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The Company, whose name and registered office appears on page 4, and the Directors of the Company, whose names are set out on page 4, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and makes no omission likely to affect the import of such information.

Application has been made for the whole of the issued and to be issued ordinary share capital of Dawnay, Day Carpathian PLC to be admitted to trading on AIM, a market of the London Stock Exchange plc. AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the official list of the UK Listing Authority ("Official List").

A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial advisor. The rules of AIM are less demanding than those of the Official List. Neither the London Stock Exchange nor the UK Listing Authority have examined or approved the contents of this document. The Ordinary Shares are not dealt in on any other recognised investment exchange.

It is expected that Admission will become effective and dealings in the Ordinary Shares will commence on AIM on 26 July 2005.

Attention is drawn to the risks associated with an investment in the Ordinary Shares, which are set out in Part V of this document.

Dawnay, Day Carpathian PLC

(Incorporated in the Isle of Man with registered number 113626C)

Placing by

NUMIS SECURITIES LIMITED

NOMINATED ADVISOR AND BROKER

of 140,000,000 Ordinary Shares of 1p each

at 100p per share

and Admission to trading on AIM

Share Capital

Following completion of the Placing, the authorised and issued share capital of the Company will be as follows:

<i>Authorised</i>			<i>Issued and fully paid</i>	
£	Number		£	Number
2,000,000	200,000,000	Ordinary Shares of 1p each	140,010,000	140,010,000

Numis is regulated in the United Kingdom by the Financial Services Authority and is acting exclusively for the Company and no-one else in connection with the Placing and Admission. Numis will not regard any other person as its customer or be responsible to any other person for providing the protection afforded to customers of Numis nor for providing advice in relation to the transactions and arrangements detailed in this document. Numis is not making any representation or warranty, express or implied, as to the contents of this document.

Numis has been appointed as nominated advisor and broker to the Company. In accordance with the AIM Rules, Numis has confirmed to the London Stock Exchange that it has satisfied itself that the Directors have received advice and guidance as to the nature of their responsibilities and obligations to ensure compliance by the Company with the AIM Rules and that, in its opinion and to the best of its knowledge and belief, all relevant requirements of the AIM Rules have been complied with. No liability whatsoever is accepted by Numis for the accuracy of any information or opinions contained in this document or for the omissions of any material information, for which it is not responsible.

This document does not constitute an offer to sell or an invitation to subscribe for, or the solicitation of an offer to buy or to subscribe for, Placing Shares in any jurisdiction in which such an offer or solicitation is unlawful and this document is not for distribution in or into the Prohibited Territories. This document should not be copied or distributed by recipients and, in particular, should not be distributed by any means, including electronic transmission, to persons with addresses in any of the Prohibited Territories or to any citizens, residents or nationals thereof, or to any corporation, partnership or other entity created or organised under the laws thereof. Any such distribution could result in violation of the laws of such countries.

The Placing Shares have not been and are not expected to be registered under the US Securities Act of 1933 (as amended) (the "1933 Act"), or under the laws of any other jurisdiction. The Company has not been and will not be registered under the United States Investment Company Act of 1940 (as amended). Accordingly, subject to certain available exceptions the Placing Shares are being offered and sold only to non-US persons in reliance on Regulation S under the 1933 Act, and are not being and may not be directly or indirectly offered, sold, transferred or otherwise disposed of in the United States of America or to or for the benefit of any US person without the consent of the Company and in compliance with US federal and state securities laws (including, without limitation, any applicable law of any state of the United States).

The Placing Shares have not been and will not be qualified for distribution through the filing of a prospectus with any securities commission or similar regulatory authority in any province or territory of Canada. Except pursuant to available exemptions from applicable Canadian securities laws, the Placing Shares may not be offered or sold in Canada or to a Canadian resident.

The Ordinary Shares may not be acquired by persons resident in the Isle of Man except for persons who are exempt from taxation therein.

The Placing is conditional, *inter alia*, on Admission taking place on or before 26 July 2005 (or such later date as the Company and Numis may agree). The Placing Shares will rank in full for dividends or other distributions hereafter declared, made or paid on the ordinary share capital of the Company and will rank *pari passu* in all respects with all other Ordinary Shares which will be in issue on Admission.

This document (which has been drawn up in accordance with the requirements of the Law and the AIM Rules) comprises an admission document for the purposes of the AIM Rules. Copies of this document, which is dated 20 July 2005, will be available free of charge to the public during normal business hours on any weekday (except Saturdays, Sundays and public holidays) from the registered office of the Company and from the offices of Olswang, 90 High Holborn, London WC1V 6XX from the date of Admission for not less than one month thereafter.

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PLACING STATISTICS

Placing Price	100p
Number of Placing Shares being issued	140,000,000
Number of Ordinary Shares in issue following the Placing	140,010,000
Market capitalisation at the Placing Price	£140,010,000

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Publication of this document	20 July 2005
Admission and dealings in Ordinary Shares to commence on AIM	26 July 2005
CREST accounts credited	26 July 2005
Where applicable, definitive share certificates despatched	2 August 2005

DIRECTORS, OFFICERS AND ADVISORS

Directors	Patrick Rupert Cottrell (<i>Non-executive Chairman</i>) Peter Richard Klimt (<i>Non-executive Director</i>) William Allen Hamilton-Turner (<i>Non-executive Director</i>) Philip Peter Scales (<i>Non-executive Director</i>)
Registered Office	St James's Chambers Athol Street Douglas Isle of Man IM1 1JE
Company Secretary	Philip Peter Scales
Property Advisor	Dawnay, Day Europe Limited 15 Grosvenor Gardens London SW1W 0BD
Nominated Advisor and Broker	Numis Securities Limited Cheapside House 138 Cheapside London EC2V 6LH
Reporting Accountants	Deloitte & Touche LLP 180 Strand London WC2R 1BL
Auditors	Deloitte & Touche LLP Grosvenor House PO Box 250 66-67 Athol Street Douglas Isle of Man IM99 1XJ
UK Solicitors to the Company	Olswang 90 High Holborn London WC1V 6XX
Solicitors to the Nominated Advisor and Broker	Berwin Leighton Paisner Adelaide House London Bridge London EC4R 9HA
Property Valuers	DTZ Debenham Tie Leung Limited European Valuations 1 Curzon Street London W1A 5PZ
Isle of Man Advocates to the Company	Simcocks Advocates Limited Ridgeway House Ridgeway Street Douglas Isle of Man IM99 1PY
Tax Advisors to the Company	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH

**Administrator and
Registrar**

Barings (Isle of Man) Limited
PO Box 174, St James's Chambers
Athol Street
Douglas
Isle of Man IM99 1PP

CREST Settlement Agent

Computershare Investor Services (Channel Islands) Limited
Ordnance House
31 Pier Road
St Helier
Jersey JE4 8PW

DEFINITIONS

“Acquisition”	the acquisition of the Initial Portfolio
“Acquisition Agreements”	the Antana Acquisition Agreement and the Varyada Acquisition Agreement, summaries of which are set out in paragraphs 7.2 and 7.3 of Part VI of this document
“Administration Agreement”	the administration agreement dated 20 July 2005 between (1) the Company and (2) the Administrator, a summary of which is set out in paragraph 7.6 of Part VI of this document
“Administrator”	Barings (Isle of Man) Limited
“Admission”	the admission of the existing Ordinary Shares and the Placing Shares to trading on AIM becoming effective in accordance with the AIM Rules
“AIM”	AIM, a market of the London Stock Exchange
“AIM Rules”	the rules published by the London Stock Exchange governing admission to and the operation of AIM
“Antana Acquisition Agreement”	the acquisition agreement dated 20 July 2005 between (1) Antana 1 Limited (2) Antana 2 Limited (3) Carpathian Properties s.à.r.l. and (4) Carpathian Holdings s.à.r.l., a summary of which is set out in paragraph 7.2 of Part VI of this document
“Articles of Association” or “Articles”	the Articles of Association of the Company
“the Board” or “the Directors”	the directors of the Company
“certificated form”	not in uncertificated form
“Combined Code”	the revised combined code on the principles of good governance and code of best practice published in June 2003 by the Financial Reporting Council
“Company” or “Dawnay, Day Carpathian”	Dawnay, Day Carpathian PLC, a company incorporated in the Isle of Man with registered number 113626C on 2 June 2005
“Completion”	completion of the Acquisition in accordance with the terms of the Acquisition Agreements
“CREST”	the relevant system (as defined in the CREST Regulations) in respect of which CRESTCo is the Operator (as defined in the CREST Regulations) in accordance with which securities may be held and transferred in uncertificated form
“CRESTCo”	CRESTCo Limited
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001/3755)
“Dawnay, Day”	Dawnay, Day & Co. Limited
“Dawnay, Day Group”	Dawnay, Day and companies connected or under common ownership with Dawnay, Day
“Dollars” or “\$”	US Dollars

“DTZ”	DTZ Debenham Tie Leung Limited
“EU”	European Union
“English Act”	the Companies Act 1985 (as amended) of England and Wales
“Existing Ordinary Shares”	the 10,000 Ordinary Shares in issue at the date of this document
“FSA”	the Financial Services Authority
“FSMA”	the Financial Services and Markets Act 2000 (as amended)
“Group”	the Company and its subsidiary undertakings from time to time
“Initial Portfolio”	the interest in the Antana property and 90% of the interest in the Varyada property, such properties as described in paragraph 4 of Part I
“Law”	the Companies Acts 1931-2004 (as amended) of the Isle of Man
“Lock-up Agreement”	the lock-up agreement dated 20 July 2005 and made between, <i>inter alia</i> , Numis, the Company and each of Munxay and Petalang, a summary of which is set out in paragraph 8.2 of Part VI of this document
“London Stock Exchange”	London Stock Exchange plc
“Mall Agreement”	the heads of agreement for the acquisition of the Mall portfolio (as described in paragraph 4.2 of Part I of this document) dated 20 July 2005 between (1) Carpathian Properties s.à.r.l. (2) Sanary Investments s.à.r.l. (3) Dawnay, Day Structured Investments Limited and (4) the Company, a summary of which is set out in paragraph 7.5 of Part VI of this document
“Munxay”	Munxay Limited, a member of the Dawnay, Day Group
“Numis”	Numis Securities Limited
“Official List”	the Official List of the UK Listing Authority
“Option Agreement”	the agreement dated 20 July 2005 between Numis and the Company a summary of which is set out in paragraph 3.4 of Part VI of this document
“Ordinary Shares”	ordinary shares of 1p each in the capital of the Company
“Petalang”	Petalang Limited, a member of the Dawnay, Day Group
“Pipeline Agreement”	the agreement dated 20 July 2005 between (1) Carpathian Properties s.à.r.l. (2) DDEL (3) Sanary Investments s.à.r.l. (4) Marba Investments s.à.r.l. (5) Dawnay, Day Structured Investment Limited and (6) the Company, a summary of which is set out in paragraph 7.10 of Part VI of this document
“Placing”	the placing of the Placing Shares at the Placing Price, pursuant to the Placing Agreement
“Placing Agreement”	the agreement dated 20 July 2005 and made between, <i>inter alia</i> , (1) Numis (2) the Directors and (3) the Company, a summary of which is set out in paragraph 8.1 of Part VI of this document

“Placing Price”	100p per Ordinary Share
“Placing Shares”	up to 140,000,000 new Ordinary Shares to be made available for subscription pursuant to the Placing
“Portfolio Management Agreement”	the agreement dated 20 July 2005 between (1) the Company, (2) Carpathian Holdings s.à.r.l. (3) Carpathian Properties s.a.r.l. and (4) DDEL under which each of the Company, Carpathian Holdings s.a.r.l. and Carpathian Properties s.a.r.l. has appointed DDEL to be responsible for the provision of certain portfolio management services, a summary of which is set out in paragraph 7.7 of Part VI of this document
“Prohibited Territories”	the United States, Canada, Australia, the Republic of Ireland, the Republic of South Africa and Japan
“Property Advisor” or “DDEL”	Dawnay, Day Europe Limited, a company registered in England and Wales with company number 5164066 and with its registered address at 15 Grosvenor Gardens, London SW1W 0BD
“Shareholders” or “Investors”	holders of Ordinary Shares
“UK Listing Authority”	the FSA, acting in its capacity as the competent authority for the purposes of Part VI of FSMA
“uncertificated form”	shares recorded in the Company’s register of Shareholders as being held in uncertificated form, title to which may be transferred by means of an instruction issued in accordance with the rules of CREST
“United Kingdom” or “UK”	the United Kingdom of Great Britain and Northern Ireland
“United States” or “US”	the United States of America, its territories and possessions, any state of the United States and the District of Columbia
“Varyada Acquisition Agreement”	the acquisition agreement dated 20 July 2005 between (1) Munxay Limited and (2) the Company, a summary of which is set out in paragraph 7.3 of part VI of this document

Note: Throughout this document an exchange rate of €1.45 per £1.00 has been used to calculate currency conversion.

PART I

INFORMATION ON THE COMPANY

1. INTRODUCTION

Dawnay, Day Carpathian was incorporated in the Isle of Man on 2 June 2005 for the purpose of investing in the retail property market.

The Company's strategy is to create value for Shareholders through investing in predominantly commercial retail properties such as shopping centres, supermarkets and retail warehouses in Central and Eastern Europe. Countries benefiting from the latest round of EU accession on 1 May 2004 are to be targeted in particular. Other countries will also be carefully reviewed for investment opportunities, particularly where accession to the EU may be possible in the foreseeable future. Target countries therefore include the Baltic States, the Czech Republic, Hungary, Bulgaria, Poland, Romania and Slovakia.

These countries share many common characteristics that the Directors believe make them attractive target countries for the Company. These include a trend of higher than average EU GDP, a growing and increasingly sophisticated retail market, significant infrastructure investment, rising levels of disposable income and changing consumer aspirations, mirrored by the growing presence of international brand retailers.

The purpose of the Placing is to provide the Company with the necessary funds to implement this strategy, including the purchase of the Initial Portfolio which is valued at an aggregate of approximately £40 million.

Dawnay, Day Carpathian represents a new public market opportunity in the UK to participate in a company advised by DDEL investing in Central and Eastern European commercial retail property.

2. INVESTMENT OBJECTIVE

The Company's investment objective is to provide Shareholders with a regular and significant dividend income derived principally from rental and other income associated with its property investments and, in addition, to offer the potential for capital appreciation from the sale, redevelopment and refinancing of its retail properties.

The Company aims to raise £140 million by way of the Placing. These funds, combined with the debt gearing commonly secured against income producing property assets, will provide the opportunity for a portfolio build-up of approximately £700 million.

The Directors anticipate substantially investing the entire net proceeds of the Placing by the end of 2006. The Company intends that the properties in which it will invest will typically generate a yield of between 7.5 to 9 per cent. per annum (prior to gearing).

Once the Company has substantially invested the entire net proceeds of the Placing, the Directors will seek to achieve a return in excess of 25 per cent. per annum after all costs associated with the Company. The Company expects this return to be made up of regular and significant dividends, once the Placing funds have been substantially invested, in excess of 10 per cent. per annum on the amount originally invested by Investors. During 2006, the build-up year, the Directors anticipate an equivalent dividend of 6 to 7 per cent. per annum. In addition, an initial dividend yield intended to be 3 per cent. is expected to be paid to Shareholders by 31 December 2005.

3. OPPORTUNITY

The opportunity afforded to the Company is to create a market-leading group with strong strategic retailer and developer relationships within the countries in which it chooses to invest.

The Company has appointed DDEL as property investment advisor. DDEL has in recent months established a presence in the Central and Eastern European retail property market and has been responsible for assembling the Initial Portfolio and investment pipeline.

DDEL is part of the Dawnay, Day Group which over many years has achieved very significant returns on equity by investing in and advising upon commercial property. By way of illustration, in August 2002 the Dawnay, Day Group launched (with Shore Capital Group plc) The Puma Property (DD) Fund L.P (the "Puma Fund"). From its launch to June quarter 2005, the Puma Fund (which is annually and independently valued by an external valuer) has generated an investor return of approximately 43 per cent. per annum, after allowing for all expenses and charges.

Members of the Dawnay, Day Group have committed to invest £2.5 million in the Placing on the same terms as other investors. In addition, they have agreed to invest an estimated further £2.2 million in new Ordinary Shares, representing the proceeds from the Acquisitions (after deducting originating equity and estimated tax liabilities).

The Board believes that the expansion of the EU to cover the majority of the targeted countries and, more generally, the economic and political progress being achieved in Central and Eastern Europe, is likely to develop further the institutional property market across the region. This, in turn, should lead to significantly greater demand for commercial property assets. By making investments now, the Company expects to benefit from these trends, which it believes will in due course create a more sophisticated retail asset base of increasing value.

It is the intention of the Board to seek the active management of the property assets acquired by the Company to enhance rental and capital growth opportunities. Whilst the Company does not have a fixed life, the Directors will upon the realisation of assets from time to time give appropriate consideration to the return of capital to Shareholders in addition to the anticipated regular dividend income.

The Directors will also consult with Shareholders regarding proposals for an orderly realisation of the assets of the Company if at any time they consider that such proposals would be in the best interests of Shareholders.

4. THE INVESTMENT PIPELINE

4.1 *The Initial Portfolio*

Members of the Group have agreed, conditional *inter alia* on Admission, to acquire the Initial Portfolio pursuant to the Acquisition Agreements based upon property valuations of approximately £40 million. This is supported by the independent valuation report from DTZ contained in Part III of this document. Further details of the Acquisition Agreements are contained in paragraphs 7.2 and 7.3 of Part VI of this document.

The Initial Portfolio comprises retail properties in Hungary and the Czech Republic, and is owned by members of the Dawnay, Day Group.

The Initial Portfolio comprises:

The Antana Warehouse Park (Budapest, Hungary – property valuation approximately £14.5 million)

The Antana Warehouse Park comprises eight light industrial and office units adjacent to the M1 Highway, approximately seven kilometres south east of Budapest. The site was acquired in September 2004 and the existing permitted planning use includes retail.

The site offers predominantly short term leases, enabling early restructuring or phased re-development, and amounts to approximately 85,000m², with a built area of approximately 38,000m².

The site immediately adjoins a significant Tesco superstore of approximately 500,000 square feet and is close to Ikea and a number of other retail operators that have opened in the

vicinity over the last four years. The site is currently 90 per cent. leased and existing tenants include Magyar Post, Platform (a builders merchant) and various small industrial occupiers.

Within the existing logistics use, opportunities exist to improve net income flow by letting vacant units, rationalising provision of services, introducing effective management and constructing further units. Medium term, the property can be actively managed with rolling refurbishments and piecemeal redevelopment of the premises into a consumer facing site (i.e. leisure or destination retail based). DDEL has already received verbal support from the Chief Planning Officer at Budaors Municipality for such a consumer facing scheme.

Beyond this, DDEL propose to obtain consent for a wholesale redevelopment into a destination retail and leisure scheme, which has received verbal support from the local authority. It is recommended by DDEL that the Company pursue these proposals, selling the site once detailed consents are achieved, or arrange a local joint venture to participate in development profits, whilst mitigating associated risk.

The Varyada Shopping Centre (Karlovy Vary, Czech Republic – property valuation approximately £25.5 million)

The Varyada Shopping Centre is located close to the centre of Karlovy Vary, with a total lettable area of approximately 18,200m². The anchor tenant currently leasing the property is the supermarket Interspar. Other tenants include Marks and Spencer and Austrian sports store Hervis and well known brands such as Tommy Hilfiger, Pierre Cardin, Benetton, New Yorker, Deichmann, Sergio Tacchini, NafNaf, Samsonite, Helly Hansen and Orsay.

Karlovy Vary is a well-known spa resort located in the western part of the Czech Republic approximately two hours' drive from Prague and Nuremberg. Karlovy Vary is presently regaining recognition as an exclusive spa town and is a popular destination for German, French, Austrian and Russian tourists.

Principal industries in the region are construction, energy, mining and forestry. Tourism is a large employer due to the many spa centres in the Karlovy Vary region.

4.2 Pipeline investments

The Mall Portfolio, Hungary

The Company has signed heads of agreement with the Dawnay, Day Group for the acquisition of their 50 per cent. interest in the Mall portfolio.

The Mall portfolio comprises four shopping centres, located in the provincial Hungarian towns of Veszprem, Pecs, Sopron and Szombathely, which are in the south and western parts of the country and between 70km and 190km from Budapest. In general, the shopping centres are located within or close to the city centres in prominent easily accessible destinations. Many are surrounded by high density residential estates or commercial properties.

The Mall portfolio totals approximately 47,000m² of net lettable area, consisting of around 260 shops and tenants and extensive car parking, and currently offers a net annual rental income of approximately £3,800,000.

Balaton Plaza, Veszprem

Veszprem is located in the Central Transdanubian region of Hungary, close to Lake Balaton, which is one of Hungary's main tourist attractions. With a population of 60,000, the town is notable for its technical college and skilled workforce in the hi-tech/research and development sector.

Balaton Plaza is a shopping plaza located near the heart of the commercial town centre, and is a property that DDEL believes offers strong rental growth over the medium term. The

plaza was recently developed, opening just over one year ago, and should benefit from increasing tourism and external investment in the area.

The plaza has a total area of approximately 9,100m², with 54 retail units and 402 car parking places, and an annual rental income of approximately £920,000.

Pecs Plaza, Pecs

Pecs is the fifth largest city in Hungary, with a population of approximately 180,000. Located in the South Transdanubian region, the city is notable for its processing, engineering and electronic industry, as well as being the university centre of the area.

Pecs Plaza is a shopping plaza situated in a well-established retail and commercial location populated by several global retail companies (Nokia, Tesco, Porsche). The prime fashion retail centre in the city has become the Arkad Shopping Centre, leaving the Pecs Plaza to fulfil a more sustainable role of convenience/durable/low cost clothing retailing. DDEL is proposing a programme of asset enhancement and repositioning to improve retail content, configuration and tenant quality.

The plaza has a total area of approximately 15,200m², with 78 retail units and 800 car parking places, and an annual rental income of approximately £1,480,000.

Sopron Plaza, Sopron

Sopron is located in the north west corner of Hungary close to the Austrian border, and benefits from the flow of foreign capital. The town has a population of approximately 55,000 and is relatively affluent with residential prices close to those in Budapest.

Sopron Plaza shopping plaza is well-connected to the town centre as well as the Hungarian highway network to the East and the Austrian border to the West. DDEL is proposing aesthetic improvements, strengthening of anchor traders and some repositioning to target occupancy of fashion clothing, electronics and household items.

The plaza has a total area of approximately 14,500m², with 83 retail units and 800 car parking places, and an annual rental income of approximately £1,130,000.

Savaria Plaza, Szombathely

Szombathely is located in the west corner of Hungary in West Transdanubia, a major manufacturing and industrial production area. The town has a population of approximately 80,000, and hosts major employers such as Lukoil, Phillips and Delphi.

Savaria Plaza, the smallest asset in the Mall portfolio, is located close to the city-centre in an area of lower to middle-class residential property. The centre is substantially vacant and subject to an income guarantee from the developers. DDEL is repositioning the centre to reflect its size and location, applying a new marketing programme and plan to reconfigure units to provide larger anchor stores and smaller units better suiting local traders that would establish it as a sustainable neighbourhood centre for the area.

The plaza has a total area of approximately 8,200m², with 46 retail units and 240 car parking places, and an annual rental income of approximately £300,000.

Other potential investments

Members of the Dawnay, Day Group have been granted exclusivity on the potential acquisition of £43 million of supermarket-anchored retail stock in Poland. It is also in negotiations for the acquisition of a further £207 million of retail stock in the target region and has an additional £588 million of stock under consideration. The terms of the potential purchase of the properties (and the arrangements for DDEL) under exclusivity and negotiation are more fully described in paragraph 7.10 of Part VI of this document.

5. THE INVESTMENT PROCESS

DDEL will act as Property Advisor to the Group, with responsibility for originating, appraising and presenting investment proposals in accordance with the investment policy and objectives that the Board sets out from time to time. Further details on DDEL and the Company's investment strategy are set out in paragraphs 7 and 8 below.

The decision as to whether or not to make an investment will be made solely at the discretion of the Group. DDEL shall not have any influence over those decisions save that, where considered appropriate, DDEL may be given limited discretion when implementing such investment decisions.

6. DIVIDENDS

Due to the anticipated regular rental and other income from property investments, it is the Directors' intention that the Company will operate a regular distribution policy subsequent to Admission, with an initial dividend yield intended to be 3 per cent., and expected to be paid to Shareholders by 31 December 2005.

The Directors believe that subsequent dividends will be paid at regular intervals on an interim and annual basis, with the potential for a progressive dividend payout expected to be realised as the Company invests the net proceeds of the Placing substantially in income yielding property assets.

The level of regular distribution will ultimately be dependent upon the average rental and other income generated from the property portfolio and the creation of realised gains. Based upon the Initial Portfolio and based on the Placing Price of 100p, the Directors will target an initial yield of between 6 and 7 per cent. for 2006 (payable half yearly in equal instalments) rising to an anticipated dividend yield of approximately 10 per cent. following the full investment of the net proceeds of the Placing.

7. THE PROPERTY ADVISOR – DAWNAY, DAY EUROPE LIMITED

DDEL was established in June 2004, following research by Dawnay, Day Group into the property markets of mainland Europe, and Central and Eastern Europe in particular. Its principal objective was to identify acquisition targets and manage transactions and portfolios within these territories on behalf of the Dawnay, Day Group and its allied investors.

DDEL has access to the full resources of the Dawnay, Day Group. Financial performance is measured and reported on by a dedicated team of specialists, enabling the review of investment strategies for individual or groups of assets at speed. In addition, senior professionals within the Dawnay, Day Group have a direct involvement in all stages of stock selection, negotiations, management strategies, and recommendations to investors and their implementation. These professionals have long established working relationships, enabling a close operational understanding, good communication and decisive approach. As a consequence, in recent months DDEL has established strong relationships with senior brokers and principal organisations in the region.

