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If you have sold or otherwise transferred all of your shares in Dawnay, Day Carpathian PLC, please send this document and the accompanying Form of Proxy at once to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee.

Application will be made to the London Stock Exchange for the Placing Shares to be admitted to trading on AIM. On the assumption that, *inter alia*, the Resolutions are passed, it is expected that Admission will become effective and that dealings will commence on 18 May 2007. The Placing Shares will, save as regards the Dividends, rank *pari passu* in all respects with the existing Ordinary Shares. 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.

This document does not comprise a prospectus for the purposes of the Prospectus Rules issued by the FSA and has not been delivered to the FSA in accordance with such rules.

This document is intended to be exempt from the provisions of the Isle of Man Companies Acts relating to the content of prospectuses and other technical rules relating to prospectuses and accordingly may be issued only to such persons as will bring the issue within the definition of "private placement" contained in the Isle of Man Companies (Private Placements) (Prospectus Exemptions) Regulations 2000.

**THIS DOCUMENT SHOULD BE READ IN CONJUNCTION WITH THE NOTICE OF EXTRAORDINARY GENERAL MEETING OF THE COMPANY SET OUT AT THE END OF THIS DOCUMENT.**

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# **Dawnay, Day Carpathian PLC**

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

**Placing by**

**NUMIS SECURITIES LIMITED**

**of 83,333,334 Ordinary Shares of 1p each**

**at 120p per Ordinary Share**

**Admission to trading on AIM**

**Declaration of Dividends**

**Partial Share Premium Cancellation**

**and Notice Of Extraordinary General Meeting**

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## **Share Capital**

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

<i>Authorised</i>			<i>Issued and fully paid</i>	
£	Number		£	Number
3,500,000	350,000,000	Ordinary Shares of 1p each	2,293,633	229,363,349

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Your attention is drawn to the letter from the Chairman of Dawnay, Day Carpathian PLC which is set out on pages 6 to 17 of this document and which contains, amongst other matters, your Board's recommendations to vote in favour of each of the Resolutions to be proposed at the Extraordinary General Meeting referred to below.

Notice of an Extraordinary General Meeting of the Company to be held at 10.00 a.m. on 17 May 2007 at IOMA House, Hope Street, Douglas, Isle of Man IM1 1AP is set out at the end of this document. Shareholders are requested to return the enclosed Form of Proxy which, to be valid, must be completed and returned in accordance with the instructions therein so as to be received as soon as possible by the Company's registrars, IOMA Fund and Investment Management Limited, IOMA House, Hope Street, Douglas, Isle of Man IM1 1AP but in any event so as to be received by IOMA Fund and Investment Management Limited not less than 48 hours before the time appointed for the meeting, being 10.00 a.m. on 15 May 2007. Completion and return of a Form of Proxy will not preclude Shareholders from attending and voting in person at the Extraordinary General Meeting should they so wish.

Numis Securities Limited is the nominated advisor and broker to the Company for the purposes of the AIM Rules and financial advisor to the Company for the purposes of the Proposals. Numis, which is regulated in the United Kingdom by the Financial Services Authority, is acting exclusively for the Company and no one else in connection with the Proposals. 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.

This document does not constitute or form part of any 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. This document should not be copied or distributed by recipients. This document has not been examined or approved by the Financial Services Authority or the London Stock Exchange or any other regulatory authority.

Copies of this document are available free of charge to the public during normal business hours on any weekday (except Saturdays, Sundays and public holidays) until 10.00 a.m. on the date of the EGM from the registered office of the Company and from the offices of Olswang, 90 High Holborn, London WC1V 6XX.

## **PLACING STATISTICS**

Placing Price	120p
Number of Ordinary Shares in issue at the date of this document	146,030,015
Number of Placing Shares being issued	83,333,334
Number of Ordinary Shares in issue immediately following the Placing	229,363,349
Placing Shares as a percentage of the enlarged issued Ordinary Share capital	36.3 per cent.
Market capitalisation of the Company immediately following the Placing (at the Placing Price)	£275.2 million
Gross proceeds of the Placing available to the Company	£100 million
Estimated expenses of the Placing	£3.4 million
Estimated net proceeds of the Placing available to the Company	£96.6 million

## **EXPECTED TIMETABLE OF PRINCIPAL EVENTS**

Publication of this document	24 April 2007
Ex-dividend date for the Dividends	2 May 2007
Record Date for entitlement to the Dividends	4 May 2007
Latest time and date for receipt of Forms of Proxy	10.00 a.m. on 15 May 2007
Time and date of Extraordinary General Meeting	10.00 a.m. on 17 May 2007
Admission effective and dealings in Placing Shares to commence on AIM	18 May 2007
CREST accounts credited for Placing Shares in uncertificated form	18 May 2007
Expected payment date for the Final 2006 Dividend	25 May 2007
Where applicable, definitive share certificates despatched	25 May 2007

Each of the times and dates in the above timetable is subject to change. All times are London times unless otherwise stated.

## DEFINITIONS

<b>“2005 Admission Document”</b>	the admission document of the Company dated 20 July 2005 issued in relation to the Flotation
<b>“Admission”</b>	the admission of the Placing Shares to trading on AIM becoming effective in accordance with the AIM Rules
<b>“AIM”</b>	AIM, a market operated by the London Stock Exchange
<b>“AIM Rules”</b>	the AIM Rules for Companies published by the London Stock Exchange
<b>“Articles of Association” or “Articles”</b>	the articles of association of the Company
<b>“Board” or “the Directors”</b>	the directors of the Company
<b>“Cancellation of Part of the Share Premium Account”</b>	the cancellation of a part of the share premium account of the Company as described in this document
<b>“certificated form”</b>	not in uncertificated form
<b>“Company” or “Dawnay, Day Carpathian”</b>	Dawnay, Day Carpathian PLC, a company incorporated in the Isle of Man with registered number 113626C
<b>“Court”</b>	the High Court of Justice of the Isle of Man
<b>“Court Approval”</b>	confirmation by the Court of the Cancellation of Part of the Share Premium Account
<b>“CREST”</b>	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
<b>“CRESTCo”</b>	CRESTCo Limited
<b>“CREST Regulations”</b>	the Uncertificated Securities Regulations 2001 (SI 2001/3755)
<b>“Dawnay, Day”</b>	Dawnay, Day & Co. Limited
<b>“Dawnay, Day Group”</b>	Dawnay, Day and companies connected or under common ownership with Dawnay, Day
<b>“DDPT”</b>	Dawnay, Day Europe Limited (which trades within the Dawnay, Day Group as “Dawnay, Day PanTerra” and was referred to as “DDEL” in the 2005 Admission Document)
<b>“Development Management Agreement”</b>	the agreement dated 24 April 2007 and made between (1) the Company (2) Carpathian Holdings s.à.r.l., (3) Carpathian Properties s.à.r.l. and (4) DDPT, under which each of the Company, Carpathian Holdings s.à.r.l. and Carpathian Properties s.à.r.l. has appointed DDPT to be responsible for the provision of certain development management services, a summary of which is set out in paragraph 12 of this document
<b>“Dividends”</b>	means both the Final 2006 Dividend and the First 2007 Interim Dividend
<b>“DTZ”</b>	DTZ Debenham Tie Leung Limited

