

<b>Minutes of Annual General Meeting of the Company</b>
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**Date** 19<sup>th</sup> September 2011

**Time** 10:35 hrs (Valletta, Malta time)

**Place** 259, St. Paul Street, Valletta, Malta

**Present** Roderick Hamilton McGeoch – Chairman  
Mark Dunstan – Director  
Francis J. Vassallo – Director  
Adriana Camilleri Vassallo – Company Secretary

**In attendance** Anthony Doublet – Partner in representation of Ernst & Young - Malta  
Kari Buttigieg – Francis J. Vassallo & Associates Limited  
Luisa Bartofi – Francis J. Vassallo & Associates Limited  
A beneficiary of the Separate Trust

**1. Chairman**

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Roderick Hamilton McGeoch chaired the meeting.

**2. Confirmation of Notice of 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 of 15% was present.

## **2. Chairman's speech and Questions**

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- 2.1 The Chairman opened the meeting by giving an introductory speech as documented in Appendix I of the said minutes.

In reply to the beneficiary's query as to whether a financial return on investment may be expected, the Chairman advised that the considerable savings as a result of the sale of 'bad' investments, that is the sale of the Spanish property, including the better management of residential assets, among other reasons, could possibly result in a dividend in 2013, 2014 or 2015. The real estate, albeit being highly geared, has value.

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

## **3. Purpose of meeting**

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

- (a) approve the Annual Report and Financial Statements of the Company for the year ended 31<sup>st</sup> December 2010, comprising the Financial Statements and the Directors' and Auditors' Report thereon.
- (b) approve the appointment of Ernst & Young Certified Public Accountants as Auditors, and authorise the Board of Directors to establish their remuneration.

## **4. Documents tabled**

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The following documents were tabled:

- 4.1 **Annual Report and Financial Statements for the year ended 31<sup>st</sup> December 2010**

A copy of the Annual Report and Financial Statements of the Company for the year ended 31<sup>st</sup> December 2010, comprising the Financial Statements and the Directors' and Auditors' Report thereon were tabled, considered and discussed at the meeting.

## **5. Approvals**

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- 5.1 **Annual Report and Financial Statements for the year ended 31<sup>st</sup> December 2010**

**RESOLVED** (as an ordinary resolution) that the Annual Report and Financial Statements of the Company for the year ended 31<sup>st</sup> December 2010, comprising the Financial Statements and the Directors' and Auditors' Report thereon be approved.

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

5.2 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 authorised to establish their remuneration.

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

6. Closure

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

Signed

Chairman

19<sup>th</sup> September 2011

Dated


## CHAIRMAN'S INTRODUCTORY SPEECH

### APPENDIX I

Dear fellow directors and shareholders of BGP Holdings,

It has been an eventful year since BGP's last Annual General Meeting. Over the last year we have seen the Arab Spring, civil wars, the birth of a new country, a devastating tsunami and a massive sovereign debt crisis that undermine the fundamentals of our economic and business orthodoxy.

It is therefore with pride that I can state to you, our shareholders, that BGP has stuck to its business strategies and continued the good work we commenced in 2009. You will recall the directors planned three phases: Firstly the disposal of portfolios with negative equity, secondly the stabilisation of weaker portfolios and corporate processes and thirdly the turnaround of the remaining assets with a view to medium-term disposal in 3 -5 years.

The largest non-performing asset, the Heron retail centre in Barcelona, was sold to Internos this year for a nominal sum. Five light industrial assets have been disposed of in France in cooperation with our financing bank JP Morgan. 

Several smaller retail assets with positive equity have also been sold on a more opportunistic basis, giving BGP a strategic cash reserve to assist future refinancing or capital expenditure requirements. The team in Luxembourg has identified further such assets for sale, to release equity which can be better invested in targeted turnaround assets.

Our EUR 450 million joint venture with Oxford properties is being restructured, to simplify the corporate structure and split the assets of the JV in proportion to the original shareholdings. This will make the assets easier to manage and, eventually, easier to sell.

Where we have not been able to exit troubled portfolios we have worked closely with our banking partners to restructure the debt facilities. Our experience is that in a world where credit is in short supply and banks are under pressure from macro events and new regulation, careful management of banking relationships is essential.

The BGP structure remains vulnerable to legacy issues; primarily litigation, but also to changes in taxation legislation and interpretation. We believe we have the right team to meet this challenge. We are also completing a major compliance project that has given us far more confidence in our financial structure and our knowledge of residual risk.

On the asset management side we have taken our relationship with our Residential asset management arm to the next level. By selling a majority of the company to its management we believe we have better incentivised them to manage the BGP Residential assets, over half of our portfolio, as well as progressing to a structure which will be able to retain critical mass even as the BGP assets are gradually sold down under the business plan.

## CHAIRMAN'S INTRODUCTORY SPEECH

Given the turmoil of current markets BGP has achieved a degree of financial independence and stability which should enable us to get on with the job of improving the assets without overly relying on economic recovery. By disposing of portfolios with negative equity we have substantially improved the net asset value of the company.

Thanks to unfavourable market circumstances and resultant lack of liquidity we cannot control the absolute value of our assets, but will certainly look to ameliorate their value relative to the market.

We accept by now that the ambitious timetable set in 2009 cannot be achieved. If value is to be returned to shareholders we need to ride with the market now, with a view to selling improved assets into the eventual upswing. We have consulted with a number of key shareholders in this regard, and the overwhelming consensus was to wait until better times, rather than to sell in haste.

We intend to upgrade our communication with our shareholders. We will continue the consultation process we commenced this year with the larger holders and will be upgrading our website to increase our transparency and clarify our message. Although the work of the team over the last couple of years has yet to be translated into dividends or a meaningful share price we are confident we have turned a corner and are well prepared to meet further challenges.

For the remainder of this year, and into 2012, we see weak investor confidence, particularly in equities, critically short credit supply thanks to the crowding out effect of the sovereign debt overhang and many banks' weak capital position. There is little or no economic growth in Europe and unemployment remains stubbornly high. BGP does not unfortunately benefit from the "flight to quality" in these conditions. Our assets are not prime.

Nevertheless, we remain committed to our task; that of returning value to shareholders. We feel we are well on track and we have been greatly encouraged by our results achieved in the face of considerable adversity.

- Rod McGeoch, Chairman, BGP Holdings