7.1 Senior management

The senior management of DDEL, who will be responsible for advising the Directors under the Portfolio Management Agreement are:

Peter Klimt (aged 59)

Brief biographical details for Peter Klimt are set out in paragraph 9 below.

Guy Naggar (aged 63)

Guy is the chairman of Dawnay, Day International Limited, Chairman of Paramount Plc and Chairman of Amberley Group Plc. He originally trained as a merchant banker with Samuel Montagu & Co and later became deputy chairman of Charterhouse Bank. Guy has guided the expansion of the Dawnay, Day Group since 1981 and spearheaded its specialisation in

corporate finance, investment management, property services and other focused financial services. He serves on the investment committee of the Puma Property (DD) Fund L.P. and Dawnay Shore Hotels plc.

Ross MacDiarmid (BSc (Hons), MRICS, Dip Law, Barrister-at-Law, aged 45)

Ross joined Dawnay, Day in 2004 and has 23 years professional experience of which 20 years have been based outside of the UK. During the last 13 years, he has focused exclusively on continental Europe, particularly Eastern Europe, with Jones Lang LaSalle, ING Barings and King Sturge. Ross specialises in the cross-border investment and financing of office and retail commercial property transactions.

Paul Rogers (Dip Prop Inv FRICS, aged 46)

Paul has spent 27 years in the property sector and joined Dawnay, Day in 1995. He formerly worked with Conrad Ritblat (now CCRE) and was a partner in Hammond Philips Property Consultants. Paul has specialised in investment transactions, active management of multi-asset portfolios, lettings, sales, refurbishment and development. Paul is joint managing director of Dawnay, Day Structured Finance Limited and a director of DDEL, Dawnay, Day Hotels Limited and Dawnay, Day Property Investment Limited.

Massimo Marcovecchio (BSc (Hons), MBA, MRICS, ACIOB, MBENG, aged 40)

Massimo, a chartered surveyor and engineer with 16 years experience of property investment and finance, joined Dawnay Day in 1998. Massimo has previously worked within the corporate property finance team of the Rotch Property Group, pioneering a number of innovative and leading edge financial engineering techniques. Massimo has lectured in property finance and has been a guest speaker at the University of Ulster. He is joint managing director of Dawnay, Day Structured Finance Limited and a director of DDEL and Dawnay, Day Hotels Limited.

Matthew Lunt (MRICS, aged 33)

Matthew has over 10 years professional experience and joined Dawnay, Day in 2005. Formerly of Cushman & Wakefield Healey & Baker based in the UK, and latterly in Poland, Matthew also worked for the Warsaw office of CB Richard Ellis advising international clients on shopping centre leasing, development and investment opportunities throughout Central and Eastern Europe.

James Armstrong (BSc (Hons), MRICS, aged 31)

James joined Dawnay, Day in 2000 and has since been centrally involved in all the investment acquisitions undertaken by the structured finance team. James has 10 years of broad, cross-sector, real estate experience. James's principal role involves sourcing investment opportunities and carrying out property due diligence. James previously worked at both CB Hillier Parker and Donaldsons before joining Dawnay, Day. James is a director of DDEL.

Michael Ewing (Diploma Urban Estate Management, FRICS, age 52)

Michael has 29 years experience in property investment, of which 25 years he has been in charge of major institutional property portfolios, with additional responsibility for client relationships. He joined Dawnay, Day in 2001, following 20 years as a fund manager at Hermes and Hill Samuel (Fund Director of the £500 million HSPUT). He specialises in portfolio management and new vehicles, notably the £130 million Puma Property (DD) Fund L.P.

In addition the senior management will draw upon the further real estate, accounting and financial and management reporting resource within DDEL and Dawnay, Day Group as necessary.

7.2 Management fee

DDEL will not receive any corporate finance or general property or transaction fees or commissions in relation to its appointment. DDEL will receive an annual management fee from the Group of 0.4 per cent. (plus direct costs, expenses and disbursements) based upon the gross asset value of invested assets. No fee is payable to DDEL on cash deposits.

7.3 Carried interest

Dawnay, Day Group will have a carried interest which aligns their interests with those of the Shareholders.

In any year Dawnay, Day Group will not receive any carried interest until a rate of return of 8 per cent. per annum (cumulative) has been achieved by the Group. If the hurdle is achieved then Dawnay, Day Group will be entitled to a 25 per cent. carried interest on the cumulative rate of return between 8 per cent. per annum and 20 per cent. per annum. If a cumulative rate of return is achieved by the Group in excess of 20 per cent. per annum then Dawnay, Day Group will be entitled to a 40 per cent. carried interest on the cumulative rate of return above 20 per cent. per annum.

If in any one year the return is less than 8 per cent. then the gap between the actual return achieved and 8 per cent. will be made up in subsequent years before Dawnay, Day Group will be entitled to any further carried interest.

7.4 Dawnay, Day

Dawnay, Day was founded in England in 1928 as an issuing house and is a member of the London Investment Banking Association. Its two principals, Peter Klimt and Guy Naggar, each has over 30 years' experience in the commercial property, investment and commercial banking. Under their management, Dawnay, Day has evolved to become one of the largest privately owned property and financial services groups in the UK and currently owns and/or manages approximately 410 UK and European commercial properties estimated to have a market value of in excess of £1 billion. Since December 2004 Dawnay, Day have completed, or have under contract 29 assets totalling in excess of £213 million in value. The properties are located throughout the former West Germany, Hungary and the Czech Republic.

In 2000, Peter and Guy set up Dawnay, Day Structured Finance Limited, managed by Paul Rogers and Massimo Marcovecchio, to focus on co-investment with partners and fund management in the property sector. Completed transactions have been undertaken with a wide variety of institutions including Lehman Brothers, Hermes P.U.T, Barclays Bank, Patron Capital, Barratt Homes, the London Borough of Camden and Bournemouth Borough Council.

In 2002, Dawnay, Day (together with Shore Capital Group plc) established the Puma Fund to invest in UK commercial property.

In July 2004, Dawnay Day (together with Shore Capital Group plc) established Dawnay Shore Hotels plc to invest in four star hotel accommodation in the UK. At the same time, a trading facility was obtained for The Hotel Corporation plc, a 49.1 per cent. shareholder in Dawnay Shore Hotels plc. Since launch, hotel assets with a gross value of £294 million have been acquired. During the same period the share price of The Hotel Corporation plc has risen by approximately 30 per cent.

Dawnay, Day Carpathian represents a second opportunity to invest in a public company for whom Dawnay, Day is providing property advisory and management services.

8. INVESTMENT STRATEGY

As outlined above, DDEL's existing strategy has been to focus on the retail property sector in Central and Eastern Europe and the intention is that the Company will continue with this. The rationale for focusing on this sector is based on a number of beliefs, including:

- a strong link between GDP growth and rising retail rents;
- the retail sector offers diverse, multi-tenant risk in shopping centres or the strong tenant security single-let supermarkets;
- the retail sector provides more stable incomes and capital values than other sectors;
- the target territories have lower than EU average retail floor space per head;
- first generation centres may be enhanced by "western standard" management; and
- retail investments are eminently debt fundable, at pricing that provides good cover ratios against interest and strong cash surpluses to investors.

The investment principles, operated by Dawnay, Day over the last 20 years, which will be applied by DDEL in advising the Company on its investment strategy include:

Entrepreneurial approach

Although the target market is increasingly sophisticated, it is nevertheless imperfect, with pricing variations arising between assets and geographical regions. DDEL will therefore adopt a flexible and opportunistic approach to maximise the opportunities available to the Group.

Income generating

DDEL will seek immediate returns for the Group by sourcing income producing investments and avoiding speculative risk.

Asset management

DDEL will utilise its experienced management team to seek out investments that are capable of providing both stable income streams and the opportunity for value enhancement through active asset management.

Risk averse

DDEL will only recommend investments in properties that have undergone extensive due diligence.

Property led

Investment decisions will be based on the performance of individual properties under review and not on overall financial strategies. Financing will be tailored to the specific requirements of targeted properties.

DDEL will also seek to establish relationships with developers and occupiers to take new generation shopping centres on completion and pre-let.

It is planned that the investment strategy be realised through the acquisition of shopping centres and other retail properties with the following characteristics:

- sustainable occupancy rates and income flows;
- durable locations, resistant to competition;
- clear, defined, roles within their catchment areas;
- dominance within their hierarchies; and
- opportunities for enhancement through expansion, re-positioning and improved marketing and management.

9. THE PLACING

Pursuant to the Placing, Numis has conditionally placed 140,000,000 Placing Shares, at 100 pence per share. The Placing will raise £140 million (approximately £135 million net of expenses). The Placing Shares and the Existing Ordinary Shares will rank *pari passu* in all respects.

The Placing Shares are proposed to be placed by Numis with institutional investors.

The Company, the Directors, Numis and others have entered into the Placing Agreement pursuant to which Numis has agreed, subject to the fulfilment of certain conditions, to use its reasonable endeavours to procure subscribers for the Placing Shares at the Placing Price. The issue of the Placing Shares is conditional, *inter alia*, upon Admission and the Placing Agreement becoming unconditional in all respects.

The Placing Agreement contains provisions entitling Numis to terminate the Placing Agreement in certain circumstances prior to Admission (including certain “force majeure” events). If this right is exercised, the Placing Agreement will lapse and any monies received in respect of the Placing will be returned to the Investors without interest. The Placing Agreement also contains warranties from the Company, the Directors and others and an indemnity from the Company, all in favour of Numis.

The issue of the Placing Shares is conditional, *inter alia*, upon Admission and the Placing Agreement becoming unconditional in all respects. Further details of the Placing Agreement are set out in paragraph 8.1 of Part VI of this document and the terms of and conditions of the Placing are set out in Part VII of this document.

10. DIRECTORS

Brief biographical details of the Directors are as follows:

Rupert Cottrell, Non-Executive Chairman (aged 60)

Rupert is a resident of the Isle of Man and chairman of the supervisory board of Magnum Medical AS, an Estonian pharmaceutical group whose principal operations are in Estonia, Latvia and Lithuania. As a consequence of this role and his directorship of New European Investments Ltd (a closed end private investment fund which has made certain investments in Eastern Europe) Rupert has developed extensive relationships in Eastern and Central Europe which will be of benefit to the Company.

He is also a non-executive director of The PFI Infrastructure Company plc, which was admitted to AIM in July 2004. Prior to this, Rupert was a director of Capital International Ltd, Henry Cooke Lumsden plc and Samuel Private Client Management Ltd. He has also spent four years as a Council member of FIMBRA.

Peter Klimt, Non-Executive Director (aged 59)

Peter is the Chief Executive of Dawnay, Day International Limited, Chairman of Dawnay, Day Property Investment Limited and of Dawnay, Day Structured Finance Limited, and one of the two principals of the Dawnay, Day Group. Peter qualified as a solicitor in 1971. After undertaking a number of joint ventures in property investment with Dawnay, Day and Guy Naggar, Peter joined the board of Dawnay, Day International Limited in 1992 and has developed the group's property investment division. He serves on the investment committee of Puma Property (DD) Fund L.P. and Dawnay Shore Hotels plc.

William (Bill) Hamilton-Turner, Non-Executive Director (aged 58)

Bill is a resident of the Isle of Man. He is a non-executive director of the commercial property division of Antler Property Group that has interests in commercial and residential property in the UK. Commercial properties include distribution warehouses, industrial parks, offices and shopping centres. He is also a non-executive director of Ashanti Treasury Services Limited, a subsidiary of

AngloGold Ashanti Limited, Hansa Fund PCC Limited, an investment fund licensed by the Guernsey Financial Services Commission, and Devonshire Corporate Services Limited, a corporate services provider licensed by the Isle of Man Financial Supervision Commission. Previously Bill was chairman of Insinger de Beaufort (International) Limited, Isle of Man office (formerly Jardine Matheson International) and deputy chairman of Rea Brothers (Isle of Man) Limited. He is a Fellow of the Chartered Institute of Bankers and a Chartered Director.

Philip Scales, Non-Executive Director (aged 55)

Philip is a resident of the Isle of Man and a director of Barings (Isle of Man) Limited. He joined Barings in 1987 when the Isle of Man office was established. Prior to joining Barings, Philip was employed by an English merchant bank. Barings provides fund administration services and Philip has over 29 years experience of working offshore in corporate and mutual fund administration. He is a fellow of the Institute of Chartered Secretaries and Administrators.

11. BORROWING

The Directors intend to maintain or secure borrowing facilities on a project by project basis, the percentage to assets of which will vary depending upon the future rental and other income expected to be generated by the property. In addition, the Directors may in due course secure general Group facilities although there is no present intention or need to do so.

12. REPURCHASE OF ORDINARY SHARES

The Directors shall have the authority to repurchase up to 10 per cent. of the Company's issued Ordinary Shares during the period from the date of Admission until the Company's annual general meeting in 2006. Any repurchase of Ordinary Shares will be in accordance with the Companies Act 1992 (Isle of Man).

The Directors will consider repurchasing Ordinary Shares if they believe it to be in Shareholders' interests generally, but particularly in order to redress any imbalance between the supply of, and demand for, Ordinary Shares. Subject to Shareholder approval, the Directors expect to renew the authority to repurchase Ordinary Shares at the annual general meeting in 2006, and annually thereafter.

Subject to Shareholder approval and court confirmation, it is intended that the share premium account arising on the issue of Ordinary Shares will be cancelled so as to create a distributable reserve, which will be available for distribution to Shareholders, should the Directors consider this to be appropriate.

13. LOCK-UP ARRANGEMENTS

Munxay and Petalang, members of the Dawnay, Day Group, have each given undertakings that, save in certain limited circumstances, it will not dispose of any Ordinary Shares for a period of twelve months from the date of Admission, except with the permission of Numis and, for a further period of twelve months thereafter, will affect any disposal of such Ordinary Shares through Numis to preserve an orderly market in the Ordinary Shares.

14. CORPORATE GOVERNANCE

The Directors recognise the value of the Principles of Good Governance and Code of Best Practice as set out in the Combined Code and they will take appropriate measures to ensure that the Company complies with the Combined Code to the appropriate extent, taking into account the size of the Company and nature of its business. In this regard, the Company has established an audit committee, comprising all of the Directors, under the chairmanship of Rupert Cottrell. The audit committee has formally delegated duties and responsibilities.

The Company does not, however, consider it necessary to establish remuneration and nomination committees as it has no executive directors. The Company will take all reasonable steps to ensure compliance by the Directors and any employees with the provisions of the AIM Rules relating to dealings in securities of the Company and has adopted a share dealing code for this purpose.

15. CONFLICTS OF INTEREST

Members of the Dawnay, Day Group have a number of other business interests involving property investment. To avoid conflict, should DDEL or its shareholders or the other members of the Dawnay, Day Group contemplate an investment in commercial retail property in Central and Eastern Europe and which falls within the Company's investment objectives and criteria, DDEL has undertaken that, with certain exceptions, first refusal on that opportunity will be given to the Company for so long as it is Property Advisor under the terms of the Portfolio Management Agreement. Further details of DDEL's undertaking are set out in paragraph 7.7 of Part VI of this document.

16. THE ADMINISTRATOR

The Company has engaged Barings (Isle of Man) Limited (a wholly-owned, indirect subsidiary of Northern Trust, a corporation established in the US) to provide it with certain administration and registration services pursuant to the Administration Agreement.

The main terms of the Administration Agreement are that the Administrator will undertake day-to-day administration of the Company, including the maintenance of its books and records (in particular, its register of members).

Further details of the Administration Agreement are set out in paragraph 7.6 of Part VI of this document.

17. TAXATION

General information regarding United Kingdom and Isle of Man taxation with regard to the Admission and Placing is summarised in paragraph 9 of Part VI of this document. Any Shareholder who is in any doubt as to their tax position, or is subject to tax in a jurisdiction other than the UK, should consult their professional advisor.

18. ACCOUNTING AND VALUATION POLICY

The Company's financial statements will be prepared in accordance with International Financial Reporting Standards.

International Financial Reporting Standards require that assets and liabilities are carried at their fair value.

19. ADMISSION, DEALINGS AND CREST

Application has been made to the London Stock Exchange for the Ordinary Shares to be admitted to trading on AIM. It is expected that Admission will take place and that dealings on AIM will commence at 8.00 a.m. on 26 July 2005.

Application has been made to permit Ordinary Shares to be settled through CREST with effect from Admission. CREST is a paperless settlement procedure enabling title to securities to be evidenced otherwise than by a certificate and transferred other than by a written instrument. The Articles of Association permit the holding of Ordinary Shares in uncertificated form in the CREST system. CREST is a voluntary system and holders of Ordinary Shares who wish to receive and retain a share certificate will be entitled to do so.

Should Shareholders wish to hold Ordinary Shares in CREST, they will need to follow the requisite CREST procedures for the dematerialisation of their shareholding.

It is expected that definitive share certificates will be dispatched by first class post to those Shareholders whose entitlements are to be dealt with outside CREST at the risk of the person entitled thereto on 2 August 2005 or as soon thereafter as is practicable and that the CREST accounts in respect of those Shareholders who have requested that their entitlements be dealt with inside CREST will be credited on 26 July 2005.

20. RISK FACTORS

The attention of potential investors is drawn to the “Risk Factors” set out in Part V of this document.

21. FURTHER INFORMATION

Your attention is drawn to the additional information set out in Parts II to VI of this document.

PART II

THE CENTRAL AND EASTERN EUROPEAN RETAIL PROPERTY MARKET

OVERVIEW

The countries in which the Company intends to operate share some key characteristics which the Directors believe are of importance to the short, medium and long-term profitability and success of the Group.

The recent post communist era has brought about changing demographics and consumer aspirations, expanding retail markets, significant investment in infrastructure, by both internal and external investors, and growing property construction by operators and developers have generated an increased volume of opportunities.

The wide range of tenants within the property assets being targeted, together with the growing presence of international brand retailers, offers enhanced income reliability and sustainability, and guards against risk of weakness in one particular sector of the retail market. This market is therefore starting to establish a maturity and liquidity that was not in place even two to three years ago.

The property markets of Central and Eastern Europe have also been enhanced by improved legal and accounting practices and expenditure on systems such as land registration. Although tenure and legal and accounting practices may vary from those of the UK, established and consistent professional systems are now applied to property ownership, removing much of the risk once associated with this region. In addition, many countries in the region have now dealt with property claims arising from successive periods of foreign occupation during the 1900's.

The Directors therefore believe that the market will continue to grow, especially as more investors from Western Europe and the US become involved in the region and the supply of investment grade stock grows. Support for this trend comes from the increasing availability of debt for real estate transactions from a wide variety of European banks, both local to the region and from Austria, Germany, Belgium and, increasingly, the UK.

Nevertheless, risk awareness is still vital and a good understanding must be gained of local issues and their consequences, which could not be anticipated by investors used to operating solely within the UK. For example, occupational leases are often shorter and landlord's rights are often fewer than is the case in the UK. Furthermore, planning consents are more easily acquired and construction methods are different to the UK, as are standard warranty periods from professionals.

TARGET COUNTRIES

The Company will target countries benefiting from the latest round of EU accession on 1 May 2004. Other countries will also be carefully reviewed for investment opportunities, particularly where accession to the EU may be possible in the foreseeable future. Paragraphs 1 to 7 below contain information specific to the commercial retail property market within certain of these countries.

1. The Baltic States

Estonia

GDP 2004	\$11 billion ^(e)	Inflation 2004	3.0% ^(e)
GDP 2005	\$13 billion ^(f)	Inflation 2005	3.2% ^(f)
Eurozone economy	by 2007	Exports growth (2005/2004)	16.1%
Currency	Kroon	Imports growth (2005/2004)	16.4%

(e) *Estimate*

(f) *Forecast*

Economic Overview

Estonia has enjoyed six straight years of economic growth, with a GDP of 6.2 per cent. and inflation of 3.0 per cent. in 2004. Nominal wages increased beyond 10 per cent. last year and are expected to average between 7 and 10 per cent. in the next few years, which should further stimulate the economy. Estonia's currency, the Kroon, is pegged to the euro.

Retail Trend

Tallinn has a retail stock of 379,000m², of which 82,00m² were added in 2004, split between two developments, the Ülemiste Shopping Centre (50,000m²) and Viru Square (32,000m²). Further development in Tallinn is likely to be limited, however, retailers are looking at other cities in Estonia in which to expand. Targets include Tartu (population 105,000), Parnu (50,000) and Narva (70,000).

International input

The German retail developer Lidl has recently announced expansion plans for the Baltic States. Other international brands located in Tallinn include Mango, the Spanish fashion house.

Latvia

GDP 2004	\$13 billion ^(e)	Inflation 2004	6.2% ^(e)
GDP 2005	\$14 billion ^(f)	Inflation 2005	5.1% ^(f)
Eurozone economy	by 2008	Exports growth (2005/2004)	17.4%
Currency	Lat	Imports growth (2005/2004)	13.3%

(e) Estimate

(f) Forecast

Economic Overview

It is estimated that Latvia's GDP increased by 8.0 per cent. in 2004 (following increases of 7.5 per cent. and 6.4 per cent. in 2003 and 2002 respectively). Corporate income taxes have also been lowered from 25 per cent. to only 15 per cent.

Retail Trend

In Riga, although the city centre high streets remain in great demand, especially amongst the more exclusive brands, the mid range brands are focusing on new retail centres where they are guaranteed good customer flow. Total rental space in retail centres reached 500,000m² in 2004, and a further 300,000m² is due to be built in the next two years, principally in the suburbs of Riga. New developments include Akropole (90,000m² of retail space following the first phase) and Riga Mall (31,000m² of gross leasable area).

Lithuania

GDP 2004	\$22 billion ^(e)	Inflation 2004	1.2% ^(e)
GDP 2005	\$26 billion ^(f)	Inflation 2005	2.0% ^(f)
Eurozone economy	by 2007	Exports growth (2005/2004)	10.4%
Currency	Litas	Imports growth (2005/2004)	11.8%

(e) Estimate

(f) Forecast

Economic Overview

It is estimated that Lithuania's GDP increased by 7.0 per cent. in 2004. Strong GDP rates of 9.0 per cent. and 6.8 per cent. in 2004 and 2003 respectively evidence the growth of the country's economy, as does national unemployment figure of less than 10 per cent., and half that in the capital city, Vilnius.

Retail Trend

Retail space grew in Vilnius by 50 per cent. in 2004, bringing the total to 460,000m². New developments include Akropolis, the largest mall in Lithuania at 109,000m² after it was extended by 54,000m² in December 2004 and Domus Galerija (27,000m²). There remains strong demand for retail space in Vilnius, with all centres to date being pre-leased before opening.

2. Bulgaria

GDP 2004	\$24 billion ^(e)	Inflation 2004	6.1% ^(e)
GDP 2005	\$29 billion ^(f)	Inflation 2005	4.2% ^(f)
Eurozone economy	by 2009	Exports growth (2005/2004)	22.0%
Currency	Lev	Imports growth (2005/2004)	22.5%

(e) Estimate

(f) Forecast

Economic overview

Joining NATO in April 2004 and completion of the EU accession negotiations in June 2004 has facilitated the expansion of the Bulgarian economy, with industry in particular providing a significant boost to employment.

National retail trend

Sofia's first shopping center, Tzum, opened in 2000. It was redeveloped by British firm Charlemagne Capital into a modern shopping and office centre. In early 2003, a local developer completed the 2,000m² Alexander Mall on Vitosha Boulevard, Sofia. Tenants already signed include La Perla, Tom Tailor, Mobiltel and Aldi furniture. Pipeline projects include the Sofia Mall, due to open in 2005, which will bring 35,000m² of space on the market as well as a multiplex cinema (complete with IMAX theatre).

International input

A number of international retailers are now established in Sofia, including Energy, Miss Sixty, Wolford, Bianca, Nido, Timberland, Nautica, and Swarovski.

3. The Czech Republic

GDP 2004	\$106.1 billion ^(e)	Inflation 2004	2.8% ^(e)
GDP 2005	\$130.3 billion ^(f)	Inflation 2005	3.3% ^(f)
Eurozone economy	by 2010	Exports growth (2005/2004)	15.7%
Currency	Koruna	Imports growth (2005/2004)	20.0%

(e) Estimate

(f) Forecast

Economic overview

The Czech Republic experienced 3.6 per cent. output growth in 2004 through a combination of strong exports and private investment. The inflationary spike suffered by all countries on entry to the European Union was exacerbated by tax rises and high oil prices, although it is expected to stabilise at around its current level.

National retail trend

The total stock of shopping centre space in the Czech Republic is approximately 800,000m². Over the next 2-3 years, it is estimated that 20 new shopping centres will be built throughout the country with five new shopping centres coming online in 2005. Besides Prague, new centres are planned in Brno, Olomouc, Ostrava, Ceske, Budejovice and Pilsen.

Within Prague, development activity is expected to continue over the next few years although city centre capacity is very limited. In close proximity to the retail pitch known

as the Golden Cross (on Namesti Republiky), EPD is developing the 40,000m² Palladium shopping centre scheduled to complete by the end of 2007. No other plots of land in the centre of Prague are available to shopping mall developers.

International input

A number of new developments by international retailers within the Golden Cross have either been completed or are under way, such as Spanish retailer Zara, Debenhams, H&M and a new Marks & Spencer flagship store. A number of international retailers have already taken pre-let space in the Palladium shopping centre, including H&M, M&S, C&A, Retro, Jeans Club and s'Oliver.

