) vote at general meetings of Shareholders.

The Board of Directors consists of a minimum of three and a maximum of five members. Currently, the Board of Directors consists of three members with broad international experience (profiles and CV’s of the Directors are available upon request). Any director may be removed with or without cause or be replaced at any time by resolution adopted by the general meeting.

The Fund has appointed European Fund Administration as its administrator (the “Administrator“). In this capacity, the Administrator is responsible for the computation of the NAV per Shares, the maintenance of records and other general administrative functions as set forth under Luxembourg law. Furthermore, the administrator shall also verify that all Investors comply at all times with the status of Well-Informed Investors pursuant to article 2 of the SIF Law. European Fund Administration also acts as domiciliary, registrar and transfer agent.

The real estate property valuation policies of the Fund are determined by the Board based on market practice. Real estate properties are assessed at least annually by independent real estate appraisers (the ”Appraisers“) appointed from time to time by the Board. The Appraisers are selected from professionals or companies who are licensed and who operate in the geographical area where any relevant real estate properties are located. If the Appraisers do not reach an agreement and both opinions are credible, the Board will rely on the value that the Fund is most likely to realise from the property in a normal sale. At the end of 2021, Fund properties were valued externally by independent valuator - bulwiengesa appraisal GmbH. The market value according to the independent valuation of the property Berlin amounted to EUR 22,400. In line with the Group accounting policy, management adjusted the market value determined by the independent valuer by an additional adjustment amounting to EURk 1,950 to better reflect the property current condition and capital expenditure requirement.

Each potential acquisition opportunity is subject to extensive commercial, legal, technical and financial/tax due-diligence performed by the Investment Manager in cooperation with reputable local and international advisers. The auditor of the Fund is Ernst & Young S.A. Luxembourg.

Since 2008, the Fund activities are monitored on a regular basis by the CSSF, the Fund administrative agent (also domiciliary, registrar and transfer agent) European Fund Administration (the "EFA", registered address at 2 Rue d'Alsace, L-1122 Luxembourg) and Fund custodian and paying agent Banque de Luxembourg (the "BdL", registered address at 14 boulevard Royal, L-2449 Luxembourg). As from 16 August 2013, the CSSF has registered the Fund as alternative investment fund manager ("AIFM") in Luxembourg under the Luxembourg Law of 12 July 2013 on alternative investment fund managers and the European Union Directive on Alternative Investment Fund Managers ("AIFMD").
In addition, Investment Manager has assessed the level of compliance with INREV's reporting, NAV, and the fee and expense metrics modules. The results of such self-assessment are summarised below:

Table 1: Statement of level of adoption of INREV Guidelines

INREV module	Guidelines	Level of adoption or compliance
1	Corporate Governance	The Investment Manager has considered the compliance with the INREV corporate governance module. The intended framework complies with the INREV corporate best practices. The vehicle assessed at the end of the financial year that it is currently following its intended corporate governance framework.
2	Reporting	Although not detailed in the fund documentation, the INREV reporting module has been considered. The INREV requirements are in compliance except that no semi-annual reporting is provided for Investors. (Fund reports key metrics on a quarterly basis)
3	Property valuation	The property valuations of the Fund are carried out in line with INREV best practices. Though not separately documented, the valuation performed by the external valuator is subject to the Investment Manager's internal review.
4	Performance measurement (Fee and expense metrics with TER)	The Fund calculates performance measurement as per guidelines set by INREV except certain disclosures.
5	INREV NAV	The Fund calculates INREV NAV as per guidelines set by INREV.
6	Fee and expense metrics	The Fund complies fully with the requirements and recommendations of the INREV fee and expense metrics module.
7	Liquidity	The Investment Manager has assessed that it is currently follows the liquidity framework defined by INREV except that the Fund as a closed-end fund does not maintain a liquidity protocol document and the secondary trading policy has not been described in the Fund documentation, as it is not practiced by the Fund.
8	Sustainability reporting	Due to the maturity of the Fund Term, long-term ESG policy was not explicitly implemented on the Fund's investments.

INREV Guidelines Compliance Statement

The European Association for Investors in Non-Listed Real Estate Vehicles (INREV) published the revised INREV Guidelines incorporating industry standards in the fields of Governance, Reporting, Property Valuation, Performance Measurement, INREV NAV, Fees and Expense Metrics, Liquidity and Sustainability Reporting. The Assessments follow these guidelines.
INREV provides an Assessment Tool to determine a vehicle's compliance rate with the INREV Guidelines as a whole and its modules in particular.

The overall INREV guidelines compliance rate of the Fund is 80.34%, based on 8 out of 10 modules assessments.

The Fund currently is not engaged in property development activities, joint ventures, associate investments or other non-property related investments.

All the financial information disclosed in this review coincides with the consolidated financial statements for the financial year ended 31 December 2021.

MANAGER'S REPORT

As of the end of 2021 BPT Hansa Lux SICAV-SIF (hereinafter "the Fund" or "BPT Hansa") has completed its fourteenth full year of operations. The average direct property yields for the year were as follows: Berlin, Trachenbergring (2.4%) and Hannover, Walsroder Strasse (5.8%). The disposal of Bessemerstraße (Berlin) was signed already in 2019 and the transaction was finally closed on 30th October 2021. According to the sales purchase agreement, there are still EUR 1.7 million on an escrow account which will be released in the following steps:

i. EUR 700 thousand after finalization of all fire protection measures (to be assumed by end of May 2022);
ii. EUR 500 thousand after 12 months in regards of tax issues;
iii. EUR 500 thousand after 24 months in regards of all other issues.

The NAV per share decreased to EUR 79.59 at year end 2021 due to the disposal of Bessemerstraße and related distribution of proceeds.

As of 31 December 2021, 100% of Fund Investment properties were valued externally by independent valuator where Walsroder Straße value was EUR 9.41 million and Trachenbergring value was EUR 22.4 million. To derive the fair market value of Trachenbergring property according to IFRS reporting standards, specific construction measurements which are linked to a valid building permit and are mainly related to the legalization and to the fire protection compliance of the property, are deducted from the latest valuation. In total, the total costs for the current still to be executed measurements are estimated to add up to approx. EUR 1.52 million. Due to latest construction costs and commodity prices increases, an additional buffer of 25% was added to that estimate. Therefore, the valuation of EUR 22.4 million was adjusted by EUR 1.95 million and the fair market value is EUR 20.45 million.

The Fund's total gross asset value (GAV) at the end of 2021 was EUR 39.3 million and the direct property yield shows an average of 4.6% for the entire portfolio (excluding Bessemerstraße for Q4 2021). Consequently, the Fund's gross property value decreased to EUR 29.9 million compared to year-end 2020.

The remaining weighted non-breakable lease term for the two left properties was 3.0 years at the end of 2021. This figure has increased in particular due to longer lease terms at Trachenbergring. This year's valuations for the properties resulted in a value decrease for Trachenbergring of -4.0% and a slightly decrease at Walsroder Straße of -1.1%. At the end of 2021, the occupancy rate of both properties was at 85.1% (2020: 91.5%).

MACROECONOMIC FACTORS

In 2021, Germany's gross domestic product (GDP) was 2.7% higher compared to the previous year, according to first calculations by the Federal Statistical Office. At a press conference, Dr. Georg Thiel, President of the Federal Statistical Office, stated: "Despite the continuing pandemic situation, more delivery bottlenecks and material shortages, the German economy managed to recover from the sharp fall last year although the economic performance has not yet reached its pre-crisis level again". GDP was still 2.0% lower in 2021 compared to 2019, the year before the Covid-19 crisis began.[1]

Price-adjusted private consumer spending stabilized in 2021 at the low level of the previous year and is therefore still far from its pre-crisis level.

[1] https://www.destatis.de/EN/Press/2022/01/PE22_020_811.html

The state's consumer spending was also a principal growth driver of the German economy in 2021. Despite the already high level of the previous year, they rose by a further 3.4% in real terms in the second year of the corona pandemic. Foreign trade recovered in 2021 from the sharp declines in the previous year. Price-adjusted, Germany exported 9.4% more goods and services abroad than in 2020. Imports also increased at the same time by 8.6%. Germany's foreign trade in 2021 was only slightly below the level of 2019. The fight against the corona pandemic has again led to a high state financing deficit. As reported by the Federal Statistical Office, in 2021 federal, state, municipal and social security expenditure exceeded revenue by EUR 153.9 billion. That was a little more than in 2020 with EUR 145.2 billion and the second highest deficit since German unification. The 2021 deficit corresponds to 4.3% of gross domestic product.[2]

The unemployment rate in Germany in 2021 was with 5.7% slightly lower compared to 2020 (5.9%) but also still higher than in the years before the pandemic. During 2013 and 2019, the unemployment rate had fallen six times in a row. Due to the pandemic this development was stopped for the time being[3].

Table 2: Main macro-economic indicators for Germany

Indicator	2013	2014	2015	2016	2017	2018	2019	2020	2021
GDP at Market Prices (EUR bn)	2,735	2,820	3,025	3,133	3,263	3,344	3,435	3,332	3,570
Real GDP Growth (%, YOY)	0.4	1.4	1.7	1.9	2.2	1.5	0.6	0.3	2.9
Government Balance (% of GDP)	0.0	0.1	0.2	0.1	1.2	1.7	1.5	(4.8)	(3.7)
Consumer Price Inflation (%)	1.5	0.9	0.3	1.7	1.8	1.9	1.4	1.7	3.1
Unemployed rate (%)	6.8	6.7	6.1	5.7	5.3	5.2	5.0	5.9	5.7
Population (million)	80.8	81.1	81.9	82.7	82.6	82.8	83.2	83.2	83.2

Sources: *Statistisches Bundesamt, Deutsche Bundesbank, Bundesagentur für Arbeit, HWWI.*

CAPITAL STRUCTURE AND VEHICLE LEVEL RETURNS

As at 31 December 2021, the paid in capital of the Fund from Investors amounts to EUR 21.6 million. The current amount of share capital allowed in the PPM is EUR 100 million. All the capital contributed into Fund's account has been fully invested. During 2020 two share redemptions in total amount of EUR 3.9 million (EUR 138.12 per unit) were executed and allocated as follows:

- To share capital in an amount of assigned value (100.00 EUR per share).
- Any excess, to retained earnings (38.12 EUR per share).

