

<b>Minutes of Annual General Meeting of the Company</b>
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<b>Date</b>	11 <sup>th</sup> September 2013
<b>Time</b>	10:00 hrs (Valletta, Malta time)
<b>Place</b>	259, St. Paul Street, Valletta, Malta
<b>Present</b>	Roderick McGeoch – Chairman Mark Dunstan – Director Francis J. Vassallo - Director Ruth Agius Scicluna Buttigieg – Director Luisa Bartoli – acting as Company Secretary
<b>In attendance</b>	Anthony Doublet – Partner - Ernst & Young Malta Limited A beneficiary of the Separate Trust

## **1. Chairman**

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Roderick McGeoch chaired the meeting.

## **2. Confirmation of Notice and Quorum**

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The Chairman declared the meeting open and confirmed that notice of the meeting had been given to all members in terms of the Articles of Association of the Company and that a quorum was present.

## **3. Chairman's speech**

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3.1 The Chairman addressed the directors and members of the Company. A copy of the speech is documented in Appendix I of the said minutes.

There being no questions or comments, the Chairman proceeded to the formal part of the meeting.

#### **4. Purpose of meeting**

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The Chairman **NOTED** that the purpose of this meeting was as follows:

- a) That the Annual Report and Financial Statements of the Company for the year ended 31<sup>st</sup> December 2012, comprising the Financial Statements and the Directors' and Auditors' Report thereon, be hereby approved.
  
- b) That the appointment of Ernst & Young Certified Public Accountants as Auditors, be hereby approved and the Board of Directors be hereby authorised to establish their remuneration.

#### **5. Documents tabled**

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The following documents were tabled:

##### **5.1 Annual Report and Financial Statements for the year ended 31<sup>st</sup> December 2012**

A copy of the Annual Report and Financial Statements of the Company for the year ended 31<sup>st</sup> December 2012, comprising the Financial Statements and the Directors' and Auditors' Report thereon were tabled, considered and discussed at the meeting.

#### **6. Approvals**

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##### **6.1 Annual Report and Financial Statements for the year ended 31<sup>st</sup> December 2012**

**RESOLVED** (as an ordinary resolution) that the Annual Report and Financial Statements of the Company for the year ended 31<sup>st</sup> December 2012, comprising the Financial Statements and the Directors' and Auditors' Report thereon be approved.

6.2 **Appointment of Ernst & Young Malta Limited as Auditors**

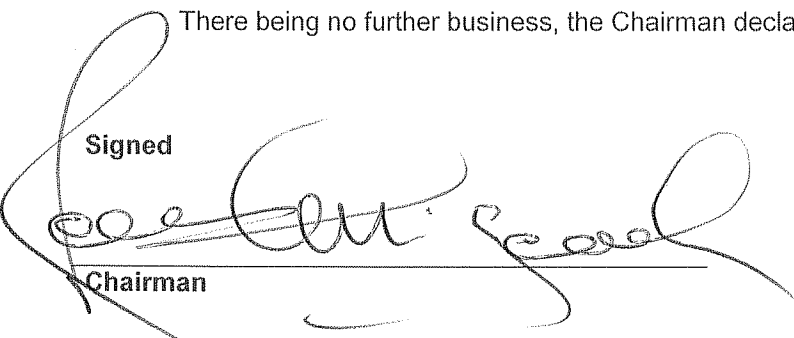
**RESOLVED** (as an ordinary resolution) that Ernst & Young Malta Limited be approved as Auditors, and the Board of Directors be authorised to establish their remuneration.

7. **Closure**

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There being no further business, the Chairman declared the meeting closed.

Signed

  
Chairman

11<sup>th</sup> September 2013

Dated

## CHAIRMAN'S SPEECH

### APPENDIX I

Dear fellow directors and shareholders of BGP Holdings.

The past year has seen the long hoped-for change in BGP's financial situation. When the company was spun off in 2009 it was deeply in negative equity and the European market was lurching from a global financial crisis to a prolonged sovereign and banking crisis, accompanied by weak growth and rising unemployment. The company committed itself to discarding non-performing assets and using what resources it had to paying down debt and turning around those assets which it targeted to manage for improved value. The results of this strategy are most encouraging. By focusing on German assets at a time when Germany became a safe haven from the troubled European periphery BGP has seen a significant uplift in its asset values, further aided by an asset management performance that has reduced vacancy and increased rental yield in the key residential portfolios.

While the macroeconomic outlook still remains fragile BGP is confident that its value relative to its peers remains on a positive trajectory and that the Residential asset management teams can continue to improve the metrics of these portfolios. In debt markets liquidity has improved markedly, permitting BGP to refinance two thirds of the residential portfolio this summer via the €406 million Monnet Finance 5 year mortgage backed security issue arranged by Deutsche Bank. Recalling my words at the Annual General Meeting in 2012 this refinancing had previously been seen as BGP's largest challenge.

While BGP's management is happy with the performance of the residential portfolios there are still concerns with the light industrial assets. In the Netherlands and Denmark the assets remain stubbornly below debt value. We are cooperating with our lenders to turn these portfolios around, but we consider these assets as non-core and they are marked for disposal when we can agree an appropriate exit with our banking partners. In France, a piecemeal sell-down is progressing to plan, but it may take another 18 months to complete these disposals and repay the associated bank debt. It should be noted that the financing of these portfolios is on a non-recourse basis.

Selective sales in the retail portfolio are satisfactorily underway. Proceeds from these sales will release additional resources to further invest in the core residential assets.

The cash position of BGP remains healthy, with three years' corporate costs held in reserves. With the exit of Babcock & Brown from BGP's shareholding in 2012 we have now produced a full set of consolidated accounts for the financial year, giving greater transparency to our financial statements. Shareholders' equity and reserves stand at €390 million at the end of 2012, in contrast to nearly €600 million in negative equity at the time of the *in specie* dividend in 2009. While this billion Euro turnaround is most gratifying it is timely to remind you that our share structure and register is one of 9.7 billion shares held by nearly 59,000 shareholders respectively. You will recall the sprawl of our legacy Group structure, with seven corporate layers over seven countries. The complexity is daunting.

With its core portfolios stabilised BGP will now explore its exit strategy options in consultation with its shareholders. The Board remains fully committed to the mission entrusted to it in 2009, to return value to you, our shareholders. Be assured that in conjunction with our advisors we are looking forward to this challenge.

## CHAIRMAN'S SPEECH

As I observed at the beginning of my remarks we are poised to enter a new era for BGP, in no small measure due to a small and dedicated staff led by your CEO Mark Dunstan. On your behalf I would like to express my gratitude to them.

Thank you

Rod McGeoch, Chairman, BGP Holdings p.l.c.