The first Freeport Designer Outlet Mall in Znojmo (on the border with Austria) was launched in 2003, with a total size of over 20,000m² and major tenants such as Adidas, Calvin Klein, Ecco Shoes, Mexx and Nike have taken retail outlets in the mall. Further expansion of such stores in the Czech Republic is expected in the near future, as retail price sensitivity contributes to a growing consumer appreciation of store brands and high street labels.

4. **Hungary**

GDP 2004	\$103.0 billion ^(e)	Inflation 2004	6.5% ^(e)
GDP 2005	\$122.0 billion ^(f)	Inflation 2005	3.8% ^(f)
Eurozone economy	by 2010	Exports growth (2005/2004)	9.3%
Currency	Forint	Imports growth (2005/2004)	7.6%

(e) Estimate

(f) Forecast

Economic overview

Hungary's economy has experienced significant growth despite the fiscal mismanagement that saw its sovereign rating downgraded by Fitch Agency in January 2005. The outlook for the Hungarian economy remains positive, whilst budget management should ensure that the country remains no less attractive for international financial support and investment than its neighbours.

In the medium to long-term, purchasing power is forecast to catch up slowly with the EU average, subject to continued steady economic growth in both the wider EU and in Hungary. Retail sales growth was more than double the EU average at 5 per cent. in 2004, although total retail spending remains approximately half of that in the rest of Europe.

National retail trend

The Budapest retail market has been undergoing a process of consolidation and evolution over the last few years. No new shopping malls opened in 2003 and just two in 2004, namely the 35,000m² Auchan-anchored Savoya Park development from GRC, which will also be home to Hungary's first IMAX 3D cinema, and the Recsei centre.

However, several new schemes are in the pipeline for 2005 and beyond. A number of developers are beginning projects, e.g. ECE, who already operate two shopping malls in Hungary and plan to open eight new shopping malls in Budapest and throughout the country by 2015, starting with Győr in 2006. By 2008, an Austrian mall developer intends to build a 100,000m² retail scheme on the outskirts of the city, the so-called "MIMO" project.

Other retail formats, e.g. big-box retailers, have continued to expand, while new ones such as specialised retail warehouses and factory outlets, are beginning to open and/or appear in the pipeline. Hungary's first factory outlets opened to the west of the city in 2004, whilst two multi-level home furnishings centres of 20,000m² each will open in 2005.

Driven by a rising share in daily consumer goods consumption, the development of hypermarkets in Hungary has continued at some speed. Most food purchases are now made in supermarkets and hypermarkets, and by the end of 2004, market leaders Tesco and Auchan had opened 60 and 9 stores in Hungary (including hypermarkets and supermarkets) respectively.

International input

Established furniture, DIY, and consumer electronics retailers such as IKEA, Kika, Baumax, Electroworld and Media Markt have all either recently opened new stores or are building in Budapest and are continuing to expand throughout the country. Swedish developer NCC has attracted tenants such as Divex Sport and baby products retailer Madrina to a new retail park in Budaörs. Discount retailer Lidl is due to arrive imminently.

In the Budapest Outlet Centre, retailers such as Levis, Adidas, Mustang, Nike and Sarar have experienced strong turnover and signed leases for the phase 2 development that will see the centre increase its area to 28,500m². The more fashionable GL Outlet (16,500m²) nearby has attracted retailers such as Retro, Diesel, Calzedonia/Intimissimi, Benetton and Hewlett Packard.

5. Poland

GDP 2004	\$239.5 billion ^(e)	Inflation 2004	3.5% ^(e)
GDP 2005	\$301.9 billion ^(f)	Inflation 2005	3.2% ^(f)
Eurozone economy	by 2010	Exports growth (2005/2004)	10.0%
Currency	Zloty	Imports growth (2005/2004)	9.0%

(e) Estimate

(f) Forecast

Economic overview

Poland's economy and population are both the largest in the region and larger than all new EU entrants combined. Fixed investment growth was relatively low at 3.3 per cent., restricted by high unemployment (19 per cent.) and the risk averse nature of many private individuals who would be expected to lead an investment recovery but have already achieved a sufficiently high degree of relative prosperity.

Nevertheless, forecasts suggest that investment will pick up in 2005 and 2006. Furthermore the Warsaw stock exchange index saw a rise of 28 per cent. at the end of 2004 compared with the previous year.

National retail trend

The total retail stock in Poland amounts to approximately 3.2 million m² including about 150 projects with space above 10,000m². The most densely populated regions like Mazowieckie and Silesia voivodships, each having approximately 30 shopping centres, account for over 40 per cent. of the total stock. The majority of the modern retail supply - approximately 90 per cent. - has been delivered since the beginning of 1998.

By the end of 2004 there were approximately 17 urban shopping centres larger than 20,000m² in Poland. Further schemes are planned or already under construction, among others Złote Tarasy (Warsaw), Poznań Mall (Poznań), Galeria Kazimierz (Kraków) and Manufaktura (Lodz). The greater Warsaw area presently has 22 hypermarkets and at least one is currently planned.

Both investors and tenants have begun to take interest in the outlet centres. The first phase of the largest outlet centre in CEE - Maximus - was opened in H1 2005 and will ultimately consist of four halls each of 23,000m². The existing Factory Outlet Centres in Warsaw and Sosnowiec are successful and attract both customers and new tenants. New schemes are

proposed in Warsaw Piaseczno, (Fashion House Outlet Centre with 25,000m²) and Gdynia (Outlet Centre with 24,000m²).

As the retail market in most of the largest cities becomes more competitive, some developers are actively looking at other cities with a population of around 150,000, such as Elblag, Toruń, Walbrzych or Zielona Góra. The trend towards opening smaller formats is clearly visible among hypermarket operators. In most larger cities hypermarket sector is believed to be approaching saturation, and Tesco and Leclerc have already invested in so-called mini-hypermarkets in smaller cities with a population above 50,000 such as Kalisz, Mielec or Swidnica.

International retailer input

Despite high competition a number of new retailers decided to enter Polish market in 2004, including Schlenker, Saturn, Jeans Club, Tommy Hilfiger, Okay RTV, AGD and Bose. Many retailers already operating in Poland plan further expansion, including Tesco, Ahold and Kaufland, French group Musketeers and H&M.

6. Romania

GDP 2004	\$70.9 billion ^(e)	Inflation 2004	11.9% ^(e)
GDP 2005	\$90.7 billion ^(f)	Inflation 2005	8.5% ^(f)
Eurozone economy	2010	Exports growth (2005/2004)	23.5%
Currency	Lei	Imports growth (2005/2004)	26.5%

(e) Estimate

(f) Forecast

Economic overview

2004 delivered further sustained growth of 7.5 per cent. over 2003, which has been the pattern for Romania over the last five years - GDP has almost doubled since 2000. Foreign investors have increasingly seen Romania as an attractive proposition relative to many of its Eastern European neighbours, particularly in the automotive, retail and banking industries. Inflation has now stabilised, with the government targeting a level of 7 per cent. for 2005.

National retail trend

Romania received increased attention from international institutional and private property investors. As the supply of product suitable for purchase has slowed in the main markets in the last couple of years, investors have looked elsewhere for institutional-grade properties. In 2003, Bucharest saw pioneering investment deals with the completion of its first two institutional investments, Europe House and Opera Centre. The two transactions together totalled approximately \$60 million and have increased investor confidence in the Romanian market. In 2004, further institutional transactions took place, including the first institutional logistics park purchase, the acquisition of Cef in Logistics Park by Europolis. Demand for investment product exceeds the supply, yet with the improvement in quality of office, retail and logistics developments and the growth in the occupier demand for such space, strong growth in this sector is expected during the pre-EU accession years.

From a previously undeveloped base, a modern retail market has been developing quickly in the last 2 years in Bucharest. Modern shopping centres and hypermarkets have appeared at last while the supply pipeline shows many schemes either under construction or at the planning stage. The current stock of major, modern shopping centre space is comprised mainly of three shopping centres, Mall Romania, the Bucharest Mall and the Unirea Shopping Centre. A 104,000m² (gross) shopping mall is due to be developed for completion in 2006, adjacent to Baneasa airport.

The retail warehouse market in Bucharest is another sector which is emerging from a non-existent base several years ago. The main operators active in this market are Praktiker

Bricostore and Mobexpert. The main locations for these schemes are on three of the main routes leaving the city, to the north and west, and to a lesser extent to the east.

International retailer input

Although Bucharest still lacks a single dominant retail 'high street' location in the city, the prime locations have managed to attract many international retailers in the last few years, such as Hugo Boss, Lacoste, The Body Shop, Mango, Nike, Steilmann, Intersport and Timberland. More new entrants are exploring the market and can be expected to appear in the short-term. Shopping centre retailers include Marks & Spencer, Zara, Promod, and Athlete's Foot.

In 2004, Carrefour announced a plan to invest €100m over two years, and Kaufland €500m within five years.

7. Slovakia

GDP 2004	\$41 billion ^(e)	Inflation 2004	7.5% ^(e)
GDP 2005	\$53 billion ^(f)	Inflation 2005	3.0% ^(f)
Eurozone economy	2009	Exports growth (2005/2004)	25.0%
Currency	Slovak koruna	Imports growth (2005/2004)	26.0%

(e) Estimate

(f) Forecast

Economic overview

The harmonization (and reduction) of VAT, CIT and income tax, together with other government reforms, has encouraged growth in output across most sectors, in particular industry (which has achieved growth of almost 9 per cent.). Unemployment, although the second highest in Europe, has continued to decline slowly and inflation stabilised in 2004.

National retail trend

Following recent political and economic reforms, private consumption has increased and is now forecast to be above 4 per cent. a year for the next five years. In conjunction with this, the retail market has undergone consolidation, as supermarkets and hypermarkets replace existing, smaller, retailers. In Bratislava, where approximately 25 per cent. of the population lives, there are now four shopping centers with an aggregate leasable area of 223,500 m². Further growth is forecast as disposable income and consumer spending power increases.

International input

A number of foreign retail chains are now established in Slovakia, including Tesco, Metro, Carrefour, IKEA, Billa and Baumax.

PART III

VALUATION REPORT



23 June 2005

Dawnay, Day Carpathian PLC
St James's Chambers
Athol Street
Douglas
Isle of Man IM1 IJE

Numis Securities Limited
Cheapside House
138 Cheapside
London EC2V 6LH

Dear Sirs

VALUATION OF DAWNAY, DAY CENTRAL/ EASTERN EUROPEAN REAL ESTATE PORTFOLIO

1. INTRODUCTION

In accordance with our engagement letter dated 13 June 2005 with Dawnay, Day Carpathian PLC ("the Company"), we, DTZ Debenham Tie Leung, Chartered Surveyors, have considered the properties referred to in the attached schedule (the "Schedule"), in order to advise you of our opinion of the Market Value as at 23 June 2005, of the freehold or leasehold interests (as appropriate) in each of the properties (the "Properties"). This report is dated 23 June 2005.

2. COMPLIANCE WITH APPRAISAL AND VALUATION STANDARDS

We confirm that the valuations have been made in accordance with the appropriate sections of both the current Practice Statements ("PS"), and United Kingdom Practice Statements ("UKPS") contained within the RICS Appraisal and Valuation Standards, 5th Edition (the "Red Book"). This is an internationally accepted basis of valuation.

3. STATUS OF VALUER AND CONFLICTS OF INTEREST

We confirm that we have undertaken the valuations acting as External Valuers as defined in the Red Book, qualified for the purpose of the valuation.

As you are aware, we valued four of the Properties in the past on behalf of the Company for acquisition purposes.

DTZ Debenham Tie Leung One Curzon Street London W1A 5PZ England
Telephone +44 (0)20 7408 1161 Fax +44 (0)20 7643 6000 Website www.dtz.com

Birmingham Bristol Cardiff Croydon Edinburgh Glasgow Leeds London Manchester Newcastle Nottingham Oxted Wetherby

A list of directors' names is open to inspection at the above address

DTZ works in partnership with The Staubach Company in the Americas

DTZ Debenham Tie Leung Limited Registered in England No 2757768 Registered office One Curzon Street London W1A 5PZ



Certificate No Q8160

4. PURPOSE OF THE VALUATION REPORT

We understand that this valuation report and Schedule (the “Valuation Report”) are required firstly, to confirm to the directors of the Company the current Market Value of the Properties and secondly, for inclusion in an AIM admission document which investors will rely on in making their decision to invest in the Company.

We also understand that this Valuation Report will be relied upon by Numis Securities Limited.

5. BASIS OF VALUATION AND NET ANNUAL RENT

5.1 *Market Value*

The value of each of the Properties has been assessed in accordance with the relevant parts of the current internationally RICS Appraisal and Valuation Standards. In particular, we have assessed Market Value in accordance with PS 3.2. Under these provisions, the term “Market Value” means “the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion”.

In undertaking our valuations on the basis of Market Value we have applied the interpretive commentary which has been settled by the International Valuation Standards Committee and which is included in PS 3.2. The RICS considers that the application of the Market Value definition provides the same result as Open Market Value, a basis of value supported by previous editions of the Red Book.

5.2 *Net annual rent*

The net annual rent for each of the Properties is referred to in the Schedule. Net annual rent is defined for the purposes of this transaction as “the current income or income estimated by the valuer”:

- (i) ignoring any special receipts or deductions arising from the property;
- (ii) excluding Value Added Tax and before taxation (including tax on profits and any allowances for interest on capital or loans); and
- (iii) after making deductions for superior rents (but not for amortisation), and any disbursements including, if appropriate, expenses of managing the property and allowances to maintain it in a condition to command its rent.

The Schedule also includes the estimated net annual rent of each of the Properties. The estimated net annual rent is based on the current rental value of each of the Properties. The rental value reflects the terms of the leases where the Properties, or parts thereof, are let at the date of valuation. Where the Properties, or parts thereof, are vacant at the date of valuation, the rental value reflects the rent we consider would be obtainable on an open market letting as at the date of valuation.

5.3 *Taxation and costs*

We have not made any adjustments to reflect any liability to taxation that may arise on disposal, nor for any costs associated with disposals incurred by the owner. No allowance has been made to reflect any liability to repay any government or other grants, or taxation allowance that may arise on disposals.

We have made deductions to reflect purchasers’ acquisition costs.

6. VAT

The capital valuations and rentals included in this Valuation Report are net of any relevant Value Added Tax at the prevailing rate.

7. ASSUMPTIONS AND SOURCES OF INFORMATION

An assumption is stated in the Glossary to the Red Book to be a “supposition taken to be true” (“assumption”). Assumptions are facts, conditions or situations affecting the subject of, or approach to, a valuation that, by agreement, need not be verified by a valuer as part of the valuation process. In undertaking our valuations, we have made a number of assumptions and have relied on certain sources of information. Where appropriate, the Company’s advisors have confirmed that our assumptions are correct so far as they are aware. In the event that any of these assumptions prove to be incorrect then our valuations should be reviewed. The assumptions we have made for the purposes of our valuations are referred to below:

7.1 *Title*

We have not had access to the title deeds of the Properties, we have made an assumption that the Properties have good and marketable freehold or leasehold title in each case and that the Properties are free from rights of way or easements, restrictive covenants, disputes or onerous or unusual outgoings. We have also assumed that the Properties are free from mortgages, charges or other encumbrances.

7.2 *Condition of structure and services, deleterious materials, plant and machinery and goodwill*

We have been provided with copies of condition surveys. We have made an assumption that the Properties are free from any rot, infestation, adverse toxic chemical treatments, and structural or design defects.

We have not arranged for investigations to be made to determine whether high alumina cement concrete, calcium chloride additive or any other deleterious materials have been used in the construction or any alterations of any of the Properties. For the purposes of these valuations, unless otherwise informed by the Company’s advisors, we have made an assumption that any such investigation would not reveal the presence of such materials in any adverse condition.

No mining, geological or other investigations have been undertaken to certify that the sites of the Properties are free from any defect as to foundations. We have made an assumption that the load bearing qualities of the sites of the Properties are sufficient to support the buildings constructed thereon. We have also made an assumption that there are no abnormal ground conditions, nor archaeological remains present, which might adversely affect the present or future occupation, development or value of any of the Properties.

No tests have been carried out as to electrical, electronic, heating, plant and machinery, equipment or any other services, nor have the drains been tested. We have made an assumption that all services to the Properties are functioning satisfactorily.

No allowance has been made in these valuations for any items of plant or machinery not forming part of the service installations of the Properties. We have specifically excluded all items of plant, machinery and equipment installed wholly or primarily in connection with the occupants’ businesses. We have also excluded furniture and furnishings, fixtures, fittings, vehicles, stock and loose tools. Further, no account has been taken in our valuations of any goodwill that may arise from the present occupation of any of the Properties.

It is a condition of DTZ Debenham Tie Leung Limited or any related company, or any qualified employee, providing advice and opinions as to value, that the client and/or third parties (whether notified to us or not) accept that the Valuation Report in no way relates to, or gives warranties as to, the condition of the structure, foundations, soil and services.

7.3 *Environmental matters*

We have received Environmental Reports relating to all properties. With the exception of these reports we have not done any investigation nor have we seen any reports in relation

to the presence or potential presence of contamination in land or buildings, and to assume that if investigations were made to an appropriate extent then nothing would be discovered sufficient to affect value. We have not carried out any investigation into past uses, either of the properties or any adjacent land to establish whether there is any potential for contamination from such uses or sites, and have therefore assumed that none exists.

We have no basis upon which to assess the reasonableness of this assumption. If it were to prove invalid then the value would fall by an unspecified amount.

Commensurate with our assumptions set out above we have not made any allowance in the valuation for any effect in respect of actual or potential contamination of land or buildings.

7.4 Areas

We have not measured the properties but have relied on the areas supplied by the Company.

7.5 Statutory requirements and planning

We have made an assumption that the buildings have been constructed in full compliance with valid local planning and building regulations approvals, that where necessary the Properties comply with the legal requirements and standards and has all necessary certification and is not subject to any outstanding statutory notices as to their construction, use or occupation. We have made a further assumption that the existing uses of the Properties are duly authorised or established and that no adverse planning conditions or restrictions apply.

7.6 Leasing

We have not read copies of the leases or other related documents but have relied on the tenancy summaries provided by your legal advisors for the purposes of our valuation.

We have not undertaken investigations into the financial strength of the tenants. Unless we have become aware by general knowledge, or we have been specifically advised to the contrary we have made an assumption that the tenants are financially in a position to meet their obligations. Unless otherwise informed by the Company's advisors we have also made an assumption that there are no material arrears of rent or service charges, breaches of covenants, or current or anticipated tenant disputes.

However, our valuations reflects the type of tenants actually in occupation or responsible for meeting lease commitments, or likely to be in occupation, and the market's general perception of their creditworthiness.

7.7 Information

We have made an assumption that the information the Company and its professional advisors have supplied to us in respect of the Properties is both full and correct.

It follows that we have made an assumption that details of all matters likely to affect value within their collective knowledge such as prospective lettings, rent reviews, outstanding requirements under legislation and planning decisions have been made available to us and that the information is up to date.

8. VALUATION

We are of the opinion that the aggregate of the Market Values as at the effective date of this report, 23 June 2005, of the freehold or leasehold interests in the Properties described in the Schedule, subject to the assumptions and comments in this Valuation Report was as follows:

Four Plazas	€61,000,000
Hungary	
Antana	€21,000,000
Hungary	
Varyada	€37,000,000
The Czech Republic	
TOTAL	€119,000,000 (One Hundred and Nineteen Million Euros)

9. CONFIDENTIALITY AND DISCLOSURE

The contents of this Valuation Report and Schedule may be used only for the purpose of this Valuation Report, which is to form part of the AIM admission document for the Company. Before this Valuation Report, or any part thereof, is reproduced or referred to, in any other document, circular or statement and before its contents, or any part thereof, are otherwise disclosed orally or otherwise to a third party, the valuer's written approval as to the form and context of such publication or disclosure must first be obtained. For the avoidance of doubt, such approval is required whether or not DTZ Debenham Tie Leung Limited are referred to by name and whether or not the contents of our Valuation Report are combined with others.

Yours faithfully

PAUL WOLFENDEN FRICS

Director

For and on behalf of
DTZ Debenham Tie Leung Limited

The Schedule

<i>Property</i>	<i>Description, Age and Tenure</i>	<i>Terms of Existing Tenancies</i>	<i>Net Annual Rent 25/05/05</i>	<i>Estimated net Annual Rent 25/05/05</i>	<i>Market Value 25/05/05</i>
Four Plazas, Hungary Balaton Plaza 20-28 Budapesti út Veszprém, Hungary	The property is located in Veszprém, approximately 120 kilometers west of Budapest. Balaton Plaza shopping centre comprises a modern single storey shopping center arranged around a single lane mall containing retail, food court and entertainment facilities. The shopping centre opened in May 2004 and includes surface car parking at lower ground floor level with approximately 400 spaces. The shopping centre has a lettable area of approximately 9,143 square metres and comprises 54 retail units.	The shopping centre comprises 9,143 square metres and is fully let to 58 tenants with the majority of leases expiring between 2009 and 2014. There are also some stalls within the shopping centre, which are on shorter leases, which expire between 2005 and 2006.	€1,335,626	€1,339,000	€14,200,000
Pécs Plaza 76 Megyeri út Pécs, Hungary	The property is located 200 kilometres south of Budapest, in Pécs, the fifth largest city in Hungary with a population of 180,000. The property is situated approximately 3 kilometres south of the city centre and lies on Megyeri út, which is a secondary arterial road. Pécs Plaza Shopping Centre comprises a modern single storey shopping centre constructed in 1999. The Centre has a total retail area of approximately 15,228 square metres and there is surface car parking for approximately 800 cars. The anchor tenants comprise a Match supermarket and food court (including McDonald's) and a ten screen Cinema City multiplex cinema.	The shopping centre is fully let and comprises 78 tenants with leases expiring between 2005 and 2011.	€2,140,305	€2,230,000	€22,900,000
Sopron Plaza 35 Lackner Kristof u. Sopron, Hungary	The property is located in the town of Sopron, which lies in the west of Hungary, adjacent to the Austrian border. The town has approximately 55,000 inhabitants. Sopron Plaza shopping centre comprises a modern two-storey shopping centre of broadly rectangular shape containing retail, food court and entertainment facilities. There is a surface car park providing approximately 800 parking spaces. The shopping centre was constructed in 1998 and has a net lettable area of approximately 14,550 square meters.	The property comprises 83 retail units let on leases expiring between 2005 and 2009.	€1,644,866	€1,641,000	€17,200,000

<i>Property</i>	<i>Description, Age and Tenure</i>	<i>Terms of Existing Tenancies</i>	<i>Net Annual Rent 25/05/05</i>	<i>Estimated net Annual Rent 25/05/05</i>	<i>Market Value 25/05/05</i>
Savaria Plaza Brenner Tóbiás Krt Szombathely, Hungary	The subject property is located in the town of Szombathely, which lies in the west of Hungary, near the Austrian border. The town has approximately 82,000 inhabitants. Savaria Plaza is a modern two-storey shopping centre with 46 retail units arranged around a central mall. There is a supermarket and retail units at ground floor level and a 4-screen multiplex cinema and further retail units and a food court area at first floor level. The total lettable area is approximately 8,235 square metres.	The centre is currently only 60% let on leases expiring between 2006 and 2011.	€443,428	€894,000	€6,700,000
Sub Total			€5,564,225	€6,104,000	€61,000,000
Varyada Shopping Centre Karlovy Vary The Czech Republic	The shopping centre is situated in the western part of Karlovy Vary, a spa town with 54,600 inhabitants. Kolonada is easily accessible by car and public transport and serves approximately 165,000 people living within a 30-minute drive from the shopping centre. The shopping centre is held on a freehold basis.	The shopping centre comprises 18,249 square metres and is fully let to 71 tenants with majority of the tenancies expiring in 2010. Interspar is the anchor tenant and occupies approximately 40% of the total retail space on a lease expiring in 2020.	€2,922,938	€3,034,000	€37,000,000
Antana 145 Karoly Karaly Utja 2040 Budoars, Hungary	Antana Logistic Park is situated in a commercial area located to the south of the M1/M7 motorway, approximately 350 metres to the south of the southern boundary of Budaors, Hungary. The site comprises of eight office and warehouse buildings and is currently used as a warehousing and logistic centre. The buildings were built between 1975 and 2001.	48 tenants are in occupation of the buildings with the leases expiring between 2005 and 2009. The property has development potential.	€1,610,000	€2,044,000	€21,000,000
Grand Total			€10,097,163	€11,182,000	€119,000,000

PART IV

ACCOUNTANTS' REPORT ON THE COMPANY

Deloitte.

The Directors
Dawnay, Day Carpathian PLC
St James's Chambers
Athol Street
Douglas
Isle of Man IM1 6LH

20 July 2005

Dear Sirs

DAWNAY, DAY CARPATHIAN PLC

We report on the financial information set out in page 37 of the admission document dated 20 July 2005 (the "Admission Document") of Dawnay, Day Carpathian PLC (the "Company"). This financial information has been prepared for inclusion in the Admission Document on the basis of the accounting policies set out in note 1 to the financial information. This report is prepared for the purpose of Schedule 2 paragraph (a) of the AIM rules.

RESPONSIBILITIES

We accept responsibility for the information contained in this report and to the best of our knowledge (having taken all reasonable care to ensure that such is the case) the information contained in this report is in accordance with the facts and makes no omission likely to effect the import of such information.

The Directors of the Company are responsible for preparing the financial information under the basis of preparation set out in note 2 to the financial information and in accordance with International Financial Reporting Standards.

It is our responsibility to form an opinion as to whether the financial information gives a true and fair view, for the purposes of the Admission Document, and to report our opinion to you.

BASIS OF OPINION

We conducted our work in accordance with the Statements of Investment Circular Reporting Standards issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgments made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

OPINION

In our opinion, the financial information gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of the Company as at the date stated in accordance with the basis of preparation set out in note 2 and in accordance with International Financial Reporting Standards as described in note 1.