The Fund declared two dividend distributions in 2021 of EUR 47.75 per unit in total (2020: 7.00 EUR per unit). The NAV and INREV NAV are further detailed in the Manager's report section.

There have been no other changes in the Fund's fee structure and its impact on the Fund's capital structure or vehicle level returns.

FINANCIAL REPORT

Financial position of the Fund

As of 31 December 2021, the GAV of the Fund decreased to EUR 39.3 million compared to EUR 59.0 million as at 31 December 2020, the Fund NAV is EUR 17.2 million (EUR 79.59 per share), compared to EUR 31.9 million (EUR 148.18 per share) as at 31 December 2020 and EUR 62.8 million (EUR 149.02 per share) as at 31 December 2019. The NAV decrease during 2021 is mainly related to the dividend distribution after Bessemerstraße closing.

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[2] https://www.bundesbank.de/de/aufgaben/themen/deutsche-wirtschaft-waechst-2021-um-2-7-prozent-883750#:~:text=Das%20Bruttoinlandsprodukt%20(%20BIP%20)%20lag%20nach,h%C3%B6her%20als%20im%20Jahr%202020.
[3] https://de.statista.com/statistik/daten/studie/1224/umfrage/arbeitslosenquote-in-deutschland-seit-1995/

With the intention to fully comply with the requirements set in INREV guidelines, the Fund also calculated INREV NAV, which was EUR 17.2 million (EUR 79.56 per share) as at 31 December 2021 (EUR 142.31 per share as at 31 December 2020).

Though not discussed in the Fund documentation, the INREV NAV was calculated according to the principles and guidelines provided in the INREV Guidelines. The frequency of NAV calculation that is set in the PPM is as of each Valuation date, and the same terms are applied for INREV NAV calculation. The INREV NAV is calculated by adjusting the NAV for the items summarised in the table below:

Table 3: Adjustments for recalculating IFRS NAV to INREV NAV

No.	Item	Amount ('000 EUR)	Notes
1.	**IFRS NAV as of 31 December 2021**	**17,159**	
2.	Capitalisation and amortisation of property acquisition costs*	23	1
3.	Revaluation to fair value of financial assets and financial liabilities	(31)	2
4.	Estimation of tax effect of (2.) and (3.) above	2	3
5.	Economic impact of deferred taxes	-	4
6.	**INREV NAV**	**17,153**	
7.	Amount of units	215,600	
8.	**INREV NAV per unit**	**79.56**	

** The costs are amortised over the period of 5 years*

The INREV Guidelines require that the set-up costs of the Fund are capitalised and amortised over the first five years after the inception. The Fund's set-up costs incurred at the inception of the Fund in 2008 have not been capitalised and amortised due to the 5-year amortisation period set by INREV ended in 2013. Therefore, the residual capitalised set-up costs as at 31 December 2021 would equal to EUR 0.
Under the INREV Guidelines, the acquisition costs of an investment property should be capitalised and amortised over the first five years after acquisition of the property.

Notes to INREV NAV

1. During 2018, the Fund has acquired Trachenbergring property and incurred in total of EUR 1,757 thousand acquisition expenses (incl. Transfer tax). These acquisition costs are capitalised and amortised over the period of five years after the acquisition. During 2021, Transfer tax was recalculated and acquisition cost were adjusted by EUR 589 thousand. As at the end of 31 December 2021, the Fund has amortised capitalised acquisition costs in total of EUR 1,146 thousand and the residual capitalised cost amounted to EUR 23 thousand.

2. Under INREV Guidelines, the financial liabilities, including debt obligations, should be at fair value for INREV NAV calculation purposes. As at 31 December 2021, the bank loans in amount of EUR 14,674 thousand are carried at fixed rate interest and measured at amortised cost using the effective interest method in the financial statements of the Fund. The fair value of these bank loans as determined in accordance with IFRS amounts to EUR 14,705 thousand. The negative adjustment of EUR 31 thousand represents the impact on INREV NAV of the measurement of this debt to its fair value.

3. The tax effect in relation to measurement of the fixed rate debt to its fair value creates a positive effect of EUR 5 thousand as at 31 December 2021. The tax effect in relation to capitalisation and amortisation of property acquisition costs results to a negative effect of EUR 3 thousand. The tax effect was calculated using 15.825% tax rate applicable in Germany on the financial debt fair value adjustment and on the unamortised portion of the acquisition costs related to Trachenbergring property in Germany.

4. The management aims to dispose the investment properties through the way of an asset deal. Therefore, no economic impact is expected to be realised on the balance of deferred taxes presented in the consolidated statement of financial position of the Fund. As a result, no such adjustment has been reflected in the calculation of the INREV NAV.

Financial results of the Fund

In 2021, the Fund recorded net consolidated loss of EUR 4,494 thousand (EUR 1,024 thousand profit was recorded in 2020) which had a negative effect on the Fund's NAV. More details are provided in the statement of comprehensive income.

During 2021, the gross rental income earned by the Fund subsidiaries amounted to EUR 2,774 thousand (EUR 3,243 thousand during 2020). During 2021, the property related expenses in the Fund subsidiaries amounted to EUR 1,194 thousand (EUR 1,017 thousand during 2020). The decrease is mainly related to Bessemerstraße disposal in Q4 2021.

Fees and expenses

The Fund fee structure is determined by the PPM that was approved by the CSSF. The Fund calculates the fee and expense metrics based on INREV guidelines as a percentage of INREV GAV and INREV NAV. The detail calculations are provided in the Table 4.

Table 4: Expense ratios of the Fund and Fund's subsidiaries based on INREV fee metrics guidelines

Classification	Fee/Expense Item		Amount ('000 EUR)
Management fees	Management fees		367
Vehicle costs	Custodian fees		63
	Valuation fees		10
	Audit fees		84
	Legal fees		79
	Other consultancy services		325
	Bank charges		10
	Administration and secretarial fees		274
Total vehicle costs before performance fees		**A**	**1,212**
Performance fees		**B**	-
Total vehicle costs after performance fees		**C=A+B**	**1,212**
Property expenses	Property management fees		311
	Property insurance		43
	Sales and marketing expenses		70
	Service charge shortfall		(63)
	Amortisation of property acquisition costs		267
Total property expenses		**D**	**628**
Adjustments for TGER	Property acquisition and disposition fees		-
	Project management fees		-
	Debt arrangement fees and costs		-
Fee and costs adjustments for TGER		**E**	**-**
Adjustments for TGER	Property acquisition and disposition fees	**F=C+E**	**1,212**
Total expenses before financing costs and taxes		**G=C+D**	**1,840**
Weighted average INREV NAV (WA INREV NAV)			
	Weighted average INREV NAV	**H**	**30,189**
Weighted average INREV GAV (WA GAV NAV)			
	Weighted average INREV GAV	**J**	**55,953**
TER before performance fees			
	Fund expenses before performance fees / WA NAV	**=A/H**	**4.01%**
	Fund expenses before performance fees / WA GAV	**=A/J**	**2.17%**
TER after performance fees			
	Fund expenses after performance fees / WA NAV	**=C/H**	**4.01%**
	Fund expenses after performance fees / WA GAV	**=C/J**	**2.17%**
TGER			
	Fund expenses and adjustments for TGER/WA NAV	**=F / H**	**4.01%**
	Fund expenses and adjustments for TGER/WA GAV	**=F / J**	**2.17%**
REER			
	Property expenses / WA NAV	**= D/H**	**2.08%**
	Property expenses / WA GAV	**= D/J**	**1.12%**

The structure of fee arrangements with managers and affiliates are described below:

Fund Management Fee

The Investment Manager provides all economic and financial information which is necessary for the operations of the Fund as well as investment management of the Fund's portfolio on a day to day basis. For the specified services, the Investment Manager is entitled to receive a management fee calculated at 0.75% of the GAV per annum of the real estate portfolio. The GAV of the real estate portfolio is determined on each Valuation Day based on the investment value, in accordance with IAS 40. The investment value is the gross value of the real estate properties exclusive of all liabilities and not counting non-investment assets such as cars, furniture, stationary etc.

Performance Bonus Fee

The method used to compute the accrued monthly Performance Bonus Fee includes a claw back where the accrued Performance Bonus Fee can be reduced in case the annualised performance of the Fund is less than the 7% hurdle rate. The Performance Bonus Fee is calculated annually based on the 3-year rolling average and is paid out 8 days following the annual general meeting of Shareholders. If the annual Return on Equity (ROE) (calculated for performance purpose) of the Fund exceeds 7% p.a., calculated as Compounded Annual Growth Rates (CAGR) of the basis on the monthly weighted equity for the last three years, the Performance Bonus Fee will amount to 20% of the return achieved above this target.

The ROE is an amount, expressed as a percentage, earned on a Fund's common stock for a given period. It is calculated by dividing common stock equity (net worth) at the beginning of the accounting period into net income for the point in time after preferred stock dividends but before common stock dividends. Neither in 2020 nor in 2021 has the Investment Manager been entitled to receive a performance fee.

Property Management Fee

The Investment Manager is entitled to a property management fee calculated as 0.5% and 1% of the monthly rental income of the real estates managed by the Investment Manager. The Investment Manager has signed property management agreements regarding the management of Dahlem (disposed in Q3 2018) and Wärtsilä (disposed in Q3 2019) properties. The property management fee is accrued by the Fund subsidiaries holding the real estates on a monthly basis.

