

Minutes of the Annual General Meeting of the Company

Date 13th July 2016
Time 09:00 hrs (Malta time)
Place B2, Industry Street, Qormi, Malta
Present Roderick McGeoch – Chairman
Mark Dunstan – Director
Francis J. Vassallo – Director
Ruth Agius Scicluna Buttigieg - Director
Luisa Bartoli – acting as Company Secretary

In attendance Anthony Doublet – Partner - Ernst & Young Malta Limited

1. Chairman

Roderick McGeoch chaired the meeting.

2. Confirmation of Notice and Quorum

The Chairman declared the meeting open, 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 31st December 2015, 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 31st December 2015

A copy of the Annual Report and Financial Statements of the Company for the year ended 31st December 2015, 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 31st December 2015

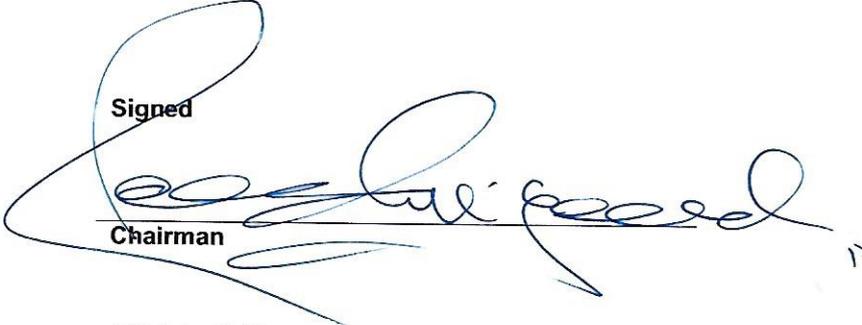
RESOLVED (as an ordinary resolution) that the Annual Report and Financial Statements of the Company for the year ended 31st December 2015, comprising the Financial Statements and the Directors' and Auditors' Report thereon be approved.

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

Chairman

13th July 2016

Dated

BGP Holdings: Chairman's report to the AGM, 2016

As we gather for this Annual General Meeting to review the progress of BGP Holdings during 2015, I am extremely pleased to welcome you and to present my report on BGP's progress over the past 12 months.

Following exhaustive groundwork laid in 2014 and 2015 for the sale or float of BGP, I can report that the Board and management are significantly advanced towards generating a return of value to our investors.

Exclusive negotiations are under way for a transaction that would result in the sale of 100 per cent of the BGP Investment group, including the operating companies, the assets and the staff.

Although the process is in its late stages, we are not yet in a position to announce a transaction. Once we are able to do so, we will then seek shareholder approval for the distribution of sale proceeds through interim and final dividends. All going well, we anticipate that these resolutions will be put to an Extraordinary General Meeting in August or September.

I will deal further with the sale and distribution processes later in my address, but I have a most important duty to perform first.

An expert team dedicated to achieving success

On your behalf I would like to thank the people who did most to bring about our success. Then I will briefly remind you of the history of BGP, its difficult birth and subsequent evolution since 2009, from a company with no value and with negative equity to a business that is now poised to realise material value through a trade sale.

My fellow directors and BGP executives have worked effectively, surmounting obstacles at every stage, to restore some value to your investment.

The directors of the BGP group companies know the property market well. They are skilled in running major businesses and in exercising good commercial judgment. Drawing on their experience, they have set sound strategy for BGP and ensured that the company has met the established goals at each stage of recovering the business over the past seven years.

BGP has been managed by a relatively small number of talented senior executives, ably led by Managing Director Mark Dunstan, whose financial skills and extensive property experience have made success possible against the odds.

Together, the BGP Board and executives have collaborated on your behalf to provide the oversight and execution that have brought our strategy to fruition.

Since we restructured BGP, we have acquired many more staff members, especially in the direct management of our properties and facilities. They now number over

200, and I would like to thank each of them on your behalf for the daily contribution that they are making to the realisation of our goals. They also deserve credit for the success that the company has achieved.

From near insolvency, BGP has climbed a steep road to recovery

Success, if it could be attained at all, was on the distant horizon when in 2009, Michael Cameron, then recently appointed CEO of General Property Trust (GPT), invited me to chair the board of BGP, the new entity that GPT had divested.

BGP comprised the assets of the joint venture European property investment company that GPT had purchased with Babcock & Brown Limited (BBL). The joint venture had built a portfolio of retail, commercial, light industrial and residential properties worth more than € 5 billion at its high point, before the global financial crisis struck. In 2009, BBL was put into liquidation (you can find more details on the BGP Investment website, www.bgp-investment.com).

The divestment from GPT was made through an *in specie* dividend in the form of one BGP share for each GPT share held by shareholders.

In understanding how far we have travelled towards recovering value in the portfolio, it is important to emphasise that a BGP share, at the time of the divestment, had a value of zero cents.

That value applied because the BGP portfolio was so heavily indebted as to be virtually worthless. As a result, in 2009 and 2010, we began the demanding task of rationalising and refinancing the portfolio. In the first place that meant disposing of the properties with least prospective value and those that carried the risk of litigation or loss of reputation for BGP.

In 2009 we also took positive steps to maximise the efficient management of the portfolios. We took full control of the asset management of residential properties and appointed a leading management company to handle the retail and light industrial portfolios.

Working towards recovery in a difficult climate

Our refinancing program continued as we progressively prepared properties for the most advantageous divestment we could devise.