Yours faithfully,

DELOITTE & TOUCHE LLP

FINANCIAL INFORMATION

The balance sheet of the Company on incorporation is as follows:

	<i>Notes</i>	<i>£</i>
Current assets		
Debtors		100
		<u>100</u>
Represented by		
Share capital	3	100
Shareholders' funds		<u>100</u>

NOTES TO THE FINANCIAL INFORMATION

1. ACCOUNTING POLICIES

The balance sheet has been prepared in accordance with historical cost convention.

2. BASIS OF PREPARATION

The financial information set out above is based on the financial records of the Company, to which no adjustment was considered necessary.

3. SHARE CAPITAL

The Company was incorporated with an authorised share capital of £2,000 comprising 100 founder shares of £1 each and 190,000 unclassified shares of £0.01 each. At incorporation 100 founder shares were subscribed nil paid.

The founder shares shall confer upon the holders the right in a winding-up or repayment of capital to the repayment of the nominal amount paid up. No further right to participate in the profits or assets of the Company is conferred.

4. RELATED PARTIES

Philip Scales, as a director of the Company and Barings (Isle of Man) Limited which acts as administrator and registrar to the Company, will have an interest in any fees payable to the Administrator under the Administration Agreement.

Peter Klimt, as a principal of the Dawnay, Day Group including Dawnay, Day Europe Limited, who act as property investment advisors to the Company, will have an interest in any fees payable to Dawnay, Day Europe Limited as a result of future property transactions.

PART V

RISK FACTORS

Potential investors should carefully consider the risks described below, in the light of the information in this document and their personal circumstances, before making any decision to invest in the Company. The investment offered in this document may not be suitable for all of its recipients. An investment in the Company is only suitable for investors who are capable of evaluating the risks and merits of such investment and who have sufficient resources to bear any loss which might result from such investment. If any of the risks described should actually occur, the Company could be materially affected. In such circumstances, the price of the Company's stock may fall and you could lose all or part of your investment. If you are in any doubt about the action you should take, you should consult a professional advisor authorised under FSMA who specialises in advising on the acquisition of shares and other securities. The risk factors summarised below are not intended to be exhaustive and are not intended to be presented in any assumed order of priority. Additional risks and uncertainties not presently known to the Directors, or which the Directors currently deem immaterial, may also have an adverse effect upon the Company.

Property risk factors

The following paragraphs of this Part V contain what the Directors believe to be some of the principal risk factors involved in an investment in the Company. The nature of the property business and the geographical location in which the Company is aiming to invest means that an investment in the Company is subject to a number of risk factors. Some of these factors apply to the property investment market generally, while others are specific to the Company's activities within that market.

1. There can be no guarantee that the investment objectives of the Company will be achieved.
2. The success of an investment in the Company depends, in part, on the stability of the political and economic situation in those countries in which the Company chooses to invest.
3. Proper information for determining the current value of investments may not be available.
4. The ultimate success of an investment in the Company is dependent in part on property prices in Eastern Europe remaining stable or rising. There is no guarantee that this will be the case. There is also no guarantee that the Company will be able to sell or let the properties in which it invests.
5. The successful growth of the Company's assets will depend on it being able to acquire appropriate properties and manage them effectively, and thereafter the ability of the Company to either sell or re-finance its properties in a timely fashion. This will depend on the state of the property market in the countries in which the Company chooses to invest.
6. The Group's success depends to a significant extent on DDEL. No assurances can be given that the loss of any member of the management team of that company would not have a material adverse effect on the business, financial condition or results of operations of the Group.
7. Investments in property are relatively illiquid. Property and property-related assets are inherently subjective as regards valuation due to the individual nature of each property. As a result, valuations are subject to uncertainty.
8. Changing retail trends are likely to emerge within markets as they become more sophisticated, and in some regions, relaxed planning policies may give rise to over development thereby affecting rental growth prospects of competing centres. These factors will be considered within the investment strategy implemented by the Company but may not always be able to be anticipated.

-
9. Debt gearing is anticipated, giving rise to enhanced cash dividends and total equity returns. Debt will be monitored and reviewed by the Company to ensure that liabilities of servicing interest, amortisation and lenders' ratios are adhered to. Where incomes and values fall, debt terms may be breached giving rise to default provisions requiring remedy by, amongst other possibilities, the investment of further equity. The Dawnay, Day Group has considerable experience in managing debt from a variety of lenders throughout different market cycles. The Company intends to apply prudent interest rate and currency hedging.

General risk factors

1. *Investment in AIM listed securities, share price volatility and liquidity*

Investment in shares traded on AIM is perceived to involve a higher degree of risk and be less liquid than investment in companies whose shares are listed on the Official List. AIM has been in existence since June 1995 but its future success and liquidity in the market for the Company's securities cannot be guaranteed. It is possible that an active trading market may not develop and continue upon completion of the Placing. Even if an active trading market develops, the market price for the Ordinary Shares may fall below the Placing Price. As a result of fluctuations in the market price of the Ordinary Shares, investors may not be able to sell their Ordinary Shares at or above the Placing Price, or at all. Investors may therefore realise less than, or lose all of, their investment.

The price at which the Ordinary Shares are quoted and the price which investors may realise for their Ordinary Shares will be influenced by a large number of factors, some specific to the Company and its operations and some which may affect the quoted property investment sector or quoted companies generally and which are outside the Company's control. These factors could include the performance of the Company, large purchases or sales of the Ordinary Shares, legislative changes in the insurance industry environment, general economic, political or regulatory conditions, or changes in market sentiment towards the Ordinary Shares.

The results of the Company may fluctuate significantly as a result of a variety of factors, many of which may be outside the Company's control. Period to period comparisons of the Company's results may not be meaningful and investors should not rely on them as indications of the Company's future performance. The Company's results may fall below the expectations of securities analysts and investors. In addition, stock markets from time to time suffer significant price and volume fluctuations that affect the market prices for securities and which may be unrelated to the Company's operating performance. Any of these events could result in a decline in the market price of the Ordinary Shares.

2. *Restrictions on dividends*

Shareholders should note that payment of any future dividends will be at the discretion of the Board after taking into account many factors, including the Company's operating results, financial condition and current and anticipated cash needs.

3. *Taxation*

Any change in the Company's tax status or in taxation legislation could affect the Company's ability to provide returns to Shareholders. Statements in this document concerning the taxation of investors in Ordinary Shares are based on current United Kingdom and Isle of Man tax law and practice, which is subject to change. The taxation of an investment in the Company depends on the individual circumstances of investors.

4. *General economic climate*

Factors such as inflation, currency fluctuation, interest rates, supply and demand of capital and industrial disruption have an impact on business costs and stock market prices. The Company's operations, business and profitability are affected by these factors, which are beyond the control of the Company.

5. *Forward-looking statements*

Certain statements contained in this document may constitute forward-looking statements. Any such forward-looking statements involve risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Company, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These forward-looking statements speak only as of the date of this document and there can be no assurance that the results and events contemplated by such forward-looking statements will, in fact, occur. The Company and the Directors expressly disclaim any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein, save as required to comply with any legal or regulatory obligations (including the AIM Rules), to reflect any change in the Company's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

6. *Shares available for future sale*

The Company is unable to predict whether substantial amounts of Ordinary Shares will be sold in the open market following termination of the restrictions as set out in the Lock-up Agreements (the terms of which are summarised in paragraph 8.2 of Part VI of this document). Any sales of substantial amounts of Ordinary Shares in the open market, or the perception that such sales might occur, could materially and adversely affect the market price of the Ordinary Shares.

PART VI

ADDITIONAL INFORMATION

1. RESPONSIBILITY AND REPORTS BY EXPERTS

- 1.1 The Company, whose name and registered office appears on page 4, and the Directors, whose names and functions appear on page 4, accept responsibility for the information contained in this document. To the best of the knowledge of the Company and the Directors (each of whom has taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and makes no omission likely to affect the import of such information.
- 1.2 Deloitte & Touche LLP registered auditors of 180 Strand, London WC2R 1BL has given and not withdrawn its written consent to the inclusion of the accountants' report in Part IV and the references thereto and to their name in the form and context in which they are included in this document. The financial information contained in Part IV of this document does not constitute statutory financial statements within the meaning of Section 240 of the Companies Act. Deloitte & Touche LLP has no material interest in the Company.
- 1.3 DTZ Debenham Tie Leung Limited chartered surveyors of 1 Curzon Street, London W1A 5PZ has given and not withdrawn its written consent to the inclusion of its report on the Company in the form and in the context set out in Part III of this document and the references to that report in the form and context in which they appear and has authorised the contents of Part IV of this document. DTZ Debenham Tie Leung Limited has no material interest in the Company.
- 1.4 DTZ Debenham Tie Leung Limited, whose registered office appears on page 4, accepts responsibility for the information contained in Part III of this document. To the best of the knowledge of DTZ Debenham Tie Leung Limited (which has taken all reasonable care to ensure that such is the case) the information contained in Part III of this document is in accordance with the facts and makes no omission likely to affect the import of such information.

2. THE COMPANY

2.1 *Incorporation*

- 2.1.1 The Company was incorporated on 2 June 2005 in the Isle of Man and registered under the Law as a public company limited by shares with registered number 113626C and with the name Dawnay, Day Carpathian PLC.
- 2.1.2 The principal legislation under which the Company was formed and now operates is the Law and regulations made under the Law. The Company is domiciled in the Isle of Man.
- 2.1.3 The address and telephone number of the registered office of the Company is St James's Chambers, Athol Street, Douglas, Isle of Man IM1 1JE, 01624 661020.
- 2.1.4 The Company trades under the name Dawnay, Day Carpathian PLC.

2.2 *The Group and Principal Activities*

2.2.1 The Company's principal activity is that of a holding company. It is the ultimate parent company of the group comprising the Company and the subsidiary undertakings set out in paragraph 2.2.2.

2.2.2 The Company currently has the following subsidiary undertakings within the meaning of section 258 of the English Act.

<i>Name</i>	<i>Country of incorporation or residence</i>	<i>Field of activity</i>	<i>Proportion of capital held by the Company and (if different) proportion of voting power held</i>
Carpathian Holdings s.à.r.l.	Luxembourg	Intermediate holding company	100%
Carpathian Properties s.à.r.l.	Luxembourg	Holding company	75% (held indirectly by Carpathian Holdings s.à.r.l.) ⁽ⁱ⁾

(i) Sanary Investments s.à.r.l., a member of the Dawnay, Day Group, holds the remaining 25 per cent. interest. This holding will confer the right to receive the carried interest referred to in paragraph 7.3 of Part I of this document and the right to receive nominal value on a return of capital. Other than this, this holding will carry no economic interest in the Group's investments.

2.2.3 The registered office of each of the above subsidiary undertakings is 5, rue Guillaume Kroll, L-1882 Luxembourg.

3. **SHARE CAPITAL**

3.1 The following table shows the authorised and issued share capital of the Company as at 20 July 2005 (being the most recent practicable date before publication of this document) and as it will be immediately following Admission and the Placing:

As at 20 July 2005

<i>Authorised (all Ordinary Shares)</i>		<i>Issued (all Ordinary Shares)</i>	
<i>Nominal Value</i>	<i>Number</i>	<i>Nominal Value</i>	<i>Number</i>
£0.01	200,000,000	£0.01	10,000 (fully paid)

After Admission

<i>Authorised (all Ordinary Shares)</i>		<i>Issued (all Ordinary Shares)</i>	
<i>Nominal Value</i>	<i>Number</i>	<i>Nominal Value</i>	<i>Number</i>
£0.01	200,000,000	£0.01	140,010,000 (fully paid)

3.2 The following table shows the issued share capital of the Company as at the beginning of its current financial year (being the date of its incorporation) and end of the period covered by the financial information contained in Part IV (the Company not having reached a year end prior to the date of this document):

As at 2 June 2005

<i>Issued (all founder shares)</i>	
<i>Nominal value</i>	<i>Number</i>
£1.00	100

As at 20 July 2005

<i>Issued (all Ordinary Shares)</i>	
<i>Nominal value</i>	<i>Number</i>
£0.01	10,000

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- None of the issued share capital of the Company has been paid for with assets other than cash within the period beginning on 2 June 2005 and ending on 20 July 2005 (being the most recent practicable date before publication of this document).
- 3.3 The following changes in the authorised and issued share capital of the Company have occurred between its incorporation on 2 June 2005 and 20 July 2005 (being the most recent practicable date before publication of this document):
- 3.3.1 on incorporation, 100 founder shares of £1.00 each were allotted and issued at a price of £1.00 each; and
- 3.3.2 on 17 June 2005, all 100 of the founder shares of £1.00 each were converted into ordinary shares and sub-divided into 10,000 ordinary shares of £0.01 each, the 190,000 unclassified shares of £0.01 each were converted into ordinary shares and the authorised share capital of the Company was increased from £2,000 to £2,000,000 by the creation of 199,800,000 ordinary shares of £0.01 each.
- 3.4 Under the Option Agreement, Numis is entitled to subscribe for 1,750,125 Ordinary Shares (representing 1.25 per cent. of the share capital of the Company immediately following Admission). The principal terms on which the warrant may be exercised are:
- 3.4.1 it is exercisable at £1.00 per share; and
- 3.4.2 it is exercisable at any time following Admission up to the fifth anniversary following Admission.
- 3.5 140,000,000 new Ordinary Shares are to be allotted and issued pursuant to the Placing. The legislation under which the Placing Shares have been created is the Law and regulations made under the Law. The Placing Shares are denominated in sterling. It is expected that they will be allotted on 25 July 2005, conditional only on Admission taking place, and issued on Admission, which is expected to be on 26 July 2005.
- 3.6 The Placing Shares will be in registered form. They will be capable of being held in certificated form or in uncertificated form and traded on CREST. The records in respect of shares held in uncertificated form will be maintained by CRESTCo and Computershare Investor Services (Channel Islands) Limited whose registered office is set out on page 5.
- 3.7 The Directors are currently authorised to exercise all powers of the Company to allot Ordinary Shares up to a nominal amount equal to the authorised but unissued share capital of the Company following the resolution passed set out below. Immediately following Admission and the Placing the Directors will be authorised to exercise all powers of the Company to allot Ordinary Shares up to a nominal amount equal to the authorised but unissued share capital of the Company pursuant to that resolution. The Directors are currently empowered to issue Ordinary Shares without applying the pre-emption rights set out in the articles of association of the Company (which contain equivalent provisions having a similar effect and giving shareholders similar rights to those contained in sections 89 to 96 of the English Act) following the resolution passed set out below. The Directors do not currently intend to allot further Ordinary Shares pursuant to such authorities save in connection with the Placing and the allotment of further Ordinary Shares to members of the Dawnay, Day Group in accordance with the terms of each of the Varyada Acquisition Agreement, Mall Agreement and Pipeline Agreement, a summary of each of which is set out in paragraph 7 of this Part VI.
- 3.8 Written resolutions of the shareholders of the Company were duly passed on 24 June 2005 resolving that:
- 3.8.1 in revocation of any existing general authority granted to the Directors for the purposes of article 10.1 of the articles of association of the Company, the Directors be generally and unconditionally authorised in accordance with article 10.1 of the
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articles of association to exercise all the powers of the Company to allot Ordinary Shares up to an aggregate nominal value equal to the authorised but unissued share capital of the Company, such authority to expire (unless and to the extent previously revoked, varied or renewed by the Company in general meeting) at the conclusion of the next annual general meeting of the Company provided that the authority shall allow the Company to make an offer or enter into an agreement which would or might require Ordinary Shares to be allotted after this authority expires;

- 3.8.2 the Directors be given power to allot Ordinary Shares for cash pursuant to the authority referred to in the resolution above as if the provisions of article 10.2 (pre-emption rights on issues of shares) of the articles of association did not apply to the allotment, such power to expire (unless and to the extent previously revoked, varied or renewed by the Company in general meeting) at the conclusion of the next annual general meeting of the Company provided that this power shall enable the Company to make an offer or enter into an agreement which would or might require Ordinary Shares to be allotted after this power expires.
- 3.9 A written resolution of the shareholders of the Company was duly passed on 20 July 2005 resolving that the Company be generally and unconditionally authorised to make market purchases (within the meaning of section 13 of the Companies Act 1992 (Isle of Man)) of Ordinary Shares provided that:
- 3.9.1 the maximum number of Ordinary Shares authorised to be acquired is 14,001,000 (representing 10 per cent. of the issued share capital of the Company immediately following Admission);
- 3.9.2. the minimum price that may be paid for each Ordinary Share is one pence (nominal value);
- 3.9.3 the maximum price that may be paid for each Ordinary Share is an amount equal to 105 per cent of the average of the middle market quotation for an Ordinary Share as derived from the Daily Official List of The London Stock Exchange for the five business days immediately preceding the day on which the Ordinary Shares are contracted to be purchased;
- 3.9.4 the authority conferred shall expire at the conclusion of the next annual general meeting of the Company, unless such authority is renewed prior to such time; and
- 3.9.5 the Company may make a contract to acquire its Ordinary Shares under the authority conferred prior to the expiry of such authority, which will or may be executed wholly or partly after such authority, and may purchase its Ordinary Shares in pursuance of any such contract.
- 3.10 The Placing Shares will rank *pari passu* in all respects with the Existing Ordinary Shares including (without limitation to the generality of the foregoing) in relation to voting rights and the right to receive all dividends or other distributions declared, paid or made after Admission.

4. MEMORANDUM AND ARTICLES OF ASSOCIATION

4.1 *Memorandum of Association*

The Memorandum of Association of the Company provides that the objects of the Company are unrestricted and the Company has, by and subject to the Law, the same rights, powers and privileges as an individual, unless restricted by special resolution and no such restrictions have been imposed or are resolved to be imposed.

4.2 **Articles of Association**

The Articles contain, inter alia, provisions to the following effect:

4.2.1 **Board of Directors**

Number of Directors

The number of directors (other than any alternate directors) shall be not less than two or more than ten (unless otherwise determined by the Company by ordinary resolution). A majority of the directors must be resident outside the United Kingdom.

Power of Company to appoint Directors

The Company may appoint a person who is willing to act to be a director by ordinary resolution, but the total number of directors shall not exceed ten.

Power of Board to appoint Directors

The Board shall have the power at any time to appoint any person who is willing to act as a director but the total number of directors shall not exceed ten.

Appointment of executive directors

Subject to the provisions of the Law, the Board may from time to time appoint one or more of its members to hold any employment or executive office for such term and subject to such other conditions as the Board thinks fit provided that no person who is resident in the United Kingdom may be so appointed.

Eligibility of new directors

No person, other than a director retiring, shall be appointed or reappointed a director at any General Meeting unless:

- (a) he is recommended by the Board; or
- (b) notice has been given to the Company in advance of the date appointed for the meeting by a member who is qualified to vote at the meeting stating the intention to propose that person for appointment or reappointment, stating in particular the information required to be included in the Company's register of directors together with written confirmation that that person is willing to be appointed or reappointed; and in either case, his appointment would not result in the majority of the Board being resident in the United Kingdom.

Share qualification

A director shall not be required to hold any shares in the Company.

Retirement by rotation

At each Annual General Meeting one third of the directors for the time being (or, if their number is not a multiple of three, the number nearest to but not greater than one third) shall retire from office by rotation. The retiring directors shall be eligible for re-election.

Removal by ordinary resolution

In addition to any power of removal conferred by the Law, the Company may remove any director before the expiration of his period of office (without prejudice to any claim for damages which he may have), and may appoint another person who is willing to act to be a director in his place by ordinary resolution.

Vacation of office by director

Without prejudice to the provisions for retirement contained in the Articles, the office of the director shall be vacated if:

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- (a) he resigns by notice in writing to the company secretary at the registered office or tendered at a Board meeting in accordance with the notice provision contained in any service agreement or letter of appointment; or
 - (b) he ceases to be a director by any virtue of any provision of the Law, is removed from office pursuant to the Articles or the Law or becomes prohibited by law (including for the avoidance of doubt, the English Act) from being a director; or
 - (c) he becomes bankrupt, has an interim receiving order made against him, makes any arrangements or compounds to his creditors generally or applies to the court for an interim order under section 253 of the United Kingdom Insolvency Act 1986 in connection with any voluntary arrangement under that act or any analogous provisions in any other jurisdiction; or
 - (d) an order is made by any court of competent jurisdiction on the ground of mental disorder for his detention or for the appointment of a guardian or receiver or other person to exercise powers with respect to his affairs or he is admitted to hospital in pursuance of an application for admission for treatment under the Mental Health Act 1998 or any legislation analogous thereto in any jurisdiction and the Board resolves that his office be vacated; or
 - (e) both he and his alternate director are absent, without the permission of the Board, for three consecutive Board meetings and the Board resolves that his office be vacated; or
 - (f) all the directors, other than the director in question determine in writing that he should vacate the office of director; or
 - (g) subsequent to his appointment, he becomes resident in the United Kingdom and this would result in the majority of the directors being resident in the United Kingdom; or
 - (h) if he is convicted of an indictable offence and the directors shall resolve that it is undesirable in the interests of the Company that he remains a director of the Company; or
 - (i) in the case of a director who holds an executive office, he ceases to hold such office and the majority of his co-directors so resolve.

Appointments of alternate directors

Each director (other than an alternate director) may, by notice in writing delivered to the company secretary at the registered office or in any other manner approved by the Board, appoint any other director or any person approved for that purpose by the Board and willing to act, as his alternate.

Participation in Board meetings of alternate directors

Every alternate director shall be entitled to receive notice of all meetings at the Board and all committees of the Board of which his appointor is a member. If his appointor is absent from such meetings he shall be entitled to attend and vote at those meetings and to exercise all the powers, rights, duties and authorities of his appointor.

Interests of alternate directors

An alternate director shall be entitled to contract and be interested in and benefit from contracts or arrangements with the Company and to repaid expenses and to be indemnified to the same extent as if he were a director. An alternate director shall not be entitled to receive from the Company any fees for his services as alternate, except only such part (if any) of the fee payable to his appointor as his appointor may dictate by giving notice in writing to the Company.

Revocation of appointment

The alternate director shall cease to be an alternative director (a) if his appointor revokes his appointment; or (b) if his appointor ceases to be a director; or (c) if any events happen in relation to him which, if he were a director would cause him to vacate office.

Directors fees

The directors (other than alternate directors) shall be entitled to receive by way of fees for their services as directors such sum as the Board may from time to time determine provided that such sum shall not exceed in the aggregate £250,000 (or such other sum as the Company in general meeting shall from time to time determine) in any financial year. Such sum shall be divided among the directors in such proportions and in such manner as the Board may determine. Any fees shall be distinct from any salary, remuneration or other amounts payable to a director.

For the avoidance of doubt, directors will not be entitled to additional remuneration in respect of their service on any committees of the Board except that the chairman of any audit committee from time to time may receive an additional sum at the discretion of the Board.

Expenses

Each director shall be entitled to be repaid all reasonable travelling, hotel and other expenses properly incurred by him in or about the performance of his duties as director.

Remuneration of executive directors

The salary or remuneration of any director appointed to hold any employment or executive office may be a fixed sum of money or may be governed by business done or profits made or otherwise determined by the Board. The executive remuneration may be in addition to or in lieu of any fee payable to him for his services as director.

Pensions and other benefits

The Board may exercise all the powers of the Company to provide pensions or other retirement or superannuation benefits and to provide death or disability benefits or other allowances or gratuities (whether by insurance or otherwise) for, or to institute and maintain any institution, association, society, club, trust, other establishment or profit sharing, share incentive, share purchase or employees share scheme calculated to advance the interest of the Company or to benefit, any person who is or has at any time been a director of the Company or any company which is a holding company or a subsidiary undertaking of or allied to or associated with the Company or any such holding company or subsidiary undertaking or any predecessor in business of the Company or of any such holding company or subsidiary undertaking, and for any member of his family and any person who is or was dependent on him.

Any director or form of director shall be entitled to receive and retain for his own benefit any pension or other benefit provided under the above paragraph and shall not be obliged to account for it to the Company.

Powers of the Board

Subject to the provisions of the Law, the memorandum of association of the Company and the Articles and to any directions given by special resolution of the Company, the business of the Company shall be managed by the Board which may exercise all the powers of the Company, whether relating to management of the business or not. The powers of the Board shall be exercised so as to ensure that at all times management and control of the Company takes place outside the United Kingdom.

Powers of executive directors

The Board may from time to time delegate or entrust to and confer on any director holding executive office and who is not resident in the United Kingdom such of its powers, authorities and discretions for such time, on such terms and subject to such conditions that it thinks fit and the Board may revoke, withdraw, alter or vary order of any such powers.

Delegation to committees

The Board may delegate any of its powers, authorities and discretions for such time or on such terms and subject to such conditions that it thinks fit to any committee consisting of one or more directors and (if thought fit) one or more other persons provided that the majority of the members of the committee shall be directors and non residents of the United Kingdom and no resolution of the committee shall be effective unless passed outside the United Kingdom and the majority of those present when it is passed are directors or alternate directors and non residents of the United Kingdom.

Local management

The Board may establish any local or divisional Boards or agencies for managing any of the affairs of the Company in any specified locality, either in the British Isles or elsewhere outside the United Kingdom, and may appoint any persons to be members of such local or divisional Board, or any managers or agents, may fix their remuneration. The Board may delegate to any local or divisional Board, manager or agent so appointed any of its powers, authorities and discretions and may authorise the members for the time of any such local or divisional Board or any of them, to fill any vacancies intact notwithstanding vacancies.

Exercise of voting power

The Board may exercise or cause to be exercised the voting power conferred by the shares in any other company held or owned by the Company, or any power of appointment to be exercised by the Company, in such manner or in all respects as it thinks fit.

