THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or as to the action you should take, you are recommended to immediately seek your own personal financial advice from an independent financial adviser authorised pursuant to the Financial Services and Markets Act 2000, who specialises in advising on the acquisition of shares and other securities.

This document is an admission document required by the rules of AIM, a market operated by the London Stock Exchange plc (the "London Stock Exchange"). This document does not constitute an offer to the public in accordance with the provisions of Section 85 of the Financial Services and Markets Act 2000 ("FSMA") as amended by the Prospectus Regulations 2005 and is not a prospectus as defined in the AIM Rules for Companies. Accordingly, this document has not been examined or approved by the Financial Services Authority in accordance with such rules. Copies of this document will be available free of charge to the public during normal business hours on any day (Saturdays, Sundays and public holidays excepted) at the offices of Maitland Advisory LLP, Berkshire House, 168-173 High Holborn, London WC1V 7AA, for a period of one month from the date of Admission.

The Directors, whose names appear on page 7 of this document, accept responsibility for all the information contained in this document. To the best of the knowledge and belief of 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 does not omit anything likely to affect the import of such information.

Application has been made for the entire issued and to be issued share capital of the Company to be admitted to trading on AIM. **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 United Kingdom Listing Authority. The AIM rules are less demanding than those of the Official List. It is emphasised that no application is being made for admission of the Ordinary Shares to the Official List. A prospective investor should be aware of the potential 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 adviser. Each AIM Company is required pursuant to the AIM Rules for Companies to have a nominated adviser. The nominated adviser is required to make a declaration to the London Stock Exchange on Admission in the form set out in Schedule Two of the AIM Rules for Nominated Advisers. The London Stock Exchange has not itself examined or approved the contents of this document. It is expected that Admission will take place, and dealings in the Ordinary Shares will commence on AIM, on 22 August 2007.**

The whole of this document should be read and, in particular, your attention is drawn to the section entitled "Risk Factors" in Part III of this document.

New Europe Property Investments plc

(Incorporated and registered in the Isle o f Man under the Isle o f Man Companies Act 2006 with registered number 001211V)

Placing of 12,877,200 ordinary shares of €0.01 each at €2 per share

Admission to trading on AIM

Nominated Adviser, Broker and Placing Agent

Smith & Williamson Corporate Finance Limited

Share capital immediately following Admission

Authorised			*Issued and fully paid*	
Number	Amount		Number	Amount
150,000,000	€1,500,000	ordinary shares of €0.01 each	12,877,201	€128,772

Smith & Williamson Corporate Finance Limited, which is authorised and regulated by the Financial Services Authority and is a member of the London Stock Exchange, is acting exclusively for the Company and no one else in connection with the Placing and the proposed Admission. Smith & Williamson Corporate Finance Limited will not regard any other person as its customer or be responsible to any other person for providing the protections afforded to customers of Smith & Williamson Corporate Finance Limited nor for providing advice in relation to the transactions and arrangements detailed in this document for which the Company and the Directors are solely responsible. The responsibilities of Smith & Williamson Corporate Finance Limited as the Company's nominated adviser and broker for the purposes of the AIM Rules are owed solely to the London Stock Exchange and are not owed to the Company or any Director or to any other person in respect of his decision to acquire Ordinary Shares in reliance on any part of this document. Smith & Williamson Corporate Finance Limited is not making any representation or warranty, express or implied, as to the contents of this document and accordingly, without limiting the statutory rights of any recipient of this document, no liability is accepted by it for the accuracy of any information or opinions contained in this document or for the omission of any material information for which it is not responsible.

This document does not constitute an offer to buy or to subscribe for, or the solicitation of an offer to buy or subscribe for, Placing Shares in any jurisdiction in which such offer or solicitation is unlawful. In particular the Placing Shares offered by this document have not been, and will not be, registered under the United States Securities Act of 1933 as amended (the "Securities Act") or qualified for sale under the laws of any state of the United States or under the applicable laws of any of Canada, Australia or Japan and, subject to certain exceptions, may not be offered or sold in the United States or to, or for the account or benefit of, US persons (as such term is defined in Regulation S under the Securities Act) or to any national, resident or citizen of Canada, Australia or Japan. Neither this document nor any copy of it may be distributed directly or indirectly to any persons with addresses in the United States of America (or any of its territories or possessions), Canada, Australia or Japan, or to any corporation, partnership or other entity created or organised under the laws thereof, or in any other country outside the United Kingdom where such distribution may lead to a breach of any legal or regulatory requirement.

The document will not be registered with the Registrar of Companies in South Africa. Any distribution of this document into South Africa will be undertaken by or on behalf of Fortress Asset Managers (Proprietary) Limited which has a financial services provider licence under the Financial Advisory and Intermediary Services Act 2002 of South Africa.

The Placing Shares will, on Admission, rank in full for all dividends or other distributions hereafter declared, made or paid in the ordinary share capital of the Company and will rank *pari passu* in all other respects with all other Ordinary Shares which will be in issue on Admission.

CONTENTS

PLACING STATISTICS

Placing Price per Ordinary Share	€2
Number of Ordinary Shares in issue before the Placing	1
Number of Placing Shares	12,877,200
Number of Ordinary Shares in issue following the Placing	12,877,201
Estimated net proceeds of the Placing receivable by the Company	€25.1 million
Estimated expenses of the Placing payable by the Company	€0.6 million
Market capitalisation of the Company at the Placing Price on Admission	€25.8 million
Placing Shares expressed as a percentage of the enlarged share capital	100 per cent.

EXPECTED PLACING AND ADMISSION TIMETABLE

Publication of this document	16 August 2007
Payment from Placees	20 August 2007
Admission effective and expected commencement of dealings in the Ordinary Shares on AIM	22 August 2007
CREST accounts credited (as applicable)	22 August 2007
Expected date of despatch of definitive share certificates (as applicable)	5 September 2007

DEFINITIONS

"2006 Act"	the Isle of Man Companies Act 2006 (as amended)
"Administration Agreement"	the agreement dated 15 August 2007 between the Company and the Administrator as described in paragraph 10.2 of Part IX of this document
"Administrator"	Maitland Services Limited
"Admission"	admission of the Ordinary Shares, issued and to be issued pursuant to the Placing, to trading on AIM becoming effective in accordance with the AIM Rules
"AIM"	the AIM market of the London Stock Exchange
"AIM Rules"	the rules of the London Stock Exchange from time to time which govern the admission to trading on and the operation of AIM
"Articles"	the articles of association of the Company, a summary of which is set out in paragraph 7 of Part IX of this document
"Board" or "Directors"	the board of directors of the Company, including a duly constituted committee thereof, as set out on page 7 of this document
"CBD"	central business district
"Class A"	refers to buildings characterised as having an excellent location and access, attracting high quality tenants, and which are managed professionally
"Class B"	refers to buildings that have good locations, management and construction, with high standards of tenants
"Company" or "NEPI"	New Europe Property Investments plc, incorporated in the Isle of Man
"Concert Party"	those persons assumed to be acting in concert for the purposes of the Placing and Admission and whose names are set out in paragraph 6.18 of Part IX of this document
"CREST"	the relevant system (as defined in the CREST Regulations) for the paperless settlement of share transfers and the holding of shares in uncertificated form in respect of which Euroclear is the operator (as defined in CREST Regulations) in accordance with which securities may be held and transferred in uncertificated form
"Euroclear"	Euroclear UK & Ireland Limited, a company incorporated under the laws of England and Wales and the operator of CREST
"CREST Regulations"	the Isle of Man Uncertificated Securities Regulations 2006
"CREST Settlement Agent"	Computershare Investor Services (Channel Islands) Limited or such other CREST accredited agent as may be appointed by the Company from time to time
"Diversified"	Diversified Property Fund Limited
"EU"	European Union
"Euro" or "€"	the lawful common currency from time to time of participating member states of the European Union

"Financial Services Authority" or "FSA"	the UK Financial Services Authority
"Fortress"	Fortress Asset Managers (Proprietary) Limited, a limited liability company incorporated in South Africa under registration number: 2001/015523/07, being a wholly owned subsidiary of Diversified Property Fund Limited
"FSMA"	the UK Financial Services and Markets Act 2000 (as amended)
"GDP"	gross domestic product
"Gross Return"	consolidated gross rental income from investments
"Group"	the Company and its subsidiaries from time to time
"Investment Advisory Agreement"	the agreement dated 15 August 2007 between the Company and the Investment Adviser as described in paragraph 11 of Part IX of this document
"Investment Adviser" or "NEPM"	NEPI Investment Management Limited, incorporated in the British Virgin Islands
"Law"	the Isle of Man Companies Act 1931 to 2004 and Isle of Man Companies Act 2006 and subordinate legislation made thereunder and every modification or re-enactment thereof for the time being in force
"London Stock Exchange"	the London Stock Exchange plc
"Memorandum"	the memorandum of association of the Company
"NEP (BVI)"	New Europe Property (BVI) Limited, a subsidiary of the Company incorporated in the British Virgin Islands
"Net Asset Value" or "NAV"	the net asset value of the Company from time to time as calculated by the Investment Adviser
"Net Asset Value per Share"	the Net Asset Value divided by the number of Ordinary Shares in issue from time to time
"Nominated Adviser" or "Broker" or "Smith & Williamson"	Smith & Williamson Corporate Finance Limited
"Nominated Adviser and Broker Agreement"	the agreement dated 15 August 2007 between the Company and Smith & Williamson as described in paragraph 10.3 of Part IX of this document
"Official List"	the Official List of the UK Listing Authority
"Ordinary Shares" or "Shares"	ordinary shares of €0.01 each in the capital of the Company
"Panel"	the Panel on Takeovers and Mergers
"Placees"	those persons subscribing for Placing Shares at the Placing Price pursuant to the Placing
"Placing"	the proposed placing by Smith & Williamson on behalf of the Company of up to 12,877,200 Ordinary Shares at the Placing Price pursuant to the Placing Agreement
"Placing Agreement"	the conditional agreement dated 15 August 2007 between the Company, the Directors, the Investment Adviser and Smith & Williamson relating to the Placing, as described in paragraph 10.1 of Part IX of this document
"Placing Price"	€2 per Placing Share
"Placing Shares"	up to 12,877,200 Ordinary Shares to be issued at the Placing Price by the Company pursuant to the Placing

"REIT"	Real Estate Investment Trust
"RON"	new Romanian Leu, the lawful currency of Romania
"Second Tranche Placing"	an irrevocable commitment from certain of the Placees to subscribe for, at the option of the Company, up to 13,917,800 additional Ordinary Shares in the Company at the Placing Price, which may be required to be subscribed for in up to five tranches, at any time prior to 31 December 2007 and in each case upon 14 days' notice by the Company
"Shareholders"	holders of Ordinary Shares
"SPV"	special purpose vehicle
"Sterling" or "£"	pounds sterling, the lawful currency of Great Britain
"Substantially Invested"	when an amount equal to 80 per cent. of the net proceeds of the Placing has been invested
"Takeover Code"	the City Code on Takeovers and Mergers
"UK" or "United Kingdom"	the United Kingdom of Great Britain and Northern Ireland
"UK Listing Authority"	the Financial Services Authority acting in its capacity as the competent authority for the purposes of Part VI of FSMA
"uncertificated" or "in uncertificated form"	recorded on the register of Ordinary Shares as being held in uncertificated form in CREST, entitlement to which, by virtue of the CREST Regulations, may be transferred by means of CREST
"US" or "United States"	United States of America, its territories and possessions, any state of the United States and the District of Columbia

DIRECTORS AND ADVISERS

Directors

Peter Francis Gray *Non-executive Chairman*
Michael John Mills *Non-executive Director*
Dewald Lambertus Joubert *Non-executive Director*
Martin Johannes Christoffel Slabbert *Non-executive Director*

all of the Company's registered office below

Company Secretary

Cornelius Eduard Cassell

Registered Office

Falcon Cliff, Palace Road
Douglas
Isle of Man IM2 4LB

Nominated Adviser, Broker and Placing Agent

Smith & Williamson Corporate Finance Limited
25 Moorgate
London EC2R 6AY

Investment Adviser

NEPI Investment Management Limited
Midocean Chambers
PO Box 805, Road Town,
Tortola, British Virgin Islands

UK and Isle of Man Legal Adviser to the Company

Maitland Advisory LLP
Berkshire House
168-173 High Holborn
London WC1V 7AA

Romanian Legal Adviser to the Company

Reff & Associates SCA
4-8 Nicolae Titulescu Road
East Entrance, 3rd Floor
Sector 1, 011141 Bucharest

Auditors and Reporting Accountants

KPMG Audit LLC
Heritage Court, 41 Athol Street
Douglas
Isle of Man IM99 1HM

Solicitors to the Placing

Maclay Murray & Spens LLP
One London Wall
EC2Y 5AB

Administrator and Registrar

Maitland Services Limited
Falcon Cliff, Palace Road
Douglas
Isle of Man IM2 4LB

CREST Settlement Agent

Computershare Investor Services
(Channel Islands) Limited
Ordnance House
PO Box 83, 31 Pier Road
St Helier
Jersey JE4 8PW

PART I

KEY INFORMATION

The following is derived from, and should be read in conjunction with, the full text of this document and prospective investors should read the whole document and not just rely on the key information set out below. In particular, attention is drawn to Part III of this document which is entitled "Risk Factors".

The Company

The Company is a newly incorporated Isle of Man company established to invest primarily in the high quality office, retail and industrial property market initially in Romania and thereafter in other Central and Eastern European countries. The Company's objective is to provide Shareholders with an opportunity to invest in a dividend paying, long term closed-ended fund that could serve as a vehicle for institutional investors seeking Central and Eastern European investment opportunities that yield stable absolute returns and portfolio diversification. The Company will have a long term Investment Advisory Agreement with its Investment Adviser which is expected to be in place for at least 20 years.

The Company proposes to raise up to €25.8 million (before expenses) pursuant to the Placing. The Company will issue one class of Euro-denominated Ordinary Shares for which application has been made for Admission to trading on AIM.

The Investment Adviser

The Investment Adviser is a British Virgin Islands incorporated company set up specifically to provide investment advisory services to the Group. The Investment Adviser will provide investment advisory services to the Group on the terms of the Investment Advisory Agreement, further details of which are set out in Part V and paragraph 11 of Part IX of this document. The Investment Advisory Agreement is intended to be a long term contract and is terminable on one year's notice but only after an initial period of 20 years.

Background to the Romanian Property Market

Good economic performance during the last five years has had a positive impact on the demand for high quality property in Romania. As a result the development market has attracted large regional developers and investors, some of which are starting to deliver their second investment-grade office, retail and industrial projects.

Bucharest is still undersupplied in terms of quality office space compared to other markets in Central and Eastern Europe. At the end of 2006, the total amount of Bucharest's modern Class A and B office stock stood at 680,000 m^2. Rental yields have compressed dramatically in the last few years from over 12.5 per cent. for prime office space in 2003 to below seven per cent. at the end of 2006. Prime yields are expected to compress further over the short to medium term to match those in the more established markets of Central and Eastern European countries which have been part of the EU for longer than Romania.

The first Romanian modern shopping mall was opened in Bucharest in 1999. At the beginning of 2006, only six out of 39 cities with more than 60,000 inhabitants had malls. Over the next two years commercial development is expected to result in 22 cities having at least one mall. Existing shopping centres have a very low vacancy rate, with developers enjoying waiting lists for space becoming available.

The industrial real estate segment is still an emerging market with limited modern schemes, most of them developed on a "built-to-suit" basis. Total modern industrial stock in Bucharest at the end of 2006 was estimated at 290,000m^2. Developers have initiated relatively large investment projects which are expected to introduce up to 600,000m^2 of warehouse space by the end of 2008.

Demand for industrial properties is driven by international and domestic companies operating in the logistics, storage, wholesale, fast moving consumer goods and manufacturing sectors. Demand for logistics facilities continues to be high relative to interest in warehouse and production properties.

Investment Strategy

The Group will initially focus on investing in Romania. The Group's investments will include investments in income producing high quality office, retail, industrial and logistics properties. These types of investments will include, but will not be limited to, sale and leaseback transactions and acquisitions of single properties or portfolios of multiple properties. Investment opportunities will also be sought in development property (which may include establishing joint ventures with developers) to the extent to which these investments can be structured to allocate the majority of the development risk and/or risks related to leasing the assets to the developer or another third party. Up to 5 per cent. of the Group's investments may be in land which is yet to be developed and up to a further 5 per cent. of the Group's investments may be in assets that are not income producing at the time of acquisition, but which can be converted and/or refurbished post acquisition to become income producing.

Although the Group's initial investment focus will be mainly on Romania, in due course the Group will also consider investment opportunities elsewhere in Central and Eastern Europe. The Company will seek to achieve a wide exposure to different tenants so as to diversify risk. Investments will be made with a view to holding the investments in the long term and to optimise income in a sustainable manner.

Investment Adviser Incentive Scheme

The Company has agreed to provide up to 5 per cent. of its issued share capital from time to time for purchase by, or on behalf, of the directors, officers and employees of the Investment Adviser at the prevailing market price at the relevant time in order to align their interests with those of the Company's shareholders. The Company will make available commercial loans to or for the benefit of the designated directors, officers and employees at a commercial rate of interest and normally for a term of ten years to assist them to purchase the Shares. The Company will hold such Shares as security for the loans granted. Further information on the incentive scheme is set out in paragraph 12 of Part IX of this document. Further details of the incentive scheme will be agreed between the Board of the Company and the Investment Adviser following Admission.

Second Tranche Placing

Under the terms of the Placing, a number of the Placees have agreed to subscribe for further Shares at the Company's option. The relevant Placees have irrevocably committed to subscribe for up to 13,917,800 Ordinary Shares in the Company at the Placing Price, in addition to the Shares being subscribed for pursuant to the Placing. The Company has the option to draw down these additional funds no later than 31 December 2007, in up to five tranches, each tranche to be in aggregate for a minimum of €5,000,000 and in each case by giving the relevant Placees no less than 14 days' notice.

Bank Borrowings

The terms of the Group's bank borrowings will be determined on a project by project basis and the Group will be advised by the Investment Adviser in this regard. It is anticipated that property acquisitions will be made primarily through SPVs and that borrowing may also be undertaken separately by each SPV. The Group retains the flexibility to borrow up to 75 per cent. of acquisition values of the properties in which it invests. It is the intention of the Group that acquisitions will be optimally geared and protection will be acquired against unforeseen increases in short term interest rates.

Dividend Policy

The Company's objective is to provide Shareholders with an attractive dividend paying investment vehicle that yields stable returns. It is the Company's intention to distribute to Shareholders at least 90 per cent. of its revenue profits on a semi-annual basis, subject to compliance with the relevant laws which will govern the Group's SPVs. Capital profits derived from asset disposals will be re-invested. The Company expects to declare and pay any dividends in Euros, the Company's functional currency. The Group will not enter into any hedging arrangements in connection with any dividend payments.

Risk Factors

Investment in the Company is expected to be long term and consistent with the Investment Advisory Agreement. Potential investors should consider carefully the risk factors set out in Part III of this document, together with all the other information set out in this document and their own circumstances, before deciding to invest in the Company.