Throughout our restructuring, refinancing and disposal program, we were dealing with the serious continuing economic effects of the global financial crisis. Recovery was slow, uneven and uncertain. In that climate, values in the European property market were markedly reduced from earlier levels.

At all times we focused on our eventual goal of returning value to shareholders. The steps we took were prudent: when we received surpluses from sales of properties, we used those funds to further pay down debt and to invest in improving the remaining

properties within the portfolio, rather than make piecemeal distributions during the years of recovery. As the dividend we targeted was to be at the end of the process when the whole company was sold or floated, it was clearly sound policy to take this approach.

We have remained cautious throughout. We have not promised results that could not be guaranteed and we have minimised risks at every stage. To date we have made 68 separate property transactions.

As we worked through 2011 and 2012, recovery in the European economy and property market was sluggish and it became clear that three to five years would not be sufficient time to produce the maximum possible return for shareholders. The process, we realised, would more likely take five to seven years, and that is how events have transpired.

We continued to sell the less valuable, under-performing assets when we could do so on satisfactory terms.

Good relationships with our banks were crucial to success

Of great and lasting importance, underpinning all of our endeavours on behalf of shareholders, was maintaining good relationships with our banks. This has been absolutely essential to securing the best possible financing arrangements for all BGP assets.

The process of corporate restructuring of BGP continued as we sought the most cost-efficient ways to manage the company, and we saved money by finding the best solutions to the challenging legacy tax and regulatory issues that BGP had inherited.

As we continued to plan for ultimate success on a longer timetable, we paid great attention to the residential portfolio. We foresaw that this was where the highest long-term value would be found among BGP's various asset classes. We sought to continuously improve the value of the German residential portfolio, which was showing signs of greater strength, resilience and long-term value than were other classes of property in various regions of Europe.

We increased residential asset values by renovating the properties, reducing vacancies, increasing rents and appointing more efficient and cost-effective asset and property managers.

All of these actions paid off. As the best of our residential assets grew in value, we continued to dispose of under-performing retail, commercial and light industrial properties as well as selling many of the less prospective residential units. These steps combined to significantly improve BGP's financial outlook. The company steadily moved from serious over-indebtedness back into the black, returning towards the property industry average ratio of debt to equity.

Clearing the decks with the exit of Babcock & Brown

A significant step in 2012 was the exit of Babcock & Brown from BGP's share register after the company exercised its option to do so and following approval from BGP's banks and tax advisers.

Typical of the measures we implemented at that time was negotiating a new lease for BGP's head office in Luxembourg that substantially reduced costs over the lease term. In many such ways we achieved savings that have improved the bottom line.

BGP turned a significant corner at the end of 2012, when shareholders' and equity reserves reached €390 million. That compared with negative equity in 2008 of €600 million. The change represented a turnaround in BGP's fortunes of nearly €1 billion over those five years.

As 2013 unfolded, our focus on the German residential portfolio continued to yield positive results. We increased asset values and implemented better asset management practices, further cutting vacancy rates and increasing rental yields in key residential properties.

In parallel with these improvements, in 2013 we cleared our biggest financial hurdle by arranging the favourable refinancing of two-thirds of the residential portfolio.

A sale process becomes more prospective

With the consolidation achieved through 2013 and into 2014, we were able to turn our eyes towards the most promising exit strategy, and we consulted shareholders and our advisers about the alternatives.

In 2014, with positive equity regained, the company was at last in a sound operating position. The attractiveness of BGP as a target for purchasers was further increased through the strengthening of our corporate structure. We completed the vertical integration of the group by bringing the asset management company back into BGP and by acquiring property and facility managers.

In these ways, by late in 2014, BGP seemed set for either an Initial Public Offering (IPO) or a trade sale, as we looked at alternative ways to dispose of the company and thereby realise our long-term goal of creating a dividend for shareholders.

However, in the event, the sale or float that we thought might be achieved in 2015 turned into more than 18 months of patiently considering the alternatives amid difficult European economic conditions.

As we moved through 2015, we postponed plans to float the company. Conditions for a float were not favourable while the European sovereign debt crisis, centred on Greece, persisted. Market volatility and excessive caution indicated by institutional investors led the directors to conclude that the IPO route was too risky.

Later in 2015, we rejected a trade sale offer that the Board believed had undervalued the company.

A serious offer from a major business to purchase BGP

As I outlined at the beginning of this address, 2016 has proved most favourable to the revived sale process, and we have received a proposal of sufficient merit to justify entering into exclusive negotiations.

Should a transaction be concluded, an Extraordinary General Meeting (EGM) of the company will be convened to approve the distribution of net proceeds to investors.

At this time the funds available for distribution are expected to be approximately 90 per cent of the net proceeds of the sale. Deducted from the sale price will be all transaction, administrative and remuneration expenses and the provision made for finalising the handing over of the BGP operation.

Final distribution should be made in the next few months

I look forward to announcing, at the forthcoming EGM in August or September, the successful sale of BGP and the quantum and timing of the distribution to shareholders.

In closing what seems likely to be our last AGM, I would like to thank you, the shareholders, for your trust and patience over the past seven years. On this testing journey you have supported us all the way, and for that I am most grateful.

I can assure you that we have spared no effort on your behalf in seeking to maximise the return we could produce for you.

- Rod McGeoch, AO
Chairman, BGP Holdings