Borrowing powers

The Board may exercise all the powers of the Company to borrow money, to give guarantees, to mortgage, hypothecate, pledge or charge all or any part of the undertaking, property and assets (present and future) and uncalled capital of the Company and, subject to the provisions of the Law and the Articles, to create and issue debenture and other loan stock.

Borrowings by the Company owing to any persons outside the Group shall not at any time, without the previous sanction of an ordinary resolution of the Company exceed 4.5 times the aggregate of:

- (a) the amount paid up on the issued share capital for the time being of the Company;
- (b) the total of capital and revenue reserves (including any share premium account, capital redemption reserve, all shown in the latest balance sheet of the Company).

Board meetings

The Board may meet, adjourn and otherwise regulate its proceedings as it thinks fit. No Board meeting shall be held in the United Kingdom.

Notice of Board meetings

One director may, and the company secretary at the request of a director shall, summon a Board meeting at any time on reasonable notice. Notice of a Board meeting shall be deemed to be properly given to a director if it is given to him personally or by word of mouth or sent in writing to him at his last known address or any other address given by him to the Company for that purpose.

Quorum

The quorum necessary for the transaction of business may be determined by the Board and until otherwise determined shall be two persons, each being a director or an alternate director, provided that, if the majority of the directors present are resident in the United Kingdom, the directors present (irrespective of their number) shall not constitute a quorum.

Chairman of the Board

The Board may appoint one or more of its body chairman or joint chairman and one or more of its body (who is or are not so resident in the United Kingdom) deputy chairman of its meetings and may determine the period for which he is or they are to hold office and may at any time remove him or them from office. If no such chairman or deputy chairman is elected, or if at any meeting neither a chairman or a deputy chairman is present within fifteen minutes of the time appointed for holding the same, the directors present shall choose one of their number to be chairman at such meeting.

Voting

The questions arising at any meeting shall be determined by majority of votes. In the case of an equality of votes the chairman of that meeting shall not have a second or casting vote.

Participation by telephone or facsimile

Any director or member of the committee of the directors may participate in a meeting of the directors or such committee by means of telephonic or similar communications equipment whereby all persons participating in the meeting can hear and speak to each other and participating in a meeting in this manner shall be deemed to constitute present in person at such meeting and any such persons shall be counted in the quorum. The location of such a telephonic meeting shall be in such place as where the majority of the directors are situated, provided that at no time shall the meeting be located in the United Kingdom.

A resolution passed at any meeting held in the above manner, and signed by the chairman of the meeting shall be as valid and effectual as if it had been passed at the meeting of the Board (or committee, as the case may be) duly convened and held.

Resolution in writing

A resolution in writing drafted by or on behalf of a director who is resident outside of the United Kingdom and executed by all of the directors for the time being entitled to receive notice of a Board meeting and not being less than a quorum, or by all the members of the Board for the time being entitled to receive notice of such committee meeting and not being less than a quorum of that committee, shall be as valid and effective for all purposes as a resolution duly passed at the meeting of the Board (or committee, as the case may be).

Proceedings of committees

All committees of the Board shall conform with any mode of proceedings and regulations which the Board may prescribe and subject thereto shall be governed by the Articles that regulate the proceedings of the Board that are capable of applying.

Minutes of proceedings

The Board shall cause minutes to be made in books kept for that purpose recording evidence of the matters discussed and resolved upon at meetings.

Validity of proceedings

All acts done by a meeting of the Board, or of a committee of the Board, or by any person acting as a director, alternate director or member of a committee shall be valid.

Director may have interests

Subject to the provisions of the Law and provided that such interests are disclosed to the Board in accordance with the Articles, a director, notwithstanding his office:

- (a) may enter into or otherwise be interested in any contract, arrangement, transaction or proposal with the Company or in which the Company is otherwise interested;
- (b) may hold any other office or place a profit under the Company (except that of auditor or of auditor of a subsidiary of the Company) in conjunction with the office of director or may act by himself or through his firm in a professional capacity for the Company;
- (c) may be a director or other officer of, or employed by, or party to any transaction or arrangement with or otherwise interested in, any company promoted by the Company or in which the Company is otherwise interested or as regards which the Company has any powers of appointment; and
- (d) shall not be liable to account to the Company for any profit, remuneration or other benefit realised by any such office, employment, contract, arrangement, transactional proposal;

and no such contract, arrangement, transaction or proposal shall be avoided on the grounds of any such interest or benefit.

Disclosure of interests to the Board

A director who, to his knowledge, is interested in any contract, arrangement, transaction or proposal with the Company shall declare the nature of his interests at the meeting of the Board at which the question of entering into the contract, arrangement, transaction or proposal is first considered, if he knows his interest then exists or, in any other case, at the first meeting of the Board after he knows that he is or has become so interested.

Interested director not to vote or count for quorum

Save as set out below, a director shall not vote on, or be counted in the quorum in relation to, any resolution of the Board or of a committee of the Board concerning any contract, arrangement, transaction or any other proposal whatsoever to which the Company is or is to be a party and in which he has an interest which (together with any interest of any person connected with him within the meaning of section 346 of the English Act) is to his knowledge a material interest otherwise than by virtue of his interest in shares or debentures or other securities of or otherwise in or through the Company, unless the resolution concerns any of the following matters:

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- (a) the giving of any guarantee, security or indemnity to him in respect of money lent or obligations incurred by him or any other person at the request of or for the benefit of the Company or any of its subsidiary undertakings;
 - (b) the giving of any guarantee, security or indemnity in respect of a debt or obligation of the Company or any subsidiary undertakings which he himself has assumed responsibility in whole or in part and whether alone or jointly with others under a guarantee or indemnity or by the giving of security;
 - (c) any proposal concerning an offer of shares or debentures or other securities of or by the Company or any of its subsidiary undertakings in which offer he is or may be entitled to participate as a holder of securities or any underwriting or sub-underwriting of which he is to participate;
 - (d) any proposal concerning any other body corporate in which he (together with persons connected to him within the meaning of section 346 of the English Act) does not to his knowledge have an interest in 1 per cent. or more of the issued equity share capital of any class of such body corporate or of the voting rights available to members of such body corporate;
 - (e) any proposal relating to an arrangement for the benefit of the employees of the Company or any of its subsidiary undertakings which does not award him any privilege or benefit not generally awarded to the employees to whom such arrangement relates; or
 - (f) any proposal concerning insurance which the Company proposes to maintain or purchase for the benefit of directors or for the benefit of the persons who include directors.

Directors interest in his own appointment

A director shall not vote or be counted in the quorum on any resolution of the Board or committee of the Board concerning his own appointment as the holder of any office with the Company or any company in which the Company is interested.

Chairman's ruling conclusive on directors interest

If any question arises at any meeting as to the materiality of a director's interest (other than the chairman's interests) or as to the entitlement of any director (other than the chairman) to vote or be counted in the quorum, and such question is not resolved by his voluntarily agreeing to abstain from voting or being counted in the quorum, such question shall be referred to the chairman of the meeting. The chairman's ruling in relation to the director concerned should be final and conclusive. In the event that the question arises concerning the chairman's interest and his ability to vote or be counted in the quorum, which is not resolved by his agreeing to abstain from voting or being counted in the quorum, such question shall be decided by the resolution of the directors or committee members present at the meeting.

Connected persons

An interest of any person who is for the purposes of section 346 of the English Act connected with the director shall be treated as an interest of the director.

Right to indemnity

Subject to the provisions of the Law, every director, alternate director, company secretary or other officer of the Company shall be entitled to be indemnified out of the assets of the Company against all costs, charges, losses, damages and liabilities incurred by him in the discharge of his duties or exercise of his powers or otherwise in relation thereto. The indemnity shall include any liability incurred in defending any

proceedings (whether civil or criminal) which relate to anything done or omitted or alleged to have been done or omitted by him as an officer or employee of the Company, and in which judgment is given in his favour.

Power to insure

Subject to provisions of the Law, the Board may purchase and maintain insurance at the expense of the Company for the benefit of any person who is or was at any time a director or other officer or employee of the Company or of any other company which is a subsidiary or subsidiary undertaking of the Company or in which the Company has an interest whether direct or indirect or who is or was at any time a trustee of any pension fund or employee benefits trust in which any employee of the Company or of any such other company or subsidiary undertaking is or has been interested indemnifying such person against any liability which may attach to him or loss or expenditure which he may incur in relation to anything done or alleged to have been or omitted to be done as a director, officer, employee or trustee.

4.2.2 Rights attaching to the Ordinary Shares

(a) As to Income

Declaration of Dividends

The Company may, subject to the Law, by ordinary resolution, declare dividends to be paid in accordance with the respective rights and interests in the profits of the Company of members, and may fix the time for payment of such dividends but no dividend shall exceed the amount recommended by the Board. Any dividend declared shall (as regards any shares not fully paid throughout the period in respect of which the dividend is paid) be apportioned and paid pro rata according to the amounts paid on the shares during any portion or portions of the period in respect of which the dividend is paid.

The Board may, if they think fit from time to time, declare and pay to the members such interim dividends (including any dividend payable at a fixed rate) as appear to the Directors to be justified by the profits of the Company available for distribution and are permitted by the Law. If at any time the share capital of the Company is divided into different classes, the directors may pay such interim dividends on shares which rank after shares conferring preferential rights with regard to dividend as well as on shares conferring preferential rights, unless at the time of payment any preferential dividend is in arrears.

Calls or debts may be deducted from dividends

The Board may deduct from any dividend or any other money payable to any person on or in respect of a share all such sums as may be due from him to the in relation to the shares of the Company.

Distributions in specie

The Board may, with the authority of an ordinary resolution of the Company, direct that payment of any dividend declared may be satisfied wholly or partly by the distribution of assets.

Dividends not to bear interest

Unless otherwise provided by the rights attached to the share, no dividend or other monies payable by the Company shall bear interest as against the Company.

Method of payment

The Company may pay any dividend, interest or other sum payable in respect of a share in cash or by any other method (including by electronic media and including,

in respect of shares in uncertificated form, where the Company is properly authorised to do so, by means of a relevant system (subject always to the facilities and requirements of that relevant system)) as the Board may consider appropriate.

Every form of payment is sent at the risk of the person entitled to the money represented by it and shall be made payable to the person or persons entitled, or to such other person as the person or persons entitled may direct in writing.

Payment by means of a relevant system may include the sending by the Company or by any person on its behalf of an instruction to the operator of the relevant system to credit the cash memorandum account of the member or joint holders or, if permitted by the Company, of such person as the member or joint holders may direct in writing. Cash memorandum account means an account so designated by the operator of the relevant system.

The Board may, at its discretion, make provisions to enable any member as the Board shall from time to time determine to receive duly declared dividends in a currency or currencies other than sterling.

Uncashed dividends

If sums payable in respect of a share sent by the Company to the person entitled thereto are returned to the Company or left uncashed on three consecutive occasions or, following one occasion, reasonable enquires have failed to establish any new address to be used for the purpose, the Company shall not be obliged to send any dividends or other monies payable in respect of that share due to that person until he notifies the Company of an address to be used for the purpose.

Unclaimed dividends

All dividends, interests or other sum payable and unclaimed for twelve months after having become payable may be invested or otherwise made use of by the Board for the benefit of the Company until claimed. All dividends unclaimed for a period of twelve years after having been declared or become due for payment shall, if the Board so resolves, be forfeited and so shall cease to remain owing by the Company.

(b) As to Capital

On a winding up the liquidator may, with the authority of an extraordinary resolution and any other sanction required by Law: (i) divide among the members in specie the whole or any part of the assets of the Company and may for that purpose, value any assets and determine how the division shall be carried out as between the members or different classes of members. Any such division may be otherwise than in accordance with the existing rights of the members, but if any division is resolved otherwise than in accordance with such rights, the members shall have the same right of dissent and consequential rights as if such resolution were a special resolution passed pursuant to section 222 of the Law; and the liquidator may (ii) vest the whole or any part of the assets in trustees on such trusts for the benefit of members as the liquidator, with the like authority, shall think fit but so that no member shall be compelled to accept any assets in respect of which there is any liability.

The surplus assets available for members shall be paid to the holders of Ordinary Shares in proportion to the number of Ordinary Shares held.

(c) As to Voting

Subject to the Articles and to any special rights or restrictions as to voting for the time being attached to any class of shares in the Company, on a show of hands every member present in person shall have one vote and on a poll every member present in person (or, being a corporation, by representative) or by proxy shall have one vote

for every share held by him. A member present by proxy shall not be deemed to be present in person.

Unless the Board otherwise determines, no member shall be entitled to receive any dividend or to be present and vote at any general meeting either personally or (save as proxy for another member) by proxy or (if the member is a corporation) by authorised representative, or be reckoned in a quorum, in respect of any share held by him if any call or other sum (including interest and expenses (if any)) presently payable by him to the Company in respect that share remains unpaid.

Power to attach rights

Subject to the provisions of the Law and to any special rights for the time being attached to any existing shares, any shares may be allotted or issued with or have attached to them such preferred, deferred or other special rights or restrictions whether in regard to dividend, voting, transfer, return of capital or otherwise, as the Company may from time to time by special resolution determine or, if no such resolution has been passed or so far as the resolution does not make a specific provision, as the Board may determine.

(d) Variation of Rights

Sanction to variation

If at any time the share capital of the Company is divided into shares in different classes, any of the rights for the time being attached to any share or class of shares in the Company may be varied or abrogated in such manner (if any) as may be provided by such rights or, in the absence of any such provision, either with the consent in writing of the holder of not less than three quarters in nominal value of the issued shares of the class or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of the shares of that class duly convened and held.

Class meetings

All the provisions in the Articles as to general meetings shall apply mutatis mutandis to every meeting of the holders of any class of shares. The Board may convene a meeting of the holders of any class of shares whenever it thinks fit and whether or not the business to be transacted involves a variation or abrogation of class rights. The quorum at every such meeting shall be not less than 2 persons holding or representing by proxy at least one third of the nominal amount paid up on the issued shares of that class. Every holder of shares in the class, present in person or by proxy, may demand a poll. Each such holder shall on a poll be entitled to one vote for every share of the class held by him. If at any adjourned meeting of such quorum as aforesaid is not present, not less than 1 person holding shares of the class who is present in person or by proxy shall be a quorum.

Deemed variation

Subject to the terms of issue, the rights or privileges attached to any class of shares shall be deemed not to be varied or abrogated by the creation or issue of any new shares ranking pari passu in all respects with or subsequent to those already issued or by the exercise of any power by the Company under the Articles or by the reduction of the capital paid up on such shares or by the purchase or redemption by the Company of its own shares in accordance with the provisions of the Law and the Articles.

(e) Pre-emption Rights

After the initial allotment of shares by the directors, any further shares proposed to be issued wholly for cash consideration shall first be offered to the members in

proportion as nearly as may be to the number of the existing shares held by them respectively unless the Company shall by special resolution otherwise direct. The offer shall be made by notice specifying the number of shares offered, and limiting a period (not being less than 14 days) within which the offer, if not accepted, will be deemed to be declined.

Any shares not accepted pursuant to such offer or not capable of being offered except by way of fractions and any shares released from the pre-emption provisions or to be issued not wholly for cash consideration shall be under the control of the directors who may, subject to the provisions of the Articles, allot, grant options over or otherwise dispose of the same to such persons, on such terms and in such manner as they think fit, provided that, in the case of shares not accepted by members under the rights of pre-emption, such shares shall not be disposed of on terms which are more favourable to the subscribers thereof than the terms on which they were offered to the members.

(f) **Transfer of Shares**

Form of transfer

Subject to the applicable restrictions in the Articles, each member may transfer all or any of his shares by instrument of transfer in writing in any usual form or in any form approved by the Board, or without a written instrument (subject to the class of shares becoming a participating security for the purpose of the Transfer of Securities Regulations 1996) through an uncertificated system in accordance with the regulations. Such instruments shall be executed by and on behalf of the transferor and (in the case of a transfer of a share which is not fully paid up) by or on behalf of the transferee. The transferor shall be deemed to remain the holder of such share until the name of the transferee is entered in the register in respect of it.

Right to refuse registration

The Board may, in its absolute discretion and without giving any reason, refuse to register any transfer of any other certificates share (or renunciation of a renounceable letter of allotment) unless:

- (a) it is in respect of a share which is fully paid up;
- (b) it is in respect of a share upon which the Company has no lien;
- (c) it is in respect of only one class of share; and
- (d) it is in favour of not more than four joint transferees; and
- (e) it is duly stamped (if so required); and
- (f) it is delivered for registration to the registered office or such other place that the Board may from time to time determine, accompanied (except in the case of a transfer by a recognised person where a certificate has not been issued or in the case of a renunciation) by a certificate for the shares to which it relates and such other elements as the Board may reasonably require to prove the title of the transferor.

The Board shall not refuse to register any transfer or renunciation of shares which are traded on AIM in circumstances where such refusal would prevent dealings in such shares from taking place on an open and proper basis.

The Board may also refuse to register a transfer if in their opinion (and with the concurrence of the UK Listing Authority or such other competent authority) exceptional circumstances so warrant.

The directors are required to register a transfer of an uncertificated share in accordance with the Transfer of Securities Regulations 1996 and may refuse to register the transfer of any uncertificated share in accordance with those regulations.

If a member who appears to be interested in shares or is interested in shares and has received a direction notice in accordance with the Articles from the Company and has not responded, purports to transfer the shares, such transfer will not be registered.

Notice of refusal

If the Board refused to register a transfer of a share, it shall, within two months after the date on which the transfer was lodged with the Company, send notice of refusal to the transferee.

Closing of register

The registration of transfers of shares or of any class of shares may be suspended (to the extent where same is consistent with the Law) at such times and for such periods (not exceeding 30 days in any year) as the Board may from time to time determine. Notice of closure of the register shall be given in accordance with the requirements of the Law.

4.2.3 Annual and Extraordinary General Meetings

Annual General Meetings

Subject to the provisions of the Law, Annual General Meetings should be held at such time and place as the Board may determine.

Extraordinary General Meetings

All general meetings, other than annual general meetings, shall be called extraordinary general meetings.

Convening Extraordinary General Meetings

The Board may convene an extraordinary general meeting whenever it thinks fit, an extraordinary general meeting shall also be convened on such requisition or in default may be convened by such requisitionists, as provided by section 113 of the Law. At any meeting convened on such requisition or by such requisitionists no business shall be transacted except that stated by the requisition proposed by the Board. If there are not within the Isle of Man sufficient members of the Board to convene a general meeting, any director may call a general meeting.

Notice of General Meetings

An annual general meeting and an extraordinary general meeting convened for the passing of a special resolution shall be convened by not less than 21 clear days notice in writing. All other extraordinary general meetings shall be convened by not less than 14 clear days notice in writing. Subject to the provisions of the Law, and notwithstanding that it is convened by shorter notice than that specified previously in this paragraph, a general meeting shall be deemed to have been duly convened if it is so agreed:

- (a) in the case of an annual general meeting or a meeting called for the passing of a special resolution, by all the members entitled to attend and vote at the meeting; and
- (b) in the case of any other meeting by the majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than 95 per cent. in nominal value of the shares giving that right.

The notice shall specify:

- (a) whether the meeting is an annual general meeting or an extraordinary general meeting;
- (b) the place, the day and the time of the meeting;
- (c) in the case of special business, the general nature of that business;
- (d) the meeting is convened to consider a special or extraordinary resolution, the intention to propose the resolution of such; and
- (e) with reasonable prominence, that a member entitled to attend and vote is entitled to appoint one or more proxies to attend, and, on a poll, vote instead of him and that a proxy need not also be a member.

Notice shall be given to the members who are entitled to receive notice from the Company, to the directors and to the auditors.

Omission to send notice

The accidental omission to send a notice of meeting or, in the cases where it is intended that it be sent out with the notice, an instrument of proxy to, or the non receipt of either by, any person entitled to receive the same shall not invalidate the proceedings of that meeting.

Special business

All business that is transacted at the general meeting shall be deemed special, except the following transactions at an annual general meeting:

- (a) the declaration of dividends;
- (b) the receipt and consideration of the annual accounts and reports of the directors and the auditors and any other document required to be annexed in the annual accounts;
- (c) the election or re-election of directors;
- (d) the reappointment of the auditors retiring and the fixing of the remuneration of the auditors or the determination of the manner in which such remuneration is to be fixed.

Quorum at General Meetings

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business. Two persons entitled to attend and vote on the business to be transacted, each being a member or a proxy for a member or a duly authorised representative of a corporation which is a member, shall be a quorum.

If quorum not present

If within 15 minutes (or such longer interval as the chairman in his absolute discretion thinks fit) from the time appointed for the holding of a general meeting a quorum is not present, or if during a meeting such quorum ceases to be present, the meeting, if convened on the requisition of members, shall be dissolved. In any other case, the meeting shall stand adjourned for the same day in the next week at the same time and place, or to be later on the same day or to such other day and at such time and place as the chairman may determine. If at such a general meeting a quorum is not present within 15 minutes from the time appointed for the holding of the meeting, one person entitled to vote on the business to be transacted shall be a quorum.

Chairman

The chairman of the Board shall preside at every general meeting of the Company. If there be no such chairman or if at any meeting he shall not be present, a deputy chairman (if any) of the Board shall be present and will interact and preside at such meeting. If no chairman or deputy chairman shall be so present and willing to act, the directors present shall chose one of their number to act as a chairman of the meeting. If there be no director present and willing to act, the members present who are entitled to vote shall chose one of their number to be chairman of the meeting.

Directors and other persons may attend and speak

A director (and any other person invited by the chairman to do so) shall, notwithstanding that he is not a member, be entitled to attend and speak at any general meeting and any separate meeting of the holders of any class of shares of the Company.

Power to adjourn

A chairman may with the consent of the meeting at which a quorum is present, and shall, if so directed by the meeting, adjourn any meeting from time to time (or indefinitely) and from place to place as the meeting shall determine. The chairman may also, without the need for the consent of the meeting, interrupt or adjourn any meeting from time to time and from place to place or for an indefinite period if he is of the opinion that it has become necessary to do so in order to secure the proper and orderly conduct of the meeting or to give all persons entitled to do so a reasonable opportunity of attending, speaking and voting at the meeting or to ensure that the business of the meeting is properly disposed of.

Accommodation of members and security arrangements

The Board may, for the purpose of controlling the level of attendance and ensuring the safety of those attending at any place specified for the holding of the general meeting, from time to time make such arrangements as the Board shall in its absolute discretion consider to be appropriate and may from time to time vary any such arrangements or make new arrangements in place therefore.

In the case of any meeting to which such arrangements apply the Board may, when specifying the place of the meeting, direct that the meeting shall be held at the place specified in the notice and also make arrangement for simultaneous attendance and participation at other places by members otherwise entitled to attend the general meeting provided that the persons attending the place of the meeting presided over by the chairman and at any other places shall be able to see, hear and be seen and heard by, each other.

The Board may direct that any person wishing to attend any meeting should provide such evidence or identity and submit to such searches or other security arrangements or restrictions as the Board shall consider appropriate in the circumstances and shall be entitled in its absolute discretion to refuse entry to any meeting to any person who fails to provide such evidence or identity or submit to such searches or to otherwise comply with such security arrangements or restrictions.

Method of voting

At any general meeting a resolution put to a vote at the meeting shall be decided on a show of hands, unless (before or on the declaration of the result of the show of hands) a poll is duly demanded. Subject to the provisions of the Law, a poll may be demanded by:

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- (a) the chairman of the meeting; or
 - (b) by at least 5 members present in person or by proxy and entitled to vote at a meeting; or
 - (c) a member or members present in person or by proxy representing not less than 1/10th of the total voting rights of the members having a right to vote at the meeting; or
 - (d) a member or members present in person or by proxy holding shares conferring a right to vote at the meeting, being shares in which an aggregate sum has been paid up equal to not less than 1/10th of the total sum paid up on all the shares conferring that right.

Chairman's declaration conclusive on show of hands

Unless a poll is duly demanded and the demand is not withdrawn, a declaration by the chairman of the meeting as to the outcome of a resolution on a show of hands and an entry to that effect in the book containing the minutes and proceedings of the Company, shall be conclusive evidence of the outcome of such a vote.

Objection to error in voting

No objection shall be raised to the qualification of any voter or to the counting of, or failure to count, any vote, except at a meeting or adjourned meeting at which the vote objected to is given or tendered or at which the error occurs.

Procedure on a poll

Any poll duly demanded on the election of a chairman of a meeting or on any question of adjournment shall be taken forthwith. A poll duly demanded on any other matters shall be taken in such manner (including the use of ballot or voting papers or tickets) and at such time and place not being more than 30 days from the date of the meeting or adjourned meeting at which the poll was demanded, as the chairman shall direct. No notice need be given of a poll not taken immediately if the time and place at which it is to be taken are announced at the meeting at which it is demanded. In other cases at least 7 clear days notice shall be given specifying the time and place at which the poll is to be taken.

The demand for a poll (other than on the election of a chairman or any question of adjournment) shall not prevent the continuance of the meeting for the transaction of any business other than the question on which a poll has been demanded.

On a poll votes may be given in person or by proxy.

Casting vote

In the case of an equality of vote, whether on a show of hands or on a poll, the chairman of the meeting at which the show of hands takes place or at which the poll was demanded shall be entitled to a second or casting vote in addition to any other vote he may have.

Restriction on voting rights for unpaid calls etc

No member shall, unless the Board otherwise determines, be entitled to vote at a general meeting or at any separate meeting of the holders of any class of shares, either in person or by proxy, or to exercise any other right or privilege as a member in respect of a share held by him unless and until all calls or other summons presently due and payable by him in respect of that share whether alone or joint with any other person together with interest and expenses (in any) have been paid to the Company.

Voting by proxy

Any person (whether a member of the Company or not) may be appointed to act as a proxy. A deposit of an instrument of proxy shall not preclude a member from attending and voting in person at a meeting in respect of which the proxy is appointed or at any adjournment thereof.