<b>“DTZ Report”</b>	the report prepared by DTZ dated 6 March 2007 and containing a valuation of certain properties of the Company as at 31 December 2006
<b>“EGM” or “Extraordinary General Meeting”</b>	the extraordinary general meeting of the Company convened for 10.00 a.m. on 17 May 2007, or any adjournment thereof, notice of which is set out at the end of this document
<b>“EU”</b>	the European Union
<b>“Final 2006 Dividend”</b>	the proposed dividend of 4p per Ordinary Share in respect of the financial year of the Company ended 31 December 2006
<b>“Final 2007 Dividend”</b>	the final dividend contemplated for the financial year of the Company ended 31 December 2007
<b>“First 2007 Interim Dividend”</b>	the interim dividend of 3.33p per Ordinary Share declared by the Board in respect of the financial year ended 31 December 2007 and relating only to the period from 1 January 2007 to 30 April 2007
<b>“Flotation”</b>	the placing and admission of the Ordinary Shares to trading on AIM, such admission having become effective on 26 July 2005
<b>“FSA”</b>	the Financial Services Authority
<b>“GE”</b>	GE Real Estate Sp.z.o.o., part of GE Commercial Finance
<b>“Group”</b>	the Company and its subsidiary undertakings from time to time
<b>“Lock-up Agreement”</b>	the agreement dated 24 April 2007 and made between (1) the Company, (2) Munxay Limited, (3) Petalang Limited and (4) Numis, a summary of which is set out in paragraph 18 of this document
<b>“London Stock Exchange”</b>	London Stock Exchange plc
<b>“Numis”</b>	Numis Securities Limited
<b>“Ordinary Shares”</b>	ordinary shares of 1p each in the capital of the Company
<b>“PanTerra Group”</b>	Dawnay, Day Structured Finance Limited and its subsidiary undertakings operating collectively under the “PanTerra” brand
<b>“Placing”</b>	the conditional placing by Numis of the Placing Shares at the Placing Price on behalf of the Company on the terms and conditions of the Placing Agreement
<b>“Placing Agreement”</b>	the agreement dated 24 April 2007 and made between (1) the Company and (2) Numis, a summary of which is set out in paragraph 13 of this document
<b>“Placing Price”</b>	120p per Placing Share
<b>“Placing Shares”</b>	the new Ordinary Shares to be issued by the Company pursuant to the Placing
<b>“Portfolio Management Agreement”</b>	the agreement dated 20 July 2005 and made between (1) the Company, (2) Carpathian Holdings s.à.r.l., (3) Carpathian Properties s.à.r.l. and (4) DDPT, a summary of which is set out in the 2005 Admission Document

<b>“Proposals”</b>	Admission, the Placing, the declaration of the Dividends and the Cancellation of Part of the Share Premium Account
<b>“Real”</b>	Real Sp.z.o.o., part of the Metro Group
<b>“Record Date”</b>	the record date for the Dividends, being 4 May 2007
<b>“Resolutions”</b>	each of the resolutions to be proposed at the EGM, as set out in the notice of EGM at the end of this document
<b>“Second 2007 Interim Dividend”</b>	the second interim dividend contemplated for the financial year of the Company ended 31 December 2007
<b>“Shareholders”</b>	holders of Ordinary Shares
<b>“UK Listing Authority”</b>	the FSA, acting in its capacity as the competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000
<b>“uncertificated form”</b>	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
<b>“United Kingdom” or “UK”</b>	the United Kingdom of Great Britain and Northern Ireland

**LETTER FROM THE CHAIRMAN**

**DAWNAY, DAY CARPATHIAN PLC**  
(Incorporated in the Isle of Man with registered number 113626C)

*Directors:*

Patrick Rupert Cottrell (*Non-executive Chairman*)  
Peter Richard Klimt (*Non-executive Director*)  
William Allen Hamilton-Turner (*Non-executive Director*)  
Philip Peter Scales (*Non-executive Director*)

*Registered office:*

IOMA House  
Hope Street  
Douglas  
Isle of Man IM1 1AP

24 April 2007

*To the holders of Ordinary Shares*

Dear Shareholder,

**Proposed Placing of 83.3 million new Ordinary Shares at 120 pence per share, declaration of Dividends, partial share premium account cancellation and notice of Extraordinary General Meeting**

**1. INTRODUCTION**

Your Board recently announced (i) an agreement to acquire a majority shareholding in a shopping centre project in Riga as a result of which the Company had reached its full investment target of over 90 per cent. of the placing proceeds received at the time of the Flotation being invested or committed; and (ii) the Placing of 83.3 million new Ordinary Shares at a price of 120p per share with a view to raising £100 million (before expenses), together with the intention to pay the Final 2006 Dividend and the First 2007 Interim Dividend. The net proceeds of the Placing will be used to fund the Company's continuing investment programme and new business opportunities including the development and regeneration of properties in Central and Eastern Europe.

The purpose of this letter is to explain the background to and reasons for the Placing, why the Directors consider the Proposals to be in the best interests of the Company and the Shareholders as a whole and why the Directors unanimously recommend that you vote in favour of the Resolutions to be proposed at the Extraordinary General Meeting. This letter also provides an update on the Company's trading activity and the current focus of the Company's activities.

Conditional upon Admission the Company has entered into the Development Management Agreement, further details of which are provided at paragraph 12 below.