PART II

BACKGROUND TO INVESTMENT REGION AND SECTOR

Certain information contained in this section has been sourced from information published by third parties. The Company believes that this information has been accurately reproduced and, as far as the Company is aware and is able to ascertain from information published by such third parties, no facts have been omitted that would render the reproduced information inaccurate or misleading.

The Opportunity

The Investment Adviser believes this is an advantageous time to launch a real estate company initially targeted at Romania for the following reasons:

- the relative immaturity of the Romanian property market provides an excellent opportunity for real estate investment and the active management of assets to increase their value;
- Romania is experiencing increasing demand for sophisticated office, retail and industrial property on a scale which significantly outstrips supply;
- strong economic performance in Romania has attracted regional developers and investors, some of which are now starting to deliver a second wave of investment-grade office, retail and industrial projects, on a much greater scale;
- the recent accession of Romania to the EU has encouraged economic stability and improved economic growth;
- convergence of Romania's economy towards European standards;
- an expected boom in public investment in Romania due to access to EU funding;
- progress with institutional reforms including infrastructure and banking reforms, and increased privatisation;
- hard currency (Euro) based rental agreements at yields that are attractive by comparison to other European countries;
- rising inflows of foreign direct investment into Romania; and
- the easing of restrictions relating to free travel within the EU means it is now easier for other EU nationals to travel to Romania.

The Company also intends to invest in other Central and Eastern European countries or other countries that offer Euro based rentals where appropriate.

Overview of the Romanian Real Estate Investment Market

Good economic performance during the last five years has had a positive impact on the demand for high quality property in Romania. As a result the development market has attracted large regional developers and investors, some of which are starting to deliver their second investment-grade office, retail and industrial projects.

Office premises

Bucharest is still undersupplied in terms of quality office space compared to other markets in Central and Eastern Europe. At the end of 2006, the total amount of Bucharest's modern Class A and B office stock stood at 680,000m^2. Parking represents a problem, particularly in the CBD area. The parking ratio ranges between 1/40m^2 and 1/100m^2 or even no parking at all for older buildings.

Rental yields have compressed dramatically in the last few years from over 12.5 per cent. for prime office space in 2003 to below 7 per cent. at the end of 2006. Prime yields are expected to compress further over the short to medium term to match those in the more established markets of Central and Eastern European countries which have been part of the EU for longer than Romania.

Retail property

The first Romanian modern shopping mall was opened in Bucharest in 1999. At the beginning of 2006, only six out of 39 cities with more than 60,000 inhabitants had malls. Over the next two years commercial development is expected to result in 22 cities having at least one mall. Existing shopping centres have a very low vacancy rate, with developers enjoying waiting lists for space becoming available.

Prime monthly rents in shopping malls are usually between €35/m^2 and €40/m^2 for units larger than 150 m^2 (excluding large stores, supermarkets and anchors) or between €45/m^2 and €55/m^2 for units smaller than 150m^2. Monthly rents in retail warehouses are typically at €7/m^2 to €8/m^2, peaking at around €10/m^2. The rental yields for retail premises are estimated to be slightly higher than for prime office premises, ranging between 7 per cent. and 9 per cent. in 2007.

Industrial facilities

The industrial real estate segment is still an emerging market with limited modern schemes, most of them developed on a "built-to-suit" basis. Total modern industrial stock in Bucharest at the end of 2006 was estimated at 290,000m^2. Developers have initiated relatively large investment projects that are expected to introduce up to 600,000m^2 of warehouse space by the end of 2008.

Demand for industrial properties is driven by international and domestic companies operating in the logistics, storage, wholesale, fast moving consumer goods and manufacturing sectors. Demand for logistics facilities continues to be high relative to interest in warehouse and production properties. Vacancy rates at the end of 2006 were less than 2 per cent. for new premises in Bucharest but increased to 20 per cent. for old refurbished premises.

Current monthly rents for new supply range between €4.5/m^2 and €6.0/m^2. Industrial facilities trade at rental yields ranging between 8.5 and 9.0 per cent.

Romania compared to other Central and Eastern European property markets

Bucharest is still undersupplied in terms of quality office space compared to other markets in Central and Eastern Europe. Romania comes from a relatively lower base than other countries such as the Czech and Slovak Republics, Hungary, Poland and Slovenia.

Some of the former communist states, notably the Czech and Slovak Republics, Hungary, Poland and Slovenia, which joined the European Union prior to 2007, have recently experienced much higher economic growth rates than older European countries including the UK, France and Germany. These countries have been transformed prior to and after accession to the European Union, and continue to experience high growth rates.

Romania has taken much longer to join the European Union but has, since 2002, been on a similarly high (and in some cases higher) economic growth path. Romania can therefore be said, in terms of economic growth, to be behind the countries that acceded earlier by between five and ten years.

The Investment Adviser believes that other, smaller markets such as Croatia (currently in accession discussions), Serbia and Moldova, and also larger markets such as the Ukraine, also present good investment opportunities, with differing risk profiles.

Romanian Background

Romania is situated in south-eastern Europe, just north of the Balkan Peninsula. With an area of 238,391km^2, Romania is the second largest country in Central and Eastern Europe and the twelfth largest in Europe. Romania borders Hungary and Serbia to the west, the Ukraine and Moldova to the northeast, Bulgaria to the south, and has a stretch of sea coast along the Black Sea also to the west.

Romania has a population of approximately 21.7 million making it the seventh largest country by population in the European Union. 55 per cent. of Romania's population live in urban areas. The country has 46 cities with populations of more than 50,000 inhabitants including ten cities with populations of more than 200,000 inhabitants. Bucharest is the largest city with an official population of 1.9 million people.

History and Political Structure

Formerly a Communist one-party system, Romania became a parliamentary republic with a multiple-party democracy after the December 1989 revolution. Presidents are elected for five-year terms while the bicameral Parliament is elected for four-year terms. The latest elections, held in November 2004, brought to power the centre-right sector of the political spectrum. The current coalition government is led by the National Liberal Party and the Hungarian Democratic Union. The President, Traian Basescu, is the former leader of the Democratic Party.

Romania is divided into 41 counties as well as the municipality of Bucharest, which has its own administrative unit. Each county is administered by a county council responsible for local affairs, as well as a prefect who is appointed by the central government but cannot be a member of any political party. Alongside the county structure, Romania is also divided into eight development regions that have no administrative structure, but are used for co-ordinating regional development projects and for statistical purposes.

Overview of the Romanian Economy

At the end of the 1980s, the Romanian economic system was one of the most tightly controlled and centralised in all the former communist countries. The collapse of the communist system in 1989 resulted in a Romanian industry with no real knowledge of market economy or management. This led to the collapse of industry and agriculture, which relied heavily on the state and on detailed planning.

The new government introduced structural changes for a swift transition to a market economy, by turning some state enterprises into commercial companies and by starting a free market for products other than food. It took approximately ten years for these changes to achieve sufficient critical mass to generate healthy economic growth from 2000 onwards.

In addition to its EU membership, Romania is a member of the World Trade Organization, the Central European Free Trade Agreement and the North Atlantic Treaty Organisation. The country has achieved good macro economic results over the past few years which have been reflected in its re-rating to investment grade in 2006. Romania's economic performance and gradual upgrading by rating agencies have been reflected in a pronounced fall in risk premiums for Romanian government bonds traded on the international capital markets, from approximately 3 per cent. in 2003 to approximately 0.5 per cent. in 2006.

At an average of 5.5 per cent. per annum, economic growth has been high over the last five years. Following a peak of 8.3 per cent. in 2004, growth slowed to 4.0 per cent. in 2005 due to the dampening effects of devastating floods and tighter fiscal and monetary policies designed to bring down inflation, but picked up again in 2006 to an estimated 7.8 per cent.. Because of the relative appreciation of the RON, growth reflected in Euro terms appears much higher; Romanian GDP doubled in Euro terms during 2003 to 2006.

At 4.9 per cent. in 2006, the year-end inflation rate exceeded Maastricht criteria for EU membership. Inflation is expected to decrease over the next few years.

The RON has registered a continuous real appreciation against the major currencies since 1999. Large foreign-exchange inflows, encouraged by capital-account liberalisation and a generally positive view of Romania's prospects, led to a nominal appreciation of the domestic currency in 2004, 2005 and 2006, despite comparatively high inflation registered during the same period. The target for adoption of the Euro is 2014, although the European Central Bank is insisting that Romania set a more ambitious target, considering that inflation is the only Maastricht criterion that is not yet met.

Key Growth Factors

In the context of its preparations for EU membership, Romania has made progress with institutional reforms. Privatisation is nearly complete, and the infrastructure and banking reforms are well advanced. Goods markets and merchandise trade have also been liberalised. Public investment is expected to experience a boom fuelled by inflows from the EU budget (some of the most important criteria for allocation of a large part of the budget represent the number of inhabitants and the GDP per capita; Romania is very well positioned in both of these criteria). Private investment activity is expected to remain strong, as new and modernised production facilities commence operations, supported by rising inflows of foreign direct investment. In the absence of major external shocks and provided that the institutional reforms continue at least at the same pace, it has been reported that medium-term economic growth of 5 per cent. per annum is probable.

The government has taken several other steps to improve the business environment, including new approval procedures and registration procedures as well as the adoption of laws that are designed to protect business creditors and customers.

Romania benefits from a strategic geographic situation, an educated low-cost labour pool, a dynamic enterprise sector and good energy and agricultural resources.

PART III

RISK FACTORS

In addition to the other relevant information set out in this document, the following specific factors should be considered carefully in evaluating whether to make an investment in the Company. If you are in any doubt about the contents of this document or the action you should take, you are strongly recommended to consult a professional adviser authorised under FSMA who specialises in advising on the acquisition of shares and other securities.

The Directors believe the following risks to be the most significant for potential investors. The risks listed, however, do not necessarily comprise all those associated with an investment in the Company and are not intended to be presented in any assumed order of priority. In particular, the Company's performance may be affected by changes in legal, regulatory and tax requirements in any of the jurisdictions in which it or its subsidiary companies operate or intend to operate as well as overall global financial conditions.

This is a high risk investment and investors may lose a substantial portion or even all of the money they invest in the Company. An investment in the Company is, therefore, suitable only for financially sophisticated investors who are capable of evaluating the risks and merits of such investment and who have sufficient resources to bear any loss that might result from such investment. If you are in any doubt about the contents of this document you should consult an independent financial adviser authorised under FSMA.

Investors should also take their own tax advice as to the consequences of their owning shares in the Company as well as receiving returns from it. No representation or warranty, express or implied, is given to investors as to the tax consequences of their acquiring, owning or disposing of any shares in the Company and neither the Company, the Directors, the Investment Adviser nor Smith & Williamson will be responsible for any tax consequences for any such investors.

Prospective investors should consider carefully whether an investment in the Company is suitable in view of their personal circumstances and financial resources.

Business and Industry Risks

New company

The Company was incorporated on 23 July 2007 and has no operating history. The Company is subject to all of the business risks and uncertainties associated with any new business enterprise, including the risk that the Company will not achieve its investment objective and that the value of a Shareholder's investment in the Company could decline substantially. There can be no assurance that the Company will be able to achieve any of the returns referred to in this document. The Company may be unable to find a suitable number of attractive opportunities to meet its investment objectives and those that are or have been identified may not be completed. Shareholders will be relying on the ability of the Investment Adviser to identify, negotiate and structure the investments to be made by the Company.

Management

The Company's success will depend to a significant extent on the Investment Adviser, which is a newly incorporated entity, with no operating history or track record as an investment adviser. The Company's ability to achieve its investment objectives will depend on the ability of the Investment Adviser to identify, analyse, invest in and manage investments that meet the Company's investment criteria and to execute them effectively, and thereafter the ability of the Company to find appropriate exit strategies in a timely fashion. Accomplishing this result on a cost-effective basis will be largely a function of the Investment Adviser's structuring of the investment process, its ability to provide or source competent, attentive and efficient services to the Group and, if applicable, the Group's access to financing on acceptable terms.

Unusual duration and terms of the Investment Advisory Agreement

The Investment Advisory Agreement is mutually exclusive and is terminable on one year's notice but only after an initial period of 20 years. Concentration of the management of the Group's investments with one service provider could adversely affect the Group in the event that the Investment Adviser fails to fulfill its function effectively or at all.

The circumstances in which the Company can terminate the Investment Advisory Agreement prior to the end of its initial 20 year term are strictly limited. This would mean that if the Company wished to terminate early (for example, if the property market in Romania and the other relevant countries became unattractive for investment), the Investment Adviser would be entitled to substantial compensation. The Company retains the right to terminate the Investment Advisory Agreement in the event of material breach or poor performance as defined in the Investment Advisory Agreement (measured over a 24 month period). The long term nature of the Investment Advisory Agreement may restrict the market in the Company's shares.

The Investment Advisory Agreement can be terminated early at the option of the Investment Adviser if the Company is taken over. This may discourage potential acquirors from making a takeover offer for the Company.

The key terms of the Investment Advisory Agreement are summarised in paragraph 11 of Part IX of this document and your attention is drawn to that paragraph.

No regulation

The Investment Adviser is not (nor are its personnel) subject to regulation by the Financial Services Authority in the UK. Accordingly, the Investment Adviser will not be subject to the requirements applicable to persons who are authorised by the Financial Services Authority to provide investment management and similar services in the United Kingdom. Furthermore, the activities of the Investment Adviser are not subject to any regulation, supervision or oversight by any regulator or supervisory body in Romania.

Key person

The Company's success will depend to a significant extent upon the experience of the Investment Adviser's executive officers whose continued service is not guaranteed. The departure of one or more key executives of the Investment Adviser could have a material and adverse effect on the performance of the Company. The Investment Advisory Agreement is not terminable in the event of the loss of service of any one or more individuals although the Investment Adviser is obliged to ensure that is has appropriately qualified staff.

Difficulty of identifying and securing suitable investments

The activity of identifying and securing attractive investments may be highly competitive and involve a high degree of uncertainty. The Company will be competing for investments with other real estate investment vehicles, as well as individuals, financial institutions and other institutional investors. Due to recent strong economic performance, a number of real estate funds have been formed over the past few years for the purpose of investing in Romanian and other Central and Eastern European office, retail and industrial real estate assets, and additional funds with similar investment objectives may be formed in the future. There can be no assurance that the Company will be able to identify and secure investments that satisfy its rate of return objective or realise their values or that it will be able to fully invest its available capital.

Availability of investment opportunities

The availability of potential investments that meet the Company's investment criteria will depend on the state of the economy and financial markets in Romania. The Company can offer no assurance that it will be able to identify and make investments that are consistent with its investment criteria or rate of return targets, or that it will be able to fully invest its available capital.

The investment opportunities identified by the Investment Adviser as being in its pipeline are in the process of due diligence and/or negotiation or discussion. There is no guarantee that these investment opportunities will continue to be available in the future at a time or in a form which is convenient for the Company or that the Company will or will be able to invest in these opportunities. The inability to find or agree terms of such investment opportunities could have a materially adverse effect on the financial position and prospects of the Company.

There is also no guarantee of success with regard to the uninvested proceeds of the Placing and the uninvested portions of any further funds received by the Company. There can be no assurance for the success of investments in appropriate listed properties securities, the offshore REIT fund managed by Fortress, or appropriate liquid money market instruments.

Romanian and other legal systems and enforcement

Romanian and other Central and Eastern European law may govern some of the Company's material agreements. It cannot be guaranteed that the Company will be able to enforce any of its material agreements (or any other agreements entered into on its behalf) in Romania or that remedies will be available outside of Romania.

The Romanian legal system is a civil law system based on written statutes. Unlike common law systems, the Romanian legal system does not recognise case law or judicial precedent as a source of legal rules. Any developments in the Romanian legal system, including the promulgation of new laws, changes to existing laws or the interpretation or enforcement thereof, or the pre-emption of national laws by international treaties and EU law, could materially affect the structure and stability of the main laws and regulations in place for property matters.

Romania's economic, political and social conditions

The Company's return on its investments and prospects are subject to economic, political and social developments in Romania and the Central and Eastern European region in general. In particular, the Company's return on its investments may be adversely affected by:

- changes in Romania's and/or other Central and Eastern European countries' political, economic and social conditions;
- changes in policies of the government or changes in laws and regulations, or the interpretation of laws and regulations;
- changes in foreign exchange regulations;
- measures that may be introduced to control inflation, such as interest rate increases; and
- changes in the rate or method of taxation.

The Company's investments, as well as its future prospects, would be materially and adversely affected by an economic downturn in Romania and in the Central and Eastern European region in general. The financial operations of the Company may also be adversely affected by the performance and changing financial conditions of any parties doing business with the Company.

Controlling person liability

The Company may have controlling interests in some of its investments through SPVs or may own such properties directly. The exercise of control over an entity (or the property itself) can impose additional risks of liability for environmental damage, failure to supervise management, violation of government regulations (including securities laws) or other types of liability in which the limited liability characteristic of business ownership may be ignored. If such liabilities were to arise, the Company might suffer a significant loss.

Development risk

While it is the intention of the Directors to minimise the extent to which the Company is exposed to development risk, in certain circumstances the Company may be involved in development projects and the returns on the Ordinary Shares may therefore be subject to some extent to the risks associated with the development of real estate projects.

Economic risk

Any future property market recession could materially adversely affect the value of properties. Returns from an investment in property depend largely upon the amount of rental income generated from the property and the costs and expenses incurred in the maintenance and management of the property, as well as upon changes in its market value. Rental income and the market value for properties are generally affected by overall conditions in the economy, such as growth in gross domestic product, employment trends, inflation and changes of interest rates. Government authorities at all levels are actively involved in the promulgation and enforcement of regulations relating to taxation, land use and zoning and planning restrictions, environmental protection and safety and other matters. The institution and enforcement of such regulations could have the effect of increasing the expense and lowering the income or rate of return from, as well as adversely affecting the value of, the Company's property portfolio.

Property risk

Property and property related assets are inherently difficult to value due to the individual nature of each property and the fact there is not necessarily a liquid market or price mechanism. As a result, valuations may be subject to substantial uncertainty. There is no assurance that the estimates resulting from the valuation process will reflect the actual sales price even where such sales occur shortly after the valuation date. The performance of the Company would be adversely affected by a downturn in the relevant property market in terms of capital value.

Market values and rental income for properties owned by the Company will be generally affected by supply and demand for properties, which in turn may be affected by overall conditions in the Romanian and other Central and Eastern European economies, such as growth in gross domestic product, employment trends, inflation and changes in interest rates. Changes in gross domestic product may also impact employment levels, which in turn may impact the demand for premises.

Both property values and rental income may also be affected by other factors specific to the real estate market, such as competition from other property owners, or the perceptions of prospective buyers or tenants of the attractiveness, convenience and safety of the properties.

In circumstances where the Company provides a deposit in respect of a property purchase (or an option to purchase property), the Company may be liable to forfeit such deposit to the extent that it is not able to pay the outstanding balance in relation to the purchase. Any such forfeiture may adversely affect the Company's NAV and therefore the value of Ordinary Shares.

Investments in properties are relatively illiquid and more difficult to realise than equities or bonds.