Acquisition fee

The Investment Manager is entitled to a one-time acquisition fee of 0.3% of the total acquisition sum (direct acquisition price plus transaction costs) of each real estate investment acquired directly or indirectly by the Fund. There is no fee payable to the Investment Manager if any properties are divested.

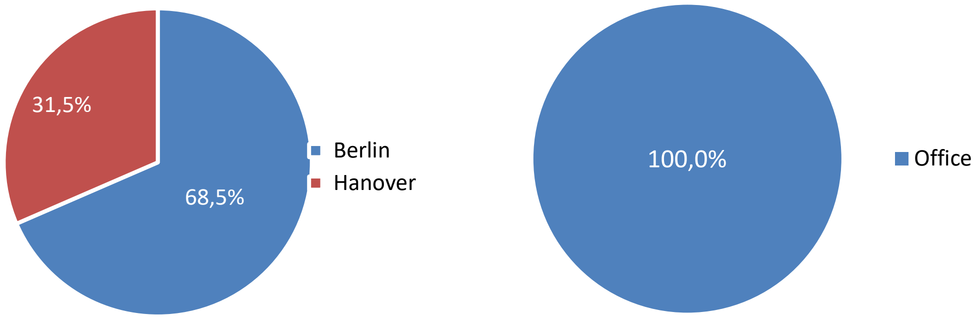
PROPERTY REPORT

The current portfolio consists of two assets and has a total rentable area of 13,579 sq. m. The gross value of the total investment properties decreased to EUR 29.9 million (2020: EUR 54.3 million). The decrease was mainly driven by Bessemerstraße disposal in Q4 2021.

In 2021, the average direct property yield slightly decreased to 4.6% (2020: 5.9%). The profit from property operating income for the year decreased and amounted to EUR 1.6 million (2020: EUR 2.2 million). At year-end 2021, the occupancy portfolio decreased to 85.1% (2020: 91.5%).

The summary of the portfolio allocation by sector and geography is detailed in the picture below:

Picture 1: Fund segment and area distribution*



**Based on fair value of investment properties*

Property valuations

The valuations of the properties as of 31 December 2021 are based on independent valuations. The breakdown of each property market value is shown in the table below.

Table 5: Property portfolio, in million euros

Property	Market value 31 December 2021	Market value 31 December 2020
Trachenbergring, Berlin	20.45	21.30
Walsroder Strasse, Hannover	9.41	9.51
Bessemerstraße, Berlin	-	23.50

As of 31 December 2021, both Fund Investment properties were valued externally by independent valuator bulwiengesa appraisal GmbH. The market value according to the independent valuation of the property Berlin amounted to EUR 22,400. In line with the Group accounting policy, management adjusted the market value determined by the independent valuer by an additional adjustment amounting to EURk 1,950 to better reflect the property current condition and capital expenditure requirement. The appraisers derive the fair value 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.

The fair value of investment property in the subsidiaries is determined using recognized valuation techniques. The discount rate used by the appraisers to value the investment properties as of 31 December 2021 was 5.0% (Income capitalisation method). The valuation presumes that the properties could be realised in the ordinary course of business.

Investment properties held for sale
As at 31 December 2021, the remaining two investment properties were classified as Investment properties held for sale as the properties are marketed for sales and the transactions are highly probable in 2022. The Fund's investment properties held for sale are carried at fair value which amounts to EUR 29,860 thousand as reflected in consolidated financial statements.

Property performance

The operating results of the Fund's properties have been in line with the budgeted figures. The detail performance for each property is described under each property section below.

Walsroder Strasse, Hanover
The Walsroder Straße property showed again good results for 2021. The average DPY slightly decreased to 5.8% (2020: 6.4%). As of 31 December 2021, the occupancy rate increased to 93.7% (31 December 2020: 88.9%).

Bessemerstraße, Berlin
As mentioned already in chapter "Manager's report", the disposal was closed in October 2021. Before closing of the sales, the property performed well. As of 30 September 2021, the occupancy rate remained stable at 94.4% and the average DPY had slightly decreased to 9.1% by the end of Q3 2021.

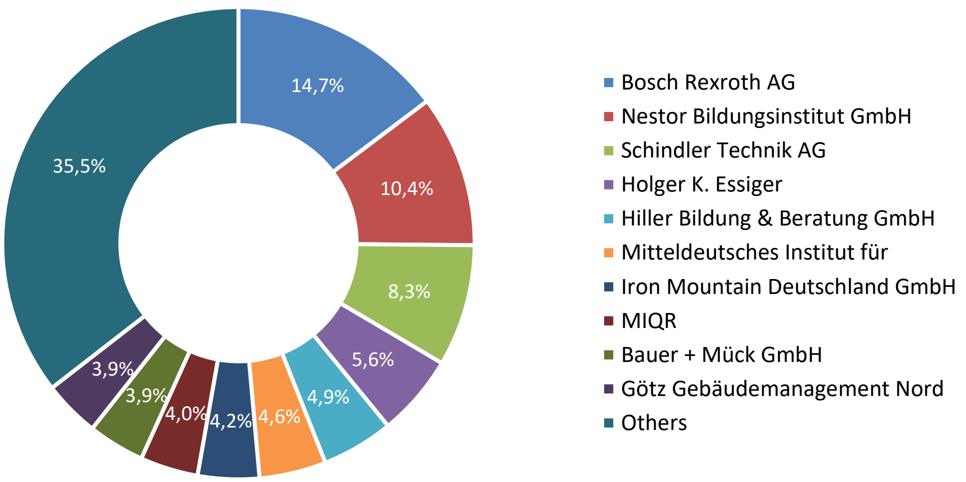
Trachenbergring, Berlin
The average direct property yield in 2021 with 2.4% was lower compared to 2020 (2020: 3.8%). As of 31 December 2021, the occupancy rate slightly decreased to 80.5% (31 December 2020: 84.5%). The decrease was mainly driven by the termination of tenant Beamtenwohnungsverein who moved out in January 2021. Consequently, the occupancy rate dropped to 71.2% but increased at year end to 80.5% due to new lease for the ground floor with Iron Mountain (approx. 772 sqm).

However, in 2021 there was a covenant breach according to the loan agreement with Münchener Hypothekenbank (Trachenbergring property). This was caused due to the termination of the lease agreement with Nestor Bildungsinstitut GmbH as of 31 March 2022. It was agreed with the bank that a new bank account pledged for Münchener Hypothekenbank was established and EUR 500 thousand were transferred. This amount should cover the bank´s risk accordingly. This breach could already be healed with the new lease with Iron Mountain mentioned before.

Tenant Concentration in the Fund

In 2021, the ten largest tenants of the real estate portfolio generated 64.5% of the total net rental income. The following chart shows the diversification of the portfolio in regards of the largest tenants according to the annual rental income.

Picture 2: Rental concentration of 10 largest tenants in the Fund properties



RISK MANAGEMENT

The risk management function of the Fund is a responsibility of the Investment Manager. The function comprises an identification of the Fund's market risk portfolio, preparation of the proposals regarding market risk limits, monitoring of the limit utilization and preparation of the overall analysis of the market risks. The Investment Manager maintains a list of all risk management related instructions, monitors these compared to internationally recommend best practice, and initiates changes and improvements when needed. The manager assessed at the end of the financial year that it is currently in compliance with the intended risk management framework.

Principal risks faced by the Fund

Market risk
The investments are subject to the risks in relation to the ownership and operation of real estate, including risks associated with the general economic climate, local real-estate conditions, geographic or market concentration, the ability of the Investment Manager or third party borrowers to manage the real properties, government regulations and fluctuations in interest rates.

The Fund is exposed to office market in Berlin and Hannover through its investments into investment properties through subsidiaries.

Credit risk
The Fund is aiming to diversify its investments, whereby counterparties with low credit risk are preferred. 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.

Interest rate risk
In connection with the investments, the Fund has secured loans with mid and 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. Currently the Fund does no use any hedging instruments. As at 31 December 2021, all loans in the portfolio are bearing fixed interest rates. As at 31 December 2021, the average loan costs of the Fund remained stable at 1.43% (2020: 1.42%).

Liquidity risk
Liquidity risk means the risk of failure to liquidate the open position, to realise the assets by the due time at the prescribed fair price or to refinance loan obligations.

The investments are highly illiquid and there can be no assurance that the Fund will be able to exit the investments in a timely manner. By their nature, real estate investments or interests in other non-public entities are subject to industry cyclicality, downturns in demand, market disruptions and the lack of available capital for potential purchasers and are therefore often difficult or time consuming to liquidate. The Investment Manager makes its best efforts to ensure sufficient liquidity by efficient cash management, by maintaining a "liquidity buffer" and by organising committed and uncommitted credit lines.

In order to minimise liquidity risk, a part of the real estate fund assets may be invested in deposits of credit institutions, in short-term debt securities and in other securities with high level of liquidity.

The Fund's policy is to maintain sufficient cash and cash equivalents within the Fund and its controlled entities or have available funding through an adequate amount of committed credit facilities to meet their commitments at a given date in accordance with its strategic plans.

Foreign exchange risk

Currently, the reporting currency of the Fund is EUR and all its assets, liabilities, income and expenses are denominated in EUR on each, fund and subsidiaries' level. Thus, for the Fund a currency risk is currently considered not significant.

Operational risk

Operational risk represents the potential for loss resulting from inadequate or failed internal processes or systems, human factors, or external events, including business disruptions and system failure. The Fund is exposed to many types of operational risk and attempts to mitigate them by maintaining a system of internal control procedures and processes that are designed to control risk within appropriate levels. Furthermore, training and development of personnel competences, and active dialogue with Investors help the company to identify and reduce risks related to its operation.