The Placing is conditional, *inter alia*, upon the Company obtaining certain approvals from its Shareholders to increase the authorised share capital of the Company and to grant the Directors the necessary authorities in relation to the issue and allotment of the Placing Shares. Shareholders' approval will be sought at the Extraordinary General Meeting, notice of which can be found at the end of this document.

**2. BACKGROUND INFORMATION ON DAWNAY, DAY CARPATHIAN**

Incorporated on 2 June 2005 for the purpose of investing in the retail property markets of Central and Eastern Europe, in July 2005 the Company raised £140 million (before expenses) in conjunction with the Flotation.

Your Company's strategy is to create value through investing in predominantly commercial retail properties such as shopping centres, supermarkets and retail warehouses located in Central and Eastern Europe. This includes countries that have benefited from EU accession on 1 May 2004 and 1 January 2007 respectively.

The success of your Board's investment strategy to date is evidenced by the uplift in the net asset value of the Company announced on 12 March 2007 (further details of which are set out in paragraph 3 below).

### **3. ANNOUNCEMENTS**

On 1 February 2007, the Company provided a year end trading update and affirmation of the dividend target for 2007. In the 2005 Admission Document, the Company stated it would target a dividend of approximately 10p per share following full investment of the fund for the 12 months to 31 December 2007 and the Directors advised in such announcement that it remained the Company's objective to recommend a total dividend pay out in line with this objective.

On 12 March 2007, the Company announced that DTZ, the independent external valuer commissioned by the Company, had completed its revaluation of the Company's property portfolio. As at 31 December 2006 the portfolio was valued at £368.7 million, giving a net uplift of £36.8 million compared to the 31 December 2005 valuation prepared by DTZ (or the purchase price if acquired thereafter). The unaudited net asset value per share, adjusted to exclude goodwill and any deferred tax liabilities arising on the property valuations, rose to 126.7p from 98.2p, an increase of 29 per cent. In the same period, the non adjusted, unaudited net asset value per share rose to 114.2p from 97.4p at 31 December 2005, an increase of 17.2 per cent.

### **4. FINAL 2006 DIVIDEND AND FIRST 2007 INTERIM DIVIDEND**

In line with the Company's objective of maintaining a progressive dividend policy, your Board has declared, subject to Shareholder approval, the Final 2006 Dividend.

It is the Company's objective to pay dividends for the financial year ended 31 December 2007 amounting in aggregate to 10p per share, to be paid as three equal instalments being the First 2007 Interim Dividend, the Second 2007 Interim Dividend and the Final 2007 Dividend. Pursuant to this objective, your Board has declared the First 2007 Interim Dividend.

The Placing Shares do not qualify for the Dividends, but they will qualify for any further dividends, including the Second 2007 Interim Dividend and the Final 2007 Dividend.

### **5. THE DAWNAY, DAY GROUP**

Indirectly owned by Paul Rogers and Massimo Marcovecchio, and the Dawnay, Day Group, DDPT is the Company's property advisor with an established presence in the Central and Eastern European retail property market. DDPT has been responsible for identifying the investment opportunities described in paragraph 11 as well as the existing assets described in paragraph 9 which have been bought by the Group to date.

The Dawnay, Day Group has over 20 years' of property investment experience, has more than EUR4 billion of assets under ownership and/or management and has a diversified commercial property portfolio in Europe (including Germany, the Czech Republic, Hungary, Poland, United Kingdom and the Baltic States) and India. The Dawnay, Day Group's principals and staff have developed a considerable expertise in active property management, financing, investment, transactions and portfolio construction. The Dawnay, Day Group has used this experience to launch successfully four property funds in the last five years, raising in excess of \$1 billion in public and private fundraisings. The four funds are (i) the Puma Property Fund, (ii) Dawnay Shore Hotels PLC, (iii) the Company and (iv) Dawnay, Day Treveria PLC, of which the first three have been or are being advised by members of the PanTerra Group. As an illustration of the success achieved, the Puma Property Fund has realised its assets after three and a half years and it generated a return to investors of over 39 per cent. after allowing for all costs and carried interest.

### **6. THE PROPERTY ADVISOR – DAWNAY, DAY PANTERRA**

DDPT was incorporated as a subsidiary of Dawnay, Day Structured Finance Limited and the businesses of Dawnay, Day Structured Finance Limited and DDPT are currently operated under the "PanTerra" brand. Although initially focussed upon UK property markets, as a result of research DDPT carried out, the business objectives were expanded to include the property markets of mainland Europe, and Central and Eastern Europe in particular. DDPT's 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.

The financial performance of funds managed by members of the PanTerra Group is measured and reported on by a team of specialists, enabling the review of investment strategies for individual or groups of assets to

be concluded quickly. Senior professionals within members of the PanTerra 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.

DDPT has gained extensive local and regional knowledge due to its activities in the Central and Eastern European property markets. The number of professional personnel employed by DDPT and focussed upon Central and Eastern Europe has increased from 7 to 24 since Flotation and DDPT now has an established local presence in Warsaw, with significant expertise, including a team of five professional personnel. As a result, DDPT is in a good position to identify further acquisition opportunities, including opportunities relating to development projects of commercial retail property.

## **7. INVESTMENT STRATEGY**

As stated in the 2005 Admission Document, the Company's investment objective is still to provide Shareholders with a regular and significant dividend income derived principally from rental and other income associated with its property investments. Combined with the yield on investments, your Board wishes to offer Shareholders the potential for capital appreciation from the sale, redevelopment and refinancing of its portfolio.

In addition, the Company seeks to participate in development and regeneration projects that offer the potential of an excellent overall return to Shareholders, including the objective of significant rental and other income following project completion. It is intended that such development and regeneration projects will comprise no more than 25 per cent. of the equity share capital at any one time. By adopting a blended portfolio approach, the Company will continue to invest a majority of its resources in established property assets and seek to augment the diversity and overall return achieved by the portfolio with new development projects. These will typically be undertaken on a joint venture basis with local developers. The Company believes that by entering into more joint venture and risk-sharing arrangements with local developers as well as its own direct developments, suitable properties can be added to the portfolio at a discount to their eventual likely investment value. To facilitate this and to ensure appropriate management of development and regeneration projects, the Company has entered into the Development Management Agreement, further details of which are provided at paragraph 12 below.

The Company aims to raise £100 million by way of the Placing. These funds, combined with the debt gearing commonly secured against income producing property assets, shall provide the opportunity to add assets to the existing portfolio to the value of approximately £500 million.