Form of proxy

An instrument appointing a proxy shall:

- (a) be in writing in any common form or in such other form as the Board may approve duly executed by the appointor;
- (b) be deemed (subject to any contrary direction contained in the same) to confer authority to demand or join in demanding a poll and to vote on any resolution or amendment of the resolution put to the meeting for which it is given;
- (c) unless the contrary is stated therein, be valid as well for any adjournment of the meeting and for the meeting to which it relates; and
- (d) where it is stated to apply to more than one meeting be valid for all such meetings as well as for any adjournment of any such meeting.

Deposit of proxy

The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed, or a copy of such authority certified notarially or in some other way approved by the Board shall:

- (a) be deposited at the Company's registered office or at such other place or places within the Isle of Man or elsewhere as is specified in the notice convening the meeting not less than 48 hours before the time of the holding of the meeting for which the person named in the instrument proposed to vote; or
- (b) in a case of a poll taken more than 48 hours after it is demanded, be deposited after the poll has been demanded and not less than 24 hours before the time appointed for the taking of the poll; or
- (c) where the poll is not taken forthwith but is taken more than 48 hours after it was demanded, be delivered at the meeting at which the poll was demanded to the chairman of the meeting or to any director; and

an instrument of proxy not deposited or delivered in a manner so permitted shall be invalid. No instrument appointing a proxy shall be valid after the expiry of 12 months from the date named in it as the date of its execution, except at an adjourned meeting or in a poll demanded at a meeting or an adjourned meeting in cases where the meeting was originally held within 12 months from such date.

The Board may from time to time permit appointments of the proxy to be made by means of an electronic communication in the form of an uncertificated proxy instruction.

Notwithstanding any other provision in the Articles, the Board may treat any such uncertificated proxy instruction which purports to be or is expressed to be sent on behalf of a holder of a share as sufficient evidence of the authority of the person sending that instruction to send it on behalf of the holder.

Uncertificated proxy instruction means a properly authenticated dematerialised instruction and/or other instruction or notification, which is sent by means of the relevant system concerned and received by such participant in that system acting on

behalf of the Company as the Board may prescribe, in such form and subject to such terms and conditions as from time to time be prescribed by the Board (subject always to the facilities and requirements of the relevant system concerned).

More than one proxy may be appointed

A member may appoint more than one proxy to attend on the same occasion.

Revocation of proxy

A revocation of proxy for whatever reason must have been received by the Company at the registered office, or at such other place as has been appointed for the deposit of instruments of proxy, at least 48 hours before the commencement of the meeting or the taking of the poll at which the instrument of proxy is to be used in order to be effective.

Corporate representative

A corporation which is a member may, by resolution of its directors, or other governing body, authorise such person as it thinks fit to act as its representative at any meeting of the Company or at any separate meeting of the holders of any class of shares. A director, the company secretary or some other person authorised for the purpose by the company secretary may require the representative to produce a certified copy of the resolution so authorising him or such evidence of his authority reasonably satisfactory to them before permitting to exercise his power.

4.2.4 Changes in Share Capital

Increase, consolidation, cancellation and sub-division

The Company in general meeting may from time to time by ordinary resolution:

- (a) increase its authorised share capital by such sum to be divided into shares of such amount as the resolution prescribes;
- (b) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
- (c) cancel any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the shares so cancelled; and
- (d) subject to the provisions of the Law, sub-divide shares or any of them into shares of a smaller amount, and may by such resolution determine that, as between the shares resulting from such sub-division, one or more of the shares may, as compared with the others, have any such preferred, deferred or other special rights or be subject to any such restrictions as the Company has power to attach to unissued or new shares.

Reduction of Capital

Subject to provisions of the Law and to any rights for the time being attached to any shares, the Company may by special resolution reduce its share capital or any capital redemption reserve or share premium account in any way.

Purchase of own shares

Subject to the provisions of the Law and to any rights for the time being attached to any shares, the Company may purchase any of its own shares of any class, including any redeemable shares. Any shares to be so purchased may be selected in any manner whatsoever.

4.2.5 Disclosure of Shareholder Ownership

Individual and Group acquisitions

Where a member either:

- (a) to his knowledge acquires a Notifiable Interest in shares in the Company, or ceases to be so interested in shares (whether or not retaining an interest in other shares); or
- (b) becomes aware that he has acquired a Notifiable Interest in shares in the Company or that he has ceased to be so interested in shares in the Company in which he was previously interested;

then the member is obliged to notify the Company of the interests which he has or had in shares.

A member has a “Notifiable Interest” at any time when he is interested in shares and is resident for tax purposes in the Isle of Man or the legal holder of shares of an aggregate nominal value equal to or more than 3 per cent. of the Company’s issued share capital.

Where the obligation of notification arises, the member must notify the Company within the period of 5 days next following the day on which the obligation arises. The notification must:

- (a) specify the number of shares held by the member at the time the obligation of disclosure arose, or
- (b) if the member no longer has a Notifiable Interest in shares, state that the member no longer has that interest.

The member’s notification shall include the following details:

- (a) the identity of the member to which the notification relates; and
- (b) the number of those shares held by the member;

so far as known to the member at the date when the notification is made.

Failure to disclose interests in shares

If a member or any person appearing to be interested in any shares in the Company has been duly served with a notice requiring details of their shareholding in the Company and is in default in supplying to the Company information thereby required within such reasonable time as may be specified in the notice, the Directors may serve on such member or any such person a notice (a “direction notice”) in respect of the shares in relation to which the default occurred (“default shares”) directing that the member shall not be entitled to vote at any general meeting or class meeting of the Company.

Where the default shares represent at least 0.25 per cent. of the shares, the direction notice may in addition, direct that any dividend or other money which would otherwise be payable on such shares shall be retained by the Company without liability to pay interest and no transfer of any of the shares held by the member in certificated form shall be registered unless the member is not himself in default in supplying the requested information and proves to the satisfaction of the Board that no person in default as regards supplying such information is interested in any of the shares which are the subject of the transfer and other than an “excepted transfer”, i.e.:

- (a) a transfer pursuant to acceptance of a takeover offer for the Company;
- (b) a transfer in consequence of a sale made through a recognised investment exchange or any stock exchange outside the UK on which the Company’s shares are normally traded; or

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- (c) a transfer which is shown to the satisfaction of the Board to be made in consequence of a sale of the whole of the beneficial interest in the shares to a person who is unconnected with the member and with any other person appeared to be interested in the shares.

4.3 ***Mandatory Takeover Bids***

The City Code on Takeovers and Mergers (the “Code”) applies to all takeover and merger transactions in relation to the Company, and operates principally to ensure fair and equal treatment of shareholders in relation to takeovers and an orderly framework within which takeovers are conducted. The Code has not, and does not seek to have, the force of law, but has been endorsed by the Financial Services Authority under the UK Financial Services and Markets Act 2000. The Financial Services Authority may, at the request of the Panel, take enforcement action against a person authorised under that Act who contravenes the Code or a Panel ruling.

The Code is based upon a number of general principles which are essentially statements of good standards of commercial behaviour. One such principle states that where control of a company is acquired by a person, or persons acting in concert, a general offer to all other shareholders is normally required. A similar obligation may arise if control is consolidated. “Control” for these purposes means a holding, or aggregate holdings, of shares carrying 30 per cent. or more of the voting rights of a company, irrespective of whether the holding or holdings gives de facto control. “Voting rights” for these purposes means all the voting rights attributable to the share capital of a company which are currently exercisable at a general meeting. A general offer will also be required where a person who, together with persons acting in concert with him, holds not less than 30 per cent. but not more than 50 per cent. of the voting rights, acquires additional shares which increase his percentage of the voting rights. Unless the Panel consents the offer must be made to all other shareholders, be in cash (or have a cash alternative) and cannot be conditional on anything other than the securing of acceptances which will result in the offeror and persons acting in concert with him holding shares carrying more than 50 per cent. of the voting rights.

5. **INTERESTS OF THE DIRECTORS AND RELATED PARTY TRANSACTIONS**

5.1 ***Directors’ interests***

5.1.1 The interests in the share capital of the Company as at 20 July 2005 (being the most recent practicable date before publication of this document) which: (i) have been notified to the Company; or which (ii) are interests of a person connected with a Director within the meaning of section 346 of the English Act, and which would, if the connected person were a Director, be required to be disclosed under the English Act, and the existence of which is known to or could, with reasonable diligence be ascertained by the Director in question; and as they are expected to be following Admission, are as follows (all such interests being beneficial unless otherwise noted):

<i>Name</i>	<i>Before Admission</i>		<i>Following Admission</i>	
	<i>No. of Ordinary Shares</i>	<i>% of existing issued share capital</i>	<i>No. of Ordinary Shares</i>	<i>% of enlarged issued share capital</i>
Munxay ⁽ⁱ⁾	9,900	99.00	2,509,900	1.79
Petalang ⁽ⁱⁱ⁾	100	1.00	100	0.00

⁽ⁱ⁾ A Cyprus incorporated company in which Peter Klimt and persons connected with him are indirectly interested as a shareholder.

⁽ⁱⁱ⁾ A Cyprus incorporated company in which Peter Klimt and persons connected with him are indirectly interested as a shareholder.

5.2 *Directors' letters of appointment*

5.2.1 On 23 June 2005 the Company entered into a letter of appointment with each of the Directors. Each contract provides for the Director to act as a Non-executive Director of the Company. Each Director commenced in that office on 23 June 2005 and, accordingly, has served in that office for 27 days. The contract has a fixed term of one year and is terminable by 90 days' notice in writing by either party provided that where the Company serves notice, the end of such notice period shall be after expiry of the fixed term. Each Director has a confidentiality undertaking that is without limit in time.

5.2.2 The Chairman, Rupert Cottrell, is entitled to an annual fee of £32,500 and William Hamilton-Turner is entitled to an annual fee of £27,500. The services of Peter Klimt are provided without fees. The services of Philip Scales are provided through Barings (Isle of Man) Limited, the Administrator of the Company, for a fee of £30,000 per annum (plus VAT).

5.2.3 On the incorporation of the Company on 2 June 2005, each of David Anthony Karran, Moira Thomson McHarrie and Philip Bradshaw Games was a director of the Company. Each ceased to be a director on 23 June 2005 and, accordingly, served in that office for 21 days, and was entitled to no benefits on termination of their office by the Company.

5.2.4 Save as set out above, there have not been since incorporation and there are no existing or proposed service contracts between any of the Directors and the Company or any member of the Group providing for benefits upon termination of employment.

5.3 *Major shareholders*

5.3.1 Save as set out below, the Company and the Directors are not aware of any person, who is as at 20 July 2005 (being the most recent practicable date before publication of this document) or who will, immediately following Admission, be interested (within the meaning of the English Act), directly or indirectly, in 3 per cent. or more of the issued share capital of the Company.

	<i>Before Admission</i>		<i>Following Admission</i>	
	<i>No. of Ordinary Shares in which interested</i>	<i>% of existing issued share capital</i>	<i>No. of Ordinary Shares in which interested</i>	<i>% of enlarged issued share capital</i>
<i>Interested person</i>				
Munxay	9,900	99.00	2,509,900	1.79
ICAP Plc (IPGL Ltd)	-	-	10,000,000	7.14
Morley Fund Mangement Limited	-	-	8,500,000	6.07
Goldman Sachs Asset Management International	-	-	8,167,867	5.83
GLG Partners LP	-	-	6,500,000	4.64
Insight Investments	-	-	6,500,000	4.64
MPC Investors Ltd (MPC Pilgrim Fund)	-	-	6,000,000	4.29
Lansdowne Partners Ltd	-	-	5,752,019	4.11
Pendragon Capital LLP	-	-	5,500,000	3.93
Credit Suisse	-	-	5,250,000	3.75
Deutsche Bank AG	-	-	5,250,000	3.75
Bear Stearns International Trading Limited	-	-	5,000,000	3.57
Rathbone Investment Management Ltd	-	-	4,786,500	3.42
Dawnay, Day Brokers Limited	-	-	4,458,800	3.18

5.3.2 The Company and the Directors are not aware of any person who directly or indirectly, jointly or severally, exercises or could exercise control over the Company.

5.3.3 The Company and the Directors are not aware of any arrangements, the operation of which may at a subsequent date result in a change in control of the Company.

5.3.4 The persons, including the Directors, referred to in paragraphs 5.3.1 and 5.3.2 of this Part VI, do not have voting rights in respect of the share capital of the Company (issued or to be issued) which differ from any other shareholder of the Company.

5.4 **Other interests**

5.4.1 Over the five years preceding the date of this document, the Directors have been directors or partners of the following companies and partnerships:

<i>Director</i>	<i>Current directorships</i>	<i>Past directorships</i>
<i>Rupert Cottrell</i>	AS Magnum Medical Lorne House Trust Ltd New European Investments Ltd Prya Development Capital Ltd Prya Foundation Ltd The PFI Infrastructure plc Vitol (IoM) Ltd Vitol (Far East) Ltd	Capital International Ltd. Mill Yard Properties Limited Mill Yard Services Limited Mirabelle Fund Limited Prya UK Capital plc
<i>William Hamilton-Turner</i>	Antler Commercial Ltd Antler Commercial Two Ltd Antler Commercial Three Ltd Antler Commercial Investments Ltd Antler Commercial Investments Wellingborough 2 Ltd	Antler Commercial Investments Ltd Antler Commercial Investments Slough Antler Investments Brentford Ltd Antler Investments Drakes Ltd Antler Investments Hull Ltd

<i>Director</i>	<i>Current directorships</i>	<i>Past directorships</i>
<i>William</i>	Antler Commercial Investments	Antler Investments Limited
<i>Hamilton-Turner</i>	Wellingborough Ltd	Antler Investments Speke Ltd
<i>(continued)</i>	Antler Commercial Investments	Antler Investments Viscount Ltd
	Whyteleafe Ltd	Antler Investments Welwyn GC Ltd
	Antler Commercial Investments	Antler Investments Wood Green Ltd
	Wickford Ltd	Antler Property Investments Gloucester Ltd
	Antler Investments Copse Ltd	Antler Property Investments Ltd
	Antler Investments Limited	Antler Property Investments Plymton 1 Ltd
	Antler Property IOM Ltd	Antler Property Investments Plymton 2 Ltd
	Antler Property Two Ltd	Antler Property Investments Windsor Ltd
	Antler Property Five Ltd	Antler Property Four Ltd
	Antler Property Ten Ltd	Antler Property Six Ltd
	Antler Property Staines Ltd	Antler Property Seven Ltd
	Antler Property Wokingham Ltd	Antler Property Eight Ltd
	Antler Property Warrington Ltd	Antler Property Nine Ltd
	Antler Property Europa Ltd	Antler Property Eleven Ltd
	Antler Property Rooksley Ltd	Antler Property Stevenage Ltd
	Antler Property Leeds Ltd	Antler Retail Investments Limited
	Antler Property Trafford Ltd	Antler Securities Limited
	Antler Property Swindon Ltd	Antler Securities Four Ltd
	Antler Property Colchester Ltd	Antler Securities Six Ltd
	Antler Property Northfield Ltd	Antler Securities Fulham Limited
	Antler Property Three Ltd	Antler Securities Eleven Ltd
	Antler Property Eleven Ltd	Capitolio Holdings PLC
	Antler Property Twelve Ltd	CH Club III Limited
	Antler Property Thirteen Ltd	Dolebury Limited
	Antler Property Fourteen Ltd	Heathway Investments Limited
	Antler Property Fifteen Ltd	H-T Consultancy Limited
	Antler Property Sixteen Ltd	Nordic House Limited
	Antler Property Seventeen Ltd	Parkway Global Inc
	Antler Property Eighteen Ltd	Rotary Club of Douglas
	Antler Property Nineteen Ltd	Charitable Trust Limited
	Antler Property Twenty Ltd	
	Antler Property Twenty One Ltd (formerlyYeovil)	
	Antler Property Twenty Two Ltd	
	Antler Property Twenty Three Ltd	
	Antler Property Twenty Four Ltd	
	Antler Securities Limited (formerly Ashen Ltd)	
	Antler Securities Two Ltd	
	Antler Securities Three Ltd (formerly Milton Keynes)	
	Antler Securities Five Ltd	
	Antler Securities Seven Ltd	
	Antler Securities Eight Ltd	
	Antler Securities Nine Ltd	
	Antler Securities Ten Ltd	
	Antler Securities Twelve Ltd (formerly Argenland Ltd)	
	Anter Securities Fourteen Ltd	
	Antler Securities Fifteen Ltd	
	Antler Securities Sixteen Ltd	

<i>Director</i>	<i>Current directorships</i>	<i>Past directorships</i>
<i>William Hamilton-Turner (continued)</i>	Antler Securities Seventeen Ltd	
	Antler Securities Eighteen Ltd	
	Antler Securities Nineteen Ltd	
	Antler Securities Twenty Ltd	
	Antler Securities Twenty One Ltd	
	Antler Securities Twenty Two Ltd	
	Antler Securities Twenty Three Ltd	
	Antler Securities Twenty Four Ltd	
	Antler Securities Twenty Five Ltd	
	Anter Securities Twenty Six Ltd	
	Antler Securities Twenty Seven Ltd	
	Ashanti Capital Limited	
	Ashanti Capital (Second) Limited	
	Ashanti Finance (Cayman) Limited	
	Ashanti Goldfields (Cayman) Limited	
	Ashanti Goldfields (Samax) Limited	
	Ashanti Goldfields Teberebie Limited	
	Ashanti GSM Limited	
	Ashanti Treasury Services Limited	
	Geita Holding Company Limited	
	Geita Management Company Limited	
	Geita Treasury Services Limited	
	Castlemaine House Managers (BVI) Limited	
	CH Club I Limited	
	CH Club II Limited	
	Hansa Fund PCC Limited	
	Devonshire Corporate Services Limited	
	Durrington Holdings Limited	
	Durrington Investments Limited	
	Inca Limited	
	Seven Limited	
	Tribology Investment Limited	
	Durrington Investments Limited	
<i>Philip Scales</i>	ACE East Grinstead Limited	Active Commercial Estates Limited
	ACE Dunfermline Limited	ACE Milton Keynes Limited
	ACE Hartlepool Retail Limited	Amil (Isle of Man) Limited
	ACE (One) Limited	Apoca Limited
	ACE Peterborough Limited	Applecross Limited
	ACE Reading Limited	Awrad Co Limited
	ACE (Two) Limited	Ballyward Limited
	ACE Winchester Limited	Barcia Fine Arts Limited
	Achille Boroli Limited	Beachpalm Limited
	Active Commercial Estates plc	Bressenden Limited
	Al Badour Investment Group Limited	Brettonwood Limited
	Alfaman Holdings Limited	Brindle Limited
	A&M Overseas Limited	British Cable & Optical Fibres Limited
	Ambridge Nominees Limited	Bruno Limited
	Annisfield Limited	Business Angels Investments Limited
	Armier Limited	
	Armstrong Investments Limited	

<i>Director</i>	<i>Current directorships</i>	<i>Past directorships</i>
<i>Philip Scales</i>	ASA Consultants (Isle of Man) Limited	Casolam Limited
<i>(continued)</i>	Atlal Limited	Castellucio (One) Limited
	Attard Limited	Cervantes Limited
	Aurum Investments Limited	Chesterton Limited
	Badran Co. Limited	Choice Investments Limited
	Ballinamore Limited	Cledford Limited
	Balzan Limited	Columb Limited
	Bamboo Investments (Isle of Man) plc	Colwall Limited
	Barfield Nominees (IoM) Limited	Como Investments Limited
	Bargain Hunter Fund Plc	Consultores Management Company Limited
	Barings (Isle of Man) Limited	Crenshaw Limited
	Barnalswick Limited	Curdalworth Limited
	Bathgate Retail Park Investments Limited	Cuzco Investments Limited
	BCEC I Limited	Darland Limited
	BCEC II Limited	Diana Limited
	BCEC III Limited	DIL Dortmund Investors Limited
	BCEC IV Limited	Dolphin Fund plc
	BCP Birmingham Limited	Dukkara Limited
	BCP City Gate Limited	Dunster Investments Limited
	BCP One Limited	Eastchurch Limited
	BCP Two Limited	EC Cosmetics Limited
	BCP Three Limited	Erandel Holdings Limited
	BCP Wolverhampton Limited	ESN-Leader Capital Carried Interest Partner Limited
	Beresford Overseas Limited	ESN-Leader Capital General Partner Limited
	Birmingham Brindleyplace Capital (General Partner) Limited	EU Euroinvest Fund
	Birmingham Brindleyplace (General Partner) Limited	Fallowfield Limited
	Biscoe Limited	Ferfil Limited
	Blue Arch Limited	First Assured Rental Growth plc
	Bluegrass Investments Limited	Foundations Programme plc
	Bonsall Limited	Fowler Limited
	Borchester Limited	Foxgrove Limited
	Bretnor Limited	FPA Limited
	Brindleyplace (Inc) Nominees Limited	Freshford Limited
	Brindleyplace (Cap) Nominees Limited	Glaisdyke Limited
	Bunbury Limited	Gondar Investments Limited
	Burnham Properties Limited	Guasta Arts Limited
	Business Centre Properties plc	Gulf Holdings Limited
	Buskett Limited	Haiser Limited
	Callowhill Limited	Heatherstone Limited
	Captiva Investments Limited	Heathwaite Limited
	Cardale Limited	Hebatco Investments Limited
	Casterton Limited	I.H. Business Development Co. Limited
	Champion Limited	Irudnay Limited
	Cherwell Limited	Kallina Limited
		Kappara Limited
		Kentish Limited
		Keoni Investments Limited

<i>Director</i>	<i>Current directorships</i>	<i>Past directorships</i>
<i>Philip Scales</i>	Chesero Limited	Kilmartin Limited
<i>(continued)</i>	Chip (Ipswich) One Limited	Lacash Limited
	Chip (Ipswich) Two Limited	Lanerne Limited
	Chip (One) Limited	Latin American Investment
	Chip (Two) Limited	Group (Ireland) Limited
	Chip (Three) Limited	Lendalfoot Limited
	Chip (Four) Limited	Leo Bianco Limited
	Chip (Five) Limited	IJMC Services Limited
	Climate Exchange plc	Loeven Limited
	Close High Income Properties	London Scottish (2004) Limited
	plc	Lydford Limited
	Closepip ISA and PEP plc	Manor Wood Limited
	Close Property Management	Matchline Limited
	(Isle of Man) Limited	Medcini Limited
	Clough Road Hull Investments	Medranow Limited
	Limited	Montalbano Gallery Limited
	Coleshill Limited	Mosta Limited
	Coltag Limited	Morai Trading Limited
	Colunas Limited	Normandy Limited
	Concord Advisory Services	Northwich Investments Limited
	Limited	Notre Dame Limited
	Concord Consultant Services	Novia Limited
	Limited	Nuttall Limited
	Concord International Partners	Paradise Investments Limited
	Limited	Peake Limited
	Concord National Investments	PIE R&D Limited
	Limited	Policy Extra Holdings Limited
	Continental Corporate	Praesepe Limited
	Opportunities Limited	Ramla Limited
	CRC Limited	Red Lodge Limited
	Crumpsall Limited	Relax Investments Limited
	Dayem Limited	Rhos Investments Limited
	Delphburn Limited	Rophi Corporation
	Derivatives Capital Management	Royalton Investments Limited
	Limited	Rudy Limited
	Diamond Investments (Overseas)	Sarasota Limited
	Limited	Sardonyx Limited
	Drakes Way Investments Limited	SCS Alliance Limited
	Eccleshall Limited	S/D Flats Limited
	EPIC Finance Company Limited	Seaton Investment Limited
	EPIC Select Opportunities	Senglea Limited
	Investment Company plc	Sheffield Trading Corp
	EPS Finance Limited	Shiraz Investments Limited
	EPS Finance (IoM) Limited	Sisasi Investments Limited
	E R Investments Limited	Skynet Limited
	ER Limited	SMC Consulting Limited
	Evidental Limited	Snook Services Limited
	Explorer Investments Limited	Southfield Aircraft Limited
	Faris Limited	Southfields Limited
	Felpersham Limited	Spinelle Limited
	Fenstock Limited	St. Mary's Limited
	Fieldsons Limited	Stonykirk Limited
	Fisher Limited	Stratford Limited
	Fixed Uplift Properties plc	Surveys Malawi Limited

<i>Director</i>	<i>Current directorships</i>	<i>Past directorships</i>
<i>Philip Scales</i> <i>(continued)</i>	Flosshilde plc	Tarland Limited
	Flyford Limited	TLT Investments Limited
	Fort Administration Limited	Tinas Investments Limited
	Fraser (IoM) Limited	Traffic Limited
	Fringebar Properties Limited	Trimingham Limited
	Fup Bristol Lincoln Limited	Trustforte Management Limited
	Fup Liverpool 2 Limited	Valleyview (IoM) Limited
	Gallectica Enterprises Limited	VAM American Special Opportunities Limited
	Galleone Investments Limited	VAM Growth Limited
	Gardenia Limited	VAM II Limited
	Garthewin Limited	VAM III Limited
	Gemms Cap Limited	VAM Protected STAR Limited
	Geryon Limited	Vela Co. Limited
	G.J. Events Limited	Verwood Limited
	Glengarry Limited	Vieville Limited
	Greenlaw Limited	Voller Limited
	Greenwich Limited	Vorley Limited
	Gulf Development & Finance Limited	Vumba Investments Limited
	Gyda Limited	Wadeson Limited
	Hackman Limited	Wardara Enterprises Limited
	Haiser Limited	Waverley Limited
	Hajira Limited	West Sussex & Surrey Administrators Limited
	Hampshire Holdings Limited	White Gables Limited
	Hammy Limited	Willake Limited
	Harboro Limited	Wymouth Limited
	Hardcastle Investments Limited	
	Havenport Limited	
	Healthcare & Leisure Property Fund plc	
	Higson Limited	
	Hindle Limited	
	Hollywood Green Investments Limited	
	Holmer Limited	
	Horizons Court Brentford Limited	
	Hovey Limited	
	Human Development Trademarks Limited	
	Hurumzi Limited	
	Indiahold Limited	
	International Fund Managers (IoM) Limited	
	Invenium Limited	
	Irudnay (IoM) Limited	
	I.T. Ventures - Concord Misr (BVI) Limited	
	Jenigma Holdings Limited	
	Kenelm Limited	
	Kittery Limited	
	Koby Limited	
	Kreon plc	