The Company intends to perform NAV valuations annually. The price of the Company's shares may not accurately reflect the value of its underlying assets at or between valuations.

Unsuccessful transaction costs

There is a risk that the Company may incur substantial legal, financial and other advisory expenses arising from unsuccessful transactions which may include expenses incurred in dealing with transaction documentation and legal, accounting and other due diligence.

Concentration risk

The Company's investments in property assets and their tenants may be concentrated. However, the Company will seek to manage down concentration risk in relation to specific properties and tenants as the Company's investments increase.

Land and property ownership rights

Whilst the Company will use all reasonable endeavours to operate property owning structures that comply with relevant laws and regulations (as well as tax provisions) relating to land and property ownership by foreign companies as well as with a view to mitigating the tax effect of local tax regulations, there can be no guarantee that in the future the countries in which the Company operates and/or invests will not adopt laws and regulations which may adversely impact on the Company's ability to own and operate land and property and the returns thereon. Accordingly, in such circumstances, the returns to the Company may be materially and adversely affected.

Regulatory regime and permits

The profitability of the Company will be in part dependent upon the continuation of a favourable regulatory climate with respect to its investments. The failure to obtain or to continue to comply with all necessary approvals, licences or permits, including renewals thereof or modifications thereto, may adversely affect the Company's performance, as could delays caused in obtaining such consents due to objections from third parties.

Potential environmental liability

Under various laws and regulations, an owner of property may be liable for the costs of removal or remediation of certain hazardous or toxic substances on or in such property. Such laws often impose such liability without regard to whether the owner knew of, or was responsible for the presence or removal of, these substances. The owner's liability as to any property is generally not limited under such laws and could exceed the value of the property and/or the aggregate assets of the owner. The presence of such substances, or the failure to properly remediate contamination from such substances, may adversely affect the owner's ability to sell the real estate or to borrow funds using such property as collateral, which could have an adverse effect on any return from such investment.

Currency exchange rates risk

The Company anticipates that the net proceeds of the placing will be denominated in Euros and that its business will mainly be conducted in jurisdictions that will generate revenue, expenses and liabilities substantially in Euros. To the extent that this is not the case, the Company may be subject to the effects of exchange rate fluctuations with respect to any currencies other than the Euro. This risk may be mitigated to some extent where the relevant country's currency is pegged to the Euro.

Tax related risks

There may, in certain circumstances, be withholding or other taxes on the profits or other returns derived from the Company's investments which may change from time to time and which could have a material and adverse affect on the Company's performance.

The tax regimes applying in the countries in which the Company operates and/or invests may change, thereby affecting the tax treatment of the Company and/or its SPVs in these jurisdictions. Further information on taxation is set out in Part VIII of this document.

Corruption in the Company's target market

Corruption or any distortion of official processes within territories where the Company makes investments may negatively affect those economies and therefore could have an adverse impact on the Company's performance.

Joint venture risk

The Company may establish joint ventures with other entities in order to purchase or develop any property. To the extent that this is the case, the Company's position may be compromised by circumstances affecting the joint venture partner, such as insolvency or litigation, or in the event of disagreement with the joint venture partner on investment strategy.

Illiquidity of the property market

The property market is affected by many factors, such as general economic conditions, availability of financing, interest rates and other factors, including investor/buyer supply and demand, that are beyond the Company's control. The Company cannot predict whether any member of the Group which owns property will be able to sell that property for the price or on the terms set by it, or whether the price or other terms offered by a prospective purchaser would be acceptable to it. Nor can the Company predict the length of time needed to find a willing purchaser and to complete the sale of a property. The Group may be required to expend funds to refurbish or to make improvements before a property can be sold. The Company cannot be certain that the Group will have funds available to correct such defects or to make such improvements.

Impact of law and governmental regulation

The Company and developers with whom it deals will need to comply with laws and regulations relating to planning, land use and development standards. The institution and enforcement of such laws and regulations could have the effect of increasing the expense and lowering the income or rate of return from, as well as adversely affecting the value of, the Company's property portfolio. Changes in laws relating to ownership of land could have an adverse effect on the value of Ordinary Shares. New laws may be introduced which may be retrospective and affect environmental planning, land use and development regulations.

The Company could be adversely affected by delays in, or a refusal to grant, any required governmental approval for any particular investment, as well as by the application to the Company of any legal or administrative restriction on making investments.

The legal systems of the countries in which the Company intends to invest may also not afford the Company the same level of certainty in relation to issues such as title to property-related rights as may be achieved in more developed markets. Enforcement of legal rights may prove expensive and difficult to achieve.

Risks Relating to the Ordinary Shares

AIM

The Ordinary Shares will be admitted to AIM and it is emphasised that at this time no application is being made for admission of the Ordinary Shares to the Official List or to any other stock exchange. An investment in shares quoted on AIM may be less liquid and may carry a higher risk than an investment in shares quoted on the Official List. The rules of AIM are less demanding than those of the Official List. Further, the London Stock Exchange has not itself examined or approved the contents of this document. 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 adviser.

The market price of the Ordinary Shares may be subject to wide fluctuations in response to many factors, including variations in the operating results of the Company, divergence in financial results from analysts' expectations, changes in earnings estimates by stock market analysts, general economic conditions, overall market or sector sentiment, legislative changes in the Company's sector and other events and factors outside of the Company's control.

Stock markets have from time to time experienced severe price and volume fluctuations, a recurrence of which could adversely affect the market price for the Ordinary Shares.

Dividends

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

The timing and extent of future payment of dividends will be dependent, *inter alia*, on: the speed and extent to which the Group invests the net proceeds of the Placing; the cost and timing of property acquisitions; the timing and quantum of the investments made or joint ventures entered into by the Company; the ability of the Company to secure debt finance on appropriate terms to assist in the acquisition of the properties; changes in the taxation rates and/or rates applicable to the income receipts of and/or the payment of distributions by the Company and/or the companies in which it has invested; and the decisions taken by the Board with regard to the divestment of properties acquired by the Group and potential reinvestment of the proceeds in light of market conditions and opportunities available to the Company pertaining at the time. Additionally, the payment of dividends may to some extent be governed by the ability of the Company's SPVs to remit funds to the Company, which will in turn depend to some extent on the laws governing the relevant SPVs.

Volatility of the value of the Company's Ordinary Shares

Investors should be aware that the value of the Ordinary Shares may be volatile and may go down as well as up and investors may therefore not recover any or all of their original investment, especially as the market in Ordinary Shares on AIM may have limited liquidity.

In addition, the price at which investors may dispose of their Ordinary Shares may be influenced by a number of factors, some of which may pertain to the Company, and others of which may be extraneous. These factors could include the performance of the Company's operations, large purchases or sales of Ordinary Shares, liquidity (or absence of liquidity) in the Ordinary Shares, currency fluctuations, legislative or regulatory or taxation changes and general economic conditions. The value of the Ordinary Shares will therefore fluctuate and may not reflect their underlying asset value. Investors may realise less than the original amount invested.

Shareholder tax

Investors should take their own tax advice as to the consequences of owning shares in the Company as well as receiving returns from it. In particular investors should be aware that ownership of shares in the Company can be treated in different ways in different jurisdictions. Due to the manner in which the Company may finance the acquisition of its property investments, a proportion of the income of the Company may arise from interest income earned from the Company's uninvested cash surpluses or similar.

Forward-looking statements

All statements other than statements of historical facts included in this document, including, without limitation, those regarding the Company's financial position, business strategy, plans and objectives of management for future operations or statements relating to expectations in relation to dividends or any statements preceded by, followed by or that include the words "targets", "believes", "expects", "aims", "intends", "plans", "will", "may", "anticipates", "would", "could" or similar expressions or the negative thereof, are forward looking statements. Such forward looking statements involve known and unknown risks, uncertainties and other important factors beyond the Company's control that could cause the actual results, performance, achievements of or dividends paid by, the Company to be materially different from future results, performance or achievements, or dividend payments expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Net Asset Value, present and future business strategies and income flows and the environment in which the Company will operate in the future.

These forward-looking statements apply only as of the date of this document. The Company expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained herein to reflect any change in the Company's expectations with regard thereto, any new information or any change in events, conditions or circumstances on which any such statements are based, unless required to do so by law or any appropriate regulatory authority.

Gearing

The Company, either directly or indirectly through its SPVs, may use borrowings which will typically be secured on assets in its property portfolio. If adequate cash flows cannot be generated by the Company to service the debt incurred by the Company, it may suffer a partial or total loss of its capital. A relatively small movement in the value of its property portfolio or the amount of income derived from it may result in a disproportionately large movement, unfavourable as well as favourable, in the value of Ordinary Shares or the amount of income received in respect thereof.

Any bank facility agreement entered into by the Company may contain financial covenants. In particular, such an agreement may require that the Company and/or its SPVs have assets exceeding a fixed percentage of the value of any loan draw down. If the value of such assets falls such that any such financial covenant is breached, or if any other covenant is breached, the Company may be required to repay or procure the repayment of the borrowings in whole or in part. In such circumstances, it may be necessary to sell, in a limited time, all or part of the Company's property portfolio, potentially in circumstances where there has been a downturn in property values generally such that the realisation proceeds do not reflect the valuation of such properties.

Risk of non-payment by Placees

The entire proceeds to which the Company is entitled pursuant to the Placing and related arrangements will not all be required to be paid to the Company at the time of Admission. Although some Placees have committed to subscribe for further Shares under the Second Tranche Placing (as set out in Part VI on page 26 of this document), there is a risk that some of these Placees will not make the subsequent payments in accordance with these obligations and that the Company will have to pursue its legal remedies against such Placees. To the extent that Placees do not pay to the Company the sums that they are obliged to pay when they are obliged to pay them, the Company may suffer from a funding shortfall.

South African exchange control

A number of the Placees are South African entities or individuals and as such are subject to South African exchange control regulations. The Exchange Control Department of the South African Reserve Bank has the power to require a South African resident to repatriate funds invested abroad which could mean that South African Shareholders of the Company would be required to dispose of their Shares, and/or may be prevented from subscribing for the Shares pursuant to the Second Tranche Placing. In the case of a forced disposal this could lead to a fall in the price of the Company's shares. In the case of a prohibition on subscribing for the Second Tranche Placing, this could lead to a funding shortfall.

The foregoing factors are not exhaustive and do not purport to be a complete explanation of all the risks and significant considerations involved in investing in the Company.

PART IV

INVESTMENT OBJECTIVE, STRATEGY AND PROCESS

Investment Objective

The Company is a newly incorporated Isle of Man company. The Company's objective is to provide Shareholders with an opportunity to invest in a dividend paying, long term closed-ended fund that could serve as a vehicle for investors seeking Central and Eastern European investment opportunities that yield stable absolute returns and portfolio diversification. The Company will have a long term Investment Advisory Agreement with its Investment Adviser which is expected to be in place for at least 20 years.

Investment Strategy

The Group will initially focus on investing in Romania. The Group's investments will include investments in income producing high quality office, retail, industrial and logistics properties. These types of investments will include, but will not be limited to, sale and leaseback transactions and acquisitions of single properties or portfolios of multiple properties. Investment opportunities will also be sought in development property (which may include establishing joint ventures with developers) to the extent to which these investments can be structured to allocate the majority of the development risk and/or risks related to leasing the assets to the developer or another third party. Up to 5 per cent. of the Group's investments may be in land which is yet to be developed and up to a further 5 per cent. of the Group's investments may be in assets that are not income producing at the time of acquisition, but which can be converted and/or refurbished post acquisition to become income producing.

Although the Group's initial investment focus will be mainly on Romania, in due course the Group will also consider investment opportunities elsewhere in Central and Eastern Europe. The Group intends to have 50 per cent. of its investments outside of Romania within 36 months from the date of Admission, and in the longer term, not to have more than 30 per cent. of its investments in any one country.

Properties will be acquired primarily through SPVs and operated with a view to optimising income in a sustainable manner. The Company will seek to achieve a wide exposure to different tenants so as to diversify risk. Investments will be made with a view to holding the investments in the long term, but may be disposed of and the funds re-invested if this is believed to be advantageous to the long-term investment income performance of the Company.

The Company will seek to invest the majority of the net proceeds of the Placing within three months from Admission and to substantially invest the proceeds of the Second Tranche Placing within three months from the time of each drawdown. Subsequently, the Company may seek to raise additional equity capital to support further acquisitions. Uninvested proceeds of the Placing, and the uninvested portions of any further funds received by the Company, will initially be invested in what the Directors believe to be appropriate listed properties securities, the offshore REIT fund managed by Fortress, or appropriate liquid money market instruments.

Potential Investments

The Investment Adviser is exploring several investment opportunities. These are in various stages of development and the Investment Adviser anticipates that some of these will be presented to the Group soon after Admission.

Investment Process

The Group will be advised by the Investment Adviser on all investment and potential investment decisions. The Investment Adviser will be responsible for identifying new investment opportunities that fall within the investment policy and objectives agreed by the Group. Following the identification of a potential new investment opportunity, the Investment Adviser will be responsible for ensuring that all necessary due diligence is carried out and for negotiating the terms of investment.

The Investment Adviser will compile a transaction report based on its analysis of the relevant factors, including, inter alia, rental levels, tenure, rental escalation rates, net operating income levels, relative risk assessment and will present each proposed investment opportunity to the Group who will have the final sanction over the investment and divestment decisions.

Property Valuation Policy

As required for auditing purposes, it is the Company's intention that the Company's entire property portfolio will be independently valued annually by independent surveyors or property valuers.

Bank Borrowings

The terms of the Group's bank borrowings will be determined on a project by project basis and the Group will be advised by the Investment Adviser in this regard. It is anticipated that property acquisitions will be made primarily through SPVs and that borrowing may also be undertaken separately by each SPV. The Group retains the flexibility to borrow up to 75 per cent. of acquisition values of the properties in which it invests. It is the intention of the Group that acquisitions will be optimally geared and protection will be acquired against unforeseen increases in short term interest rates.

Currency Hedging

Because rental incomes are expected to be earned in Euros, and it is expected that the majority of the Group's costs will be incurred in Euros, the Group does not intend to implement a currency hedging policy.

Dividend Policy

The Company's objective is to provide Shareholders with an attractive dividend paying investment vehicle that yields stable returns. It is the Company's intention to distribute to Shareholders at least 90 per cent. of its revenue profits on a semi-annual basis, subject to compliance with the relevant laws which will govern the Group's SPVs. Capital profits derived from asset disposals will be re-invested. The Company expects to declare and pay any dividends in Euros, the Company's functional currency. The Group will not enter into any hedging arrangements in connection with any dividend payments.

Risk Factors

Investment is expected to be long term and consistent with the Investment Advisory Agreement. Potential investors should consider carefully the risk factors set out in Part III of this document, together with all the other information set out in this document and their own circumstances, before deciding to invest in the Company.

PART V

MANAGEMENT, ADVICE AND ADMINISTRATION

Board of Directors

The Board comprises three independent and one non-independent non-executive directors. It is the intention of the Board to appoint a further non-executive director as soon as practicable following the date of Admission, and that this further director will be based in Central Europe. The Board is currently comprised of the non-executive directors as follows:

Peter Gray (70), Non-executive Chairman

Peter Gray is a senior figure in the London investment field. Having qualified as a chartered accountant with Cooper Brothers, now PricewaterhouseCoopers, in 1969, he was an institutional fund manager with Samuel Montagu & Co, now part of HSBC, from 1970 to 1977. From 1977 to 1983 he was head of the investment division of the Crown Agents for Oversea Governments and Administrations, a UK government agency. From 1983 to 1987 he was managing director of Touche Remnant & Co, a spin-off from the accounting firm that is now Deloitte & Touche, and then one of the largest managers of investment trusts in the UK. He is a former deputy chairman of the UK Association of Investment Trust Companies, and chairman or director of a number of investment companies managed by leading London-based fund management groups. He is currently chairman of the Anglo Japanese Investment Company Limited and the Enhanced Zero Trust PLC, and a director of Graphite Enterprise Trust PLC and the UTI India Pharma Fund Ltd. Mr Gray is a co-founder and director of Dynastic Management Ltd and IAUJ Ltd.

Michael Mills (60), Non-executive Director

Michael Mills is an experienced public company chairman and managing director with significant operating and financial experience. A chartered accountant, he has worked across a range of sectors including technology, engineering, service and distribution, paper and packaging and food and textiles. He has had considerable involvement in mergers and acquisitions activity, turnarounds and rescues in the public sector, and has held senior financial roles in BTR plc and Bunzl plc as well as five years in private equity as a director of Apax Partners.

Mr Mill's recent positions include, amongst others, chairman of Advance Value Realisation Limited, non-executive director of Ultrasis plc, managing director of Atlas Medical Recruitment Limited, chairman of Athanor Capital Partners Limited, chairman of Legacy Distribution Group Inc. and CEO of Drew Scientific Group plc.

Dewald Joubert (34), Non-executive Director

Dewald Joubert is an admitted South African advocate presently practicing as a registered legal practitioner out of Maitland's Isle of Man office, where he is a director. Mr Joubert's experience relates to advising multi-national groups on international tax and corporate governance matters. Mr Joubert serves as an independent non-executive director on the boards of major operating subsidiaries of the Anglogold Ashanti Group, Dimension Data Group, Pangea Diamondfields Group and Nampak Group, where he participates in oversight of treasury and trading operations.

Previously Mr Joubert worked with the South African Revenue Services from 1996 to 1998, and Arthur Andersen's tax practice in South Africa from 1999 to 2000. Mr Joubert holds a Bachelor of Commerce and Laws.

Martin Slabbert (36), Non-executive Director

Martin Slabbert has 12 years' of experience within the finance industry where he initially gained experience in mergers and acquisitions, turn-around and financial restructuring through positions at Arthur Andersen and HSBC Investments Services (South Africa) (Pty) Ltd. In 2001, Mr Slabbert joined the Nedbank Group via Nedcor Investment Bank Ltd ("NIB") and held the positions of senior vice president for shareholders' funds and member of the executive committee at NIB, and later general manager in the capital management cluster of the Nedbank Group. His focus was on the restructuring and disposal of non-core assets, mitigation of large bank exposures and investment banking transactions.

More recently, Mr Slabbert held the position of partner of financial advisory services for Deloitte Central Europe, heading the financial advisory practice in Romania, the corporate finance practice in the Balkans and the Deloitte Central Europe corporate finance advisory industry sector teams.

Mr Slabbert is also an executive director of the Investment Adviser.

The Investment Adviser

The Investment Adviser is a British Virgin Islands incorporated company set up recently specifically to provide investment advisory services to the Group. The Investment Adviser is not regulated in the British Virgin Islands or elsewhere.

The Investment Adviser will provide investment advisory services to the Group on the terms of the Investment Advisory Agreement, further details of which are set out in Part V below and in paragraph 11 of Part IX of this document. The Investment Advisory Agreement is intended to be a long term contract and is terminable on one year's notice but only after an initial period of 20 years.

The Investment Adviser will perform, *inter alia*, the following functions: (i) source investment opportunities and present the same to the Group; (ii) conduct investment analysis and assessments in relation to potential or existing investments; (iii) recommend disposal strategies for each investment; (iv) recommend a debt strategy for each investment (if required), including the presentation of a lending term sheet for consideration and approval by the Group; and (v) negotiate the finance documents with the lender selected by the Group.