The Directors anticipate substantially investing the entire net proceeds of the Placing by 31 December 2008 and, once this has been achieved, it remains the Directors' intention to achieve a return in excess of 25 per cent. per annum after all costs associated with the Company. It is also the intention of your Board to manage actively the property assets acquired by the Group so as to enhance rental and capital growth opportunities. The Company does not have a fixed life and the Directors will regularly assess their strategy and the growth opportunities within the Group's markets. Should your Board be advised that the opportunities for achieving requisite returns are becoming difficult, then as and when assets are sold or otherwise realised, they will give consideration to a return of capital to Shareholders whether as part of the anticipated regular dividend distributions or otherwise. 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.

## **8. REASONS FOR THE PLACING**

Your Board announced on 2 April 2007 that with the entering into of the agreement to acquire a stake in the Galleria Patollo shopping centre in Riga, the Company has reached its investment target of investing over 90 per cent. of the funds raised at the time of the Flotation. As noted in the announcement dated 12 March 2007 (referred to above), the Company's investment pipeline remains strong and, as at the date of this document, significantly exceeds the remaining monies held by the Company. The investment pipeline includes a number of development and regeneration opportunities which the Company is seeking to pursue.



In view of the success achieved to date, the Placing is proposed to provide the Company with further funds which will enable your Board to continue the implementation of its investment strategy. Your Directors believe the key benefits of continuing with its investment strategy are:

- further diversity of the Group's portfolio by broadening the spread of assets and tenants;
- the enlargement of the Group so that its fixed costs are spread across a greater number of assets; and
- a widening of the investor base of the Company.

## **9. EXISTING ASSETS**

Since the Flotation, the Company has completed 13 transactions in assembling a portfolio of 43 properties with an aggregate value (including funds committed but not yet paid) of approximately £390 million. In respect of each completed transaction, any increase in the valuation of the relevant properties set out below in this paragraph 9 has been calculated by comparing the total acquisition costs with the valuation of the properties contained in the DTZ Report. Further details of the completed transactions are set out below.

### **9.1 Tulipan, Osowa, Kometa and Centrum Sosnowiec shopping centres, Poland**

On 30 September 2005, the Company announced the purchase of four shopping centres in Poland for a total of EUR64.5 million with an initial yield of approximately 8 per cent., comprising the Tulipan Centre in Lodz, Osowa in Gdansk, Kometa in Torun and Centrum Sosnowiec in Sosnowiec. The mall retail area acquired totals 26,667 sq.m. and the anchor stores owned by GE and operated by Real amount to 57,685 sq.m.

Tulipan comprises 9,631 sq.m. of retail space and 22,000 sq.m. of hypermarket space owned by GE and operated by Real.

Osowa comprises approximately 12,916 sq.m. of retail space together with a hypermarket owned by GE and operated by Real comprising 15,000 sq.m.

Kometa includes a hypermarket comprising 10,960 sq.m. and a further 1,959 sq.m. of retail space.

Centrum Sosnowiec comprises 2,161 sq.m. of retail space and 9,725 sq.m. of hypermarket space.

In the period from the date of acquisition of the centres until 31 December 2006, the value of the properties increased by 19.48 per cent.

### **9.2 Antana Warehouse Park, Hungary**

On 26 October 2005, the Company announced the purchase of the Antana Warehouse Park in Hungary for EUR21 million, with an initial yield of approximately 8.36 per cent. The Antana Warehouse Park is located in Budapest and comprises eight light industrial and office units.

In the period from the date of acquisition until 31 December 2006, the valuation of the Antana Warehouse increased by 3.72 per cent.

### **9.3 Varyada Shopping Centre, Czech Republic**

On 16 November 2005, the Company announced the purchase of a 90 per cent. interest in the Varyada Shopping Centre in the Czech Republic with an initial yield of approximately 8.11 per cent. At the time of purchase the Varyada Shopping Centre had a property valuation of approximately EUR37.0 million. The centre comprises approximately 18,249 sq.m. The main tenants are the supermarket Interspar, Marks & Spencer and well-known brands such as Tommy Hilfiger, Pierre Cardin, Benetton, New Yorker, NafNaf and Helly Hansen.

In the period from the date of acquisition until 31 December 2006, the valuation of the Varyada Shopping Centre increased by 27.78 per cent.

#### 9.4 **Promenada Shopping and Business Centre, Poland**

On 2 June 2006, the Company announced it had completed two further transactions. The first was the purchase of the Promenada Shopping and Business Centre (“Promenada”) in Warsaw, Poland for an initial payment of approximately EUR127 million and with an initial yield of approximately 7 per cent.

Promenada is a shopping centre and office complex with a lettable floor area of approximately 49,610 sq.m. The existing space includes a three level shopping gallery, cinema, office space and a multi storey car park. It has attracted a number of high profile retail tenants including H&M, Zara, Empik, Wallis, Timberland, Sephora, Reserve and Alma foodstore.

In the period from the date of acquisition until 31 December 2006, the valuation of Promenada increased by 11.94 per cent.

#### 9.5 **Plaza Portfolio of four shopping centres, Hungary**

The second transaction announced on 2 June 2006 was the purchase of the Plaza Portfolio of four shopping centres (“Plaza Portfolio”) in Hungary for an initial payment of approximately EUR61 million and with an initial yield of approximately 9 per cent.

The Plaza 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. The Plaza Portfolio totals approximately 46,795 sq.m. of net leasable area, consisting of approximately 300 shops and tenants as well as extensive car parking.

In the period from the date of acquisition until 31 December 2006, the valuation of the Plaza Portfolio increased by 15.51 per cent. This valuation calculation includes the benefit of the further acquisitions of land adjacent to parts of the Plaza Portfolio described at paragraph 9.8 below.

#### 9.6 **Slupsk Property, Poland**

On 12 June 2006, the Company acquired a property in Slupsk, Northern Poland, for a purchase price of EUR1.046 million with an initial yield of 8 per cent.

The property comprises a Biedronka supermarket and two retail units with approximately 33 parking spaces on a site of 1,220 sq.m. and is fully let to Jeronimo Martins Dystrybucja Sp.z.o.o. and two local businesses respectively.

In the period from the date of acquisition until 31 December 2006, the valuation of the Slupsk property increased by 16.66 per cent.