<i>Director</i>	<i>Current directorships</i>	<i>Past directorships</i>
<i>Philip Scales</i> <i>(continued)</i>	Laffan Limited	
	La Rocca Investments Limited	
	Lavan Limited	
	Laxmi Limited	
	Ledson Limited	
	Lesimo Limited	
	Lighthouse Estate Limited	
	Linehall Limited	
	Livingstone Limited	
	Lochbroom Limited	
	London Scottish Re Limited	
	Loresho Limited	
	Manchester Square (General Partner) Limited	
	Maroya Limited	
	Marsascala Limited	
	Mawgan Limited	
	Mediterranean Marine (IoM) Limited	
	Medlock Limited	
	Meekland Holdings Limited	
	Meg & Mog Rights Limited	
	Menaul Limited	
	Milbreck Limited	
	Millbank Properties Limited	
	Mistra Limited	
	Monastir Limited	
	Moorclose Limited	
	Moore Holdings Limited	
	Morgan Care Holdings Limited	
	Mullally Limited	
	Narlin Limited	
	Neville James Fund Managers Limited	
	Neville James Secure Capital Growth Fund plc	
	Neville James Zero Preference Fund plc	
	Omerga Derivatives Capital Limited	
	Omega (IoM) Limited	
	Oubliette Limited	
	Overlord Limited	
	Paisley Investments Limited	
	Palmayra Limited	
	Pan African Holdings Limited	
	Pelorus Property plc	
	Pollett Limited	
	Portobello Limited	
	Poundsgate Limited	
	Priyanka Limited	

<i>Director</i>	<i>Current directorships</i>	<i>Past directorships</i>
<i>Philip Scales</i> <i>(continued)</i>	Property Investments Eleven Limited Property Investment Portfolio plc Qabila Limited Quantinvest Limited Quantinvest Management Limited Quartet Commercial Properties plc Quartet Nominees Limited Quartet (One) Limited Quartet (Two) Limited Quartz Limited Radwell Limited Raines Limited Ransley Limited Rassina Limited Rath Dhu Limited Relcon Limited Retford Limited Riameen Limited Ricasoli Limited Rinella Limited Rolla Associates Limited Rush Limited Sachi Investments Company Limited Saint Isidore Limited Salthouse Limited Sardinella Limited Sassoon Limited Seaford Trading Limited SEIF Limited SEIF Global Limited SEIF (IoM) Limited SEIF Services Limited Selmun Limited Sepoint Limited Shefford Limited Shintillo Investments Limited Shire Park Welwyn Investments Limited Snelgrove Limited Speke Investments Limited Standhall Limited Stonefold Limited Stovell Limited Subrun Investments Limited Symi Limited TAMA (1993) Limited Tapton Limited Taria Investments Limited Tatlow Limited	

<i>Director</i>	<i>Current directorships</i>	<i>Past directorships</i>
<i>Philip Scales</i> <i>(continued)</i>	Telelink Swansea Investments Limited Tenanted Inns Estates plc The Capital Appreciation Trust (Isle of Man) plc The Equity Partnership Investment Company plc The Frontier Fund plc The Frontier Commercial Property Fund plc The Golden Jubilee Trust The Wych Cross Place Estate Company Limited TIE Midlands Limited TIE South East Limited TIE South West Limited Tiff Investments Limited Tombstone Limited Trading Emissions plc Trading Emissions (Isle of Man) Limited Tullmore Limited UVI Limited Vale Nominees Limited Valentia Enterprises Limited VAM Limited Vam Funds Plc Vam Managed Funds Plc Ventura Limited Verdala Limited Versailles Properties Limited Villocq Investments Limited Viscount Way Investments Limited Walderslade Limited Waymark Limited Weatherfield Limited Wellesley House Investments Limited Wellington House Investments Limited Whitman Limited Wimbridge Limited Wintney Limited Yetminster Limited	
<i>Peter Klimt</i>	7 Grosvenor Gardens Limited Alexmatic Limited Aloftpeople Limited Aloftrelate Limited Aloftriver Limited Aloftstatus Limited Aloftstyle Limited Aloftsystem Limited Alofttropic Limited Alofturban Limited	Branchspace Limited USG Consulting Limited Berkeley Security Bureau (Forensic) Limited Createpearl Limited Dawnay, Day Brokers Limited Dawnay Day Property Equity Finance Limited Draftstripe Limited Fleetrelay Limited

<i>Director</i>	<i>Current directorships</i>	<i>Past directorships</i>
<i>Peter Klimt</i>	Antana 1 Limited	Lys Properties Limited
<i>(continued)</i>	Antana 2 Limited	Weaveline Limited
	Archrelay Limited	Weavemount Limited
	Archrotor Limited	
	Arenabroad Limited	
	Armstrong Properties PLC	
	Art Warehouse Limited	
	Atlas Land Limited	
	Boardaction Limited	
	Bournemouth Metropolis Limited	
	Boostscene Limited	
	Booststage Limited	
	Boxselect Limited	
	Boxvisor Limited	
	Branchspin Limited	
	Brent Park Properties Limited	
	Bridgecoin Limited	
	Bridgedrive Limited	
	Berkeley Security Bureau (ECM) Limited	
	Buckingham House Development Limited	
	Candale Limited	
	Cardenrich Limited	
	Catermatter Limited	
	Chartmicro Limited	
	Checkunique Limited	
	Coinmend Limited	
	Commwise Limited	
	Craftbutton Limited	
	Craftfresh Limited	
	Craftfocal Limited	
	Craftimage Limited	
	Createdegree Limited	
	Createdraft Limited	
	Creatextra Limited	
	Createloop Limited	
	Crushpeople Limited	
	D&A 01 Limited	
	D&A 02 Limited	
	Dalestream Limited	
	Dalestream Investments Limited	
	Dawnay, Day Asset Finance Limited	
	Dawnay, Day Art Limited	
	Dawnay, Day Balaton Limited	
	Dawnay, Day & Co., Limited	
	Dawnay, Day Corporate Finance Limited	
	Dawnay Day Deutschland Limited	

<i>Director</i>	<i>Current directorships</i>	<i>Past directorships</i>
<i>Peter Klimt</i> <i>(continued)</i>	Dawnay, Day Europe Limited Dawnay, Day Global Investment Limited Dawnay, Day Holdings Limited Dawnay, Day Hotels Limited Dawnay, Day International Limited Dawnay, Day K2 Limited Dawnay, Day K3 Limited Dawnay, Day K4 Limited Dawnay, Day K5 Limited Dawnay, Day Karlovy Vary Limited Dawnay, Day Nominees Limited Dawnay, Day Properties Limited Dawnay, Day Pecs Limited DDPF Limited Dawnay, Day Property Investment Limited Dawnay, Day Properties (Pontefract) Limited Dawnay, Day Repos Limited Dawnay, Day Savaria Limited DDSF Limited Dawnay, Day Structured Finance Limited Dawnay, Day Structured Investments Limited Dawnay, Day Structured Investments II Limited Dawnay, Day Sopron Limited Dawnay, Day Split Investments Limited Dawnay, Day United Kingdom Property Trust Limited Dawnay Shore Hotels PLC Deltashare Limited Deterchaz Limited Draftpiece Limited Draftscene Limited Drafttrack Limited Drafttrend Limited Drivebranch Limited Duelpound Limited Duelpower Limited Duelradio Limited Duelraise Limited Duelrelate Limited Elanport Limited Entermatter Limited Erachange Limited Estrofield Properties Limited	

<i>Director</i>	<i>Current directorships</i>	<i>Past directorships</i>
<i>Peter Klimt</i> <i>(continued)</i>	Exportbranch Limited	
	Faircruise Limited	
	Fancycle Limited	
	Fancywork Limited	
	Fieldramp Limited	
	Fieldfreeze Limited	
	Fieldguide Limited	
	Fieldinput Limited	
	Fieldpeople Limited	
	Fineside Properties Limited	
	Finestar Investments Limited	
	Firmrepair Limited	
	Dawnay, Day Limited	
	Focalartist Limited	
	Focalamber Limited	
	Focalarena Limited	
	Fraenerclasp Limited	
	DD&Co Limited	
	Fusion (Worthing) Limited	
	Galaxy Properties Limited	
	Garden Properties Limited	
	Gardenscore Limited	
	Goalbreeze Limited	
	Guardsafe Investments Limited	
	Hoheria Limited	
	Holly House Luton Limited	
	Homedouble Limited	
	Horizon (Glasgow) Limited	
	Houseball Limited	
	Imagerotor Limited	
	Inforeal Limited	
	Inputflight Limited	
	Insureprofit Limited	
	Investreport Limited	
	Isleworth Leasehold Property One Limited	
	Isleworth Leasehold Property Two Limited	
	Isleworth Freehold Property Limited	
	Jetpath Limited	
	Jewelforth Limited	
	Kolonada Limited	
	Landafar Properties Limited	
	Landfull Limited	
	Lawnphone Limited	
	Learnjust Services Limited	
	Leasepine Limited	
	Leasenow Trading Limited	
	Leasescene Limited	
	Legendthrill Limited	

<i>Director</i>	<i>Current directorships</i>	<i>Past directorships</i>
<i>Peter Klimt</i> <i>(continued)</i>	London & Abdare (Egham) Limited Makesharp Limited Maplesilver Limited Marcel Investments Limited Maritime Security Bureau Limited M C Squared Catering Limited Meadowpanel Limited Meadowscore Limited Minordelta Limited Mixdean Limited Mixpaul Limited MNI (Church Street) Limited Narrowpack Limited Numberflat Limited Ordercareer Limited Pacific Shelf 1047 Limited Paintfirst Limited Panelbright Limited Paneldata Limited Pearllease Limited Pearlpower Limited Pearlrotor Limited Penwood Investments Limited Piececycle Limited Piecedeep Limited Piecedegree Limited Piecedraft Limited Piecelite Limited Piecefresh Limited Pieceinput Limited Pieceline Limited Peopleradio Limited Peoplewatch Limited Plantridge Limited Pointstage Limited Poundaloft Limited Poundcrush Limited Pounddrama Limited Poundduel Limited Poundfancy Limited Poundflight Limited Prizeother Limited Puma Property (Liverpool No 1) Nominee Limited Puma Property (Liverpool No 2) Limited Puma Property (Rochdale No 1) Nominee Limited Puma Property (Rochdale No 2) Limited	

<i>Director</i>	<i>Current directorships</i>	<i>Past directorships</i>
<i>Peter Klimt</i> <i>(continued)</i>	Puma Property (Rochdale No 3) Limited Puma Property (Rochdale No 4) Limited Puma Property (Wrexham) Nominee Limited Quotewell Limited Radiostyle Limited Radiotitan Limited Radioupper Limited Radiowater Limited Radioword Limited Raisecrush Limited Raisedrama Limited Raiseduel Limited Raisefancy Limited Raiseflight Limited Raisefreeze Limited Raiseinput Limited Raisepeople Limited Rapidholder Limited Rayhelm Limited Regent One Limited Regent Two Limited Regent Starlight Limited Relaybroad Limited Relaypearl Limited Relaycraft Limited Relayfleet Limited Relaymicro Limited Rhys Blaydon Limited Rhys Braintree Limited Rhys Holding Limited Rhys Newport Limited Rhys Northfield Limited Rhys Stretford Limited Rhys Wallasey Limited Ridgepage Limited Ridgephone Limited Riverfreeze Limited Riverpound Limited Riverraise Limited Rocklamp Limited Rotorbroad Limited Rotorchart Limited Salters Droitwich (Nominee No 1) Limited Salters Droitwich (Nominee No 2) Limited Saturn Facilities Limited Scalebroad Limited Scalefocal Limited	

<i>Director</i>	<i>Current directorships</i>	<i>Past directorships</i>
<i>Peter Klimt</i> <i>(continued)</i>	Scalelease Limited	
	Scalemicro Limited	
	Sceneglass Limited	
	Scenetower Limited	
	Scorehouse Limited	
	Screentrace Limited	
	Screendelta Limited	
	Screenelite Limited	
	Shapesilver Limited	
	Showmajor Limited	
	Sologlade Limited	
	Spring Gardens Buxton (Nominee No 1) Limited	
	Spring Gardens Buxton (Nominee No 2) Limited	
	Springenergy Limited	
	Stampvocal Limited	
	Starlight Art Limited	
	Starfuture Limited	
	Starlight Investments Limited	
	Starlight Marine Limited	
	Starlight Marine Moorings Limited	
	Starlight Recovery Limited	
	Startnorth Limited	
	Statusflight Limited	
	Statussupper Limited	
	Statuswatch Limited	
	Stepbyte Limited	
	Stepclimb Limited	
	Stingray Limited	
	Stockglobe Limited	
	Stockhost Limited	
	Stockinfo Limited	
	Stocklinks Limited	
	Stockloop Limited	
	Stonegate Albion 1 Limited	
	Stonegate Albion 2 Limited	
	Streamachime Limited	
	Streamearth Limited	
	Streamgrand Limited	
	Streampeak Limited	
	Stripescore Limited	
	Stripescene Limited	
	Stripestock Limited	
	Supernova Bedford Limited	
	Supernova Birmingham Limited	
	Supernova Coventry Limited	
	Supernova Hastings Limited	
	Supernova Haverhill Limited	
	Supernova Holdings Limited	
	Supernova Burton Limited	

<i>Director</i>	<i>Current directorships</i>	<i>Past directorships</i>
<i>Peter Klimt</i> <i>(continued)</i>	Supernova Wolverhampton Limited Teesmartin (Glasgow) Limited Termevent Limited Themetest Limited Tigercondor Limited Tigerclock Limited Timetric Limited Titanwatch Limited Titanwater Limited Titanword Limited Tokenplain Limited Totalassist Company Limited Towerimage Limited Treeright Limited Trendpearl Limited Trendrotor Limited Tropicallied Limited Tropiccrush Limited Twigbreeze Limited UK Realty Limited UK Retail Portfolio I Limited Upperpound Limited Upperramp Limited Upperrate Limited Upperriver Limited Upperrstatus Limited Uppertitian Limited Valuebreeze Limited Versetake Limited Viewbroad Limited Virginia James 1 Limited Virginia James 2 Limited Virginia James 3 Limited Visionover Limited Walkbreeze Limited Warnbreak Limited Watchramp Limited Watchrelate Limited Watchriver Limited Watchstatus Limited Watchtitan Limited Waterclock Limited Waterocean Limited Wayresult Limited Weaveforge Limited Weavefresh Limited Weaveinput Limited Weavepack Limited Webbgilt Limited Widepack Limited Wilcourt Investments Limited	

<i>Director</i>	<i>Current directorships</i>	<i>Past directorships</i>
<i>Peter Klimt</i>	Windlease Limited	
<i>(continued)</i>	Wordrapid Limited	

5.4.2 Save as set out in paragraph 5.4.3 of this Part VI none of the Directors has:

- (a) any unspent convictions in relation to indictable offences;
- (b) at any time been adjudged bankrupt or been the subject of any form of individual voluntary arrangement;
- (c) been a director of a company at the time of, or within the 12 months preceding the date of, its receivership, compulsory liquidation, creditors' voluntary liquidation, administration, company voluntary arrangement or composition or arrangement with its creditors generally or any class of creditors;
- (d) been a partner in a partnership at the time of, or within the 12 months preceding the date of, its compulsory liquidation, administration or partnership voluntary arrangement;
- (e) owned any asset which has been placed in receivership or been a partner of any partnership at the time at which, or within the 12 months preceding the date on which, any asset of that partnership has been placed in receivership;
- (f) been subject to any public criticism by any statutory or regulatory authority (including a recognised professional body); or
- (g) been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company.

5.4.3 Peter Klimt was a director of a number of companies which, due to the fall in the UK property market in 1973, were placed into compulsory liquidation. Peter Klimt gave personal guarantees in relation to loans made to such companies for which he subsequently negotiated settlement.

5.5 ***Related party transactions***

5.5.1 The following related party transactions are transactions which, as a single transaction or in their entirety, are or may be material to the Company and have been entered into by the Company or any other member of the Group within the period commencing on 2 June 2005 and terminating immediately prior to the date of this document. Each of the transactions was concluded at arm's length.

5.5.1.1 the Acquisition Agreements;

5.5.1.2 the Mall Agreement;

5.5.1.3 the Portfolio Management Agreement;

5.5.1.4 the Pipeline Agreement;

5.5.1.5 the Administration Agreement

5.5.2 Peter Klimt has an indirect interest in each of the members of the Dawnay, Day Group that are parties to the agreements listed at paragraphs 5.5.1.1 to 5.5.1.4 of this Part VI. Philip Scales is a director of the Administrator which is a party to the Administration Agreement.

6. SHARE ARRANGEMENTS

- 6.1 The Company has no employee share option or share schemes.
- 6.2 Save as set out in the Option Agreement, Varyada Acquisition Agreement, Pipeline Agreement or Mall Agreement summarised at paragraphs 3.4, 7.3, 7.10 and 7.5 of this Part VI, no company within the Group has agreed to issue any loan or share capital and no loan or share capital of the Group is under option or agreed conditionally or unconditionally to be put under option.

7. MATERIAL CONTRACTS

The following contracts, not being contracts entered into in the ordinary course of business, are contracts which (i) are or may be material and have been entered into by the Company or any other member of the Group within the two years immediately preceding the date of this document; or (ii) have been entered into by the Company or any other member of the Group at any time before the date of this document where those contracts contain provisions under which any member of the Group has an obligation or entitlement which is or may be material to the Group as at the date of this document.

- 7.1 The Placing Agreement summarised at paragraph 8.1 of this Part VI.
- 7.2 The Antana Acquisition Agreement dated 20 July 2005 is made between Carpathian Properties s.à.r.l. and Carpathian Holdings s.à.r.l. (each members of the Group and together, the "Purchasers") and Antana 1 Limited and Antana 2 Limited (each members of the Dawnay, Day Group and together the "Vendors") and sets out the terms on which the Vendors agree to sell, and the Purchasers agree to buy, the entire registered capital of Larchsilver Hungary kft. The Antana Acquisition Agreement is conditional upon Admission occurring on or before 5.30 p.m. on 5 August 2005 with the transfer of the entire registered capital of Larchsilver Hungary kft to take place on the last business day of October 2005 unless otherwise agreed. The Purchasers are entitled to terminate the agreement in certain circumstances classified as a material adverse change. The initial consideration payable is €21 million (£14.5 million) in cash, less certain indebtedness on completion, and is subject to further adjustment based on completion accounts. The Vendors agree to give warranties and indemnities in relation to Larchsilver Hungary kft, certain of its assets and the Vendors themselves that are usual in their nature and scope for a transaction of this type and size.
- 7.3 The Varyada Acquisition Agreement dated 20 July 2005 is made between Munxay and the Company and sets out the terms on which Munxay agrees to sell, and the Company agrees to buy, 90 per cent. of the entire issued share capital of BHA Czech s.r.o. The Varyada Acquisition Agreement is conditional upon all of the following conditions being satisfied or waived by no later than the last business day in October 2005 (i) Admission (ii) obtaining the consent of certain third party financiers to the transfer and agreeing with such financiers the form of any substitute security (if any) and (iii) completion of Munxay's acquisition of such interest in BHA Czech s.r.o. from Marba Investments s.à.r.l. The Company is entitled to terminate the agreement in certain circumstances classified as a material adverse change. The consideration payable is €2.79 million subject to adjustment based on the amount by which 90 per cent. of the net assets of BHA Czech s.r.o. (valuing property at €37 million) are greater or less than €2.79 million. If the adjustment is payable by the Company to Munxay, it shall be satisfied by the allotment by the Company of Ordinary Shares to Munxay at a price per Ordinary Share equal to the average mid-market price averaged over the previous five dealing days prior to allotment. Munxay has also agreed to assign to the Company the benefit of certain warranties and indemnities given to Munxay in accordance with the terms of its acquisition of 90 per cent. of the entire issued capital of BHA Czech s.r.o. from Marba Investments s.à.r.l. Such warranties and indemnities relate to BHA Czech s.r.o. and certain of its assets and are usual in their nature and scope for a transaction of this type and size. Following completion of the transfer of 90 per cent. of the

entire issued share capital of BHA Czech s.r.o. to the Company, Munxay's prior approval (not to be unreasonably withheld or delayed) will be required for certain prescribed matters relating to BHA Czech s.r.o. and/or its subsidiary.

- 7.4 The Option Agreement summarised at paragraph 3.4 of this Part VI.
- 7.5 The Mall Agreement dated 20 July 2005 is made between Carpathian Properties sàrl (a subsidiary of the Company) ("Carpathian"), Sanary Investments s.à.r.l. (a member of the Dawnay, Day Group) ("Sanary"), Dawnay, Day Structured Investments Limited (a member of the Dawnay, Day Group) ("DDSI") and the Company, and sets out the terms on which the parties reached an agreement in principle in relation to the sale to the Group of DDSI's interest in the Mall portfolio described in paragraph 4.2 of Part I of this document. DDSI's investment comprises a 50 per cent. interest in the share capital of the ultimate holding company which owns the Mall portfolio. Sanary holds cumulative redeemable preference shares in the ultimate holding company the par value of which represents approximately 15 per cent. of the total shareholder non-equity funding which was used in conjunction with the co-investor to acquire the Mall portfolio. DDSI and Sanary have agreed to sell their interests in the Mall portfolio to Carpathian at market value on the basis of a current valuation by DTZ (or another valuer of similar repute and experience, selected by the Company), adjusted to reflect the extent of the interest acquired. DDSI will use all reasonable endeavours to negotiate the sale to Carpathian of the remaining 50 per cent. of equity and 85 per cent. of non-bank debt currently owned by DDSI's joint venture partner. DDSI has also agreed to use its reasonable endeavours to restructure the gearing of the investment (whether of 50 per cent. or the whole) to ensure that it is consistent with the Company's gearing strategy.

If the transaction proceeds to completion, the Dawnay, Day Group will subscribe for new Ordinary Shares at the then prevailing mid-market price, for an amount equal to the gain made (net of costs and taxation).

Whilst not binding as to the precise terms of execution of the transactions, DDSI and Sanary have bound themselves not to deal with their interests in the holding company for a period of 12 months from Admission. Carpathian and the Company will not be bound to make the acquisition.

- 7.6 The Administration Agreement dated 20 July 2005 is made between the Company and the Administrator and sets out the terms on which the Administrator has agreed to provide the Company with administrative, registrar and secretarial services as therein provided for an annual fee of £30,000 plus all reasonable out of pocket expenses. The fee will be subject to review annually. The Administration Agreement is terminable, *inter alia*, by the Administrator on six months' notice or by the Company on three months' notice. The Administrator shall provide or procure the appointment of Philip Scales (a director of the Administrator) as a director and as secretary to the Company and, if required, in succession to him another individual who shall be qualified to act as a director and/or secretary (as the case may be) of an Isle of Man public company. The Company agrees to indemnify the Administrator against liability arising out of its appointment, subject to exclusion in the case of negligence, wilful default, breach of contract, fraud or bad faith on the part of the Administrator or any of its employees.
- 7.7 The Portfolio Management Agreement dated 20 July July 2005 is made between the Company, Carpathian Holdings s.à.r.l. (a wholly owned subsidiary of the Company) ("Holdings"), Carpathian (as defined in paragraph 7.5 above) and DDEL and sets out the terms on which DDEL is to provide services to the Group, as briefly summarised in paragraphs 5, 7 and 8 of Part I of this document. In addition to the terms summarised in those paragraphs, this agreement specifies the detailed origination, appraisal, evaluation, presentation, reporting and due diligence services to be provided. The management fee of

0.40 per cent. is calculated by reference to the acquisition costs (including external debt finance and acquisition expenses) incurred by the Group less the proceeds of investments sold. It is payable quarterly at each quarter end. DDEL is entitled to be reimbursed its direct costs, expenses and disbursements.

The appointment of DDEL by the Group will extend to other members of the Group as they join to make investments in the relevant jurisdictions. DDEL's role is advisory and the Group makes all final decisions on acquisitions. DDEL has delegated powers only in relation to minor administrative functions. DDEL is not authorised by the Financial Services Authority and is not entitled or required to provide any advice which might require such authorisation.

The arrangements are exclusive: DDEL may not provide services to a third party that are both (a) substantially the same as the services it provides to the Group and (b) relate to investments in commercial retail property in Central and Eastern Europe, and the Group may not appoint a third party to provide similar services.

The agreement is for an initial fixed term of eight years, with 12 months rolling notice after the initial term. DDEL may terminate on six months notice if the Group is taken over or effects a trade sale of its portfolio. The Company is entitled to terminate the agreement if DDEL becomes insolvent or commits a material breach of the agreement. The Company may also terminate the agreement if the Group fails to achieve a hurdle rate of return (after all costs associated with the Group) of 8 per cent. per annum calculated on a cumulative basis for three consecutive financial years. The Company's right to use the "Dawnay, Day" name shall cease on termination of the agreement.