The establishment costs of the Investment Adviser and its subsidiaries (including formation agent costs, costs of legal and tax advisers and all fees and levies payable) will be borne by the Company. The initial working capital requirements of the Investment Adviser will be met from funds made available to the Investment Adviser by the Company. This revolving facility is more fully described in paragraph 10.4 of Part IX.

The Investment Adviser is responsible for all of its ongoing running costs and expenses unless the Group agrees to reimburse the Investment Adviser for certain of its costs. The Group has agreed to reimburse the Investment Adviser for travelling costs of its executives in respect of a potential investment but only after a letter of intent or similar document has been signed in respect of such potential investment. The Investment Adviser is not responsible for the costs of the local property managers or any professional third party fees (agents commission, legal fees, independent valuers fees etc) arising from sourcing investments or raising debt funding for the purchase of investments.

Fortress has a 50 per cent. interest in the issued share capital of the Investment Adviser. Mr Martin Slabbert and Mr Victor Semionov, key individuals of the Investment Adviser, have a 25 per cent. and a 5 per cent. interest, respectively, in the Investment Adviser. The remaining 20 per cent. of the Investment Adviser's issued share capital is held on behalf of the Avrig Group, of which Mr Edwin Warmerdam is the chief financial officer.

Investment Adviser Fee

Pursuant to the Investment Advisory Agreement, the Investment Adviser will be paid a monthly advisory fee of 1 per cent. per annum of the daily average market capitalisation of the Company, in consideration for performing investment advisory services for the Group, whether itself or through sub-contractors.

The Investment Adviser is also entitled to an annual performance fee from the Group of an amount equal to 20 per cent. of the declarable dividend arising from investment income in respect of the financial year under consideration to the extent that this exceeds an annual 10 per cent. return on the aggregate capital invested in the Company as at the relevant date.

Further details on the Investment Adviser's fees are set out in paragraph 11 of Part IX of this document.

Investment Adviser Incentive Scheme

The Company has agreed to provide up to 5 per cent. of its issued share capital from time to time for purchase by, or on behalf, of the directors, officers and employees of the Investment Adviser at the prevailing market price at the relevant time in order to align their interests with those of the Company's shareholders. The Company will make available commercial loans to or for the benefit of the designated directors, officers and employees at a commercial rate of interest and normally for a term of ten years to assist in purchasing the Shares. The Company will have a security interest over the loans granted. Further information on the incentive scheme is set out in paragraph 12 of Part IX of this document. Further details of the incentive scheme will be agreed between the Board of the Company and the Investment Adviser following Admission.

Key Individuals of the Investment Adviser

Martin Slabbert, Director

As detailed above, Mr Slabbert is also a non-executive director of the Company.

Victor Semionov, Director

Victor Semionov has had eight years of experience with the corporate finance practice of Deloitte in Romania and Moldova where he was involved in more than 30 transactions covering fund raisings, restructurings, acquisitions, mergers and sales of distressed or expanding businesses with an aggregate transaction value in excess of €7 billion. Mr Semionov holds a number of corporate finance qualifications.

Jacques van Wyk, Director

Jacques van Wyk is a qualified chartered accountant, having started his career in 1999 with KPMG South Africa, initially involved in financial services audits, and later in treasury consulting. Mr van Wyk joined Nedcor Investment Bank's corporate finance division in 2002, and was involved in the listing of Resilient Property Income Fund Limited ("Resilient") on the Johannesburg Stock Exchange. In 2004, he was employed by Resilient where he subsequently became the financial director. Mr van Wyk currently serves on the board of Diversified Property Fund Limited, which is a listed property investment company and operates as a financial services provider in South Africa.

Jeffrey Zidel, Director

A former South African Property Owners' Association regional chairman and three times past president of the Roodepoort Chamber of Commerce, Mr Zidel has been a property developer and investor for over 30 years and is currently one of the largest retail property investors in Lesotho. Mr Zidel is currently a director of Resilient, a public company listed on the Johannesburg Stock Exchange.

Edwin Warmerdam, Director

Edwin Warmerdam started his career at PricewaterhouseCoopers in the Netherlands in 1991. In 1998, he moved to PricewaterhouseCoopers in Romania as tax partner. In March 2007, Mr Warmerdam joined the Avrig 35 Group, a group of Romanian real estate developers, as Chief Financial Officer. Mr Warmerdam holds a Bachelor of Small Business from the Haarlem Business School, and is a member of the Federation of Dutch Tax Consultants and the International Fiscal Association.

Conflicts and Conflicts Management

The Company, NEP (BVI) and the Investment Adviser have sought to avoid conflicts by making the Investment Advisory Agreement mutually exclusive.

Mr Slabbert is a director of both the Company and the Investment Adviser, and has a 25 per cent. interest in the issued share capital of the Investment Adviser. On Admission Mr Slabbert's wife will hold 0.7 per cent. of the Shares in the Company. Accordingly, Mr Slabbert will not vote at Board meetings of the Company in respect of arrangements relating to the appointment of the Investment Adviser or the terms of the Investment Advisory Agreement.

In the event that any other potential conflicts of interest arise, the Board will be notified and will deal with the conflict(s) on a case by case basis.

Corporate Governance

The Board comprises three independent non-executive directors and one non-independent non-executive director. The Directors recognise the importance of sound corporate governance and intend to comply with the Quoted Companies Alliance Corporate Governance Guidelines for AIM Companies. In particular, the Directors are responsible for overseeing the effectiveness of the internal controls of the Company designed to ensure that the assets of the Company are safeguarded, that proper accounting records are maintained and that the financial information on which business decisions are made and which is issued for publication is reliable.

The Board will establish an audit committee with formally delegated duties and responsibilities, comprising not less than two directors. The audit committee will meet at least twice a year and will be responsible for ensuring that the financial performance of the Company is properly reported on and monitored, including reviews of the annual and interim accounts, results announcements, internal control systems and procedures and accounting policies.

The Board will, *inter alia*, monitor and review the performance of the Investment Adviser, the terms of the Investment Advisory Agreement and the framework for the remuneration of the Directors of the Company, if applicable.

Administrator and Secretary

The Administrator was incorporated in the Isle of Man on 16 August 1990 under registered number 050622C as a private company with limited liability under the provisions of the Isle of Man Companies Acts 1931-2004. The Administrator is licensed as a Corporate Service Provider in the Isle of Man pursuant to section 3 of the Corporate Services Providers Act 2000. The Administrator has been appointed as administrator pursuant to the Administration Agreement, a summary of which is set out in paragraph 10.2 of Part IX of this document. In such capacity, the Administrator will be responsible for the day-to-day administration of the Company including keeping the statutory records of the Company, and to provide a company secretary for the general secretarial functions required by the Company. The Administrator will use the services of the CREST Settlement Agent for the purposes of settling share transactions through CREST. The cost of this service will be borne by the Company. Book-keeping and accounting functions will be undertaken on behalf of the Company by the Investment Adviser.

PART VI

PLACING, ADMISSION AND RELATED MATTERS

The Placing

Smith & Williamson has undertaken to act as agent of the Company to seek pursuant to the Placing, subscribers for up to 12,877,200 Ordinary Shares at €2 per Ordinary Share. The Placing, which is not underwritten, is conditional upon, *inter alia*, the admission of the Ordinary Shares to trading on AIM by 22 August 2007, or such later time (being not later than 31 August 2007) as Smith & Williamson and the Company may agree.

Under the terms of the Placing, a number of the Placees have agreed to subscribe for further Shares at the Company's option. The relevant Placees have irrevocably committed to subscribe for up to 13,917,800 Ordinary Shares in the Company at the Placing Price, in addition to the Shares being subscribed for pursuant to the Placing. The Company has the option to draw down these additional funds no later than 31 December 2007, in up to five tranches, each tranche to be in aggregate for a minimum of €5,000,000 and in each case by giving the relevant Placees no less than 14 days' notice. The Placees subject to the terms of the Second Tranche Placing alone have the obligation to subscribe for the additional 13,917,800 Ordinary Shares and these obligations will continue to apply even after the relevant Placees have transferred any of the Ordinary Shares received under the Placing. A purchasee or transferee of Ordinary Shares will not have the obligation (or the right) to participate in the subscription for the additional 13,917,800 Ordinary Shares pursuant to the Second Tranche Placing.

Under the Placing Agreement, which may be terminated by Smith & Williamson in certain circumstances (including *force majeure*) prior to Admission, the Company has given certain warranties and indemnities to Smith & Williamson concerning, *inter alia*, the accuracy of the information contained in this document.

Dealings in the Placing Shares on AIM are expected to commence on 22 August 2007. In the case of Placees requesting their Placing Shares in uncertificated form, it is expected that the appropriate CREST accounts will be credited with the Placing Shares comprising their placing participation with effect from 22 August 2007. In the case of Placees requesting their Placing Shares in certificated form it is expected that certificates in respect of such shares will be despatched by post not later than 5 September 2007. Pending despatch of definitive share certificates or crediting of CREST accounts, the Company's registrars will certify any instrument of transfer against the register.

In the event that the net proceeds of the Placing are not Substantially Invested within 12 months of Admission, the Directors intend to return uninvested funds to Shareholders.

CREST

CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by a written instrument in accordance with the CREST Regulations. The Articles permit the holding of Ordinary Shares under the CREST system. All of the Ordinary Shares will be in registered form and no temporary documents of title will be issued.

The Company has applied for the Ordinary Shares to be admitted to CREST on the date of Admission and it is expected that the Ordinary Shares will be so admitted and accordingly enabled for settlement in CREST on the date of Admission. It is expected that Admission will become effective and dealings in Ordinary Shares will commence on 22 August 2007. Accordingly, settlement of transactions in Ordinary Shares following Admission may take place within the CREST system if any Shareholder so wishes.

CREST is a voluntary system and holders of Ordinary Shares who wish to receive and retain share certificates will be able to do so.

Lock-in and Orderly Market Arrangements

Diversified Properties 2 (Pty) Ltd, Capital Property Fund, Mrs Madelein Slabbert, Mr Jacques van Wyk, Maxtrade Seven (Pty) Ltd (100 per cent. owned by Mr Jeffrey Zidel) and certain other parties have undertaken not to dispose of any interest in their 8,785,200 Ordinary Shares in aggregate (representing approximately 68.2 per cent. of the issued Ordinary share capital of the Company on Admission) for a minimum period of 12 months following Admission except in the very limited circumstances allowed by the AIM Rules, such as a take over offer for the Company.

Further, Diversified Properties 2 (Pty) Ltd, Capital Property Fund, Mrs Slabbert, Mr van Wyk, Maxtrade Seven (Pty) Ltd and the certain other parties shall not for a further period of 12 months from the end of such lock-in period dispose of any interest in such Ordinary Shares otherwise than through the Company's Broker, subject to the Broker's terms being competitive to the terms being offered by other brokers and the sale price being at least equivalent to the price that can be obtained elsewhere.

The Takeover Code

The Placing gives rise to certain considerations under the Takeover Code. Brief details of the Panel, the Takeover Code and the protection they afford are given below.

The purpose of the Takeover Code is to supervise and regulate takeovers and other matters to which it applies. The Takeover Code is issued and administered by the Panel. On the basis that the Company's place of central management and its registered offices are in the Isle of Man, it is a company to which the Code applies and as such its Shareholders are therefore entitled to the protections afforded by the Takeover Code.

Under Rule 9 of the Takeover Code, any person who acquires an interest (as defined in the Takeover Code) in shares which, taken together with shares in which he is already interested and in which persons acting in concert with him are interested, carry 30 per cent. or more of the voting rights of a company which is subject to the Takeover Code, is normally required to make a general offer to all the remaining shareholders to acquire their shares.

Similarly, where any person who, together with persons acting in concert with him, is interested in shares which in aggregate carry not less than 30 per cent. of the voting rights of a company but does not hold more than 50 per cent. of such voting rights a general offer will normally be required if any further interests in shares are acquired by any such person.

An offer under Rule 9 must be made in cash and at the highest price paid by the person required to make the offer or any person acting in concert with him, for any interest in shares of the company during the 12 months prior to the announcement of the offer.

The Company considers that Diversified Properties 2 (Pty) Ltd, Capital Property Fund, The Suni Trust, Optimprops 3 (Pty) Ltd, Chataprop Holdings 50 (Pty) Ltd, Maxtrade Seven (Pty) Ltd, Mr Jacques van Wyk, The DYJAJU Trust, Sakhisizwe Investment Holdings (Pty) Ltd, Mrs M Slabbert, Mr Jacobus Kriek, Mr Andries de Lange and Mrs HM Hallowes (being the "Concert Party") are acting in concert for the purposes of Rule 9 of the Takeover Code. Following the issue of the Placing Shares, the Concert Party will in aggregate have an interest in 9,902,800 Shares representing 76.9 per cent. of the issued share capital of the Company on Admission.

A table showing the respective individual interests in Ordinary Shares of the members of the Concert Party on completion of the Placing is set out in paragraph 6.18 of Part IX of this document.

Following the Placing, the Concert Party will between them hold more than 50 per cent. of the Company's voting rights and for so long as they continue to be treated as acting in concert, may accordingly increase their aggregate interest in Shares without incurring any obligation under Rule 9 to make a general offer although individual members of the Concert Party will not be able to increase their percentage interests in Shares through a Rule 9 threshold without Panel consent.

Administration

Information regarding the administration arrangements of the Company is set out in Part V and in paragraph 10.2 of Part IX of this document.

Anti-money Laundering Procedures

Due to anti-money laundering requirements applicable in the Isle of Man and the UK, the Administrator is compelled to identify and verify the identity of applicants for Placing Shares or transferees who, prior to or following Admission or a transfer of Shares, have holdings in excess of 20 per cent. of the issued share capital of the Company ("Substantial Holders"). Depending on the legal status of such Substantial Holders, they must submit to the Administrator, original or certified copies of the documentation set out below:

Legal entities

Legal entities, such as companies and trusts, which qualify as Substantial Holders, must submit the following documentation to the Administrator:

- the Certificate of Incorporation or equivalent founding document;
- the Memorandum and Articles of Association/Deeds of Trust or equivalent constitutional document;
- a list of the current directors/trustees and authorised signatories (with specimen signatures);
- certified passport copies and original or certified evidence of residential address (such as a utility bill or bank statement) from two directors/trustees, as the case may be;
- a certified copy of the legal entity's latest set of financial statements; and
- an original letter of reference, addressed to the Administrator and on letter headed paper. The letter should confirm the length of time the client has been known to the referee as a client or customer, the client's residential address and any other relevant information regarding their professional relationship. The reference should be given by a firm of lawyers, accountants or principal bankers.

Natural persons

Individuals who qualify as Substantial Holders must submit the following documentation to the Administrator:

- a certified passport copy; and
- an original or certified evidence of residential address.

The Administrator, however, reserves the right to request, on behalf of the Company, such information as is necessary to verify the identity of an initial applicant for Placing Shares or a subsequent transferee, whether or not such applicant or transferee qualifies as a Substantial Holder. In the event of delay or failure by the applicant or transferee to produce any information required for verification purposes, the application or transfer may be refused and subscription or consideration monies will be returned to the bank account from which they were remitted. No Ordinary Shares will be allotted to an applicant, and no transfer will be registered, until the identity of the applicant or the transferee, as the case may be, has been verified to the satisfaction of the Administrator.

For the purposes of the above regulatory requirements, "certified" means verified by a director or manager of a recognized bank or regulated institution, a certified accountant, a notary public, a serving police officer, a member of the judiciary, a lawyer or a British Embassy official. The certifier should date the certification and clearly print their name and state their credentials on each of the documents. All certified or notarised documents must bear the original stamp/signature of the certifier/notary public. Photocopies, facsimile or scanned copies of such certified documents will not be acceptable.

Risk Factors

Certain risk factors in relation to the Company and its business are brought to your attention in Part III of this document.

Taxation

Information regarding the United Kingdom and Isle of Man taxation with regard to potential Shareholders is set out in Part VIII of this document, as is some general information about Romanian taxation. No taxation advice is being provided to Shareholders in this document. If you are in any doubt as to your tax position, you should consult your professional adviser immediately.

Duration

The Company does not have a fixed life.

Admission, Settlement and Dealings

Application has been made to the London Stock Exchange for all of the Ordinary Shares to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings will commence on 22 August 2007. No temporary documents of title will be issued. All documents sent by or to a Placee who elects to hold Ordinary Shares in certificated form, or at his direction, will be sent through the post at the Placee's risk. Pending the despatch of definitive share certificates, instruments of transfer will be certified against the register of members of the Company.

Further Information

Your attention is drawn to the additional information set out in Part IX of this document.

PART VII

SECTION A

HISTORICAL FINANCIAL INFORMATION ON THE COMPANY

1. Accounting Policy

The financial information has been prepared under the historical cost convention and in accordance with International Financial Reporting Standards.

2. Balance Sheet as at 14 August 2007

	Notes	As at 14 August 2007 €
Current assets		
Due from shareholders		0.01
Net current assets		0.01
Capital and reserves		
Called up share capital	3.2	0.01
Equity shareholders funds		0.01

3. Notes

3.1 The Company was incorporated on 23 July 2007. The Company has not traded since incorporation, no audited financial statements have been made up and no dividends have been declared or paid since the date of incorporation.

3.2 Called up share capital

	Number	€
Authorised		
Ordinary shares of €0.01 each	150,000,000	1,500,000
Allotted and called up		
Ordinary shares of €0.01 each	1	0.01

SECTION B

ACCOUNTANT'S REPORT

The Directors
New Europe Property Investments plc
Falcon Cliff
Douglas
Isle of Man

16 August 2007

Dear Sirs

New Europe Property Investments plc (the 'Company')

We report on the financial information set out on page 30 of this document. This financial information has been prepared for inclusion in the AIM Admission Document dated 16 August 2007 of New Europe Property Investments plc on the basis of the accounting policies set out in paragraph 1 of Section A above. This report is required by Paragraph (a) of Schedule Two of the AIM Rules for Companies and is given for the purpose of complying with that paragraph and for no other purpose.

Responsibilities

The Directors of the Company are responsible for preparing the financial information on the basis of preparation set out in paragraph 1 of Section A above, and in accordance with International Financial Reporting Standards.

It is our responsibility to form an opinion on the financial information and to report our opinion to you.

Save for any responsibility arising under Paragraph (a) of Schedule Two of the AIM Rules for Companies to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Schedule Two of the AIM Rules for Companies, consenting to its inclusion in the Admission Document.

Basis of Opinion

We conducted our work in accordance with Standards for Investment Reporting 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 the 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 AIM Admission Document dated 16 August 2007, a true and fair view of the state of affairs of New Europe Property Investments plc as at the dates stated and of its result, cash flows and recognised changes in equity for the periods then ended in accordance with the basis of preparation and with International Financial Reporting Standards as set out and described in paragraph 1 of Section A above.

Declaration

For the purposes of Paragraph (a) of Schedule Two of the AIM Rules for Companies we are responsible for this report as part of the AIM Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the AIM Admission Document in compliance with Schedule Two of the AIM Rules for Companies.

