

<b>Minutes of Annual General Meeting of the Company</b>
---

<b>Date</b>	30 <sup>th</sup> July 2015
<b>Time</b>	09:15 hrs (Malta time)
<b>Place</b>	B2, Industry Street, Qormi, Malta
<b>Present</b>	Roderick McGeoch – Chairman Mark Dunstan – Director Francis J. Vassallo - Director Adriana Camilleri Vassallo – Company Secretary
<b>In attendance</b>	Anthony Doublet – Partner - Ernst & Young Malta Limited Honeylette Cao - Ernst & Young Malta Limited Luisa Bartoli – Francis J. Vassallo & Associates Limited

### **1. Chairman**

---

Roderick McGeoch chaired the meeting.

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

---

The Chairman declared the meeting open, apologised for the delay in the commencement of the meeting, 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 Address**

---

3.1 The Chairman addressed the shareholders and directors of the Company. A copy of the address is documented in Appendix I of the minutes.

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

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

---

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 2014, comprising the Financial Statements and the Directors' and Auditors' Report thereon, be hereby approved.
  
- b) That the appointment of Ernst & Young Malta Limited as Auditors, be hereby approved and the Board of Directors be hereby authorised to establish their remuneration.

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

---

The following documents were tabled:

##### **5.1 Annual Report and Financial Statements for the year ended 31<sup>st</sup> December 2014**

A copy of the Annual Report and Financial Statements of the Company for the year ended 31<sup>st</sup> December 2014, comprising the Financial Statements and the Directors' and Auditors' Report thereon were tabled, considered and discussed at the meeting.

#### **6. Approvals**

---

##### **6.1 Annual Report and Financial Statements for the year ended 31<sup>st</sup> December 2014**

**RESOLVED** (as an ordinary resolution) that the Annual Report and Financial Statements of the Company for the year ended 31<sup>st</sup> December 2014, comprising the Financial Statements and the Directors' and Auditors' Report thereon be approved.

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

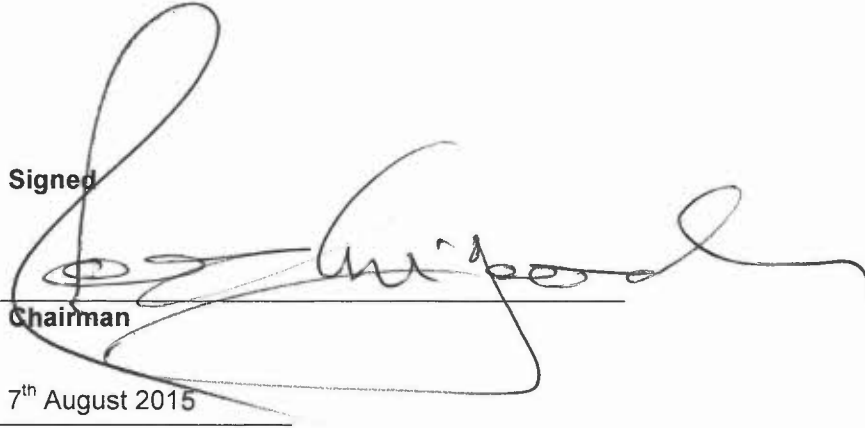
**RESOLVED** (as an ordinary resolution) that Ernst & Young Malta Limited be approved as Auditors, and the Board of Directors be authorised to establish their remuneration.

**7. Closure**

---

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

**Signed**

A large, stylized handwritten signature in black ink, written over a horizontal line. The signature is cursive and appears to be 'G. M. ...'.

**Chairman**

7<sup>th</sup> August 2015

**Dated**

Appendix I:

## **Chairman's address**

Dear shareholders, dear fellow directors and the BGP executive team

2014 was a defining year for BGP Holdings. After several years in preparation the group is finally in reach of achieving the goal set by its shareholders at the time of its spin-off from GPT in 2009. A sale or listing of its main subsidiary, BGP Investment s.à r.l., is planned for 2015, the proceeds of which will be distributed to our shareholders.

Continuing our policy of disposing of all assets outside the residential properties in Germany, many sales were concluded over the year. As at December 2014, only EUR 173 million of non-core assets were still held for sale. In the non-core portfolio the retail asset MKV in Munich was sold in the previous July, at a price above its valuation, realising over EUR 22 million in net proceeds. The sale of the remaining Smaragd retail centres was also notarised. Further French assets in Palaiseau and Ennery were sold, and the remaining HBI structure was transferred upstream from BGP Investment to BGP Holdings Europe as part of a corporate restructuring. The intention behind this restructuring was to simplify the structure and focus the business plan of the target sale company to achieve a better price in the planned sale or listing.