- 7.8 The Lock-up Agreement summarised at paragraph 8.2 of this Part VI.
- 7.9 The nominated advisor agreement dated 20 July 2005 between the Company and Numis sets out the terms on which Numis has agreed conditional on Admission to act as the Company's nominated advisor as required by the AIM Rules and as broker for the Company. In its capacity as nominated advisor Numis has agreed to provide such advice and guidance to the Directors as to their responsibility and obligations to ensure compliance by the Company on an ongoing basis with the AIM Rules and as the Directors or the Company may reasonably request from time to time. In its capacity as a broker to the Company, Numis will carry out the responsibilities of a broker as set out in the rules and regulations of the London Stock Exchange. The Company has undertaken to inform and consult with Numis in respect of any relevant transaction and dealing in order that Numis may fulfil its responsibility to the London Stock Exchange as nominated advisor. The agreement is terminable by either party on 90 days' notice expiring on or after 12 months from the date of the agreement.
- 7.10 As described in paragraph 4.2 of Part I, DDEL has been granted exclusivity on and is in negotiation to acquire further properties consistent with the Group's investment strategy. The Pipeline Agreement dated 20 July 2005 is made between Carpathian, DDEL, Sanary, Marba Investments s.à.r.l. (a member of the Dawnay, Day Group) ("Marba"), DDSI and the Company pursuant to which DDEL agreed that the seven identified transactions in question would be offered to the Group for acquisition, and in the meantime to evaluate them for the Group under the Portfolio Management Agreement. Each potential acquisition has an existing potential purchase price but remains subject to further evaluation, negotiation and due diligence. DDEL is arranging suitable external debt finance. If the Group should decide to acquire it will arrange for an independent market valuation to be prepared on its behalf by DTZ (or a similar organisation). It will offer to acquire at market value. If Sanary or Marba are prepared to accept such offer, the transaction will be concluded by the Group at such market value. An amount equal to the net gain on the transaction, on both the seven properties and the Antana Aquisition Agreement, made by Sanary or Marba (as the case may

be) (after costs and taxation) will be used by Dawnay, Day Group to subscribe for new Ordinary Shares at the then current middle market price. The parties also agree to adopt new articles of Carpathian including the carried interest provisions referred to in paragraph 7.3 of Part I of this document.

- 7.11 The carried interest provisions described in paragraph 7.3 of Part I of this document are to be contained in the articles of association of Carpathian (as defined in paragraph 7.5 above), the share capital of which is owned as to 75 per cent. by Holdings (as defined in paragraph 7.7 above) and 25 per cent. by Sanary (as defined in paragraph 7.5 above). The carry is expressed as a preferred dividend attached to the shares owned by Sanary, payable once the hurdle rate of return achieved by the Group has reached 8 per cent. per annum calculated on a cumulative basis. 25 per cent. of returns above such 8 per cent. (but below 20 per cent.) will be paid as a cash dividend to Sanary. 40 per cent. of returns over 20 per cent., calculated on a cumulative basis, will also be paid as a cash dividend to Sanary. Calculations are based on all net receipts by the Group from external sources and derived from its property investments (including rental income, proceeds of sale and proceeds of refinancing) at any time. The calculation will be made annually at 31 December in each year, with interim provisional calculations made on each realisation. In the event of a takeover becoming unconditional, Sanary has the option to require payment of a final dividend calculated on the basis that the takeover equates to a realisation of the entire portfolio at a price equal to the amount at which the offer values the Company. Sanary may also elect to substitute for such value a higher value for the entire portfolio based on an independent current valuation. The Company may dispute such value and refer the valuation to an independent valuer acting as an expert to determine the market valuation. If such a payment is made, the right to any further dividend will cease. If Sanary does not make such election, the carried interest will continue to accrue based on the original acquisition costs and returns on the normal basis. The right to a dividend will cease if the hurdle rate of 8 per cent. is not achieved for three consecutive financial years, but not in any other circumstances.

8. PLACING AND LOCK-UP ARRANGEMENT

- 8.1 Pursuant to the Placing Agreement, Numis has agreed, conditional upon, *inter alia*, Admission taking place on or before 8.00 a.m. on 26 July 2005, (or such later time and/or date as the Company and Numis may agree, not being later than 5 August 2005) to use its reasonable endeavours to procure subscribers for the Placing Shares proposed to be issued by the Company at the Placing Price.

The Placing Agreement contains warranties from, *inter alia*, the Company and the Directors and an indemnity from the Company, all in favour of Numis, together with provisions which enable Numis to terminate the Placing Agreement in certain circumstances before Admission, including circumstances where any of the warranties are found not to be true or accurate in any material respect. The liability of the Directors for breach of warranty is limited.

A commission of 3 per cent. of the aggregate value of the Placing Shares (not including, for these purposes, those Placing Shares subscribed for by members of the Dawnay, Day Group) at the Placing Price is payable to Numis on Admission.

- 8.2 Pursuant to the Lock-up Agreement, each of Munxay and Petalang have undertaken not to dispose of any Ordinary Shares or interests in Ordinary Shares held at Admission for a period 12 months following Admission, save in certain limited circumstances and, for a further period of 12 months thereafter, will affect any disposal of such Ordinary Shares through Numis to preserve an orderly market in Ordinary Shares.

9. TAXATION

The information below, which is of a general nature only and which relates only to UK and Isle of Man taxation, is applicable to the Company and to persons who are resident or ordinarily

resident in the UK (except where indicated) and who hold Ordinary Shares as an investment and not as an asset of a financial or other trade. It is based on existing law and practice and is subject to subsequent changes therein. Any change in the Company's tax status or in taxation legislation in the Isle of Man or the UK or any other tax jurisdiction affecting Shareholders could affect the value of the investments held by the Company or affect the Company's ability to achieve its investment objective for the Ordinary Shares or alter the post-tax returns to Shareholders. Any Shareholders who are in any doubt as to their tax position should consult their own professional advisor without delay.

The Company

Exempt Status

It is the intention of the Directors to conduct the affairs of the Company so that the management and control of the Company are not exercised elsewhere than the Isle of Man and it is not resident in the UK or elsewhere for taxation purposes and so that it does not carry on any trade in the UK or elsewhere (whether or not through a permanent establishment situated there). Accordingly, the Company should not be liable for the taxation by the UK or any other jurisdiction on its profits or gains, other than taxation sourced on certain income deriving from sources within that jurisdiction.

The Company will apply on an annual basis for tax exempt status in the Isle of Man pursuant to the Isle of Man Income Tax (Exempt Companies) Act 1984 (as amended). The fee is currently £475 payable on an annual basis in respect of the Company's exempt status. As a tax exempt company, the Company will not be subject to Isle of Man income tax. There is no capital gains tax, inheritance tax or stamp duty in the Isle of Man.

The granting of exemption does not affect the liability of a company to deduct and account for income tax under the Income Tax (Instalment Payments) Act 1974.

Whilst the Company remains tax exempt, no persons treated as resident in the Isle of Man for Isle of Man taxation purposes may hold shares in the Company except for persons who are exempt from Isle of Man income tax under the Income Tax (Exempt Companies) Act 1984. Also, in practice, companies who are exempt from Isle of Man income tax under the Income Tax (Exempt Insurance Companies) Act 1981 or the Limited Liabilities Companies Act 1996 and persons who are assessed in accordance with the International Business Act 1994 are permitted to hold shares in a tax exempt company.

The Isle of Man Government has announced its intention to tax all Isle of Man resident companies (except licenced banks) at a zero rate with effect from 6 April 2006. New legislation will be introduced to replace the current tax exempt company legislation.

Investors

Taxation of Dividends on Ordinary Shares

Holders of Ordinary Shares who are not tax resident in the Isle of Man will receive dividends without deduction of Isle of Man income tax. UK resident individual holders of Ordinary Shares will be liable to UK income tax on the dividends received. No UK tax credit will be attached to dividends received by holders of Ordinary Shares. UK resident corporate holders of Ordinary Shares will be liable to corporation tax on dividends received from the Company.

The income tax charge in respect of dividends for UK resident individual holders of Ordinary Shares, other than higher rate taxpayers, will be at the rate of 10 per cent. A higher rate taxpayer will be liable to income tax on dividends received from the Company (to the extent that, taking the dividend as the top slice of his income, it falls above the threshold for the higher rate of income tax) at the rate of 32.5 per cent. UK resident holders of Ordinary Shares who are not liable to income tax on their income and those who hold their Ordinary Shares through a Personal Equity Plan or ISA will not be subject to tax on dividends.

The Company is required to make a return of allotment to the Companies Registration Division of the Isle of Man Financial Supervision Commission, which must give details of the names, addresses and shareholdings of all holders of Ordinary Shares.

Taxation of Capital Gains

The Company, as a closed-ended investment company, should not as at the date of this document be treated as an “offshore fund” for the purposes of UK taxation. Accordingly, the provisions of Chapter V of Part XVII of the UK Income and Corporation Taxes Act 1988 (the “Taxes Act”) should not apply. Any gains on disposals by UK resident or ordinarily resident holders of Ordinary Shares may, depending on their individual circumstances, give rise to a liability to UK taxation on capital gains. Likewise, the provisions of section 98 and paragraph 7 of Schedule 10 to the Finance Act 1996, and paragraphs 36 and 37 of Schedule 26 to the UK Finance Act 2002 should not apply to corporate shareholders.

Stamp Duty and Stamp Duty Reserve Tax (“SDRT”)

The following comments are intended as a guide to the general stamp duty and SDRT position and do not relate to persons such as market makers, brokers, dealers, intermediaries and persons connected with depository arrangements or clearance services, to whom special rules apply. UK stamp duty (at the rate of 0.5 per cent. of the amount of the value of the consideration for the transfer rounded up where necessary to the nearest £5) is payable on any instrument of transfer of the Ordinary Shares executed within, or in certain cases brought into, the UK. Provided that the Ordinary Shares are not registered in any register of the Company kept in the UK, any agreement to transfer the Ordinary Shares will not be subject to UK SDRT. In the event of the death of a sole holder of Ordinary Shares, an Isle of Man grant of probate or administration may be required in respect of which certain fees will be payable to the Isle of Man Government.

Capital duty in the Isle of Man is calculated at the rate of 1.5 per cent. and is payable on incorporation or on any increase in the nominal value of the authorised share capital of the Company, ranging from a minimum of £125 for capital up to £2,000, up to a maximum amount of duty of £5,000 for each company.

Other United Kingdom Tax Considerations

The attention of individuals ordinarily resident in the UK is drawn to the provisions of sections 739-745 of the Taxes Act under which the income accruing to the Company may be attributed to such a shareholder and may (in certain circumstances) be liable to UK income tax in the hands of the shareholder. However, the provisions do not apply if such a shareholder can satisfy the UK Inland Revenue that, either:

- (a) the purpose of avoiding liability to UK taxation was not the purpose or one of the purposes of his investment in the Company; or
- (b) the investment was a bona fide commercial transaction and was not designed for the purpose of avoiding UK taxation.

As it is possible that the Company will be owned by a majority of persons resident in the UK, the legislation applying to controlled foreign companies may apply to any corporate holders of Ordinary Shares who are resident in the UK. Under these rules, part of any undistributed income accruing to the Company may be attributed to such a shareholder, and may in certain circumstances be chargeable to UK corporation tax in the hands of the shareholder. However, this will only apply if the apportionment to that shareholder (when aggregated with persons connected or associated with them) is at least 25 per cent. of the Company’s relevant profits.

This paragraph applies only to holders of Ordinary Shares who are resident or ordinarily resident in the UK and whose interest (when aggregated with persons connected with them) in the chargeable gains of the Company exceeds one-tenth. In the event that the Company would be treated as “close” if it were resident in the UK, then part of any chargeable gain accruing to the

Company may be attributed to such a shareholder and may (in certain circumstances) be liable to UK tax on capital gains in the hands of the shareholder (section 13 UK Taxation of Chargeable Gains Act 1992). The part attributed to the shareholder corresponds to the shareholder's proportionate interest in the Company.

10. WORKING CAPITAL

The Directors (having made due and careful enquiry) are of the opinion that taking into account the net proceeds of the Placing receivable by the Company, the working capital available to the Company and its Group is sufficient for its present requirements, that is for at least 12 months from the date of Admission.

11. CORPORATE GOVERNANCE

The Directors recognise and value the importance of high standards of corporate governance and intend to observe the requirements of the Combined Code to the extent that they consider appropriate in the light of the Company's size, stage of development and resources.

The Company will comply with Rule 21 of the AIM Rules regarding dealings in the Company's shares and will ensure compliance by the Directors and applicable employees. The Company has adopted a share dealing code appropriate for a company admitted to trading on AIM. Following Admission, the Company will have four non-executive Directors and no executive Directors. The Board has carefully considered the independence of the non-executive Directors for the purpose of the Combined Code and has determined that all except Peter Klimt are independent. In considering the independence of the non-executive Directors, the Board took into consideration that Peter Klimt has a substantial interest in the Dawnay, Day Group as set out in this document. Rupert Cottrell will be the senior independent non-executive Director.

The Board has established an audit committee with formally delegated duties and responsibilities. The audit committee will receive and review reports from the management and the Company's auditors relating to annual and interim accounts and the accounting and internal controls in place in the Company. The audit committee will have unrestricted access to the Company's auditors. Upon Admission, the members of the audit committee will be all of the Directors, under the chairmanship of Rupert Cottrell.

Since all of the Directors are non-executive, a nominations committee and a remuneration committee are not considered appropriate.

12. LITIGATION

No member of the Group is, nor has at any time in the 12 months immediately preceding the date of this document been, engaged in any governmental, legal or arbitration proceedings, and the Company is not aware of any governmental, legal or arbitration proceedings pending or threatened by or against the Company or any member of the Group, nor of any such proceedings having been pending or threatened at any time in the 12 months immediately preceding the date of this document in each case which may have, or have had in the recent past, a significant effect on the Company's or the Group's financial position or profitability.

13. THIRD PARTY INFORMATION

Numis Securities Limited is acting in the capacity as nominated advisor and broker to the Company. Numis Securities Limited has given and not withdrawn its written consent to the inclusion in this document of references to its name in the form and context in which they appear.

14. USE OF PROCEEDS, EXPENSES AND GENERAL

14.1 The total proceeds expected to be raised by the Placing amount to £140.0 million, and the net proceeds of the Placing (following the deduction of the expenses of Admission and the Placing) are estimated to amount to £135.1 million.

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- 14.2 The estimated net proceeds of the Placing referred to in paragraph 14.1 above are intended to be used to satisfy consideration payable upon the acquisition of the Initial Portfolio (approximately £10 million) and as consideration for future investments.
- 14.3 Save in relation to arrangements with trade suppliers and payments made to professional advisors referred to in this document no person has received, directly or indirectly, from the Company within the 12 months preceding the application for Admission, or entered into contractual arrangements to receive, directly or indirectly, on or after Admission:
- (i) fees totalling £10,000 or more;
 - (ii) securities of the Company having a value of £10,000 or more calculated by reference to the Placing Price; or
 - (iii) any other benefit with a value of £10,000 or more at the date of Admission.
- 14.4 Save for the Portfolio Management Agreement, the Company is not dependent on patents or licences, industrial, commercial or financial contracts or new manufacturing processes which are material to the Company's business or profitability.
- 14.5 There has been no significant change in the financial or trading position of the Group which has occurred since 2 June 2005, being the date on which the Company was incorporated.

15. AVAILABILITY OF DOCUMENTS

- 15.1 Copies of this document will be available free of charge to the public at the offices of Olswang, 90 High Holborn, London WC1V 6XX during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) until the date falling one month after the date of this document.
- 15.2 Copies of the following documents will be available on the same basis at the same times for inspection at the offices of Olswang, 90 High Holborn, London WC1V 6XX from the date of this document until Admission:
- 15.2.1 the Memorandum and Articles of Association of the Company;
 - 15.2.2 the valuation report set out in Part III of this document;
 - 15.2.3 the accountants report set out in Part IV of this document;
 - 15.2.4 the consent letters referred to in paragraphs 1.2, 1.3 and 13 of the Part VI.

PART VII

TERMS AND CONDITIONS OF THE PLACING

1. INTRODUCTION

These terms and conditions apply to persons making an offer to subscribe for Placing Shares under the Placing (which may include Numis or its nominee(s)).

Each person to whom these conditions apply, as described above, who confirms his agreement to Numis (on behalf of itself and the Company) to subscribe for Placing Shares (an "Investor") hereby agrees with each of Numis and the Company to be bound by these terms and conditions as being the terms and conditions upon which Placing Shares will be subscribed under the Placing. An Investor shall, without limitation, become so bound if Numis confirms to the Investor its allocation. Following such confirmation, each Investor undertakes to promptly return a completed form of confirmation in the form supplied by Numis (the "Form of Confirmation").

2. AGREEMENT TO SUBSCRIBE FOR ORDINARY SHARES

Conditional on (i) Admission occurring and the Placing Agreement not having lapsed or been terminated in each case on or prior to 26 July 2005 (or such later date as Numis and the Company may agree (not being later than 5 August 2005)) and (ii) the confirmation mentioned under paragraph 1 above, an Investor agrees to subscribe for, as more particularly described below, at the Placing Price, the number of Placing Shares allocated to such Investor under the Placing in accordance with the arrangements described in Part I of this document. To the fullest extent permitted by law, each Investor acknowledges and agrees that it will not be entitled to exercise any remedy of rescission at any time. This does not affect any other rights such Investor may have.

3. PAYMENT FOR ORDINARY SHARES

Each Investor undertakes to pay the Placing Price for the Placing Shares subscribed for by such Investor in such manner as shall be directed by Numis. Liability for stamp duty and stamp duty reserve tax is as described in paragraph 9 of Part VI this document.

In the event of any failure by any Investor to pay as so directed by Numis, the relevant Investor shall be deemed hereby to have appointed Numis or any nominee of Numis to use its reasonable endeavours to sell (in one or more transactions) any or all of the Placing Shares in respect of which payment shall not have been made as directed by Numis and to indemnify Numis on demand in respect of any liability for stamp duty and/or stamp duty reserve tax arising in respect of any such sale or sales. A sale of all or any of such Placing Shares shall not release the relevant Investor from its obligation to make such payment for Placing Shares to the extent that Numis or its nominee has failed to sell such Placing Shares at a consideration which after deduction of the expenses of such sale and payment of stamp duty and/or stamp duty reserve tax as aforementioned exceeds the Placing Price per Placing Share.

4. REPRESENTATIONS AND WARRANTIES

By receiving this document and making the confirmation in paragraph 1 above each Investor confirms, represents, warrants and undertakes to Numis (for Numis and on behalf of the Company) on the terms and subject to the conditions set out in this document:

- (i) that the exercise by Numis of any rights or discretion under the Placing Agreement shall be within the absolute discretion of Numis and Numis need not have any reference to the Investor and shall have no liability to the Investor whatsoever in connection with any decision to exercise or not to exercise any such right. Each Investor agrees that they have no rights against Numis, the Company and any of their respective directors and employees under the Placing Agreement pursuant to the Contracts (Rights of Third Parties) Act 1999;

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- (ii) in agreeing to subscribe for Placing Shares under the Placing, each Investor is relying on this document and not on any information or representation or warranty in relation to the Company or any of its subsidiaries or any of its shares other than as contained in this document;
 - (iii) that neither the Investor nor, as the case may be, their clients, expect Numis to have any duties or responsibilities to the Investor similar or comparable to the duties of “best execution” and “suitability” imposed by The Conduct of Business Source Book contained in The Financial Services Authority’s Handbook of Rules and Guidance, and that Numis is not acting for the Investor or its clients, and that Numis will not be responsible for providing protections to customers or the Investor;
 - (iv) that, save in the event of fraud on the part of Numis (and to the extent permitted by the Rules of the Financial Services Authority), neither Numis, its ultimate holding company nor any direct or indirect subsidiary undertakings of that holding company, nor any of their respective directors and employees shall be liable to the Investor for any matter arising out of Numis’ role as placing agent or otherwise in connection with the Placing and that where any such liability nevertheless arises as a matter of law the Investor will immediately waive any claim against any of such persons which the Investor may have in respect thereof;
 - (v) in the case of a person who confirms to Numis on behalf of an Investor an agreement to subscribe for Placing Shares, that person represents and warrants that he has the authority to do so on behalf of the Investor;
 - (vi) it is not and is not applying as nominee or agent for a person who is, or may be, mentioned in any of the sections 67, 70, 93 or 96 of the Finance Act 1986 (depository receipts and clearance services);
 - (vii) except to the extent clause 7 relating to the United States or Canada applies and (where applicable) the Investor has given the representations, warranties, acknowledgements and agreements referred to therein it is not a national or resident of the United States, Canada, Australia, the Republic of Ireland, the Republic of South Africa or Japan or a corporation, partnership or other entity organised under the laws of the United States, Canada, Australia or Japan and that the Investor will not offer, sell, renounce, transfer or deliver directly or indirectly any of the Placing Shares into the United States, Canada, Australia, the Republic of Ireland, the Republic of South Africa or Japan or any other jurisdiction where to do so would be in breach of any applicable law and/or regulation or to or for the benefit of any person resident in the United States, Canada, Australia, the Republic of Ireland, the Republic of South Africa or Japan or any other jurisdiction where to do so would be in breach of any applicable law and/or regulation and the Investor acknowledges that the Placing Shares have not been and will not be registered under the United States Securities Act of 1933, as amended and have not been, and will not be, qualified for distribution through the filing of a prospectus with any Securities Commission or similar regulatory authority of any province of Canada and that the same are not being offered for sale and may not be, directly or indirectly, offered, sold, transferred or delivered in the United States, Canada, Australia, the Republic of Ireland, the Republic of South Africa or Japan or any other jurisdiction where to do so would be in breach of any applicable law and/or regulation;
 - (viii) it is entitled to subscribe for the Placing Shares in its allocation under the laws of all relevant jurisdictions which apply to such Investor and that such Investor has fully observed such laws, obtained all governmental and other consents which may be required thereunder or otherwise and complied with all necessary formalities; and
 - (ix) that the Investor is a person of a kind described in paragraph 5 of Article 19 or paragraph 2 of Article 49 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005.
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5. SUPPLY AND DISCLOSURE OF INFORMATION

If the Company, Numis or any of their agents request any information about an Investor's agreement to subscribe for Placing Shares, such Investor must promptly disclose it to them.

6. MISCELLANEOUS

The rights and remedies of Numis and the Company under these terms and conditions are in addition to any rights and remedies which would otherwise be available to each of them and the exercise or partial exercise of one will not prevent the exercise of others. On application, each Investor may be asked to disclose, in writing or orally, to Numis:

- (i) if he is an individual, his nationality; or
- (ii) if he is a discretionary fund manager, the jurisdiction in which the funds are managed or owned.

All documents will be sent at the Investor's risk. They may be sent by post to such Investor at an address notified to Numis.

Each Investor agrees to be bound by the Articles (as amended from time to time) once the Placing Shares which such Investor has agreed to purchase have been transferred to such Investor.

The contract to subscribe for Placing Shares and the appointments and authorities mentioned herein will be governed by, and construed in accordance with, the laws of England. For the exclusive benefit of the parties mentioned under paragraph 1, above, each Investor irrevocably submits to the exclusive jurisdiction of the English courts in respect of these matters. This does not prevent an action being taken against an Investor in any other jurisdiction.

In the case of a joint agreement to subscribe for Placing Shares, references to an Investor in these terms and conditions are to each such Investor and the Investors' liability is joint and several.

Monies received from applicants pursuant to the Placing will be held in accordance with the terms and conditions of the Form of Confirmation issued by Numis until such time as the Placing Agreement becomes unconditional in all respects. If the Placing Agreement does not become unconditional in all respects by 5 August 2005, application monies will be returned without interest.

7. SELLING RESTRICTIONS

United Kingdom

Before Admission becomes effective, Investors may only offer or sell any Placing Shares in the United Kingdom in circumstances which will not result in an offer to the public in the United Kingdom within the meaning of S102B of the Financial Services and Markets Act 2000.

United States

The Placing Shares have not been, and will not be, registered under the Securities Act, or the securities laws of any other jurisdiction in the United States, and are only being offered and sold in the United States or to US persons by or through a broker-dealer pursuant to available exemptions from the registration requirements of the Securities Act and such laws. Each such offeree and purchaser will be deemed to have represented and warranted to the Company, a broker-dealer and Numis (and each of their respective affiliates) that it is a "qualified institutional buyer" within the meaning of Rule 144A under the 1933 Act ("QIB") purchasing for its own account or an account with respect to which it exercises investment discretion. Each such purchaser will also be deemed to have acknowledged and agreed that (A) any Placing Shares purchased by it will be (i) "restricted securities" within the meaning of Rule 144 under the 1933 Act, (ii) subject to a one year distribution compliance period for purposes of Regulation S under the 1933 Act, and (iii) subject to restrictions as to whom such Placing Shares may be subsequently sold, pledged or otherwise transferred so long as they are restricted securities (and further

acknowledging that any purported transfer in breach of the requirements of Regulation S will not be recognised by the Company); and (B) it will execute and deliver a Purchaser Letter in which it agrees to observe the foregoing and any additional restrictions as may be required by the Company, a broker-dealer and/or Numis.

So long as the Placing Shares are restricted securities within the meaning of Rule 144, the Company agrees to provide each holder of such Placing Shares, and each prospective purchaser of Placing Shares designated by such holder, with the information specified in Rule 144A(d)(4) under the Securities Act.

Canada

The Placing Shares have not been, and will not be, qualified for distribution through the filing of a prospectus in any province or territory of Canada, and are only being offered and sold in Canada or to Canadian residents pursuant to exemptions from the registration and prospectus requirements of applicable provincial securities laws. No Canadian securities commission or similar regulatory authority has passed on the accuracy or adequacy of this document or expressed an opinion about the Placing Shares offered hereunder. Any representation to the contrary is an offence under applicable Canadian securities laws.

Dated: 20 July 2005



Dawnay, Day Carpathian PLC