Yours faithfully

KPMG Audit LLC

PART VIII

TAXATION

The following information, which relates only to UK, Isle of Man and Romanian taxation, is applicable to the Company and to persons who are resident or ordinarily resident in the UK and who hold Ordinary Shares as investments. It is based on the law and practice currently in force in the UK, Isle of Man and Romania. The information is not exhaustive and, if potential investors are in any doubt as to the taxation position, they should consult their professional advisers without delay. Investors should note that tax law and interpretation can change and that, in particular, the levels and basis of, and reliefs from, taxation may change and it may alter the benefits of investment in the Company.

UK Taxation

The Company

It is the intention of the Directors to conduct the affairs of the Company so that it does not become resident for taxation purposes in the UK and so that it does not carry out any trade in the UK (whether or not through a permanent establishment situated therein). On this basis, the Company should not be liable for UK taxation on its income or gains, other than certain income deriving from a UK source.

It is intended that the Company will have underlying businesses conducted through subsidiary or associated companies in overseas jurisdictions. It is expected that tax will be payable by the overseas subsidiary companies in those jurisdictions. The Directors intend to organise the Group's affairs so as to minimise (to the extent practicable), through appropriate planning and other opportunities, the incidence of taxation arising.

UK Shareholders

1. Shareholders who are resident in the UK or carrying on a trade in the UK for tax purposes will, depending on their circumstances, be liable to UK income tax or corporation tax on the gross amount of dividends paid by the Company whether directly or by way of reinvestment of income.

2. The Company is not at the date of this document an offshore fund for UK taxation purposes. Accordingly sections 756A to 764 of the Income and Corporation Taxes Act 1988 (the "Taxes Act") do not apply. Consequently, depending on their circumstances, Shareholders who are resident, or in the case of individuals, ordinarily resident in the UK for taxation purposes may be subject to capital gains tax (or, in the case of a corporate Shareholder, corporation tax on capital gains) in respect of any gain arising on a disposal, including on redemption, of their Ordinary Shares unless the Shareholder is taxed as a dealer in securities, in which case the Directors have been advised that any gain will be treated as income and taxed as such. For Shareholders who are individuals, taper relief, and for Shareholders within the charge to UK corporation tax, indexation allowance, may reduce a chargeable gain but will not create or increase an allowable loss.

   The attention of UK resident and domiciled Shareholders is drawn to the provisions of Section 13 of the Taxation of Chargeable Gains Act 1992 under which, in certain circumstances, a portion of capital gains made by the Company can be attributed to an investor who holds, alone or together with associated persons, more than a ten per cent. interest in the Company.

3. A UK resident corporate Shareholder who, together with connected or associated persons, is entitled to at least 25 per cent. of the Ordinary Shares should note the provisions of the controlled foreign companies legislation contained in Sections 747-756 of the Taxes Act.

4. The attention of individuals ordinarily resident in the UK is drawn to Chapter 2 of Part 13 of the Income Tax Act 2007 which may in certain circumstances render such individuals liable to tax in respect of undistributed profits of the Company.

5. The attention of UK resident and domiciled investors is drawn to Chapter 1 of Part 13 of the Income Tax Act 2007 (Section 703 of the Taxes Act for companies) under which the HM Revenue & Customs may seek to cancel tax advantages from certain transactions in securities.

6. The following comments are intended as a guide to the general UK Stamp Duty and Stamp Duty Reserve Tax ("**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. No UK Stamp Duty or SDRT will be payable on the issue of Ordinary Shares. UK Stamp Duty (at the rate of 0.5 per cent., rounded up where necessary to the nearest £5 of the amount of the value of the consideration for the transfer) is payable on any instrument of transfer of Ordinary Shares executed within, or in certain cases brought into, the UK. Provided that Ordinary Shares are not registered in any register of the Company kept in the UK the agreement to transfer Ordinary Shares should not be subject to UK SDRT.

Non-UK Shareholders

Shareholders who are not resident or ordinarily resident in the UK (or temporarily non-resident) and do not carry on a trade, profession or vocation through a branch or agent in the UK with which the Ordinary Shares are connected will not normally be liable to UK taxation on capital gains arising on the sale or other disposal of Ordinary Shares. Such Shareholders should consult their own tax advisers concerning their tax liabilities.

*Individual Savings Accounts ("**ISA**") and Personal Equity Plans ("**PEP**")*

Shares in the Company will not be eligible to be held in the stocks and shares component of an ISA or an existing PEP.

*Self-Invested Personal Pensions Schemes ("**SIPPs**")*

Shares which are dealt in on AIM may be held for the purposes of a SIPP where such shares are considered suitable investments by the scheme administrator.

Isle of Man Taxation

The Isle of Man Government has introduced a general zero per cent. tax rate for companies with effect from 6 April 2006. The Company will be resident for tax purposes on the Isle of Man and subject to income tax at the rate of zero per cent.

The Isle of Man has also introduced, with effect from 6 April 2006, a Distributable Profits Charge ("**DPC**") regime. The effect of this regime, where it applies, is to impose a charge (at 18 per cent.) based on that proportion of a company's profits that are attributable to Isle of Man resident Shareholders. However, as the Ordinary Shares will be admitted to trading on AIM, it will be outside the scope of the DPC.

Shareholders resident in the Isle of Man will, depending upon their particular circumstances, be liable to Manx income tax on dividends received from the Company. Shareholders resident outside the Isle of Man will have no liability to Manx income tax on dividends received from the Company. There will be no withholding tax to be deducted on the payment of dividends by the Company to Shareholders.

There are no corporation, capital gains or inheritance taxes payable in the Isle of Man. No Isle of Man stamp duty or stamp duty reserve tax will be payable on the issue or transfer of the Ordinary Shares.

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 £15 per £1,000 or part thereof and is payable on incorporation or on any increase in the nominal value of the authorised share capital of the Company, subject to a minimum of £125 for capital up to £2,000, and to a maximum amount of duty of £5,000.

Romanian Taxation

It is intended that all Romanian real estate investments will be acquired and held via Romanian incorporated companies, which will be owned indirectly by the Company through a suitable and tax efficient international holding structure. Since it is expected that no Romanian activities will be undertaken directly by the Company, it is not expected that the Company will incur Romanian tax in its own name. The Romanian incorporated companies that hold the real estate investments are expected to incur a Romanian tax liability. The basic tenets of the most relevant aspects of the Romanian tax system are outlined below.

Corporate income tax

Under the Romanian Fiscal Code the corporate income tax rate is 16 per cent.. Tax losses can be carried forward for a period of five years. Thin capitalisation rules are applicable if a debt to equity ratio of 3:1 is exceeded. The thin capitalisation rules are not applicable in respect of interests incurred on loans from financial institutions, leasing operations and mortgage companies.

Real estate tax

Real estate tax is payable on buildings and land. If a building was re-valued in the past three years the rate of tax applicable ranges between 0.25 per cent. and 1.5 per cent. of the gross book value of the building. If the building was not revalued in the past three years that rate of tax varies between 5 per cent. and 10 per cent. of the gross book value of the building. The real estate tax on land is calculated taking into account the size of the land, its location and category of use. No real estate tax on land is due in respect of land that is occupied by a building.

Transfer taxes

The Romanian tax legislation does not expressly provide for a separate tax on the transfer of real estate payable by the selling entity. In case of real estate sold by a legal entity, the capital gain realised from the sale is included in the overall profit of the seller and taxed at a rate of 16 per cent. In addition, a special 0.5 per cent. tax ("fee for real estate advertising") is due; this tax would normally be borne by the acquiring entity. Also, since the agreements for the transfer of real estate properties need to be authenticated by a notary public, a notary fee (also in the region of 0.5 per cent.) is payable upon transfer of real estate properties, usually by the acquiring entity.

Depreciation

According to the Romanian Fiscal Code, in case of buildings, taxpayers should apply the straight-line method of depreciation. The period over which buildings may be depreciated for fiscal purposes typically ranges between 40 and 60 years. Land may not be depreciated.

The foregoing summary does not address tax considerations which may be applicable to certain Shareholders under the laws of jurisdictions other than the Isle of Man (including South Africa). The Company has no present plans to apply for any certifications or registrations, or to take any other actions under the laws of any jurisdictions which would afford relief to local investors therein from the normal tax regime otherwise applicable to an investment in Ordinary Shares. It is the responsibility of all persons interested in purchasing the Ordinary Shares to inform themselves as to any income or other tax consequences arising in the jurisdictions in which they are resident or domiciled for tax purposes, as well as any foreign exchange or other fiscal or legal restrictions, which are relevant to their particular circumstances in connection with the acquisition, holding or disposition of the Ordinary Shares.

PART IX

ADDITIONAL INFORMATION

1. Directors' Responsibility

The Directors, each of whose names appears on page 7 of this document, accept responsibility for the information contained in this document. To the best of the knowledge of 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 does not omit anything likely to affect the import of such information.

2. The Company

2.1 The Company was incorporated with limited liability in the Isle of Man as a company limited by shares under the 2006 Act with registered number 001211V on 23 July 2007. The Company was registered by the Companies Registry maintained by the Isle of Man Financial Supervision Commission as a company limited by shares in the Isle of Man with the name New Europe Property Investments plc.

2.2 The Company's registered office and its principal place of business are in the Isle of Man and are located at Falcon Cliff, Palace Road, Douglas, Isle Of Man IM2 4LB. The telephone and fascimile numbers of the Company's registered address are telephone: +44 (0) 1624 630 000 and fascimile: +44 (0) 1624 630 001.

2.3 Save for its entry into the material contracts summarised in paragraph 10 of this Part IX and certain non-material contracts, since its incorporation, the Company has not carried on business nor incurred borrowings.

2.4 The wholly owned subsidiary of the Company, NEP (BVI), was incorporated in the British Virgin Islands under the BVI Business Companies Act 2004. NEP (BVI) was registered in the British Virgin Islands with the company number 1420748.

2.5 The financial year end of the Company is 31 December.

3. Isle of Man Overview

The Isle of Man is an internally self-governing dependent territory of the British Crown. It is politically and constitutionally separate from the UK and has its own legal system and jurisprudence based on English common law principles. The UK Government is, however, responsible for the Island's foreign affairs and defence and, with the Island's consent, the UK Parliament may legislate for the Island in some areas of common concern (such as nationality and immigration matters).

The Isle of Man's relationship with the European Union is set out in Protocol 3 of the Act of Accession annexed to the Treaty of Accession 1972, by virtue of which the UK became a member of the European Community. The Island is neither a member state nor an associate member of the European Community. By virtue of Protocol 3, the Island is part of the customs territory of the EU. Therefore the common customs tariff, levies and other agricultural import measures apply to trade between the Island and non-member countries. There is free movement of goods and agricultural products between the Island and the EU, but the EU provisions which relate to trade in financial services and products and those in respect of the free movement of persons, services and capital do not apply to the Island. Consequently, European Community law has direct application to the Island only for very limited purposes.

4. Corporate Law in the Isle of Man

The Isle of Man Companies Act 2006 (the "**Act**") came into force on 1 November 2006 and introduced a new simplified Isle of Man corporate vehicle (based on the international business company model available in a number of other jurisdictions). The Act is largely a stand alone piece of legislation and companies incorporated under the Act ("**2006 Companies**") co-exist with present and future companies incorporated under the existing Isle of Man Companies Acts 1931-2004 ("**1931 Companies**").

(a) Key features of a 2006 company

A 2006 Company is a legal entity in its own right, separate from its members, and will continue in existence until it is dissolved in the same way as 1931 Companies.

Every 2006 Company is required, at all times, to have:

(i) a registered agent in the Isle of Man who holds the appropriate licence granted by the Isle of Man Financial Supervision Commission (ensuring that there is a licensed professional on the Isle of Man overseeing the administration of the company); and

(ii) a registered office address in the Isle of Man.

(b) Power and capacity

The doctrine of *ultra vires* does not apply to 2006 Companies. The Act expressly states that, notwithstanding any provision to the contrary in a company's memorandum or articles of association and irrespective of corporate benefit and whether or not it is in the best interests of a company to do so, a company has unlimited capacity to carry on or undertake any business or activity, to do, or to be subject to, any act or to enter into any transaction.

Notwithstanding this, the directors of 2006 Companies are still subject to the various duties imposed on directors by common law and statute as well as fiduciary duties (such as the duty to act bona fide in the best interests of the company).

(c) Directors

Unlike a 1931 Company, a 2006 Company is permitted to have a single director which may be an individual or, subject to compliance with certain requirements, a body corporate.

(d) Members

The Act contains very few prescriptive rules relating to members' meetings. Companies are not required to hold annual general meetings and the Act allows members meetings to be held at such time and in such places, within or outside the Isle of Man, as the convener of the meeting considers appropriate. However, as is the case with the Company's constitutional documents (see paragraph 7.3 (General Meetings) of this Part IX below), more prescriptive requirements relating to members' meetings can be included in a company's articles of association.

Subject to contrary provision in the Act or in a company's memorandum or articles, members exercise their powers by resolutions:

(i) passed at a meeting of the members; or

(ii) passed as a written resolution.

The concept of "ordinary", "special" and "extraordinary" resolutions is not recognised under the Act and resolutions passed at a members meeting only require the approval of a member or members holding in excess of 50 per cent. of the voting rights exercised in relation thereto. However, as permitted under the Act, the Company's articles of association incorporate the concept of a "special resolution" (requiring the approval of members holding 75 per cent. or more of the voting rights exercised in relation thereto) in relation to certain matters which include, *inter alia,* non-pre-emptive share issues for cash above certain limits, changes to the memorandum and articles, a reduction of share capital and winding-up of the Company.

(e) Shares

The provisions relating to shares and share capital in the Act are more relaxed than the equivalent provisions applying to 1931 Companies.

The Act provides that shares in a company may (without limitation):

(i) be convertible, common or ordinary;

(ii) be redeemable at the option of the shareholder or the company or either of them;

(iii) confer preferential rights to distributions;

(iv) confer special, limited or conditional rights, including voting rights; or

(v) entitle participation only in certain assets.

(f) Distributions and the solvency test

The Act introduces a new definition of "distribution" in relation to a distribution by a 2006 Company of its assets to its members. A "distribution" essentially means the direct or indirect transfer of company assets or the incurring of a debt by a company to or for the benefit of a member and includes the payment of dividends and the redemption, purchase or other acquisition by a company of its own shares.

The Act permits the directors of a company to authorise a distribution by the company to its members at such time and of such amount as they think fit if they are satisfied, on reasonable grounds, that the company will, immediately after the distribution, satisfy the solvency test.

A company satisfies the "solvency test" if:

(i) it is able to pay its debts as they become due in the normal course of its business; and

(ii) the value of its assets exceeds the value of its liabilities.

The solvency test replaces the traditional capital maintenance requirements which apply to 1931 Companies. Provided that the solvency test has been satisfied, dividends may be paid and shares redeemed or purchased out of any capital or profits of the company.

(g) Accounting records

The accounting requirements imposed on 2006 Companies under the Act are far less prescriptive than those imposed on 1931 Companies. The Act simply requires a company to keep reliable accounting records which:

(i) correctly explain the transactions of the company;

(ii) enable the financial position of the company to be determined with reasonable accuracy at any time; and

(iii) allow financial statements to be prepared.

(h) Offering documents

The Act does not distinguish between public and private companies and (subject to any restrictions in a company's memorandum or articles of association) a 2006 Company can offer its securities to the public.

If an offering document is issued in relation to a company, the criteria with which that offering document must comply are far less prescriptive than the traditional prospectus requirements which apply to 1931 Companies. The Act simply requires the directors of a 2006 Company to ensure that any offering document issued in relation to that company:

(i) contains all material information relating to the offer or invitation contained therein (i) that the intended recipients would reasonably expect to be included therein in order to enable them make an informed decision as to whether or not to accept the offer or make the application referred to therein; and (ii) of which the directors or proposed directors were aware at the time of issue of the offering document or of which they would have been aware had they made such enquiries as would have been reasonable in all the circumstances; and

(ii) sets out such information fairly and accurately.

(i) Statutory books

Originals or copies (as appropriate) of various documents, including the constitutional documents, statutory books and accounting records of a 2006 Company, are required to be kept at the office of the 2006 Company's registered agent.

5. Share Capital

5.1 The Company was incorporated under the Isle of Man Companies Act 2006. Accordingly on incorporation the Company's share capital was not divided into authorised and issued shares. On incorporation the subscriber share was issued to Mr Dewald Joubert. Neither the Law nor the Company's original articles of association impose pre-emption rights on the issue of new shares. Accordingly, at incorporation, the Directors were generally and unconditionally authorised to allot securities in the Company up to the authorised but unissued share capital of the Company and such power was not limited in duration.

5.2 On 14 August 2007 an extraordinary general meeting of the Company was held at which the sole shareholder of the Company, Mr Joubert adopted new Articles of Association for the Company. The new Articles of Association established an authorised share capital of 150,000,000 shares of €0.01 each.

5.3 The Company's current Articles provide for issues of shares only on a pre-emptive basis (see paragragh 5.7 below).

5.4 The following table shows the authorised and issued share capital of the Company as at the date of this document and immediately following Admission (assuming that all Placing Shares are placed):

	At Present		On Admission	
	Ordinary Shares	**Nominal Value**	**Ordinary Shares**	**Nominal Value**
Authorised	150,000,000	€1,500,000	150,000,000	€1,500,000
Issued	1	€0.01	12,877,201	€128,772

5.5 The liability of a Shareholder is limited to any amounts which were payable but remain unpaid on subscription of those Ordinary Shares held by him/her.

5.6 The Ordinary Shares carry the right to vote at general meetings, the right to dividends, and the right to the surplus assets of the Company on a winding-up.

5.7 Save pursuant to the Placing and the Second Tranche Placing as described in Part IV above, and pursuant to the Investment Adviser Incentive Scheme as described in paragraph 12 below, since the date of incorporation no share or loan capital of the Company has been issued or agreed to be issued, or is now proposed to be issued, for cash or any other consideration and no commission, discounts, brokerages or other special terms have been granted by the Company in connection with the issue of any such capital.

5.8 No share or loan capital of the Company is under option or has been agreed, conditionally or unconditionally, to be put under option except as described in paragraph 12 below.

5.9 As of the date of this document, the Company has no listed or unlisted securities not representing share capital.

5.10 On the assumption that the Placing is fully subscribed at the Placing Price, the Company will have on Admission 12,877,201 Ordinary Shares in issue.

6. Directors' and Other Interests

6.1 The maximum aggregate amount of directors' fees payable to the Directors permitted under the Articles is £200,000 per annum.

6.2 No benefits in kind or pension contributions are intended to be made.

6.3 Each of the Directors has entered into a letter of appointment with the Company setting out the terms of his appointment as a Director. Each appointment is for an indefinite term subject to retirement by rotation. Mr Gray, as chairman, will be paid a fee of £22,000 per annum and Mr Mills and Mr Joubert will be paid a fee of £18,000 per annum. Mr Slabbert will not be paid a fee as Director of the Company.

6.4 There are no existing or proposed service contracts between any of the Directors and the Company. There are no contracts entered into by the Company in which the Directors have a material interest.

