

# BGP Holdings p.l.c. (the "Company")

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## Minutes of Annual General Meeting of the Company

**Date** 20<sup>th</sup> September 2012  
**Time** 10:00 hrs (Valletta, Malta time)  
**Place** 259, St. Paul Street, Valletta, Malta  
**Present** Roderick H. McGeoch – Chairman  
Mark Dunstan – Director  
Ruth Agius Scicluna Buttigieg – Director  
Luisa Bartoli – acting as Company Secretary  
**In attendance** Chris Balzan – Director - Ernst & Young Malta Limited  
Stephania Frendo – Assurance – Ernst & Young Malta Limited

### 1. Chairman

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Roderick H. McGeoch chaired the meeting.

### 2. Confirmation of Notice and Quorum

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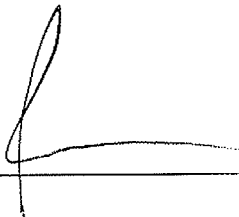
The Chairman declared the meeting open and confirmed that notice of the meeting had been given to all members in terms of the Articles of Association of the Company and that a quorum was present.

### 3. Chairman's speech

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3.1 The Chairman opened the meeting by giving an introductory speech as 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 2011, 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.
- c) That the remuneration payable to the Directors be increased on a yearly basis by an amount to compensate for inflation but in any case not exceeding a 5% (five percent) increase on the previous year's fees.

#### 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 2011

A copy of the Annual Report and Financial Statements of the Company for the year ended 31<sup>st</sup> December 2011, comprising the Financial Statements and the Directors' and Auditors' Report thereon were tabled, considered and discussed at the meeting.

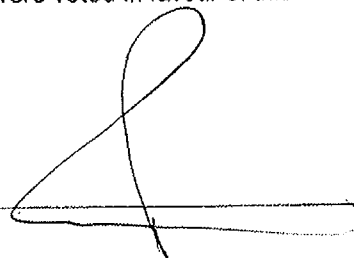
#### 6. Approvals

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##### 6.1 Annual Report and Financial Statements for the year ended 31<sup>st</sup> December 2011

**RESOLVED** (as an ordinary resolution) that the Annual Report and Financial Statements of the Company for the year ended 31<sup>st</sup> December 2011, comprising the Financial Statements and the Directors' and Auditors' Report thereon be approved.

The Chairman noted that all open proxies were voted in favour of this resolution.



**6.2 Appointment of Ernst & Young Certified Public Accountants as Auditors**

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

The Chairman noted that all open proxies were voted in favour of this resolution.

**6.3 Remuneration payable to the Directors**

The Chairman noted that there was considerable comment from the beneficiaries of the trust as notified to the Company by the trustee, The Trust Company (Australia) Limited, on the appropriateness of this resolution and that a reply to those who identified themselves would be considered.

The Chairman further noted that the amount of proxies expressly voting in favour of this resolution exceeds the number expressly voting against it. The Chairman instructed that all the open votes directing the Chairman to vote were not to be considered for the purpose of this resolution.

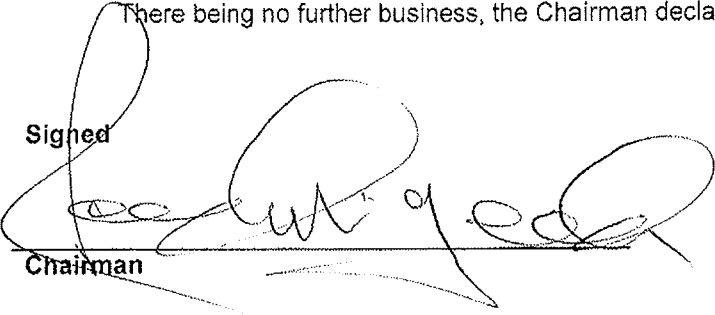
**RESOLVED** (as an ordinary resolution) that the remuneration payable to the Directors be increased on a yearly basis by an amount to compensate for inflation but in any case not exceeding a 5% (five percent) increase on the previous year's fees be hereby approved.

**7. Closure**

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

Signed

  
Chairman

20<sup>th</sup> September 2012

Dated

## CHAIRMAN'S INTRODUCTORY SPEECH

### APPENDIX I

Dear fellow directors and shareholders of BGP Holdings,

This is my third opportunity to address you at an Annual General meeting as chairman.

The mission of this company was and is to liquidate its assets with a view to returning net proceeds to shareholders. Initially we gave ourselves 3 years to accomplish this. The task has proved formidable.

European markets over the past 12 months have remained very weak. The severe lack of bank credit has hampered potential real estate buyers, pushing down demand for property and thus further depressing prices. Investors' cautious strategies in the wake of the financial crisis have also encouraged "flight to quality", again at the expense of BGP's largely non-prime assets.

A grim example of this was our Dutch light industrial portfolio. Valued three years ago at €240 million the portfolio is now worth half of this and the portfolio has fallen to a level below the outstanding debt value. The assets themselves are acknowledged as well managed; simply the perception of the sector as highly leveraged and correlated to a slowing economy was enough to drive the price down substantially.

Similarly our Immowest, a German residential portfolio, was not able to come to terms with its bank to refinance its outstanding loan and was forced to file for insolvency. This occurred despite the company having restructured its loan only a few months earlier.

The macroeconomic outlook is still not promising. The sovereign debt crisis has quietened over the European summer but the underlying over-indebtedness remains and the political will and ability to solve the crisis remains dubious. Economic growth is minimal.

The focus for the coming year will be refinancing. The core assets we expect to provide a major part of your return need to be refinanced in 2013. Certain assets in the joint venture with Oxford will be refinanced already at the end of this year, albeit at the onerous terms that are the hallmark of the current markets.

We expect to sell further retail assets which are well maintained and in attractive areas. The proceeds of these sales will be held in reserve in case additional equity is needed to ensure the refinancing of BGP's remaining assets. As I stated in my address last year, these assets would have been sold earlier, but the excessive debt levels would have meant no net return to the shareholders. Therefore our focus was on improving the properties to get a better price relative to the market when the opportunity to sell arose. It did not.

Despite the gloom on the economic side there have been a lot of pleasing developments over the past year. Given the difficult circumstances the BGP team has performed extremely well. The German asset management arm, partly sold down to its managers last year, has turned a profit and even returned a small dividend to us.

The accounting and compliance project has brought the company up to date, and restated accounts from the past where material errors have been uncovered. Judicious sales in German Residential, the Oxford joint venture and the HBI French light industrial portfolios have permitted substantial debt repayment which improves our standing with lenders and reduces the risk of costly litigation.

## CHAIRMAN'S INTRODUCTORY SPEECH

Several legacy disputes and litigation have been settled at terms in line or better than our expectation, further reducing the financial and reputational risk to the company.

As foreseen in the original Information Memorandum Babcock & Brown has exercised its option to sell its 50% share in BGP Investment and exit the structure. BGP is now 100% owned by recipients of the in specie dividend in 2009.

The Luxembourg office has signed a new lease at an all in cost lower than 2009 – 2010 and it is further reducing costs by outsourcing IT and services later this year.

Finally I note there has been significant opposition voiced by some investors in relation to the issue of directors' fees.

Please be assured that we take our shareholder's opinions extremely seriously.

In our opinion, the net asset value of the company has improved over the last 3 years.

2011 – 2012 has proved an undoubted challenge. Our results, while positive, have not met our expectations, given the poor market environment. Nevertheless the directors of BGP remain committed to returning value to its shareholders.

I am confident we have the team to achieve this objective, and the will to make it happen.

- Rod McGeoch, Chairman, BGP Holdings