#### 9.7 **Babilonas Shopping Centre, Panevezys, Lithuania**

On 14 July 2006, the Company announced the acquisition of the Babilonas Shopping Centre in Panevezys, Lithuania (“Babilonas”) for approximately EUR32.5 million with an initial yield of approximately 7.3 per cent.

Babilonas comprises approximately 21,000 sq.m. of lettable space and 1,200 car parking spaces.

In the period from the date of acquisition until 31 December 2006, the valuation of Babilonas increased by 2.32 per cent.

#### 9.8 **Pecs Land, Hungary**

On 1 June 2006 and 3 August 2006, the Company acquired three parcels of land totalling approximately 90,000 sq.m., adjoining Pecs Plaza, a property previously acquired by the Company as part of the Plaza Portfolio for EUR3.8 million.

The land is not income producing, having been acquired in order to develop retail warehouse units to meet existing tenant demand and improve the attractiveness of the adjoining shopping centre.

#### 9.9 **MacroMall Shopping Centre, Romania**

On 30 August 2006, the Company announced the acquisition of the MacroMall Shopping Centre (“MacroMall”) in Brasov, Romania for EUR19 million with an initial yield of approximately 9 per cent. The acquisition also included an adjoining development site.

MacroMall has a gross lettable area of 8,072 sq.m. with 268 parking spaces.

In the period from the date of acquisition until 31 December 2006, the valuation of MacroMall increased by 2.63 per cent.

#### 9.10 **Ericsson Property, Hungary**

On 3 October 2006, the Company announced the acquisition of a property in Budapest, for approximately EUR17 million with an initial yield of approximately 9.75 per cent. The premises are fully let to Ericsson Hungary until March 2011 and comprise 8 buildings totalling 8,250 sq.m. of office space as part of a site comprising 31,335 sq.m. in total.

In the period from the date of acquisition until 31 December 2006, the valuation of the Ericsson property increased by 2.94 per cent.

#### 9.11 **Interfruct Portfolio, Hungary**

On 7 November 2006, the Company announced the acquisition of a portfolio of 23 Interfruct properties for a purchase price of EUR82.5 million with an initial yield of approximately 7.80 per cent.

The portfolio comprises 23 units, the majority of which are cash and carry stores located in Budapest and major regional cities throughout Hungary, and have a total gross lettable area of approximately 105,000 sq.m. The properties are situated on land plots totalling approximately 345,000 sq.m., several of which offer development potential in the longer term.

In the period from the date of acquisition until 31 December 2006, the valuation of the Interfruct portfolio increased by 1.47 per cent.

#### 9.12 **Blaumana 12, Latvia**

In October 2006, the Company acquired a vacant 6 storey predominantly residential building that is located on Blaumana Street in Riga for EUR12.53 million.

The building dates from the early 1900s and the total site area is 1,669 sq.m. and the gross internal floor area of the building is 6,008 sq.m.

Acquisition of this site was a key element of the site assembly for the development of the full Riga shopping centre described at paragraph 9.13.

#### 9.13 **Riga shopping centre, Latvia**

On 2 April 2007, the Company announced the project funding and acquisition on completion of the development of a 55 per cent. stake in the Galleria Patollo shopping centre in Riga for a purchase price of up to EUR42 million with an agreed yield on purchase of 8 per cent. based on achieved net operating income.

Construction of the shopping centre is expected to commence in June 2007 and to be completed by the third quarter of 2009. Currently the vendor has completed site assembly for the main part of the scheme and there is an opportunity to expand the scheme by incorporating two additional buildings.

The enlarged scheme will comprise 220 shops and restaurants, 41,000 sq.m. of retail space and 175 underground parking spaces.

## **10. CURRENT TRADING AND PROSPECTS**

Since publishing its interim results for the six months ended 30 June 2006 on 28 September 2006, the Company has agreed four further acquisitions, comprising the Ericsson Property for approximately EUR17 million, the Interfruct Portfolio for approximately EUR82.5 million, Blaumana 12 for EUR12.53 million and the acquisition of a stake in the Galleria Patollo shopping centre in Riga for EUR42 million (further details on all of which are set out in paragraph 9). Following the latter transaction, the Company reached its investment target set at the time of the Flotation.

The Company also provided a year end trading update on the Company's activities for the financial year ended 31 December 2006 on 1 February 2007, with the existing portfolio of investments performing to expectations and the current investment pipeline of future transactions remaining strong. Further, as set out in paragraph 3, the Company announced on 12 March that the Company's property portfolio as at 31 December 2006 had been independently valued by DTZ at £368.7 million and the unaudited net asset value per share had increased by 29 per cent.

Trading since 30 June 2006 has been in line with the expectations of the Company. Your Board is encouraged by the progress made by the Company since Flotation and believes that the Group has benefited, and will continue to benefit, from the expansion of the EU and the continued development of the institutional property market across the region. This, in turn, should lead to significantly greater demand for commercial property assets. Your Board is further encouraged by the strong investment pipeline and the development and regeneration opportunities which have been identified by the Company and which it is intending to pursue with the proceeds of the Placing.

## **11. THE INVESTMENT PIPELINE**

Using the balance of the proceeds of the Placing, the Company expects to make additional acquisitions with a view to substantially investing the net proceeds of the Placing by 31 December 2008. DDPT has identified a pipeline of potential transactions consisting of several portfolios with an estimated aggregate purchase price in excess of EUR1.5 billion. DDPT is negotiating the acquisition of such portfolios on behalf of the Company and, whilst these opportunities are at various stages of progression, there can be no guarantee that completion of the acquisition of any or all of such portfolios will occur.

In summary, this investment pipeline includes the following:

### **11.1 Retail – Existing Built Assets**

Ten projects in several countries including Hungary, Slovenia, Lithuania, Estonia, Romania and the Czech Republic involving properties such as supermarkets and shopping centres. The properties range in price from EUR7.5 million to over EUR190 million.

### **11.2 Project Funding Commitments**

Six projects in Lithuania, Poland, Hungary, Bosnia and Bulgaria. The properties include supermarket developments, shopping centres, retail parks and mall developments, in respect of which there are forward funding commitments to purchase the relevant assets. The properties range in price from EUR44 million to EUR250 million.

### **11.3 Development and Regeneration Projects**

Two projects in Croatia and Romania, involving retail development properties and shopping centres. The aggregate price for these projects is approximately EUR340 million.