Financing structure

The Fund's target leverage is 70% of debt financing. As at 31 December 2021, the Fund level loan-to-value increased to 49.1% (2020: 39.2%) due to Bessemerstraße disposal but it is still below the target LTV ratio. The Fund's general loan strategy is to have a selected number of strong and trustworthy banks as financing partners with focus on long-term credit facilities. The Fund maintains its current relationships with its financing partners and is consistently building up a new network 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 at 31 December 2021, there was a covenant breach according to the loan agreement with Münchener Hypothekenbank (Trachenbergring property). It was agreed with the bank that a new bank account pledged for Münchener Hypothekenbank was established and EUR 500 thousand were transferred. This amount should cover the bank´s risk accordingly. This breach could already be healed with the new lease with Iron Mountain mentioned before.
It is not expected that any other loan covenant will be in breach in the foreseeable future.

The key financing ratios of the loan portfolio are provided in the table below:

Table 6: The key financing ratios on the loan portfolio of Fund's subsidiaries

Ratio	31 December 2021	31 December 2020
Interest service coverage ratio	4.12	6.54
Debt Service coverage ratio	2.64	3.11
Weighted Average Cost of Debt	1.43%	1.42%
Weighted Average Maturity of Debt (years)	0.95	1.89
Property level Loan-to-Value	49.1%	39.2%

The key financing ratios are calculated as follows:

- ***Interest coverage ratio*** is based on a projected NOI over the following four quarters after the year end as a ratio of projected interest payments on bank loans over the same period. The purpose of this ratio is to give an indication of the vehicle's general ability to service its debt.
- ***Debt Service coverage ratio*** is based on projected NOI over the following four quarters after the year end as a ratio of projected interest and scheduled amortisation payments on bank loans over the same period. The purpose of this ratio is to give an indication of the vehicle's general ability to service its debt (both scheduled payments and interests).
- ***Weighted Average Cost of Debt*** is calculated taking the interest rate (base rate and margin) on each external debt instrument in the vehicle weighted by the value of such instruments.

- ***Weighted Average Maturity*** is calculated by taking the maturity on each external debt instrument in the vehicle weighted by the value of such instruments.
  Property level Loan-to-Value is calculated by taking nominal value of external debt and dividing by the total fair value of investment portfolio.

OUTLOOK FOR 2022

In 2021 it was decided by the Board of Directors to dispose the last two assets in Berlin and Hannover latest in 2022. The shareholders were informed about that decision in an Extraordinary General Meeting ("EGM") in December 2021.It's the intention of management to put the fund into liquidation after the disposal of the two remaining assets in the course of 2022. This will be earlier than anticipated in the Articles of Association. This decision will be finally approved and resolved by the shareholders during an EGM. An invitation will be sent out later that year. As a result of the management intention to put the fund into liquidation, these consolidated financial statements have been prepared on a non-going concern basis.

Therefore, our main focus for 2022 will be the successful disposal of both properties as well as the preparation of the Fund´s liquidation after that. The one for Walsroder Straße is a local family office with expertise in commercial properties and developments. On May 10th the disposal was signed for EUR 9.5m, we expect a swift closing in early June.

The investor for Trachenbergring is a joint venture between a German family office and it´s operating partner, both located in Berlin. Unfortunately, we had to stop the process, as the buy side could only sign with significant worse conditions than initially communicated. The final price indication was not in the interest of our shareholders; therefore our strategy is now two-folded:

- Continue negotiations with second bidder of process, we expect their adjusted offer soon.
- In parallel, execute construction measurements and increasing letting activities with the aim to have an improved asset within the next 6 months. This would allow to offer Trachenbergring to a more cash-flow orientated group of investors, while the current status attracts mainly opportunistic investors, which have to deal with increased construction costs and with higher cost of financing (with usually high LTV ratios).

Based upon the adjusted offer and reflecting the current fair market value, we decide if we aim for a quick disposal "as-is" or if we should stop marketing for now and come back with an improved investment product end of 2022.

We are confident to close the Walsroder Straße disposal soon and to identify the best way forward regarding the asset Trachenbergring.

Ernst & Young
Société anonyme

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Independent auditor's report

To the Shareholders of
BPT Hansa Lux SICAV-SIF
2, Rue d'Alsace
L-1122 Luxembourg

Opinion

We have audited the accompanying consolidated financial statements of BPT Hansa Lux SICAV-SIF (the "Fund") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as of 31 December 2021, and of its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession (the "Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" ("CSSF"). Our responsibilities under the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the "responsibilities of the "réviseur d'entreprises agréé" for the audit of the consolidated financial statements" section of our report. We are also independent of the Group in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the consolidated financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

We draw attention to Note 2 to these consolidated financial statements, which indicates the intent of the Board of Directors of the Fund (the "Board of Directors") to put the Fund into liquidation within the twelve months following the Fund's financial year-end. These consolidated financial statements have therefore been prepared using a non-going-concern basis of accounting. Our opinion is not modified in respect of this matter.

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Other information

The Board of Directors of the Fund is responsible for the other information. The other information comprises the information included in the management report but does not include the consolidated financial statements and our report of the "réviseur d'entreprises agréé" thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated 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 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 this fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors for the consolidated financial statements

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

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the "réviseur d'entreprises agréé" for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the "réviseur d'entreprises agréé" that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF 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 financial statements.

As part of an audit in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting. When such use is inappropriate and the Board of Directors' uses the non-going concern basis of accounting, we conclude on the appropriateness of the Board of Directors' use of the non-going concern basis of accounting. We also evaluate the adequacy of the disclosures describing the non-going concern basis of accounting and reasons for its use. Our conclusions are based on the audit evidence obtained up to the date of our report of the "réviseur d'entreprises agréé".
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance 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.

Ernst & Young
Société anonyme
Cabinet de révision agréé

Pavel Nesvedov

Luxembourg, 19 May 2022

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

'000 Euro	Notes	2021	2020
Rental income	5	2,774	3,243
Cost of rental activities	6	(1,194)	(1,017)
Profit from property operating activities		**1,580**	**2,226**
Administrative expenses	7	(921)	(736)
Central administration and custody fees		(63)	(52)
Fund expenses		**(984)**	**(788)**
Other operating income		79	166
Other operating expenses		(228)	(227)
Gross valuation gains on investment properties	11	(1,350)	377
Net operating profit before financing		**(903)**	**1,754**
Financial income		-	140
Financial expenses	8	(474)	(340)
Net financing costs		**(474)**	**(200)**
Profit before tax		**(1,377)**	**1,554**
Income tax charge	9	(3,117)	(530)
Profit/(loss) for the year		**(4,494)**	**1,024**
Other comprehensive income not to be reclassified to profit or loss in subsequent periods			
Other comprehensive income, net of tax, not to be reclassified to profit or loss in subsequent periods		-	-
Total comprehensive income/(loss) for the year, net of tax		**(4,494)**	**1,024**

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

'000 Euro	Notes	2021	2020
Non-current assets			
Investment properties	10	-	30,810
Deferred tax asset	9	-	332
Total non-current assets		**-**	**31,142**
Current assets			
Investment properties held for sale	10	29,860	23,500
Trade and other receivables	12	3,012	681
Cash and cash equivalents	13	6,472	3,644
Total current assets		**39,344**	**27,825**
Total assets		**39,344**	**58,967**
Equity			
Share capital	14a	21,559	21,559
Retained earnings		(4,400)	10,388
Total equity		**17,159**	**31,947**
Liabilities			
Non-current liabilities			
Interest bearing loans and borrowings	15	-	14,674
Deferred tax liabilities	9	-	3,142
Other non-current liabilities		-	331
Total non-current liabilities		**-**	**18,147**
Current liabilities			
Interest bearing loans and borrowings	15	14,674	6,636
Trade and other payables	16	239	166
Income tax payable		1,980	237
Deferred tax liabilities	9	3,569	-
Other current liabilities	17	1,723	1,834
Total current liabilities		**22,185**	**8,873**
Total liabilities		**22,185**	**27,020**
Total equity and liabilities		**39,344**	**58,967**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

’000 Euro	Notes	Share capital	Retained earnings	Total equity
As at 1 January 2020		**24,348**	**11,935**	**36,283**
Net profit for the year		-	1,024	**1,024**
Dividend distribution	14b	-	(1,509)	**(1,509)**
Share redemption	14a	(2,789)	(1,062)	**(3,851)**
Total comprehensive income/(loss)		**(2,789)**	**(1,547)**	**(4,336)**
As at 31 December 2020		**21,559**	**10,388**	**31,947**
Net profit/(loss) for the year		-	(4,494)	**(4,494)**
Dividend distribution	14b	-	(10,294)	**(10,294)**
Total comprehensive income/(loss)		**-**	**(14,788)**	**(14,788)**
As at 31 December 2021		**21,559**	**(4,400)**	**17,159**

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020

’000 Euro	Notes	2021	2020
Operating activities			
Profit before tax		**(1,377)**	**1,554**
Adjustments for non-cash items:			
Value adjustment of investment properties, net	10	1,350	(377)
Change in allowance for bad debts	6	22	7
Financial expenses	8	325	340
Other interest expenses		149	-
Working capital adjustments:			
(Increase)/Decrease in trade and other accounts receivables		48	135
(Increase)/Decrease in other current assets		(49)	31
Increase in other non-current liabilities		(331)	26
Increase/(Decrease) in trade and other accounts payable		73	(147)
Increase in other current liabilities		(138)	(254)
Received/paid income tax		(614)	(699)
Net cash flow from operating activities		**(542)**	**616**
Investing activities			
Capital expenditure on investment properties	10	(400)	(103)
Sale of investment properties		21,147	3,000
Net cash flows from investing activities		**20,747**	**2,897**
Financing activities			
Dividends distribution	14b	(10,294)	(1,509)
Share redemption	14a	-	(3,851)
Reimbursement of bank loans	15	(6,635)	(374)
Proceeds from bank loans	15	-	1,458
Interest paid	8	(325)	(340)
Other interest expenses		(123)	-
Net cash flows from financing activities		**(17,377)**	**(4,616)**
Net change in cash and cash equivalents		**2,828**	**(1,103)**
Cash and cash equivalents at the beginning of the year		3,644	4,747
Cash and cash equivalents at the end of the year	13	**6,472**	**3,644**

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

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 13 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.