The joint venture with Oxford was also divested. The remaining Hanover residential assets were sold to ProImmo AG and the sale of the EUR 200 million Wilhelmshaven portfolio was signed in December with Adler Real Estate AG, closing in January 2015. Net proceeds of EUR 34.7 million have been received from these sales.

Tactical sales continued in the core residential portfolio. Assets in Lollar, Biedenkopf and Breienbach were sold, as they required uneconomic capital expenditure and were geographically outside our targeted regions. The Berlin asset in Xantenerstrasse was also opportunistically sold at a price some 40% above valuation.

Finally, the sale of our 25% shareholding in the Otto 3 portfolio was concluded in April 2015 with cash of more than EUR 4 million expected by the end of the year.

## **Financial position**

These sales in 2014 reduced BGP Investment's core investment properties portfolio to the targeted EUR 1.1 billion with less than 5% of gross asset value in non-core assets. Net profit for the year for the owners of the group reached EUR 60 million and the net asset value increased to EUR 528 million.

## **Group financing**

The Berlin Franz assets were refinanced in June by a bank loan from Berliner Volksbank, at a rate slightly above 2%, i.e. nearly 3% lower than the previous facility. The key Bundaberg portfolio was also refinanced by Berlin Hyp in December at an all in cost slightly below 2%, an outstanding achievement.

The combination of these re-financings and the sale of non-core assets brought BGP's leverage to a conservative 52% loan to value ("LTV") ratio, providing a springboard for future acquisitions and assuring solid credit standing for a probable refinancing of the Group's outstanding EUR 378 million CMBS in the coming year. A strong cash position at 2014 year end enabled the Company to buy back the debt of the troubled Otto II portfolio in Schleswig Holstein at an attractive discount of nearly 20% in early 2015.

## **Exit Realization**

As preparation for the long planned exit for its existing shareholders, leading investment bank Lazard was hired in June 2014 to advise on a dual track process, a trade sale or stock exchange listing. This has proved a demanding process, with the establishment of a comprehensive data-room of over 13 GB and significant corporate restructuring required to increase BGP's attractiveness to trade buyers and/or future shareholders. Legacy tax and accounting issues have also been addressed in the process. A long list of M&A buyers was approached late in the year and preparations are well underway on a prospectus, to potentially list BGP Investment on the Frankfurt stock exchange.

## **Corporate Restructuring**

2014 was a year of significant corporate restructuring. During the course of the year BGP was transformed from a property holding company to a fully integrated real estate investment platform. Minority participations in asset management, property management and facility management companies were transformed into full ownership to gain control of the management platform at the end of 2014, promising significant cost savings and improved tax efficiency. With the opening of regional offices of these companies BGP has overlaid its geographical asset footprint with a bespoke and scalable management structure permitting the group to leverage its operational capacity with strategic acquisitions in the future. This evolution greatly widens the pool of trade buyers and makes BGP fully viable as a listing candidate.

## **Macro evolution**

The German market has proven the most robust in Europe, with solid growth, record low interest rates and record low unemployment. In the residential property sphere, demand remains extremely strong, underpinned by a low level of new construction and a favourable demographic evolution. The safe haven attraction of Germany and its real estate sector in particular has supported valuations. The valuation of the Group's core residential portfolio of residential investment properties increased by almost 6% in 2014. The coming year will present its challenges, with the potential impact of changes in housing regulation in Germany, as well as the perennial threat of Eurozone instability due to over-indebtedness of weaker Eurozone members, particularly Greece.

## **Business Outlook**

The restructured BGP has a promising outlook in 2015. The Company expects positive performance from its core residential portfolio through a combination of vacancy reduction and rental increases. Cash flow should be increased later in the year through a refinancing of the outstanding CMBS. In addition, savings from improvements in the Company's operational structure should flow to the bottom line. Availability of capital and an experienced transactional team should also permit the Company to make accretive acquisitions, supported by a scalable operational platform in most growth regions in Germany.

## **The Board**

The Board has met on four occasions during the year. It has guided preparations for the planned divestiture and closely followed a demanding process. It has fulfilled and will continue to respect the highest market standard corporate governance principles. It has been constantly engaged in the activities of the Company over the past year.

## **Personnel**

Following the acquisition of the three management companies in Germany the personnel of the combined group has grown from 6 to 196 at the end of 2014, of which 160 are employed in the more labour intensive property and facility management companies.

We are proud of our engagement and achievements in 2014. The BGP team has excelled at all levels. We believe the company has been put into outstanding shape to achieve maximum value in a sale or float. However - a note of caution. The task is not yet complete. In any transaction of this size and complexity there are risks. Markets have been extremely volatile over recent months and no process, no matter how well managed, can guarantee an optimal outcome. We will continue to apply ourselves to our task, and look forward to reporting a successful transaction to you in the coming months.

It has been a long and demanding five years. Thank you for your patience, support and understanding.

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