Four of the development and regeneration projects are intended to be offered by DDPT to the Company. If the Company chooses to acquire these properties, an independent valuation will be

carried out on behalf of the Company which will then offer to acquire such properties based on that independent valuation.

If the offer is accepted the acquisition will be on the basis that an amount equal to DDPT's net gain (after taxes, costs and expenses) will be used by the Dawnay, Day Group to subscribe in cash for new Ordinary Shares at the average of the closing market price for the five dealing days prior to the day of subscription.

## **12. DEVELOPMENT MANAGEMENT AGREEMENT**

The Development Management Agreement specifies the detailed appraisal, evaluation, presentation, reporting, market and financial analysis, inspection and due diligence advisory services to be provided by DDPT to the Group in respect of development projects.

In consideration of DDPT performing the services, the Group shall pay to DDPT (or to any of its associates to whom DDPT sub-contracts its rights or duties in accordance with the terms of this agreement) a management fee calculated by reference to the construction costs incurred by or on behalf of the Group. As regards each development project, the management fee shall be calculated as 5 per cent. of the initial EUR30 million construction costs; 4 per cent. of the next EUR10 million construction costs; 2.5 per cent. of the next EUR10 million construction costs; and 2 per cent. of any construction costs thereafter.

To the extent that management fees are payable to DDPT under the Development Management Agreement in relation to a particular property then no fees shall be payable by any member of the Group in connection with that property pursuant to the Portfolio Management Agreement. With effect from the date on which DDPT provides to the Company a certificate of practical completion (or the local equivalent) from an independent surveyor or project manager confirming completion of the development of the relevant property, then no further fees shall be payable under the Development Management Agreement in respect of that property (save for fees in respect of which an invoice has been submitted to the Company or relevant member of the Group).

The arrangements are exclusive: DDPT may not provide development services to a third party that are both (a) substantially the same as the development services it provides to the Group and (b) relate to the development of investments in commercial retail property in Central and Eastern Europe (provided that such exclusivity shall terminate in the event of any change to the terms of the management fee which is detrimental to DDPT), and the Group may not appoint a third party to provide similar services.

The Development Management Agreement is conditional upon Admission occurring on or before 31 May 2007 and shall continue indefinitely thereafter unless otherwise terminated in accordance with its terms provided that it shall terminate automatically upon the date of termination of the Portfolio Management Agreement. The Portfolio Management Agreement is for an initial fixed term of eight years from Flotation, with 12 months rolling notice after the initial term. DDPT may terminate on six months' notice if the Group is taken over or effects a trade sale of its portfolio. The Company may also terminate the Development Management 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 in respect of any three consecutive accounting periods. Each of the Company and DDPT is entitled to terminate the Development Management Agreement if the other party becomes insolvent or commits a material breach of the agreement.

## **13. INFORMATION ON THE PLACING**

The Company is raising capital by way of an issue of Ordinary Shares pursuant to the Placing on the terms and subject to the conditions of the Placing Agreement. The Company has entered into the Placing Agreement with Numis pursuant to which Numis has agreed to use reasonable endeavours to procure placees for the Placing Shares, such placees to comprise institutional and other investors, including some existing Shareholders.

The Placing is conditional, *inter alia*, on:

- the passing of the Resolutions (detailed below);

- the Placing Agreement becoming unconditional and not having been terminated in accordance with its terms prior to Admission; and
- Admission becoming effective by no later than 8.00 a.m. on 18 May 2007 (or such later time and/or date, being no later than 8.00 a.m. on 31 May 2007, as the Company and Numis may agree).

The Placing Agreement contains usual warranties given by the Company to Numis as to matters relating to the Group and its business and a typical indemnity given by the Company to Numis in respect of liabilities arising out of or in connection with the Proposals. Numis is entitled to terminate the Placing Agreement in certain circumstances prior to Admission including circumstances where the warranties are found not to be true or accurate in any material respect.

Save as regards the Dividends, the Placing Shares will, on Admission, rank *pari passu* in all respects with the existing Ordinary Shares. The Placing is being made to some existing Shareholders and to new institutional and other investors on a non pre-emptive basis. The Placing is not being offered publicly and Shareholders will not have a general right or entitlement to participate in the Placing.

Application will be made to the London Stock Exchange for the Placing Shares to be admitted to trading on AIM. On the assumption that, *inter alia*, the Resolutions are passed, the Placing Shares are expected to be issued and admitted to trading on AIM on 18 May 2007.

This document and the issue of the Ordinary Shares have not been approved by the Isle of Man Financial Supervision Commission or any other governmental or regulatory authority in or of the Isle of Man. Pursuant to the Companies Act 1931 (Isle of Man), an offer of Ordinary Shares described in this document may not be made to the public (whether in the Isle of Man or elsewhere) except in terms of a prospectus complying with the applicable requirements of that Act and filed with the Companies Registration Division of the Isle of Man Financial Supervision Commission (the “Isle of Man Prospectus Requirements”).

However, pursuant to the Companies (Private Placements) (Prospectus Exemptions) Regulations 2000 (Isle of Man), the Isle of Man Prospectus Requirements do not apply to a private placement, being the issue of a prospectus by or on behalf of a company, or by or on behalf of any person who is or has been engaged or interested in the formation of a company to:

- persons whose ordinary activities involve them in acquiring, holding, managing or disposing of shares or debentures (as principal or agent) for the purposes of their businesses; or
- persons who it is reasonable to expect will acquire, hold manage or dispose of shares or debentures (as principal or agent) for the purposes of their businesses; or
- a restricted circle of persons whom the issuer of the prospectus reasonably believes to be sufficiently knowledgeable to understand the risks involved in accepting the offer in the prospectus; or
- a restricted circle of persons numbering no more than fifty whom it is reasonable to believe will acquire any shares or debentures which are the subject of the offer in the prospectus for investment purposes and not with a view to their imminent resale,

(a “Private Placement”).

This document does not comply with the Isle of Man Prospectus Requirements in reliance on the offer of Ordinary Shares described herein constituting a Private Placement. Accordingly, this document may only be issued by or on behalf of the Company, or on behalf of any person who is or has been engaged or interested in the formation of the Company, where such issue constitutes a Private Placement.