As from 16 August 2013 the Commission for the Supervision of the Financial Sector (Commission de Surveillance du Secteur Financier, the "CSSF") has registered BPT Hansa Lux SICAV-SIF as a self-managed alternative investment fund ("AIF") in Luxembourg under the Luxembourg Law of 12 July 2013 on alternative investment fund managers and the European Union Directive on Alternative Investment Fund Managers ("AIFMD").

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 they incur. BPT Hansa Lux SICAV-SIF is offering an opportunity to invest in a diversified real estate investment fund focusing on the Northern German real estate market.

The consolidated financial statements of the Fund for the year ended on 31 December 2021 were authorised for issue in accordance with a resolution of the Board of Directors of 19 May 2022 and will be submitted to the annual general meeting of Shareholders on 19 May 2022.

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.

Non-going concern basis assessment

As a result of the decision to sell the remaining assets in the course of 2022 and the management intention to put the fund into liquidation thereafter, these consolidated financial statements have been prepared on a non-going concern basis, under which assets are measured and presented at their net realisable value unless its cost is lower than its net realisable value and liabilities are stated at their estimated settlement amounts. Estimates for costs expected to be incurred upon the dissolution of the Fund have been accrued to the extend that the management has a reasonable basis for estimation.

New standards, amendments and interpretations adopted

The Fund applies certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2021. These new standards and amendments did not have a material impact on the consolidated annual financial statements of the Fund when initially applied.

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

The following new standards, interpretations and amendments are not yet effective for the annual reporting period ended 31 December 2021 and have not been applied in preparing these consolidated financial statements. The Fund plans to adopt these pronouncements when they become effective.

The new standards, amendments to standards and interpretations that are not yet effective are not expected to have a significant impact on the Fund's financial statements:

- Amendments to IAS 1: Classification of Liabilities as Current or Non-current
- Reference to the Conceptual Framework – Amendments to IFRS 3
- IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities
- Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37
- Definition of Accounting Estimates - Amendments to IAS 8
- Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

The Fund does not expect the amendments to have a material impact on its financial statements when initially applied.

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 thousands of Euro. The consolidated financial statements are presented in thousands of Euro.

2b. Consolidated financial statements

The consolidated financial statements of the Fund include BPT Hansa Lux SICAV-SIF and subsidiaries (Note 23) over which BPT Hansa Lux SICAV-SIF has control. 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 policies.

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 consolidated financial statements from the date BPT Hansa Lux SICAV-SIF obtains control or excluded from the financial statements to the date the 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 taken into account if the relevant event is likely and the amount 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 as 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.

Northern Horizon Capital GmbH (former BPT Asset Management Germany GmbH) is further acting as a limited partner in the SPVs and holds minority shareholdings. In line with the PPM the Fund structure discloses the following minority shareholding in the Fund's subsidiaries as at 31 December 2021:

- Northern Horizon Capital GmbH owning 0.01% participation in BPT GmbH & Co. Vermögensverwaltung KG, BPT 1 GmbH & Co. Vermögensverwaltung KG and BPT 3 GmbH & Co. Vermögensverwaltung KG.

In line with the PPM the Fund enjoys full benefit of the economic interest in these subsidiaries, thus no minority interest is recorded.

2c. Investment properties

Investment properties are real estate properties (land or a building – or part of a building – or both) and comprise completed property and property under construction or re-development that is held 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 measured initially at cost, including transaction costs. Transaction costs include transfer taxes, professional fees and initial leasing commissions to bring the property to the condition necessary for it to be capable of operating. The carrying amount also includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met. 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 the consolidated statement of profit or loss under operating expenses.

Subsequent to initial recognition, investment property is stated at fair value, which reflects market conditions at the reporting date. Gains and losses arising from changes in the fair value of investment property are included in profit or loss in the period in which they arise, including the corresponding tax effect. An investment property under construction for which fair value cannot be measured reliably is measured at cost less impairment. Investment properties are not depreciated.

Valuations are performed as of the consolidated statement of financial position date by professional valuers who hold recognised and relevant professional qualifications and have recent experience in the location and category of the investment property being valued. These valuations form the basis for the carrying amounts in the consolidated financial statements. The fair value of investment property reflects, among other things, rental income from current leases and other assumptions market participants would make when pricing the property under current market conditions. Valuations are also undertaken on acquisitions and contributions in kind.

According to the PPM the Board may permit some other method of valuation to be used, if it considers that such valuation better reflects the fair value.

Investment properties are derecognised when it has been disposed of or permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset results in either gains or losses recognised in the consolidated statement of profit or loss in the year of disposal.

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

Investment properties held for sale

As at 31 December 2021, the remaining two investment properties were classified as Investment properties held for sale as the properties are marketed for sales and the transactions are highly probable in 2022.

2d. 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.

2e. Cash and cash equivalents

Cash includes cash on hand and cash with banks. Cash equivalents are short-term, 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.

2f. Dividends

Proposed dividends are recognised as a liability at the time of declaration.

During 2021, the Fund made one distribution to investors in a total amount of EUR 10,294 thousand, generated from operations in the Q1-Q3 2021 and Bessemerstraße disposal (sold in Q4 2021). Dividends distributions were made in Q2 2021 (EUR 1,294 thousand) and Q4 2021 (EUR 9,000 thousand).

2g. Interest bearing loans and borrowings

Debts to banks and financial institutions are initially recognised at fair value 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 expired.

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.

2h. 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.

2i. Financial instruments: Equity Capital

The capital contributed to the Fund is initially classified as an equity instrument in accordance with the substance of the contractual arrangement and the definitions of an equity instrument. The Fund has issued one, ordinary share, class of units (financial instruments) that entitles all holders of the instrument to a pro rata share of the Fund's net assets in the event of liquidation.

A puttable financial instrument that includes a contractual obligation for the Fund to repurchase or redeem that instrument for cash or another financial asset is classified as equity if it meets all of the following conditions:

It entitles the holder to a pro rata share of the Fund's net assets in the event of the Fund's liquidation. IAS 32 16C (a): A pro rate share is determined by:

(i) Dividing the net assets of the entity on liquidation into units of equal amount (for classes of share); and
(ii) Multiplying that amount by the number of units held by the financial instrument holder

It is in the class of instruments that is subordinate to all other classes of instruments. 16C (b): Subordinated instrument means:

(i) Has no priority over other claims to the assets of the entity on liquidation.

All financial instruments in the class of instruments that is subordinate to all other classes of instruments have identical features apart from the contractual obligation for the Fund to repurchase or redeem the instrument for cash or another financial asset. The instrument does not include any other features that would require classification as a liability and the total expected cash flows attributable to the instrument over its life are based substantially on the profit or loss.

For an instrument to be classified as equity instrument, in addition to the instrument having all the above features, the issuer must have no other financial instrument or contract that has:

(i) Total cash flows based substantially on profits, FVs, NAV, etc.
(ii) The effect of substantially restricting of fixing the residual returns to the instrument holders.

As a result of the assessment the Fund complies with the above conditions and therefore presents it’s shares as equity.

2j. 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.

2k. 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.

2l. 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.

2m. 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.

2n. 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. Operating expenses comprise costs incurred to earn rental revenue during the financial year to cover operations and maintenance of the own properties.

2o. Administrative expenses

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

2p. Performance fee

The Investment Manager is also entitled to the receive a performance bonus fee in case the annual Return on Equity ("ROE") of the Fund exceeds 7% p.a., calculated as Compounded Annual Growth Rates ("CAGR") of the basis on the monthly weighted equity for the last three years. The Performance Bonus Fee will amount to 20% of the return achieved above this target. As the Fund applies the service model, the performance fee represents remuneration for services provided by the Investment Manager. Changes in the allocation of unitholder's interest related to the performance are presented as part of the income statement.

2q. 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.

2r. 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.

Deferred income tax relating to items recognised directly in equity is recognised in equity and not in profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

2s. Fair value measurements

The Fund measures certain financial instruments such as derivatives, and non-financial assets such as investment property, at fair value at the end of each reporting period. In addition, 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 Fund 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 Fund 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 financial statements on a recurring basis, the Fund 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.

2t. Changes in the applied principles of presentation and changes in the comparative data

In financial year 2021, the applied method of presentation was amended for liabilities associated with assets classified as held for sale as they did not fulfil the definition of a disposal group and therefore shall not be presented in a separate line of the Consolidated Statement of Financial Position.
Accordingly, the liabilities associated with assets classified as held for sale were reclassified as presented in the table below:

’000 Euro	31 December 2020	Change of presentation	31 December 2020 Restated
Consolidated Statement of Financial Position			
Interest bearing loans and borrowings	242	6,394	6,636
Other current liabilities	1,437	397	1,834
Liabilities associated with assets classified as held for sale	6,791	(6,791)	-

The presentation and classification of these items in the consolidated statement of financial position from the prior financial year have been amended in the respective notes to the consolidated financial statements (Notes 15 and 17).

Change in presentation of comparative data did not have an impact on the value of net assets of the Fund nor on the consolidated statement of comprehensive income.

3. 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

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.

Property acquisitions
The Fund acquires subsidiaries that own real estate. At the time of acquisition, the Fund considers whether each acquisition represents the acquisition of a business or the acquisition of an asset. The Fund accounts for an acquisition as a business combination where an integrated set of activities is acquired in addition to the property. More specifically, consideration is made of the extent to which significant processes are acquired and, in particular, the extent of services provided by the subsidiary.

The following recognition criteria are considered as indicators of business combination:

- Several items of land and buildings;
- Existence of ancillary services to tenants (e.g. maintenance, cleaning, security, bookkeeping etc.);
- Existence of employees to have processes in operation (including all relevant administration such as invoicing, cash collection, provision of management information to the entity's owners and tenant information);
- Management of the investment properties is a complex process.