6.5 No loan has been granted to, nor any guarantee provided for the benefit of, any Director by the Company.

6.6 No Director has any interest in any transactions which are or were unusual in their nature or significant to the business of the Company and which have been effected by the Company since incorporation and remain in any way outstanding or unperformed.

6.7 Save as disclosed in paragraphs 6.9, 6.11 and 6.18 below, no Director (nor any member of a Director's family) has a related financial product (as defined in the AIM Rules) referenced to Ordinary Shares.

6.8 Except as set out on paragraphs 6.9, 6.11 and 6.18 below, no Director has agreed to subscribe for any Ordinary Shares under the Placing. Except as set out on paragraphs 6.9, 6.11 and 6.18 below, no Director has any interest in the share capital of the Company nor has any person connected with any Director (so far as is known, or who could with reasonable diligence be ascertained by each Director) an interest in the share capital of the Company or in any options in respect of such capital.

6.9 Madelein Slabbert, the wife of Mr Slabbert, has agreed to subscribe for 94,800 Shares under the Placing and a further 102,700 Shares under the Second Tranche Placing.

6.10 Save as disclosed in paragraphs 6.11 and 6.18 below, the Company is not aware of any person or persons who directly or indirectly, jointly or severally, could, following Admission, exercise control of the Company.

6.11 As at the date of this document, Mr Joubert is the sole shareholder of the Company, holding the Company's only issued Share.

So far as is known to the Directors as at 15 August 2007 (the latest practicable date prior to the publication of this document), the following shareholders will hold direct or indirect interests in 3 per cent. or more in the issued share capital of the Company on Admission:

Shareholder	**No. of Ordinary Shares**	**Percentage of issued Ordinary Shares**
Capital Property Fund*	3,452,800	26.81%
Diversified Properties 2 (Pty) Ltd	3,050,000	23.69%
The Suni Trust	828,000	6.43 %
Optimprops 3 (Pty) Ltd	709,200	5.51 %
Cobernet Properties (Pty) Ltd	709,200	5.51 %
RCG Trade & Finance (Pty) Ltd	709,200	5.51 %
Chataprop Holdings 50 (Pty) Ltd	709,200	5.51 %
Maxtrade Seven (Pty) Ltd	472,800	3.67 %

*Absa Bank Limited acts as trustee.

6.12 The Company will purchase directors' and officers' liability insurance for the benefit of the Directors.

6.13 No Director has any unspent convictions relating to indictable offences, has been bankrupt or has made, or been the subject of, any individual voluntary arrangement.

6.14 None of the Directors has been a director of any company at the time of or within twelve months preceding the date of its receivership, compulsory liquidation, creditors' voluntary liquidation, administration, company voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors. None of the Directors have been a partner of any partnership at the time of or within twelve months preceding the date of its compulsory liquidation, administration or partnership voluntary arrangement or the receivership of any assets of such partnership nor have any of their assets been the subject of receivership.

6.15 None of the Directors has been publicly criticised by any statutory or regulatory authority or 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.

6.16 There is no Director's shareholding qualification under the Articles or otherwise.

6.17 The directorships held by each of the Directors over the five years preceding the date of this document and the partnerships in which they have been partners in the five years preceding the date of this document are as follows:

Current Directorships/Partnerships	**Past Directorships/Partnerships**
Peter Gray	
Anglo Japanese Investment Company Limited	1011 Limited
Folio Corporate Finance Limited	Aberdeen Underwriting Advisers Limited
Gartmore Distribution Trust PLC	Alit Insurance Holdings Limited
GDT Securities PLC	Alit Underwriting Limited
Graphite Enterprise Trust PLC	Bankside Pubs Limited

Current Directorships/Partnerships	Past Directorships/Partnerships
Peter Gray (continued)	Big Realisations Limited
Graphite Private Equity Trust PLC	Chaucer Holdings PLC
The Enhanced Zero Trust PLC	Close Finsbury Eurotech Trust PLC
	CM Group Holdings Limited
	Drayton Consolidated Trust PLC
	Edit Trading Limited
	Eurofolio Limited
	Ezybonds (UK) PLC
	Finsbury Income and Growth Trading Limited
	Finsbury Income and Growth Investment Trust PLC
	Folio Corporate Services Limited
	Gartmore Value Investments PLC
	GMIT Subsidiary Limited
	Graphite Capital Ventures Limited
	GSET Dealing Limited
	Hampden Agencies Limited
	Hampden Capital PLC
	Majorarch Limited
	Nomina PLC
	Nomina Services Limited
	Queenstown Road Limited
	Richmond Terrace (Brighton) Limited
	Second Consolidated Trust PLC
	The New Zealand Investment Trust PLC
	Wandsworth Riverside Quarter Limited
	W E 5 Developments Limited
	Westbourne Grove Properties Limited
Michael Mills	
Athanor Capital Partners Limited	Advance Value Realisation Company Limited
Atlas Medical Recruitment Limited	China Growth Trust plc
Marble Arch Capital plc	Drew Scientific Group plc
Pentavia Limited	International British Schools plc
Ultrasis plc	Intramezzo Limited
World Food Heroes Limited	Learning Angles Limited
	Legacy Distribution Group Inc (US)
	Onestop Logistics Limited
	RMR Design Associates Limited
	S Daniels plc
	Talent Group plc (formerly RMR plc)
	Zenith International Ltd
	All Square Foods Limited
	Big T (Tea) Limited
	Bilash Foods Limited
	Brash Brothers Limited
	Copak Vendona Limited
	Daniels Foods Limited
	Daniels Group Limited
	Eurogran International Limited
	Eurogran A/S
	Eurogran Danmark A/S
	Eurogran France S.A.
	Eurogran Hungary KFT
	Eurogran Nordic A.B.
	Get Fresh Limited

Current Directorships/Partnerships

Past Directorships/Partnerships

Michael Mills (continued)

Past Directorships/Partnerships:

Globekirk Limited
Intsys Limited
Ismail & Company Limited
Johnson's Fresh Products Limited
Johnson's Freshly Squeezed Juice Limited
Juice Limited
Kent Seal Foods Limited
S Daniels Quest Trustees Limited
S Daniels Dried Fruit Limited
Sun-Ripe Limited
The New Covent Garden Soup Company Limited
The Beverage Company Limited (formerly Daniels Foods Limited)

Dewald Joubert

Current Directorships/Partnerships:

Amplats (IOM) Limited
Anglo American International (I.O.M.) Limited
AngloGold Ashanti Holdings Plc (LSE listed debt securities)
AngloGold Ashanti International Services Limited
AngloGold Finance Australia Limited
BoE Protected Equity Fund Limited
Dimension Data Commerce Centre Limited
Dimension Data Global Management Services Limited
Discus Holdings Limited
Discus Limited
Efidium Limited
Engen International Marketing Limited
Engen Petroleum DRC (IOM) Limited
Engineering Services International Inc
Henley Settlement Limited
JCI (Isle of Man) Limited
JCI East African Exploration Company Limited
Maitland Advisory (IOM) Limited
Maitland Asset Management (IOM) Limited
Marbras (Guernsey) Limited
Meyers Investments Limited
Millennium Publishers Limited
Mining & Services Limited
Murray & Roberts Guernsey Limited
Murray & Roberts Steel International Limited
Nampak International Limited
Nilofar Investments Limited
Pangea Diamondfields Plc.
Planum Holdings Limited
R T Speed Limited
Raufard Limited
Spindle Limited
St. Pauls Investments Limited
Stratton Services Limited (closed)
Tubus Installations Limited
Vannin Energy Limited

Past Directorships/Partnerships:

Birchman Group Limited
Clemente Business Limited
Corozal Limited
Dimension Data Finance Limited
Echo Delta (Holdings) PCC Limited
Elgria Limited
Engen Petroleum International Limited
Engineering Management Services International Limited
Entre-acte Limited
Fireside Limited
Glanvill Limited
Merinos Leasing Limited
Mittonic Limited (closed)
Montbrun Limited
Napoleon Leasing Limited
Nordberg Limited
Ocean Dive Adventures Limited
Oil Consultants Limited
Oranmore Investments Limited
Orinocov Limited
Orion Sporting and Leisure Limited
Overture Limited
Pentavana Limited
Perianth Limited
Private Ventures Limited
Profuse Limited
Protea Leasing Limited
Pyramus Limited
Quinnasette Limited
Regional Aircraft Leasing Limited
Renaissance Holdings Limited
Sable Kensington Limited
SafeTech 1 Limited (closed)
Science & Technology Limited
Sherburn Limited
Shweir Limited
Starcross Investments Limited
Sundiamond Limited

Current Directorships/Partnerships	Past Directorships/Partnerships
Dewald Joubert (continued)	
Ware Limited	Swaton Limited
Woodland Investment Company (Proprietary) Ltd	Tabayin Holdings Inc
	Thilo Limited
	Timbal Limited
	Tintern Limited
	Tontine Inc
	TPA Remarketing Services Limited
	Trenowth Limited
	Turboprop Remarketing Services Limited
	Two Tree Limited
	Utilities Management Limited
	Vannin Leasing Limited
	Wardvale Properties Limited
	Whitton Limited
	Wilfram Limited
	Willow Lane Limited
	Wydire Holdings Limited
	Zacopani Limited
	Zeedijk Handelmaatschappij NV
	Zietzig Limited
Martin Slabbert	
Third Way Capital SRL	Deloitte Central Europe
	Established Investments (Pty) Ltd
	National Cerial Holdings (Pty) Ltd
	National Cerial Investments (Pty) Ltd
	Premier Foods Ltd
	Virgin Active (South Africa) (Pty) Ltd

6.18 As described in Part VI of this document, the following parties (the members of the Concert Party) are considered by the Company to be acting in concert for the purposes of Rule 9 of the Takeover Code. On Admission the members of the Concert Party will have the following interests in the issued share capital of the Company:

	On Admission		**Following the Second Tranche Placing**	
	Number of Shares	**Percentage of issued share capital %**	**Number of Shares**	**Percentage of issued share capital %**
Capital Property Fund*	3,452,800	26.81	6,155,000	22.97
Diversified Properties 2 (Pty) Ltd	3,050,000	23.69	7,392,500	27.59
The Suni Trust	828,000	6.43	1,725,000	6.44
Optimprops 3 (Pty) Ltd	709,200	5.51	1,477,500	5.51
Chataprop Holdings 50 (Pty) Ltd	709,200	5.51	1,477,500	5.51
Maxtrade Seven (Pty) Ltd	472,800	3.67	985,000	3.68
Jacques van Wyk	177,600	1.38	370,000	1.38
The DYJAJU Trust	117,600	0.91	245,000	0.91
Sakhisizwe Investment Holdings (Pty) Ltd	117,600	0.91	245,000	0.91
Jacobus Kriek	96,000	0.75	200,000	0.75
Madelein Slabbert	94,800	0.74	197,500	0.74
Andries de Lange	53,200	0.41	100,000	0.37
Mrs HM Hallowes	24,000	0.19	50,000	0.19
Concert Party in aggregate	9,902,800	76.90	20,620,000	76.95

*Absa Bank Limited acts as trustee.

Diversified Properties 2 (Pty) Ltd

Diversified Properties 2 (Pty) Ltd is a wholly owned subsidiary of Diversified. Diversified was listed on the Johannesburg Stock Exchange in October 2005 as a property holding and investment company. Diversified's strategy is to acquire good quality stock by entering into partnerships with leading property developers rather than acquiring developers' non-core assets. Diversified focuses on the acquisition of rural retail properties development opportunities, and have secured a pipeline of A-grade industrial developments with the acquisition of industrial land in Cape Town.

Fortress, which has a 50 per cent. interest in the issued share capital of the Investment Adviser and Property Fund Managers Limited ("PFM") are wholly owned subsidiaries of Diversified (the share acquisition agreement which will make PFM a wholly owned subsidiary of Diversified is still conditional upon the Financial Services Board approval). PFM is the management company for Capital Property Fund ("Capital").

For the financial year ended 30 June 2007, Diversified recorded net operating income before net financing costs of R357,341,000, profit before tax and distribution to shareholders of R362,381,000 and net assets of R1,182,415,000.

Capital Property Fund

Absa Bank Limited is the trustee for Capital, one of the oldest listed property unit trust in South Africa. Capital provides investors with the opportunity to participate directly in the income and capital growth of selected professionally managed property portfolios including professionally managed prime, well-located industrial, commercial, retail and parking buildings. Capital operates through and is managed by PFM. For the year ended 31 December 2006, Capital recorded revenue of R241,473,000, profit before tax and distribution to unit holders of R556,976,000 and net assets of R1,743,089,000.

Resilient Property Income Fund Limited

Resilient's principal activity is that of a property portfolio fund providing a sustainable yield. Resilient invests in retail developments in small cities and large towns tenanted predominantly by national retailers and anchored by supermarkets. In 2005, Resilient sold nine properties to Diversified, and is responsible for the asset management of Diversified. For the year ended 31 December 2006, Resilient recorded net operating income before net financing costs of R708,527,000, profit before tax and distribution to shareholders of R698,489,000 and net assets of R2,013,359,000.

The Suni Trust

Desmond de Beer is a trustee and beneficiary of this trust. Mr de Beer has spent the majority of his career in the property finance industry, initally with Barclays Trustee Division and later with Syfrets Limited, one of the companies that formed Nedcor Investment Bank Limited. Mr de Beer is managing director of Resilient, and a director of PFM and Diversified.

Optimprops 3 (Pty) Ltd

Mr de Beer owns 50 per cent. of this company and is its sole director. As detailed above, Mr de Beer is on the boards of directors of PFM, Diversified and Resilient.

Chataprop Holdings 50 (Pty) Ltd

Barry Stuhler owns 100 per cent. of this company and is its sole director. Mr Stuhler has widespread financial and property experience. He was previously employed by Hill Samuel Merchant Bank, and held the positions of financial director at Integrated Property Resources Limited and managing director at Intaprop Management Services (Pty) Limited. In 1994, Mr Stuhler and a partner founded Inline Properties (Pty) Limited, a property management and corporate property advisory company. Mr Stuhler is the managing director of PFM.

Maxtrade Seven (Pty) Ltd

Mr Zidel owns 100 per cent. of this company. A profile of Mr Zidel is set out under the information on Key Individuals of the Investment Adviser, in Part V of this document.

Jacques van Wyk

A profile of Mr van Wyk is set out under the information on Key Individuals of the Investment Adviser, in Part V of this document.

The DYJAJU Trust

David Lewis is a trustee and beneficiary of The DYJAJU Trust. Mr Lewis started his career with WBHO Construction and was responsible for a number of retail developments and refurbishments. He then joined Boxer Superstores as Projects and Development Manager, and later Nedcor Investment Bank Limited Private Equity Division. Mr Lewis was a founding member of Resilient and currently serves as a director of Resilient and Diversified.

Sakhisizwe Investment Holdings (Pty) Ltd

The Ida Family Trust owns 50% of this company. Andrew Teixeira, a director of Diversified and of PFM, is a beneficiary and trustee of the Ida Family Trust. Mr Teixeira started his career in his own construction company. He then joined JHI Real Estate in 1993 in their property management division, where he was later appointed as the director responsible for property management nationally.

Madelein Slabbert

Madelein Slabbert is the wife of Mr Slabbert, one of the Directors. A profile of Mr Slabbert is set out under the information on Board of Directors in Part V of this document.

Jacobus Kriek

Jacobus Kriek is a director of Resilient. Mr Kriek has been involved in retail property, management development and letting for almost 20 years with a strong emphasis on redeveloping underperforming shopping centres. Mr Kriek was previously the national head of Colliers International – Retail Property Management for South Africa.

Andries de Lange

Andries de Lange is the financial director of Resilient. Mr de Lange gained experience in debt and equity finance at the Industrial Development Corporation of South Africa Limited before joining the private equity division of Nedcor Investment Bank. He was involved with various restructurings at Nedbank before he joined PFM Limited in 2004. Mr de Lange is financial director of PFM.

Helene Hallowes

Helene Hallowes is the wife of Craig Hallowes. Mr Hallowes is an executive director of Diversified. Mr Hallowes qualified as an attorney in 1995 and practised at Bowman Gilfillan Attorneys until 1997, when he joined Investec. He was employed in both the investment management services and asset management divisions of Investec and held various positions, including head of legal and technical and head of national sales and marketing for retail investment products.

7. Articles of Association

For the purposes of this paragraph "Uncertificated Regulations" means the Isle of Man Uncertificated Securities Regulations 2006. The Articles contain provisions, *inter alia*, to the following effect:

7.1 Votes of members

Subject to any special terms as to voting on which any shares may have been issued or may for the time being be held and to any suspension or abrogation of voting rights pursuant to the Articles, at any general meeting every member who (being an individual) is present in person or by proxy shall on a show of hands have one vote and on a poll every member present in person or by proxy shall have one vote for each share of which he is the holder.

7.2 Dividends

Subject to the provisions of the Articles, the Company may, subject to the satisfaction of the solvency test (as defined in section 49 of the 2006 Act), by resolution declare that out of profits available for distribution in accordance with Isle of Man law dividends be paid to members according to their respective rights and interests in the profits of the Company available for distribution. However, no dividend shall exceed the amount recommended by the board.

7.3 General meetings

7.3.1 The board shall convene in each year a general meeting of the members of the Company called the annual general meeting; any annual general meeting shall be held at such time and place as the board may determine

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

7.3.3 The board may convene an extraordinary general meeting whenever it thinks fit. At any meeting convened on such requisition (or any meeting requisitioned pursuant to section 67(2) of the 2006 Act) no business shall be transacted except that stated by the requisition or proposed by the board. If there are not sufficient members of the board to convene a general meeting, any director or any member of the Company may call a general meeting.

7.3.4 Any annual general meeting and an extraordinary general meeting convened for the passing of a special resolution or a resolution appointing a person as a director shall be convened by not less than twenty-one clear days' notice in writing. Other extraordinary general meetings shall be convened by not less than fourteen clear days' notice in writing. Notwithstanding that a meeting is convened by shorter notice than that specified in the Articles, it shall be deemed to have been properly convened if it is so agreed by all the members entitled to attend and vote at the meeting.

7.3.5 No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business but the absence of a quorum shall not preclude the choice or appointment of a Chairman which shall not be treated as part of the business of the meeting. Subject to the provisions of the Articles, two persons entitled to attend and to vote on the business to be transacted, each being a member present in person or a proxy for a member, or one person entitled to attend and to vote on the business to be transacted, being a member holding not less than one-tenth of the issued share capital of the Company and being present in person or by proxy, shall be a quorum. The provisions of section 67(4) of the 2006 Act are excluded. If within fifteen minutes (or such longer interval not exceeding one hour 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 a 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 to later on the same day, to the same day in the next week at the same time and place, or to such other day and at such time and place as the Chairman (or, in default, the board) may determine, being not less than fourteen nor more than twenty-eight days thereafter. If at such adjourned meeting a quorum is not present within fifteen minutes from the time appointed for holding the meeting one member present in person or by proxy shall be a quorum. If no such quorum is present or, if during the adjourned meeting a quorum ceases to be present, the adjourned meeting shall be dissolved. The Company shall give at least seven clear days' notice of any meeting adjourned through lack of quorum (where such meeting is adjourned to a day being not less than fourteen nor more than twenty-eight days thereafter).