#### **14. USE OF PLACING PROCEEDS**

Subject to the satisfaction of the conditions referred to above, the Company proposes to raise approximately £100 million, or £96.6 million net of expenses, which will be used to fund the Company’s acquisition and development of the investment pipeline described in paragraph 11 above.

## **15. DIVIDEND POLICY**

In the 2005 Admission Document, the Directors stated it would be their intention that the Company would operate a regular distribution policy subsequent to Flotation and they would target an initial yield of between 6 and 7 per cent. for 2006, rising to an anticipated dividend per share of approximately 10p following full investment of the net proceeds of the Flotation.

For the year ended 31 December 2005, a special dividend of 3p per share was declared on 15 December 2005 which was paid on 6 January 2006. Further, for the half year period to 30 June 2006, an interim dividend of 2p per share was declared on 28 September 2006 which was paid on 3 November 2006.

As set out in paragraph 4, your Board has declared the Final 2006 Dividend, subject to Shareholder approval.

Your Directors are pleased to advise that, barring unforeseen circumstances, it remains the Company's objective to recommend dividends amounting in aggregate to 10p per share (2006: 6p per share) for the year ended 31 December 2007 (proposed to be paid as three equal instalments) and a dividend of 10p per share for the year ended 31 December 2008. Towards this end, your Board has declared the First 2007 Interim Dividend to which the Placing Shares have no entitlement. The First 2007 Interim Dividend is not subject to Shareholder approval.

It is intended that promptly after Admission, an application will be made to the Court to cancel a proportion not exceeding 20 per cent., as the Court may approve, of the share premium account of the Company (including the share premium arising on the issue of the Placing Shares). The increased distributable reserves arising from the Cancellation of Part of the Share Premium Account will be available for distribution to Shareholders, should the Directors consider this appropriate and enables the Directors to pay dividends prior to the profits generated by the Group's investment portfolio being transferred to the Company level.

## **16. THE INVESTMENT PROCESS**

DDPT acts as property advisor to the Group, with responsibility, *inter alia*, for originating, appraising and presenting, property investment proposals to your Board in accordance with the investment strategy set out by your Board from time to time.

The decision as to whether or not to make an investment is made solely at the discretion of the Group. DDPT does not have any influence over those decisions save that, where considered appropriate by the Company, DDPT may be given limited discretion when implementing such investment decisions on the Group's behalf.

## **17. BORROWING**

The Directors intend to maintain or secure borrowing facilities on a project-by-project basis. The percentage such borrowing facilities represent to assets shall vary depending upon the future rental and other income expected to be generated by the relevant property. In addition, the Directors may in due course secure general Group facilities should it prove beneficial to do so.

## **18. CONFLICTS OF INTEREST**

### **18.1. Conflicts of Interest**

Members of the Dawnay, Day Group have a number of other business interests involving property investment. To avoid conflict, should DDPT 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 strategy, DDPT has undertaken that, with certain exceptions, first refusal on that opportunity will be given to the Company for so long as DDPT is property advisor under the terms of the Portfolio Management Agreement.

18.2. Peter Klimt, a director of the Company, is also the chief executive of the Dawnay, Day Group. Munxay Limited and Petalang Limited, each members of the Dawnay, Day Group in which Peter Klimt (and persons connected with him) have an indirect interest, will following Admission hold

shares representing approximately 2.8 per cent. of the voting rights in the Company and, pursuant to the Lock-up Agreement, each of Munxay Limited and Petalang Limited have undertaken, save in limited circumstances, not to dispose of any Ordinary Shares or interests in Ordinary Shares for a period of 90 days following Admission.

## **19. ADMISSION, DEALINGS AND CREST**

Application will be 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 18 May 2007.

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 25 May 2007 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 18 May 2007.

## **20. PROPOSED CANCELLATION OF PART OF THE SHARE PREMIUM ACCOUNT OF THE COMPANY**

### **20.1 Introduction**

As mentioned, your Board intends to adopt a progressive dividend policy subject to the Group's ongoing working capital commitment. The payment of a dividend requires distributable reserves. To ensure that the Company has adequate distributable reserves it is proposed that up to twenty per cent. of the share premium account of the Company (including the share premium arising on the issue of the Placing Shares) be cancelled. The increased distributable reserves arising from the Cancellation of Part of the Share Premium Account will be available for distribution to shareholders, should the Directors consider this appropriate and enables the Directors to pay dividends prior to the profits generated by the Group's investment portfolio being transferred to the Company level. The Cancellation of Part of the Share Premium Account will have no impact on the Group's net assets.

### **20.2. The Cancellation of Part of the Share Premium Account**

The Court's sanction of the Cancellation of Part of the Share Premium Account will be sought at a hearing commenced by a petition filed as soon as possible after the EGM. The timetable for the hearing and (subject to the Court's sanction) the date on which the Cancellation of Part of the Share Premium Account shall become effective will be at the discretion of the Court.

In giving its sanction the Court will be concerned to protect the interests of the Company's creditors. The precise form of creditor protection will be determined by the Court and the Company will take such steps as it thinks appropriate in order to satisfy the Court in that regard.

### **20.3. Shareholder approval**

Implementation of the proposed Cancellation of Part of the Share Premium Account requires the passing by Shareholders of a special resolution to be proposed at the Extraordinary General Meeting (requiring a 75 per cent. majority of those Ordinary Shares that are voted, to vote in favour of the resolution) and which is set out in the notice of Extraordinary General Meeting.



## **21. EXTRAORDINARY GENERAL MEETING AND ACTION TO BE TAKEN**

Set out at the end of this document is the notice convening the Extraordinary General Meeting. The EGM is to be held at 10.00 a.m. on 17 May 2007 at IOMA House, Hope Street, Douglas, Isle of Man IM1 1AP and the Shareholders will be asked to consider the approval of the Resolutions.

The Resolutions propose:

### **21.1 Ordinary resolutions:**

- that the authorised share capital of the Company be increased from £2 million consisting of 200 million Ordinary Shares to £3.5 million consisting of 350 million Ordinary Shares, by the creation of 150 million additional Ordinary Shares, to rank *pari passu* with the existing issued ordinary share capital of the Company and having the rights and being subject to the obligations set out in the Company's Articles of Association;
- that in revocation of any general authority, the Directors be authorised to exercise all the powers of the Company to allot Ordinary Shares up to an aggregate nominal value equal to the authorised but unissued ordinary share capital of the Company (as such authorised share capital is increased by the resolution above), such authority to expire (unless previously revoked, varied or renewed by ordinary resolution) at the conclusion of the next annual general meeting of the Company; and
- that the Final 2006 Dividend be approved.