When the acquisition of subsidiaries does not represent a business, it is accounted for as an acquisition of a group of assets and liabilities. The cost of the acquisition is allocated to the assets and liabilities acquired based upon their relative fair values, and no goodwill or deferred tax is recognised. The Fund did not acquire investment properties during the year 2021.

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. The Fund had determined, based on an evaluation of the terms and conditions of the arrangements that it retains all the significant risks and rewards of ownership of these properties and so accounts for these leases as operating leases.

Deferred tax
The Fund is subject to income and capital gains taxes in numerous jurisdictions. Significant judgement 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.

Determining whether the Fund meets the definition of an investment entity according to IFRS 10
To meet the definition of an investment entity, the following criteria must be met:

- An entity obtains funds from one or more Investors for the purpose of providing those Investors with investment services;
- An entity commits to its Investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity measures and evaluates the performance of substantially all of its investments on a fair value basis.

The Fund reports its investments at fair value under IAS 40, 'Investment Properties' in the consolidated financial statements. However, the entity's key management personnel do not rely solely on fair value of the properties as the primary attribute to evaluate the performance of substantially all its investments and to make investment decisions. Instead, other indicators are used to evaluate performance and make investment decisions, which comprise of prospective leases, occupancy rate, lease term, future rents, property yield, property location, net property income, tenant quality/ profile and many other variables and market conditions.

The Board of Directors of the Fund has therefore concluded that the Fund does not meet the definition of an investment entity and therefore is not exempted from consolidating its controlled entities.

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.

Fair value of investment properties
The Fund carries its investment properties at fair value, with changes in fair value being recognised in profit or loss. The valuators used a valuation technique based on a direct capitalisation 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 10 and Note 11.

4. Fund's risk management policy

4a. 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;
(v) Property damage and business interruption in relation to it, third party liability.

The key elements of the Fund's risk reduction strategy shall include (described in more detail in the Fund's PPM dated 29 June 2012):

(i) At least 80% of all investments must be of a long-term nature, thereby reducing the risk of high vacancy ratios. All buildings will be maintained at a high standard to ensure that the underlying values are protected.
(ii) The Fund will own a diversified portfolio of properties that are spread across geographies and segments; once fully invested, the Fund is expected to own a portfolio of 100,000 – 150,000 square meters.
(iii) The Fund will have a key focus on managing the vacancy rate at the portfolio level by seeking to have lease agreements of different length in order for leases to expire gradually over the Fund's life, to the extent possible.
(iv) The Fund will seek to establish a diversified tenant base spread across many industries/sectors.
(v) Each major investment will be reviewed and approved by the Board of Directors. Comprehensive commercial, legal, technical and tax due diligence will be performed on each acquisition. Only reputable and independent advisers with strong track records in the field of acquisitions will be selected when assessing and evaluating various investment opportunities.
(vi) Insurance will be organised through a national or international insurance company. Subject to location and use of the properties, insurance will include loss of rent coverage of at least 12 months in the case of terrorist attacks, fire, destruction of a particular property, or any other event that might damage the property.
(vii) Only leading national or international companies with approved track record such as Ernst & Young, PricewaterhouseCoopers, Deloitte or KPMG will provide tax, financial, and accounting advice.

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

(i) Following the investment period no more than 15% of the final Fund's GAV will be invested in any single real estate property;
(ii) The ten largest investments may not be more than 50% of the final Fund's GAV; and
(iii) The Fund will not invest more than 30% of its NAV in one real estate company.

As of 31 December 2021, 52.0% of Fund's GAV is invested in a single real estate property located in Berlin (BPT TBR 93 GmbH & Co; Trachenbergring) following with 23.9% of the of Fund's GAV is invested in another single real estate property located in Hamburg – Walsroder (BPT0 GmbH & Co). In this respect, it has to be noted, that the present portfolio size has not reached the size of EUR 1,000,000,000 initially planned. Furthermore, an extraordinary general meeting of Shareholders in 2010 has decreased the targeted Fund size to EUR 300,000,000 before the investment period expired.

Therefore, management considers the above mentioned “passive breach” of the Fund’s diversification policy not as a compliance issue of the Fund, but as a fact, that less equity could be raised during the initial planned investment period. As a result, the initial portfolio could have not be increased.

4b. 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.

4c. Interest rate risk

The Fund is exposed to interest rate risk primarily through market value changes to the net debt portfolio (price risk) and through changes in interest rates. Fluctuations in interest rates affect the interest expense. There is the risk management policy to secure the long-term loans to a fixed rate for their whole life. In order to achieve this, the Fund enters into fixed rate loans (Note 15).

As at 31 December 2021, 100% of the Fund’s borrowings are at fixed interest rate, therefore, changes in interest rate has no impact on Fund’s equity and Fund’s profit before tax.

4d. 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 by the use of bank loans, but based on the carrying value of borrowings reflected in the consolidated financial statements, 100% of Fund’s borrowings (Note 15) will mature in less than one year at 31 December 2021. The table below summarises the maturity profile of Fund’s financial liabilities based on undiscounted payments (including interest payments) at 31 December 2021 and 2020.

’000 Euro	On demand	Less than 1 year	1-5 years	>5 years	Total
Year ended 31 December 2021					
Interest bearing loans and borrowings	-	14,868	-	-	**14,868**
Trade and other payables	-	239	-	-	**239**
Other liabilities	-	3,703	-	-	**3,703**
Total current and non-current liabilities	**-**	**18,810**	**-**	**-**	**18,810**

’000 Euro	On demand	Less than 1 year	1-5 years	>5 years	Total
Year ended 31 December 2020					
Interest bearing loans and borrowings	-	6,899	14,858	-	**21,757**
Trade and other payables	-	166	-	-	**166**
Other liabilities	-	2,071	331	-	**2,402**
Total current and non-current liabilities	**-**	**9,136**	**15,189**		**24,325**

4e. Foreign exchange risk

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

4f. Capital management

The Fund monitors capital using gearing ratio, which is determined by dividing borrowings by the sum of subscribed capital and borrowings. The Fund’s target gearing ratio is maximum 70% that should be reached when the Fund is fully invested.

’000 Euro	2021	2020
Interest bearing loans and borrowings	14,674	21,310
Total borrowings	**14,674**	**21,310**
Subscribed capital	21,559	21,559
Total borrowings and subscribed capital	**36,233**	**42,869**
Gearing ratio	**40.5%**	**49.7%**

5. Rental income

’000 Euro	2021	2020
Rental income	2,090	2,438
Service charge income	684	805
Total	**2,774**	**3,243**

6. Cost of rental activities

’000 Euro	2021	2020
Property management expenses	311	291
Repair and maintenance	279	144
Utilities	278	259
Real estate taxes	176	191
Property insurance	43	48
Bad debt allowances	22	7
Other costs	85	77
Total cost of rental activities	**1,194**	**1,017**

7. Administrative expenses

’000 Euro	2021	2020
Management fee	367	389
External consultant expenses	281	271
Accrued liquidation cost	190	-
Board fees and other Board related expenses	73	66
Other	10	10
Total	**921**	**736**

Northern Horizon Capital A/S 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.

8. Financial expenses

’000 Euro	2021	2020
Interest on bank loans (Note 15)	325	340
Other financial expenses	149	-
Total	**474**	**340**

Other financial expenses comprise of accrued loan prepayment penalty in association to planned disposals of Trachenbergring property (EUR 89 thousand) and Walsroder (EUR 50 thousand). The remaining amount of EUR 10 thousand comprises of penalty fee of unused bank loan facility in association to Trachenbergring property.

9. 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 24.94% (2020: 24.94%). 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 located 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 2021 and 2020 are:

’000 Euro	2021	2020
Consolidated statement of comprehensive income		
Tax on taxable income for the year	(2,358)	(933)
Increase/(decrease) of deferred tax asset for the year	(332)	(54)
(Increase)/decrease of deferred tax liability for the year	(427)	457
Income tax expense reported in the income statement	**(3,117)**	**(530)**
Income tax expense reported in other comprehensive income		
Income tax expense reported in the statement of comprehensive income	**(3,117)**	**(530)**

Deferred income tax as at 31 December 2021 and 2020 relates to following:

	Consolidated statement of financial position		Consolidated income statement	
’000 Euro	**2021**	**2020**	**2021**	**2020**
Deferred tax liability				
Investment property fair and tax value differences	(3,569)	(3,142)	(427)	457
	(3,569)	**(3,142)**	**(427)**	**457**
Deferred tax assets				
Tax losses brought forward	-	332	(332)	(54)
	-	**332**	**(332)**	**(54)**
Deferred income tax asset/ (liability), net	**(3,569)**	**(2,810)**		
Deferred income tax expenses/(income)			**(759)**	**403**

Reflected in the statement of financial position as follows		
Deferred tax assets	-	332
Deferred tax liability	(3,569)	(3,142)
Deferred income tax liability, net	**(3,569)**	**(2,810)**

The Group historically applied initial recognition exemption for deferred tax calculation. Considering expected sales of Trachenbergring asset through an asset deal, starting from 2021 the Group recognizes deferred taxes based on the value between the tax value of the asset and expected sales value of the asset and potential trade tax.

At the time of signing the financial statements, there is a chance that potential trade tax will not materialize upon the sale of the asset. Trade tax would not be payable if certain tax conditions are met. The management team has already started specific measures to meet these conditions. This process started in late 2021 when specific building components of Trachenbergring were transferred to its sister company. Immediately after the disposal of Trachenbergring will be closed, the property holding SPV will be merged with its mother company. Given the uncertainty of trade tax payment, the financial statements are based on the more conservative view and potential trade tax is fully included in the financial statements.