7.4 Variation of rights

Subject to the provisions of the 2006 Act, if at any time the share capital of the Company is divided into shares of different classes any of the rights for the time being attached to any share or class of shares in the Company (and notwithstanding that the Company may be or be about to be in liquidation) may (unless otherwise provided by the terms of issue of the shares of that class) 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 holders of not less than three quarters in par value of the issued shares of the class or with the sanction of a special resolution passed at a separate general meeting of the holders of shares of the class duly convened and held as provided in the Articles (but not otherwise). This paragraph shall apply also to the variation or abrogation of the special rights attached to some only of the shares of any class as if each group of shares of the class differently treated formed a separate class the separate rights of which are to be varied. Subject to the terms of issue or the rights attached to any shares the rights or privileges attached to any class of shares shall be deemed not to be varied or abrogated by the board resolving that a class of shares is to become or cease to be a share or class of shares or a renounceable right of allotment of a share, title to which is permitted to be transferred by means of a relevant system in accordance with the Uncertificated Regulations.

7.5 Alteration of capital

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

(a) increase its share capital by such sum to be divided into shares of such amount as the resolution prescribes;

(b) consolidate and/or divide, re-designate or redenominate or convert all or any of its share capital into shares of larger or smaller par value, into shares having a purchase price of another currency, or into different classes of shares 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) sub-divide its shares or any of them into shares of smaller par value 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 but so that the proportion between the amount paid up and the amount (if any) not paid up on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived.

7.5.2 Subject to compliance with the solvency test (as defined in section 49 of the 2006 Act) and to any rights for the time being attached to any shares, the Company may by special resolution reduce its share capital, any share premium account or any undistributable reserve in any manner.

7.6 Pre-emption rights

7.6.1 Subject as indicated in the paragraph below, and unless the Company shall by special resolution otherwise direct, unissued shares in the capital of the Company shall only be allotted for cash in accordance with the following provisions:

(a) all shares to be allotted (the "offer shares") shall first be offered to the members of the Company who the directors determine can be offered such shares without the Company incurring securities offering compliance costs which, in the opinion of the directors, would be burdensome given the number of members in the relevant jurisdiction in relation to which such compliance costs would be incurred (the "relevant members");

(b) the offer to relevant members set out in sub-paragraph (a) above (the "offer") shall be made in proportion to the existing holdings of shares of relevant members;

(c) the offer shall be made by written notice (the "offer notice") from the directors specifying the number and price of the offer shares and shall invite each relevant member to state in writing within a period, not being less than 14 (fourteen) days, whether they are willing to accept any offer shares and, if so, the maximum number of offer shares they are willing to take;

(d) at the expiration of the time specified for acceptance in the offer notice the directors shall allocate the offer shares to or amongst the relevant members who shall have notified to the directors of their willingness to take any of the offer shares but so that no relevant member shall be obliged to take more than the maximum number of shares notified by him under sub-paragraph (c) above; and

(e) if any offer shares remain unallocated after the offer, the directors shall be entitled to allot, grant options over or otherwise dispose of those shares to such persons on such terms and in such manner as they think fit save that those shares shall not be disposed of on terms which are more favourable to their subscribers than the terms on which they were offered to the relevant members.

7.6.2 The provisions of paragraphs 7.6.1 (a) to (e) above shall not, for the avoidance of doubt, apply to the allotment of any shares for a consideration other than cash, and, accordingly, the directors may allot or otherwise dispose of any unissued shares in the capital of the Company for a consideration other than cash to such persons at such times and generally on such terms as they may think fit (except that shareholder approval is required for non-cash allotments in excess of 30 per cent. of the Company's enlarged issued share capital in any 12 month period). The provisions of paragraphs 7.6.1 (a) to (e) above shall also not apply to any shares issued pursuant to an employee share scheme including the scheme for directors, officers and employees of the Investment Adviser described in Part V and in paragraph 12 below. Nor do such provisions apply to shares allotted pursuant to the Placing or pursuant to the Second Tranche Placing. Finally such provisions do not apply to the first £12,500 of nominal value of equity securities issued after the date hereof in addition to those described within the foregoing exceptions.

7.7 Transfer of shares

7.7.1 Each member may transfer all or any of his shares in the case of certificated shares by instrument of transfer in writing in any usual form or in any form approved by the board or in the case of uncertificated shares with a written instrument in accordance with the Uncertificated Regulations. The Articles are consistent with CREST membership. Any written instrument shall contain the business or residential address of the transferee and be executed by or 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 Company's register of members as the holder of the share.

7.7.2 No transfer of any share shall be made:

(a) to a minor; or

(b) to a bankrupt; or

(c) to any person who is, or may be, suffering from mental disorder and either:

(i) has been admitted to hospital in pursuance of an application for admission for treatment under the Mental Health Act 1983 (an Act of Parliament) or any similar statute relating to mental health (whether in the United Kingdom, the Isle of Man or elsewhere); or

(ii) an order has been made by any court having jurisdiction (whether in the United Kingdom, the Isle of Man or elsewhere) in matters concerning mental disorder for his detention or for the appointment of a receiver, curator bonis or other person to exercise powers with respect to his property or affairs,

and the directors shall refuse to register the purported transfer of a share to any such person.

7.7.3 The board may in its absolute discretion and without giving any reason refuse to register any transfer of a certificated share unless:

(a) it is in respect of a share which is fully paid up;

(b) it is in respect of a share on which the Company has no lien;

(c) it is in respect of only one class of shares;

(d) it is in favour of a single transferee or not more than four joint transferees;

(e) it is duly stamped (if so required);

(f) it is delivered for registration to the registered agent of the Company, or such other person as the board may from time to time appoint, accompanied (except in the case of a transfer where a certificate has not been required to be issued) by the certificate for the shares to which it relates and such other evidence as the board may reasonably require to prove the title of the transferor and the due execution by him of the transfer or if the transfer is executed by some other person on his behalf, the authority of that person to do so; and

(g) the holding of such share would not result in a regulatory, pecuniary, legal, taxation or material administrative disadvantage for the Company or its shareholders as a whole including, but not limited to, where such a disadvantage would arise out of the transfer of any share to a Prohibited Person (as defined below),

provided that the board's discretion may not be exercised in such a way as to prevent dealings in the shares from taking place on an open and proper basis.

7.7.4 The board shall refuse to register any transfer of shares which is:

(a) not made (i) in accordance with Regulation S, (ii) pursuant to registration under the US Securities Act or (iii) pursuant to an available exemption from registration under the US Securities Act; or

(b) made by "qualified purchasers" (as defined in the US Investment Company Act) to "US persons" (as defined in Regulation S) who are not "qualified purchasers".

7.7.5 The registration of transfers of shares or of any class of shares may be suspended at such times and for such periods (not exceeding thirty days in any year) as the board may from time to time determine (subject to the Uncertificated Regulations in the case of any shares of a class which is a Participating Security as defined below). Notice of closure of the register of members of the Company shall be given in accordance with the requirements of the 2006 Act.

7.7.6 The board shall register a transfer of title to any uncertificated share or the renunciation or transfer of any renounceable right of allotment of a share which is a share or class of shares or a renounceable right of allotment of a share ("Participating Security"), title to which is permitted to be transferred by means of a relevant uncertificated system in accordance with the Uncertificated Regulations held in uncertificated form in accordance with the Uncertificated Regulations, except that the board may refuse (subject to any relevant requirements applicable to the recognised investment exchange(s) to which the shares of the Company are admitted) to register any such transfer or renunciation which is in favour of more than four persons jointly or in any other circumstance permitted by the Uncertificated Regulations.

7.8 Compulsory transfer of shares

7.8.1 If it shall come to the notice of the board that any shares are or may be owned or held directly or beneficially by:

(a) any person in breach of any law or requirement of any country or by virtue of which such person is not qualified to own those shares and, in the sole and conclusive determination of the board, such ownership or holding or continued ownership or holding of those shares (whether on its own or in conjunction with any other circumstance appearing to the board to be relevant) would in the reasonable opinion of the board, cause a pecuniary or tax disadvantage to the Company or any other holder of shares or other securities of the Company which it or they might not otherwise have suffered or incurred; or

(b) any person that is an employee benefit plan subject to Title I of the US Employee Retirement Income Security Act of 1974, as amended ("ERISA"), or other plan subject to Section 4975 of the US Internal Revenue Code of 1986, as amended, and in the opinion of the board the assets of the Company may be considered "plan assets" within the meaning of Section 3(42) of ERISA; or

(c) any person to whom a transfer of shares or whose ownership or holding of any shares might in the opinion of the board require registration of the Company as an investment company under the US Investment Company Act; or

(d) any "United States person" (as defined in Section 957(c) of the US Internal Revenue Code of 1986, as amended) and such person's shareholding amounts to ten per cent. or more of the shares, unless otherwise approved by the board

(collectively, a "Prohibited Person"),

the board may serve written notice (hereinafter called a "Transfer Notice") upon the person (or any one of such persons whose shares are registered in joint names) appearing in the register as the holder (the "Vendor") of any of the shares concerned (the "Relevant Shares") requiring the Vendor within ten days (or such extended time as in all the circumstances the board consider reasonable) to transfer (and/or procure the disposal of interests in) the Relevant Shares to another person who, in the sole and conclusive determination of the board, would not fall within sub-paragraphs 7.8.1 (a), (b), (c) or (d) above (such a person being hereinafter called an "Eligible Transferee"). On and after the date of such Transfer Notice, and until registration of a transfer of the Relevant Shares to which it relates pursuant to the provisions referred to in this paragraph or the paragraph below , the rights and privileges attaching to the Relevant Shares will be suspended and not capable of exercise.

7.8.2 If within ten days after the giving of a Transfer Notice (or such extended time as in the circumstances the board consider reasonable) the Transfer Notice has not been complied with to the satisfaction of the board, the Company may sell the Relevant Shares on behalf of the holder thereof by instructing a London Stock Exchange member firm to sell them at the best price reasonably obtainable at the time of sale to any one or more Eligible Transferees. To give effect to a sale the board may authorise in writing any officer or employee of the Company to transfer the Relevant Shares on behalf of the holder thereof (or any person who is automatically entitled to the shares by transmission or by law) or to cause the transfer of the Relevant Shares to the purchaser and in relation to an uncertificated share may require the Operator to convert the share into certificated form and an instrument of transfer executed by that person shall be as effective as if it had been executed by the holder of, or the person entitled by transmission to, the Relevant Shares. The purchaser is not bound to see to the application of the purchase money and the title of the transferee is not affected by any irregularity in or invalidity of the proceedings connected to the sale. The net proceeds of the sale of the Relevant Shares, after payment of the Company's costs of the sale, shall be paid by the Company to the Vendor or, if reasonable enquiries have failed to establish the location of the Vendor, into a trust account at a bank designated by the Company, the associated costs of which shall be borne by such trust account. The Company may register or cause the registration of the transferee as holder of the Relevant Shares and thereupon the transferee shall become absolutely entitled thereto.

7.8.3 A person who becomes aware that he falls, or is likely to fall, within any of the sub-paragraphs 7.8.1 (a), (b), (c) or (d) above, shall forthwith, unless he has already received a Transfer Notice pursuant to the above provisions either transfer the shares to one or more Eligible Transferees or give a request in writing to the board for the issue of a Transfer Notice in accordance with the above. Every such request shall, in the case of certificated shares, be accompanied by the certificate(s) for the shares to which it relates.

7.8.4 Subject to the provisions of the Articles, the board shall, unless any director has reason to believe otherwise, be entitled to assume without enquiry that none of the shares are held in such a way as to entitle the board to serve a Transfer Notice in respect thereof. The board may, however, at any time and from time to time call upon any holder (or any one of joint holders or a person who is automatically entitled to the shares by transmission or by law) of shares by notice in writing to provide such information and evidence as they require upon any matter connected with or in relation to such holders of shares. In the event of such information and evidence not being so provided within such reasonable period (not being less than ten clear days after service of the notice requiring the same) as may be specified by the board in the said notice, the board may, in its absolute discretion, treat any share held by such a holder or joint holders or person who is automatically entitled to the shares by transmission or by law as being held in such a way as to entitle them to service a Transfer Notice in respect thereof.

7.8.5 The board will not be required to give any reasons for any decision, determination or declaration taken or made in accordance with these provisions. The exercise of the powers conferred by the provisions referred to in paragraphs (7.8.1), (7.8.2) or (7.8.4) above may not be questioned or invalidated in any case on the grounds that there was insufficient evidence of direct or indirect beneficial ownership or holding of shares by any person or that the true direct or beneficial owner or holder of any shares was otherwise than as appeared to the board at the relevant date provided that the said powers have been exercised in good faith.

7.9 Disclosure of interests

7.9.1 Every person who is to his knowledge interested in the voting rights of 3 per cent. or more of the issued shares of any relevant class of shares in the capital of the Company, shall without delay, give to the Company notice in writing of the following information:

(a) the amount of shares of the relevant class in which he was to his knowledge directly or indirectly interested immediately after the obligation arose and the percentage of voting rights in the Company held through those shares (and/or any other direct or indirect holding of qualifying financial instruments in such shares); and

(b) the following information: (i) the identity and address of each registered holder of those shares (and person(s) entitled to exercise voting rights on behalf of such registered holder, if applicable) and the amount of shares then held by each such holder; (ii) the chain of controlled undertakings through which voting rights are effectively held, if applicable; (iii) the date on which the threshold was reached or crossed; and (iv) in respect of any notification of voting rights arising from the holding of qualifying financial instruments by that shareholder, the following shall be required:

(A) the resulting situation in terms of voting rights;

(B) if applicable, the chain of controlled undertakings through which qualifying financial instruments are effectively held;

(C) the date on which the threshold was reached or crossed;

(D) for qualifying financial instruments with an exercise period, an indication of the date or time period where shares will or can be acquired, if applicable;

(E) the date of maturity or expiration of the qualifying financial instrument;

(F) the identity of the holder; and

(G) the name of the underlying issuer of such qualifying financial instrument.

7.10 Suspension of rights

The board may at any time serve a notice ("Information Notice") upon a member requiring the member to disclose to the board in writing within such period (being no less than ten days and not more than thirty days) as may be specified in the notice, information relating to any beneficial interest of any third party or any other interest of any kind whatsoever which a third party may have in relation to any or all shares registered in the member's name. If a member has been issued with an Information Notice and has failed in relation to any shares the subject of the Information Notice ("relevant shares") to furnish any information required by such notice within the time period specified therein, then the board may at any time following fourteen days from the expiry of the date on which the information required to be furnished pursuant to the relevant Information Notice is due to be received by the board, serve on the relevant holder a notice (in this paragraph called a "disenfranchisement notice") whereupon the following sanctions shall apply:

7.10.1 Voting

the member shall not with effect from the service of the disenfranchisement notice be entitled in respect of the relevant shares to be present or to vote (either in person or by representative or proxy) at any general meeting of the Company or at any separate meeting of the holders of any class of shares of the Company or on any poll or to exercise any other right conferred by membership in relation to any such meeting or poll; and

7.10.2 Dividends and transfers

where the relevant shares represent at least 0.25 per cent. in par value of their class:

(i) any dividend or other money payable in respect of the relevant shares shall be withheld by the Company, which shall not have any obligation to pay interest on it and the member shall not be entitled to elect pursuant to the Articles to receive shares instead of that dividend; and

(ii) subject in the case of uncertificated shares to the relevant Uncertificated Regulations no transfer, other than an approved transfer, of any relevant shares held by the member shall be registered unless the member is not himself in default as regards supplying the information required pursuant to the relevant Information Notice and the member provides 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.

7.11 Borrowing powers

Subject to the other provisions of the Articles and the 2006 Act, the directors may exercise all the powers of the Company to borrow money, to guarantee, to indemnify and to mortgage or charge its undertaking, property, assets (present and future) and uncalled capital or any part or parts thereof and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

7.12 Return of capital

7.12.1 If the Company is wound up, the surplus assets remaining after payment of all creditors are to be divided among the members in proportion to the capital which at the commencement of the winding up is paid up on the shares held by them respectively and, if such surplus assets are insufficient to repay the whole of the paid up capital, they are to be distributed so that as nearly as may be the losses are borne by the members in proportion to the capital paid up at the commencement of the winding up on the shares held by them respectively, subject to the rights attached to any shares which may be issued on special terms or conditions.

7.12.2 If the Company is wound up the liquidator may, with the sanction of a special resolution of the Company and any other sanction required by law, 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 Isle of Man Companies Act 1931, as amended. The liquidator may with the like sanction vest the whole or any part of the whole of the assets in trustees on such trusts for the benefit of the members as he with the like sanction shall determine but no member shall be compelled to accept any assets on which there is a liability.

7.12.3 A special resolution sanctioning a transfer or sale to another company duly passed pursuant to section 222 of the Isle of Man Companies Act 1931 to 2004, as amended, may in the like manner authorise the distribution of any shares or other consideration receivable by the liquidator among the members otherwise than in accordance with their existing rights and any such determination shall be binding on all the members, subject to the right of dissent and consequential rights conferred by the said section.

7.13 Retirement by rotation

At every annual general meeting one third of the directors who are subject to retirement by rotation or, if their number is not three or a multiple of three, the number nearest to but not exceeding one-third shall retire from office by rotation provided that if there is only one director who is subject to retirement by rotation, he shall retire.

7.14 Meetings of the board

Meetings of the board or of committees of the Directors shall be held outside of the United Kingdom.

7.15 Directors' interests, fees and indemnity

7.15.1 A director who to his knowledge is in any way (directly or indirectly) interested in any contract, arrangement, transaction or proposal with the Company shall declare the nature of his interest 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.

7.15.2 Except as provided 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 proposal whatsoever to which the Company is or is to be a party and in which (together with any interest of any person connected with him within the meaning of section 346 of the UK Companies Act 1985) he has (directly or indirectly) an interest which is material (other than by virtue of his interests in shares or debentures or other securities of, or otherwise in or through the Company) or a duty which conflicts with the interests of the Company unless his duty or interest arises only because the resolution relates to one of the matters set out in the following sub-paragraphs in which case he shall be entitled to vote and be counted in the quorum:

(a) the giving to him of any guarantee, security or indemnity 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 subsidiaries;

(b) the giving to a third party of any guarantee, security or indemnity in respect of a debt or obligation of the Company or any of its subsidiaries for which he himself has assumed responsibility in whole or in part either alone or jointly with others under a guarantee or indemnity or by the giving of security;

(c) where the Company or any of its subsidiaries is offering securities in which offer the director is or may be entitled to participate as a holder of securities or in the underwriting or sub-underwriting of which the director is to participate;

(d) relating to another company in which he and any persons connected with him (within the meaning of section 346 of the UK Companies Act 1985) do not to his knowledge hold an interest in shares (as that term is used in sections 198 to 211 of the UK Companies Act 1985) representing 1 per cent. or more of either any class of the equity share capital, or the voting rights, in such company;

(e) relating to an arrangement for the benefit of the employees of the Company or any of its subsidiaries which does not award him any privilege or benefit not generally awarded to the employees to whom such arrangement relates; or

(f) concerning insurance which the Company proposes to maintain or purchase for the benefit of directors or for the benefit of persons including directors.