### **21.2 Special resolutions:**

- that the pre-emption provisions of the Company's Articles of Association be disapplied in relation to any allotment of Ordinary Shares by the Directors pursuant to the authority referred to above; and that the authority to allot Ordinary Shares granted to the Directors by such disapplication expire (unless previously revoked, varied or renewed by special resolution) at the conclusion of the next annual general meeting of the Company; and
- that a proportion not exceeding 20 per cent. as the Court may approve, of the amount standing to the credit of the share premium account of the Company (including the share premium arising on the allotment of Ordinary Shares pursuant to the authorities referred to above) be, subject to the confirmation of the Court, cancelled in accordance with section 57 of the Companies Act 1931 (Isle of Man).

Save as mentioned in this document, the Directors do not, at present, intend to issue any part of the unissued authorised share capital other than in connection with the Placing.

**A Form of Proxy for use by Shareholders in connection with the EGM or any adjournment thereof is enclosed with this document. Whether or not you intend to be present at the EGM, you are requested to complete and sign the Form of Proxy in accordance with the instructions therein and return it to the Company's registrars, IOMA Fund and Investment Management Limited, IOMA House, Hope Street, Douglas, Isle of Man IM1 1AP as soon as possible and in any event so as to be received not later than 10.00 a.m. on 15 May 2007. The completion and return of the Form of Proxy will not preclude you from attending the EGM and voting in person if you so wish.**

## **22. RECOMMENDATION AND VOTING INTENTIONS**

The Board considers the Placing and the passing of the Resolutions to be in the best interests of the Company and its Shareholders as a whole. Accordingly, the Directors unanimously recommend that Shareholders vote in favour of each of the Resolutions.

Yours faithfully

**P Rupert Cottrell**  
Chairman

# DAWNAY, DAY CARPATHIAN PLC

(Incorporated under the Companies Acts 1931-2004 (as amended) of the Isle of Man  
and registered in the Isle of Man under number 113626C)

(the “Company”)

## NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that an **EXTRAORDINARY GENERAL MEETING** of the Company will be held at IOMA House, Hope Street, Douglas, Isle of Man IM1 1AP on 17 May 2007, at 10.00 a.m. for the purpose of considering and, if thought fit, passing the following resolutions:

### Ordinary Resolutions

1. THAT the authorised share capital of the Company be increased from £2,000,000 consisting of 200,000,000 ordinary shares of £0.01 each to £3,500,000 consisting of 350,000,000 ordinary shares of £0.01 each, by the creation of 150,000,000 additional ordinary shares of £0.01 each, to rank *pari passu* with the existing issued ordinary share capital of the Company and having the rights and being subject to the obligations set out in the Company’s Articles of Association.
2. THAT the Company’s Memorandum of Association be altered by the deletion of the existing clause numbered 4 and the substitution therefor of the following clause to be numbered 4:  
  
“The share capital of the Company is £3,500,000 consisting of 350,000,000 ordinary shares of £0.01 each, having the rights and being subject to the obligations set out in the Company’s Articles of Association.”
3. THAT in revocation of any existing general authority granted to the Directors for the purposes of article 10.1 of the Articles of Association, the Directors be generally and unconditionally authorised in accordance with article 10.1 of the Company’s Articles of Association to exercise all the powers of the Company to allot ordinary shares of £0.01 each up to an aggregate nominal value equal to the authorised but unissued ordinary share capital of the Company (as such authorised share capital is increased pursuant to Resolution 1 above); 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.
4. THAT a final dividend of 4p per ordinary share in respect of the financial year ended 31 December 2006 be approved.

### Special Resolutions

5. THAT the provisions of Regulation 10.2 of the Company’s Articles of Association requiring ordinary shares proposed to be issued for cash first to be offered to the members in proportion as nearly as may be to the number of the existing shares held by them respectively be and it is hereby disapplied in relation to any allotment of ordinary shares pursuant to the authority in Resolution 3 above; and that the authority so granted to the Directors to allot ordinary shares by such disapplication expire (unless and to the extent previously revoked, varied or renewed by special resolution) at the conclusion of the next annual general meeting of the Company; provided that such 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 such authority expires.
6. THAT, a proportion not exceeding 20 per cent., as the High Court of Justice of the Isle of Man may approve, of the amount standing to the credit of the share premium account of the Company (including that share premium arising on the allotment of Ordinary Shares pursuant to the authorities sought in Resolutions 1 and 3 above) be, subject to the confirmation of the High Court of Justice of the Isle of Man, cancelled in accordance with section 57 of the Companies Act 1931 (Isle of Man).

*Registered office:*  
IOMA House  
Hope Street  
Douglas  
Isle of Man IM1 1AP

*By Order of the Board*  
P P Scales  
Company Secretary

Dated 24 April 2007

Notes:

1. A member who is entitled to attend and vote at the above-mentioned meeting is entitled to appoint a proxy or proxies to attend and, on a poll, vote instead of him or her in respect of such shares. A proxy need not be a member of the Company.
2. A Form of Proxy is enclosed which, to be valid, must be completed and delivered, together with the power of attorney or other authority (if any) under which it is signed (or a certified copy of such authority) to the Company's Registrar, IOMA Fund and Investment Management Limited, IOMA House, Hope Street, Douglas, Isle of Man IM1 1AP so as to arrive not later than 10.00 a.m. on 15 May 2007, being 48 hours before the time of the meeting.
3. Completion and return of a Form of Proxy does not preclude a member from attending and voting in person should they wish to do so.
4. The Company, pursuant to Regulation 22 of the Uncertificated Securities Regulations 2005 (Isle of Man), specifies that only those members registered in the register of members as at 10.00 a.m. on 15 May 2007 (or in the event that the meeting is adjourned, on the register of members 48 hours before the time of any adjournment meeting) shall be entitled to attend or vote at the meeting in respect of the ordinary shares registered in their name at that time. Changes to entries on the register of members after 10.00 a.m. on 15 May 2007 (or, in the event that the meeting is adjourned, on the register of members less than 48 hours before the time of any adjourned meeting) shall be disregarded in determining the rights of any person to attend or vote at the meeting.