The reconciliation between tax expense and accounting profit for the years ended 31 December 2021 and 2020 is as follows:

’000 Euro	**2021**	**2020**
Profit before income tax	(1,377)	1,554
At Luxembourg statutory tax rate of 24.94% (2020: 24.94%)	343	(388)
Effect of different tax rates in other countries	(3,460)	(142)
Total income tax expenses	**(3,117)**	**(530)**

Summary of taxation rates by country is presented below:

	2021	**2020**
Germany	15.825%	15.825%
Luxembourg	24.94%	24.94%

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% in 2021 and 2020.

10. Investment property

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

Independent valuators from bulwiengesa appraisal GmbH appraised the fair value of the Fund's investment properties. 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 be exchanged 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.

Investment properties were valued on an annual basis, as required by the Fund's Private Placement Memorandum dated 29 June 2012.

'000 Euro	**2021**	**2020**
Cost		
Balance at 1 January	**28,179**	**28,076**
New acquisitions		-
Additions (subsequent expenditure)	489	103
Reclassifications to assets held for sale	(28,668)	-
Cost at 31 December	**-**	**28,179**
Fair valuations		
Accumulated fair value adjustment at 1 January	**2,631**	**2,254**
Net revaluation gain (loss) for the year	(1,350)	377
Reclassifications to assets held for sale	(1,281)	-
Accumulated fair value adjustment at 31 December	**-**	**2,631**
Carrying amount at 31 December	**-**	**30,810**

Valuation techniques used to derive Level 3 fair values
As 31 December 2021, the remaining two investment properties were classified as Investment properties held for sale (Note 11). At 31 December 2020 valuations of investment properties were performed by independent valuator - bulwiengesa appraisal GmbH.

The table below presents the following for each class of the investment property:
- The fair value measurements at the end of the reporting period;
- A description of the valuation techniques applied;
- The inputs used in the fair value measurement;
- Quantitative information about the significant unobservable inputs used in the fair value measurement.

Highest and best use
For all investment property that is measured at fair value, the current use of the property is considered the highest and best use.

Class of property	Fair value* 31 December 2020 '000 Euro	Valuation technique		Key unobservable inputs	Range
Hannover - Office	9,510	Income capitalisation	-	Discount rate	5.25%
			-	Long term vacancy rate	0.00%
			-	Capitalisation yield	4.75%
Berlin – Office	21,300	Income capitalisation	-	Discount rate	4.61%
			-	Long term vacancy rate	0.00%
			-	Capitalisation yield	3,75%
Total	**30,810**				

** The investment property's fair value of Bessemerstraße property was based on a binding SPA price (EUR 23.5 million) as at 31 December 2020.*

Descriptions and definitions

The table in the previous page includes the following descriptions and definitions relating to valuation techniques and key unobservable inputs made in determining the fair values:

Income capitalisation

Valuations are prepared using the direct capitalisation approach. Under the direct capitalisation 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.

Long term vacancy rate

Long-term vacancy rate is determined based on the percentage of estimated vacant space divided by the total lettable area.

Capitalisation yield

Average internal rate of return of the cash flow from the property

11. Investment property held for sale

At 31 December 2020, Bessemerstraße property was reclassified to investment property held for sale. An investment property was classified as held for sale due to binding Fund's commitment to sell the property, and the transaction is highly probable within 12 months from the reclassification. On 30 October 2021, the disposal was finally closed.

As at 31 December 2021, the remaining two investment properties were classified as investment properties held for sale as the properties are marketed for sales and the transactions are highly probable in 2022. The Fund's investment properties held for sale are carried at its independent valuations less expected capital expenditures not evaluated by external valuator. The fair value of investment property held for sale as reflected in consolidated financial statements is EUR 29,860 thousand.

Fair value hierarchy

The following table shows an analysis of the fair values of investment properties held for sale recognised in the statement of financial position by level of the fair value hierarchy:

'000 Euro 31 December 2021	Level 1	Level 2	Level 3	Total	Total gain or (loss) in year 2021 in the income statement
Hannover - Office	-	-	9,410	9,410	(451)
Berlin – Office	-	-	20,450	20,450	(899)
Total	**-**	**-**	**29,860**	**29,860**	**(1,350)**

There were no transfers between Levels during the year. Trachenbergring decrease in value (-4.0%) as well as Walsroder Straße (-1.1%). Loss recorded in the income statement for recurring fair value measurements categorised within Level 3 of the fair value hierarchy amount to EUR 1,350 thousand and are presented in the consolidated income statement in lines 'Gross valuation gains on investment properties'. The amount also includes a positive reversal of transfer tax in relation to Trachenbergring acquisition (EUR 589 thousand) and accrued transaction cost for Walsroder Strasse (EUR 219 thousand) and Trachenbergring (EUR 281 thousand) as properties were classified as held for sale.

Valuation techniques used to derive Level 3 fair values
At 31 December 2021 valuations of investment properties held for sale were performed by independent valuator - bulwiengesa appraisal GmbH less expected capital expenditures not evaluated by external valuator.

The table below presents the following for each class of the investment property:
- The fair value measurements at the end of the reporting period;
- A description of the valuation techniques applied;
- The inputs used in the fair value measurement;
- Quantitative information about the significant unobservable inputs used in the fair value measurement.

Highest and best use
For all investment property that is measured at fair value, the current use of the property is considered the highest and best use.

Class of property	Fair value 31 December 2021 '000 Euro	Valuation technique	Key unobservable inputs	Range
Hannover - Office	9,410	Income capitalisation	- Discount rate	5.00%
			- Long term vacancy rate	0.00%
			- Capitalisation yield	4.50%
Berlin – Office	20,450*	Income capitalisation	- Discount rate	5.00%
			- Long term vacancy rate	0.00%
			- Capitalisation yield	4.00%
Total	**29,860**			

***** The market value according to the independent valuation of the property Berlin amounted to EUR 22,400. In line with the Group accounting policy, management adjusted the market value determined by the independent valuer by an additional adjustment amounting to EURk 1,950 to better reflect the property current condition and capital expenditure requirement.

Descriptions and definitions
The table in the previous page includes the following descriptions and definitions relating to valuation techniques and key unobservable inputs made in determining the fair values:

Income capitalisation
Valuations are prepared using the direct capitalisation approach. Under the direct capitalisation 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.

Long term vacancy rate
Long-term vacancy rate is determined based on the percentage of estimated vacant space divided by the total lettable area.

Capitalisation yield
Average internal rate of return of the cash flow from the property.

12. Trade and other receivables

’000 Euro	2021	2020
Trade receivable, gross	370	881
Less allowance for doubtful receivables	(184)	(624)
Prepaid expenses	225	179
Accrued income	-	15
Receivables from sold properties	2,353	-
Other accounts receivable	248	230
Total	**3,012**	**681**

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

As at 31 December 2021, receivables from sold properties in amount of EUR 2,353 thousands is related to Bessemerstraße disposal.

As at 31 December 2021, trade receivables at nominal value of EUR 184 thousand (2020: EUR 624 thousand) were impaired and fully provided for. Movements in the provision for impairment of receivables were as follows:

’000 Euro	2021	2020
Balance at 1 January	(624)	(624)
Charge for the year	(22)	(7)
Amount written off	462	7
Balance at 31 December	**(184)**	**(624)**

As at 31 December 2021, the ageing analysis of trade receivables that were past due but not impaired is as follows:

’000 Euro	Total	Neither past due nor impaired	Past due but not impaired <30 days	30-60 days	60-90 days	90-120 days	>120 days
2021	186	-	186	-	-	-	-
2020	257	-	257	-	-	-	-

13. Cash and cash equivalents

’000 Euro	2021	2020
Cash at banks and on hand	6,472	3,644
Total cash	**6,472**	**3,644**

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 2021 and 31 December 2020, the Fund had no outstanding bank overdrafts. Due to covenant breach according to the loan agreement with Münchener Hypothekenbank (Trachenbergring property), a new bank account pledged for the bank was established and EUR 500 thousand were transferred.

14. Equity

14a. Subscribed capital

As at 31 December 2019 the subscribed capital of BPT Hansa Lux SICAV-SIF was represented by 243,484 ordinary shares with a par value of EUR 100 each fully paid-in. During 2019 two investors requested to redeem share units in full and it was executed during 2020: Investor 1 - 26,633.60 shares and Investor 2 - 1,250.00 shares. As at 31 December 2021 the subscribed capital of BPT Hansa Lux SICAV-SIF was represented by 215,600 ordinary shares with a par value of EUR 100 each fully paid-in.

According to PPM, shares can be redeemable after a holding period of 10 years upon the request of the investor. Share units are redeemable at a redemption price corresponding to the audited NAV determined at the applicable redemption day. NAV is adjusted by any amount determined by the management to ensure economic fairness between all investors, taking into consideration (without limitation thereto) costs including property valuation or disposal, capital gains, taxes and any other costs and expenses associated with the liquidation of the Fund. Accordingly, it was decided to redeem shares at EUR 138.12 per share corresponding to EUR 3.9 million in total. The redemption was allocated as follows:

- To share capital in an amount of assigned value (100.00 EUR per share) in total amount of EUR 2,789 thousand.
- Any excess, to retained earnings (38.12 EUR per share) in total amount of EUR 1,062 thousand.

	Number of shares	**Amount, in EUR**
As at 1 January 2020	**243,484**	**24,347,800**
Movement	(27,884)	(2,788,360)
As at 31 December 2020	**215,600**	**21,559,440**
Movement	-	-
As at 31 December 20201	**215,600**	**21,559,440**

There were no other changes in share value during 2021 and 2020.

14b. Dividends paid

’000 Euro	**2021**	**2020**
Dividends distribution Q4 2020	-	1,509
Dividends distribution Q2 2021	1,294	-
Dividends distribution Q4 2021	9,000	-
Total dividends paid	**10,294**	**1,509**

15. Interest bearing loans and borrowings

’000 Euro	**Maturity**	**Effective interest rate**	**2021**	**2020**
Non-current borrowings				
Münchener Hypothekenbank eG	31 December 2022	1.26%	-	9,970
Sparkasse Hannover AG	30 October 2022	1.79%	-	4,946
Less capitalised loan arrangement and legal fees			-	-
Less current portion			-	(242)
Total non-current debt			**-**	**14,674**

Current portion of non-current borrowings				
Münchener Hypothekenbank eG	31 December 2022	1.26%	9,970	-
Sparkasse Hannover AG	30 October 2022	1.79%	4,704	-
Münchener Hypothekenbank eG	30 September 2022	1.38%	-	6,394
Current portion of non-current borrowings			-	242
Total current debt			**14,674**	**6,636**
Total			**14,674**	**21,310**

For the borrowings received, the Fund issued the following securities:

- Assignment of land charge for properties located at:
  - Walsroderstrasse 93/93a, Hannover, Germany;
  - Trachenbergring 93, Berlin, Germany.
- Assignment of rights and claims of existing and future rent receivables from lease agreements of investment properties located at Walsroderstrasse 93/93a, Hannover, Germany and Trachenbergring 93, Berlin, Germany.

There are no covenants agreed for Walsroder Strasse. In 2021 there was a covenant breach according to the loan agreement with Münchener Hypothekenbank (Trachenbergring property). This was caused due to the termination of the lease agreement with Nestor Bildungsinstitut GmbH as of 31 March 2022. It was agreed with the bank that a new bank account pledged for Münchener Hypothekenbank was established and EUR 500 thousand were transferred. This amount should cover the bank´s risk accordingly. This breach could already be healed with the new lease. There are no LTV covenants agreed for the Fund portfolio.

16. Trade and other payables

’000 Euro	2021	2020
Trade payables	239	166
Total trade and other payables	**239**	**166**

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.

17. Other current liabilities

’000 Euro	2021	2020
Advance payments	495	12
Accrued transaction cost	438	0
Accrued financial cost	139	130
Accrued liquidation cost	190	-
Accrued legal cost	62	10
Accrued audit and accounting fees	50	51
Accrued Directors fees and related taxes	5	13
Accrued constructions payables	-	257
Accrued transfer tax payable	-	1,062
Other accrued payables	344	299
Total other current liabilities	**1,723**	**1,834**

18. Commitments and contingencies

18a. Operating lease commitments – Fund as a lessor

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

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 considered as 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.

	2021		2020	
'000 Euro	**Amount receivable**	**%**	**Amount receivable**	**%**
Within 1 year	1,375	30%	2,095	35%
Between 1 and 2 years	1,026	23%	1,436	24%
Between 2 and 3 years	687	15%	866	15%
Between 3 and 4 years	478	10%	524	9%
Between 4 and 5 years	365	8%	379	6%
5 years and more	622	14%	664	11%
Total	**4,553**	**100%**	**5,964**	**100%**

18b. Litigation

As at 31 December 2021, the Fund had no pending litigations.

19. Related parties

During the year, the Fund entered into transactions with related parties. Those transactions and related balances are presented below.

Fund Management Fee
The Fund has entered into investment advisory agreement with Northern Horizon Capital A/S, the Investment Manager. Under the terms of the agreement, Northern Horizon Capital A/S group companies carry out asset manager's functions on behalf of the Fund and the Fund is paying fund management fees respectively (Note 7). In 2021 and 2020 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.

Acquisition Fee
In addition, internal costs borne by Northern Horizon Capital 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. There were no acquisitions of properties in 2021 and respectively no acquisition fee charged.

Performance Bonus Fee
The Investment Manager is also entitled to the receive a performance bonus fee in case the annual Return on Equity ("ROE") of the Fund exceeds 7% p.a., calculated as Compounded Annual Growth Rates ("CAGR") of the basis on the monthly weighted equity for the last three years. The Performance Bonus Fee will amount to 20% of the return achieved above this target. The Performance Bonus Fee is paid out 8 days following the annual general meeting of Shareholders. Neither in 2021 nor in 2020 has the Investment Manager been entitled to receive a performance fee.

Property Management Fee
The Investment Manager is entitled to a property management fee calculated as 0.5% and 1% of the monthly rental income of the real estates managed by the Investment Manager.

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	2021	2020
Northern Horizon Capital A/S group		
Management fees (Note 7)	367	389
Property management fees	-	-

Northern Horizon Capital A/S owned 6,591 ordinary shares of the Fund, but it was sold in 2019.

Entities having control or significant influence over the Fund
The Shareholders owning more than 5% of the ordinary shares as of 31 December 2021:

	Number of shares	%
Danske Bank A/S, Danmark, Sverige Filial	133,366	61.9%
Danske Bank International S.A.	40,000	18.6%
Evli Bank Plc	19,836	9.2%

Board of Directors interests in the Fund
As of 31 December 2021, the members of the Board of Directors held 3,659 ordinary shares of the Fund (1.7%).

20. Remuneration of the management and other payments

The Fund’s management (Board of Directors) remuneration amounted to EUR 23 thousand in 2021 (2020: EUR 23 thousand). In 2021 and 2020, the management of the Fund did not receive any loans or guarantees; no other payments or property transfers were made or accrued.

21. Financial instruments

21a. Fair values

Set out below is a comparison by category of carrying amount and fair values of all of the Fund’s financial instruments as of 31 December 2021 and 2020:

	Carrying amount		Fair value	
’000 Euro	**2021**	**2020**	**2021**	**2020**
Financial assets				
Trade and other receivables	3,012	681	3,012	681
Cash and cash equivalents	6,472	3,644	6,472	3,644
Financial liabilities				
Interest bearing loans and borrowings	14,674	21,310	14,705	21,401
Trade and other payables	239	166	239	166
Other current liabilities	3,703	2,071	3,703	2,071
Other non-current liabilities	-	331	-	331

Fair value hierarchy

Quantitative disclosures of the Fund's financial instruments in the fair value measurement hierarchy as at 31 December 2021 and 2020:

Year ended 31 December 2021

'000 Euro	**Level 1**	**Level 2**	**Level 3**	**Total fair value**
Financial liabilities				
Interest-bearing loans and borrowings	-	14,705	-	**14,705**

Year ended 31 December 2020

'000 Euro	**Level 1**	**Level 2**	**Level 3**	**Total fair value**
Financial liabilities				
Interest-bearing loans and borrowings	-	21,401	-	**21,401**

The management assessed that cash, trade and other receivables, trade and other payables and other liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at 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 following methods and assumptions were used to estimate the fair values:

- Trade and other receivables are evaluated by the Fund based on parameters such as interest rates, specific country risk factors, individual creditworthiness of the customer, and the risk characteristics of the financed project. Based on this evaluation, allowances are taken into account for the expected losses of these receivables. As at 31 December 2021, the carrying amounts of such receivables, net of allowances, were not materially different from their calculated fair values.
- Fair values of the Fund's interest-bearing loans and borrowings are determined by using the Discounted Cash Flow (DCF) method at prevailing interest rates.

21b. 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 2021

'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	(4,704)	-	-	-	-	-	(4,704)
Bank loan	(9,970)	-	-	-	-	-	(9,970)

Year ended 31 December 2020

'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	(242)	(4,704)	-	-	-	-	(4,946)
Bank loan	(6,394)	-	-	-	-	-	(6,394)
Bank loan	-	(9,970)	-	-	-	-	(9,970)

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.

21c. Credit risk

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

22. Subsequent events

On 24 February 2022, Russian troops invaded Ukraine. The war will have an impact on businesses and economies, including in Germany. However, as of today, the war has had no real impact on the Fund. The impact of the war on the Fund will be taken into account in the 2022 financial statements.

BPT3 GmbH & Co. Vermögensverwaltung KG was officially put under liquidation on 26 January 2022. Creditors can claim their demands until 26 January 2023.

On 10 May 2022, the Fund signed an agreement to dispose Walsroder Straße for EUR 9.5m. The final closing is expected to take place in June 2022.

There have not been any significant events subsequent to the balance sheet date which require adjustment of or disclosure in the consolidated financial statements.

23. List of consolidated companies

Subsidiaries included in the consolidated financial statements

Company name	Registered office	Registration Number	Date of Acquisition	Activity	Ownership in %
BPT Hansa S.à r.l.	2, rue d'Alsace, L-1122 Luxembourg	B-120 957	13 November 2007	Financing company	100%
BPT GmbH & Co. Vermögensverwaltung KG	Jägerstraße 58-60, 10117 Berlin	HRA 42461 B	10 November 2006	Asset holding company	100%
BPT GmbH	Jägerstraße 58-60, 10117 Berlin	HRB 110698 B	10 November 2006	General partner	100%
BPT1 GmbH & Co. Vermögensverwaltung KG	Jägerstraße 58-60, 10117 Berlin	HRA 41318 B	20 November 2007	Asset holding company	100%
BPT1 GmbH	Jägerstraße 58-60, 10117 Berlin	HRB 113832 B	20 November 2007	General partner	100%
BPT2 GmbH & Co. KG	Jägerstraße 58-60, 10117 Berlin	HRA 44328 B	28 July 2007	Asset holding company	100%
BPT Trachenbergring 93 GmbH	Jägerstraße 58-60, 10117 Berlin	HRB 176661 B	15 November 2018	Asset holding company	100%
BPT Trachenbergring 93 A GmbH	Jägerstraße 58-60, 10117 Berlin	HRB 231523 B	19 November 2021	Asset holding company	100%
BPT 2 Verwaltungs-gesellschaft GmbH	Jägerstraße 58-60, 10117 Berlin	HRB 126293 B	28 July 2007	General partner	100%
BPT3 GmbH & Co. Vermögensverwaltung KG	Jägerstraße 58-60, 10117 Berlin	HRA 42479 B	4 June 2008	Asset holding company	100%
BPT3 GmbH	Jägerstraße 58-60, 10117 Berlin	HRB 116714 B	4 June 2008	General partner	100%