7.15.3 An interest of a person who is, for any purpose of the 2006 Act (excluding any such modification thereof not in force when the Articles became binding on the Company), connected with a director shall be treated as an interest of the director and, in relation to an alternate director, an interest of his appointor shall be treated as an interest of the alternate director without prejudice to any interest which the alternate director otherwise has.

7.15.4 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 (including fixing or varying the terms of his appointment or its termination) as the holder of any office or place of profit with the Company or any company in which the Company is interested. Where proposals are under consideration concerning the appointment (including fixing or varying the terms of appointment or termination) of two or more directors to offices or places of profit with the Company or any company in which the Company is interested, such proposals may be divided and a separate resolution considered in relation to each director. In such case each of the directors concerned (if not otherwise debarred from voting under these Articles) shall be entitled to vote (and be counted in the quorum) in respect of each resolution except that concerning his own appointment.

7.15.5 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 (not exceeding £200,000 per annum or such other sum as the Company in general meeting shall from time to time determine). Such sum (unless otherwise directed by the resolution of the Company by which it is voted) shall be divided among the directors in such proportions and in such manner as the board may determine or in default of such determination, equally (except that in such event any director holding office for less than the whole of the relevant period in respect of which the fees are paid shall only rank in such division in proportion to the time during such period for which he holds office). Any fees payable pursuant to the above paragraph shall be distinct from any salary, remuneration or other amounts payable to a director pursuant to any other provisions of the Articles and shall accrue from day to day.

7.15.6 Subject to the provisions of the 2006 Act, the Company may indemnify every director, alternate director or other officer of the Company (other than an auditor) to the fullest extent permitted by law.

7.16 Register of members

The Company shall cause to be kept a register of members pursuant to section 62 of the 2006 Act.

8. Mandatory Takeover Bids and Squeeze-out Rules

8.1 Mandatory takeover bids

Please see the paragraph headed "The Takeover Code" in Part VI which contains important information about mandatory takeover bids under Rule 9 of the Takeover Code.

8.2 Squeeze-out rules

Also, the Law states that, if an offeror were to acquire 90 per cent. of the Ordinary Shares to which its offer relates within sixteen weeks of making its offer, it could then compulsorily acquire the remaining 10 per cent.. The consideration offered to the Shareholders whose Ordinary Shares are compulsorily acquired under the Law must, in general, be the same as the consideration that was available under the takeover offer.

9. Determination of Net Asset Value

The Net Asset Value per Share of the Company will be calculated by dividing the net asset value of the Company (being the value of its total assets minus its liabilities) by the total number of shares in issue, and rounding the resulting figure to two decimal places. The Investment Adviser will compute the Net Asset Value of the Company as of close of business at such time as the Investment Adviser may determine on such date or dates as the Company may require. The value of each property asset will be based on the latest valuation required for accounting purposes and the value of each other asset will be based on a decision by the Board, with advice, from time to time, from the Investment Adviser, as to the broadest and most representative value for such asset.

10. Material Contracts

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by the Company since its incorporation and are, or may be, material:

10.1 A Placing Agreement dated 15 August 2007 between the Company, the Directors, Smith & Williamson, and the Investment Adviser, under which Smith & Williamson has agreed to act as agent for the Company pursuant to the Placing.

The agreement contains certain representations and warranties given by the Company, the Directors, and the Investment Adviser in favour of Smith & Williamson as to the accuracy of the information contained in the agreement and other matters relating to the Company and its business. The agreement also contains an indemnity from the Company, the Directors and the Investment Adviser against any claim, action, demand, proceedings, awards, judgment, loss, damage, liability, expense and tax which may be brought against or directly or indirectly suffered or incurred by Smith & Williamson in the performance of its obligations under the Placing Agreement. The obligations of Smith & Williamson under the agreement are conditional on certain matters and events including, *inter alia*, admission taking place and effect on or before 22 August 2007. The Placing Agreement may be terminated before Admission by Smith & Williamson, in its sole discretion, on a number of grounds, including in the event of a material failure on the part of the Company or the Directors to comply with their obligations under the Placing Agreement and/or a material breach of warranty. Further details on the Placing Agreement are contained in Part VI of this document.

10.2 An Administration Agreement dated 15 August 2007 between the Company and Maitland Services Limited whereby the Administrator is appointed to act as administrator and registrar of the Company and to provide a company secretary. The Administrator shall be entitled to receive an annual retainer fee of £1,500 from the Company and a time spent based fee for preparation of interim and annual reports for the Company.

The Administrator shall be entitled to reimbursement of reasonable expenses properly incurred by the administrator in carrying out its duties (including the fees of any CREST provider). The agreement contains an indemnity in favour of the Administrator against third-party claims against it, relating to the performance of its duties. The agreement may be terminated in certain agreed circumstances, including, *inter alia*, if one of the parties commits a material breach of the agreement or goes into liquidation or any one party giving 60 days' written notice to the other.

10.3 A Nominated Adviser and Broker Agreement dated 15 August 2007 between the Company and Smith & Williamson pursuant to which Smith & Williamson agrees, following the Placing, to act as nominated adviser and broker to the Company for the purposes of the AIM Rules for an annual fee of £35,000 plus VAT payable in advance in four equal quarterly instalments. The agreement may be terminated by either party on three months' prior written notice and contains certain indemnities given by the Company in favour of Smith & Williamson.

10.4 A Working Capital Facility Agreement dated 15 August 2007 between NEP (BVI) and the Investment Adviser pursuant to which the Company will provide an unsecured loan facility, on a draw-down basis, of up to a maximum of €225,000 to the Investment Adviser for the purpose of enabling the Investment Manager to meet its initial working capital requirements. Each advance under the loan shall bear interest at an effective rate equal to six month Euribor plus 3 percent. and shall be repayable by the Investment Adviser on demand after a term of 24 months. NEP (BVI) is entitled to set-off any amounts owing by the Investment Adviser to the Company under the Working Capital Facility Agreement against any advisory fees due and payable by NEP (BVI) to the Investment Adviser under the Investment Advisory Agreement.

11. Investment Advisory Agreement

The Company, NEP (BVI) and the Investment Adviser are parties to an Investment Advisory Agreement dated 15 August 2007 pursuant to which the Company funds investments which NEP (BVI) wishes to make acting on recommendations from the Investment Adviser.

Under the terms of the Investment Advisory Agreement, the Investment Adviser will provide certain investment advisory services to NEP (BVI). The Investment Adviser will have responsibility for: (i) sourcing investment opportunities and presenting same to NEP (BVI); (ii) conducting investment analysis and assessments in relation to potential investments or existing investments; (iii) recommending a disposal strategy for each investment; (iv) recommending a debt strategy for each investment (if required), including the presentation of a lending term sheet for consideration and approval by NEP (BVI); and (v) negotiating the finance documents and loan closing with the lender selected by NEP (BVI).

NEP (BVI) may also delegate the following functions to the Investment Adviser: (i) supervising and monitoring the local property managers; (ii) providing or sourcing information required by the Company for its financial reports and other communication to shareholders; (iii) approving the terms of leases; and (iv) implementing and monitoring financial controls (including cash) at the Company's group level.

NEP (BVI) shall give full consideration to all investment proposals submitted to it by the Investment Adviser but will not be under any obligation to implement in full or in part any proposal submitted by the Investment Adviser and shall make its own independent investment decisions. NEP (BVI) has no power to consider investment proposals other than those being recommend by the Investment Adviser unless separately agreed or unless third party proposals are made via the Investment Adviser to NEP (BVI).

The Investment Adviser is entitled to the following fees from NEP (BVI):

- an advisory fee of 1 per cent. per annum of the daily average market capitalisation of the Company, calculated and payable monthly in arrears on the seventh business day of the next calendar month with the first instalment due on the seventh business day of the month following Admission; plus
- an annual performance fee equal to 20 per cent. of the gross dividend declarable that exceeds an annual 10 per cent. return on the capital contributions of the shareholders of the Company and payable on the last business day of the 14th month following the end of the financial year end to which the fee relates, adjusted and subject to set off as provided below.

The gross divided is regarded as the theoretical maximum dividend which the Company could have paid in any one year on income it received from investments (i.e. excluding gains on the realisation of an investment). Capital contributions of shareholders of the Company at any time are regarded as the aggregate subscription proceeds of the Company's ordinary shares less capital raising costs (including legal, regulatory and other general expenses).

Where dividends declared and paid are less than the gross dividend, the difference is added to the shareholders' capital contribution amount referred to above. Where the inverse is the case, the difference is deducted from the capital contribution amount.

Additional capital contributions are weighted (over 365 days) when received during the year.

If in any year the dividend yield (the gross dividend declarable divided by the capital contributions) is less than 10 per cent. ("Dividend Shortfall") then NEP (BVI) will claw back any performance fee accrued in the previous year (if any and limited to only the previous year) to the extent required to achieve a 10 per cent. dividend yield in respect of the year under consideration. The claw back will be paid by setting off the amount due against the accrued performance fee not yet paid.

The Investment Adviser is responsible for all of its ongoing running costs and expenses for acting as Investment Adviser unless NEP (BVI) agrees to reimburse the Investment Adviser for certain of its costs. The Investment Adviser is not responsible for the costs of the local property managers or any professional third party fees (agents commission, legal fees, independent valuers fees etc) arising from sourcing investments or raising debt funding for the purchase of investments. NEP (BVI) has agreed to reimburse the Investment Adviser for its travelling costs in respect of a potential investment but only after a letter of intent or similar document has been signed.

The Investment Adviser shall not raise a promoter's fee in relation to launching the Company but shall instead be entitled to recover from the Company all costs associated with incorporating and setting up the Company, NEP (BVI) and the Investment Adviser and all of their respective subsidiaries including but not limited to all legal, regulatory and governmental fees, travel costs and other disbursements, as well as all such costs associated with the negotiation and documentation of the Investment Advisory Agreement and with the Company's admission to trading on AIM.

The Investment Advisory Agreement commences on Admission and continues indefinitely until terminated. The agreement cannot be terminated for a period of 20 years unless:

- a party materially breaches any material provision of the agreement and does not remedy such breach within 30 days after service of notice requiring such breach to be remedied; or
- a party commits persistent breaches of the agreement the overall effect of which is material and does not remedy such breaches within 30 days after service of notice requiring such breaches to be remedied; or
- a party to the agreement enters into liquidation (except for voluntary liquidation for the purposes of reconstruction or amalgamation upon terms previously approved in writing by the other parties, such approval not to be unreasonably withheld or delayed) or any bankruptcy or other insolvency proceedings or an administrator, receiver or any similar officer of a party is appointed; or
- the Company and NEP (BVI) serve written notice on the Investment Adviser terminating the agreement immediately at any time within three months after it has been finally determined that there has been a poor performance by the Investment Adviser. The Investment Adviser is regarded as having performed poorly when the annual performance of the Company under performs the total return benchmark by more than 30 per cent. over any recent period in excess of 24 months following an initial period of 24 months. The total return benchmark is taken to mean the average performance weighted by market capitalisation in relation to Gross Return and movements in the values of investments of companies (including the Company) which are identified by an expert as comparable to the Company, provided that where such benchmark cannot be reasonably found or if the number of such comparable companies is less than five, a benchmark shall be constructed by the expert comparing the weighted average performance in relation to Gross Return and movements in value of similar investments in the relevant area weighted on the same basis as the investments of the Company from time to time over the same period as to country, asset class, asset type, asset quality and timing of investments; or

- the Investment Adviser terminates the agreement on three months' written notice to the Company and NEP (BVI) where the Company is subject to a takeover bid which is declared or becomes unconditional in all respects provided that the notice is giving within six months after the takeover bid becoming unconditional in all respects.

The agreement may be terminated after the 20 year period by any party at any time giving one year's written notice to the other parties of termination and that notice expires after a period of 20 years has elapsed from the date of the agreement.

The Company and NEP (BVI) (where relevant) have made the following undertakings to the Investment Adviser pursuant to the agreement:

- to implement the incentive scheme described in paragraph 12 below;
- to make available all cash raised and all returns on investments, gains on disposals of investments, less budgeted costs, taxes and distributions in the ordinary course in accordance with the dividend policy of the Company, to NEP (BVI) for investment;
- not to make dividend declarations, dividend payments or any other distributions to shareholders out of gains realised on the disposal of investments or on the revaluation of investments;
- not to transfer shares in NEP (BVI) or to agree to the issue of new NEP (BVI) shares unless the prior written consent (not to be unreasonably withheld) of the Investment Adviser has been obtained;
- not to enter into agreements substantially similar to the Investment Adviser Agreement with any third party without the prior written consent of the Investment Adviser (acting in its sole discretion); and
- not to materially amend the investment guidelines of NEP (BVI) without the prior written consent (not to be unreasonably withheld) of the Investment Adviser.

Pursuant to the Investment Advisory Agreement the Investment Adviser may appoint one member to the board of each of the Company and NEP (BVI). That director will also sit on the investment committee of NEP (BVI), if such investment comittee is established. That director must be a director or officer of the Investment Adviser's group and may not receive directorship fees. The Investment Adviser may have an observer present at the board meetings of the Company and NEP (BVI).

The Investment Adviser is required to be consulted should NEP (BVI) wish to explore investment opportunities outside the investment guidelines and the Investment Adviser shall also be the investment adviser in respect of such activities unless the parties agree otherwise.

In the case of a dispute regarding the poor performance of the Investment Adviser or the fees payable to the Investment Adviser, the parties will agree on the appointment of an expert to identify the total return benchmark or calculate the fees payable to the Investment Adviser. If no agreement is reached as to the appointment of the expert any party may request the Institute of Charted Accountants of England and Wales to appoint an expert. The expert is not an arbitrator and the parties may still refer the findings of the expert to arbitration. All other disputes arising from the agreement will be referred to arbitration.

12. The Investment Adviser Incentive Scheme

The following sets out the broad principles of the Investment Adviser Incentive Scheme (the "Scheme") to which the Company will be a party.

12.1 The purpose of the Scheme is to align the interests of directors, officers and employees of the Investment Adviser with those of shareholders of the Company. This is achieved by the Company making available loans to allow Shares to be purchased by or on behalf of participants in the Scheme ("Participants"), the repayment of which loans can be made in part out of the dividends payable on the Shares, thus allowing the Participants to benefit from the income and capital growth of the Company from the time of issue of the Shares.

12.2 The Company will make Shares available for offer for subscription by or on behalf of Participants. The total number of Shares held within or available under the Scheme will be approximately 5 per cent. of the total number of Shares in issue. As and when the number of Shares held within or available under the Scheme falls below 4.9 per cent. of the Company's issued share capital from time to time (for example because Participants repay Loans and remove Shares from the Scheme as permitted, or where the Company undertakes a capital raising) further Shares will be made available by the Company for offer for subscription by or on behalf of Participants.

12.3 The number of Shares to be offered to or for the benefit of particular Participants under the Scheme will be decided by the board of the Investment Adviser and notified to the Company.

12.4 The Company will offer to or for the benefit of each Participant so notified to it by the Investment Adviser the immediate right to subscribe for the relevant number of Shares at their then market value together with a loan to allow the Shares to be purchased by or on behalf of such Participant (a "Loan"). The date that such Loan is granted and subscription takes place (which will be shortly after the date of the offer) is the "Subscription Date".

12.5 Each Loan shall carry interest at the weighted average rate at which the Company is able to borrow money from its bankers from time to time. Interest will be payable on the Loans on the same dates on which dividends are paid on the Shares. Each Loan shall be repaid in full together with interest ten years after its relevant Subscription Date, but can be repaid earlier.

12.6 Pending repayment of the Loan in respect of the Shares subscribed by or on behalf of a Participant on a particular Subscription Date, the dividends on such Shares will be applied towards payment of interest on that Loan. If the dividend amount on the Shares in respect of which such Loan was made and is outstanding exceed the amount required for the interest payment then due in respect of such Loan, the excess will be paid to the Participant. If such dividend amount is less than such interest amount, the shortfall will be paid by the Participant to the Company.

12.7 The Company shall have a pledge, lien or other security interest over the Shares held in the Scheme by or on behalf of a Participant. This security interest will secure the repayment of all principal and interest in respect of any Loan made by the Company to or for the benefit of that Participant under the Scheme (whether such principal or interest relates to a Loan to purchase those particular Shares or not). Such security interest will be released at the option of the Participant in respect of a Participant's Shares subscribed on a particular Subscription Date as to a cumulative amount of 20 per cent. on or after the first anniversary of that Subscription Date, as to a cumulative amount of 40 per cent. on or after the second anniversary of that Subscription Date, as to a cumulative amount of 60 per cent. on or after the third anniversary of that Subscription Date and so on so that it shall have been released over all the Shares subscribed on a Subscription Date on the fifth anniversary of that Subscription Date, provided in each case that such release shall only occur to the extent that at the relevant anniversary or such later date when the option is exercised at least such cumulative percentage of the principal and interest under the Loan applicable to the Shares subscribed by such Participant on such Subscription Date shall have been repaid.

12.8 To the extent that any Loan and/or interest is not repaid in full on its due date the Company will enforce its security interest over such number of Shares held by or for the benefit of the relevant Participant under the Scheme as is necessary to compensate the Company in full for any such unpaid amounts plus costs (using for these purposes the lower of the subscription price of the relevant Shares and their then market value) and shall at its discretion either sell such Shares and retain the proceeds or cancel them. The Company's recourse against the Participant in such circumstances, however, shall not extend beyond the Shares over which the Company has a security interest.

12.9 Appropriate provisions will apply where a Participant leaves the Scheme/the Investment Adviser. Broadly these will provide that if the Participant dies or leaves, then the Company will have a call option over any Shares over which the Company has a security interest under 12.7 above, except that the call option will not apply to the extent that the Participant is entitled under 12.7 above to have the security interest released and does so by paying off the relevant portion of the Loan and interest within a short period after leaving. The price payable under such call option will be the amount of the Loan and interest outstanding in respect of the unreleased Shares, and such price will be applied by the Company to repay such Loan and interest.

12.10 The broad terms of the Scheme will be approved by the Company's shareholders prior to Admission. The Company's shareholder approval will delegate to the Board of the Company the power to settle agree and amend the detailed rules of the Scheme reflecting the above general principles, with such amendments as the Board may in its absolute discretion see fit.

13. Working Capital

In the Directors' opinion, having made due and careful enquiry, the working capital available to the Company will, from Admission, be sufficient for its present requirements, that is for at least the 12 months from Admission.

14. Miscellaneous

14.1 The Company has not been and is not currently engaged in any legal or arbitration proceedings nor, so far as the Company is aware, are there any such legal or arbitration proceedings pending or threatened by or against the Company which may have or have had sin ce the Company's incorporation a significant effect on the Company's financial position.

14.2 There has been no significant change in the financial or trading position of the Company since the date of its incorporation. The Company does not have nor has it had since incorporation any employees and it neither owns nor leases any premises.

14.3 The estimated total costs and expenses payable by the Company in connection with the Placing and Admission (including professional fees, the costs of printing and the other fees payable, excluding placing commission) will be approximately £600,000, about 2.4 per cent. of the gross proceeds of the Placing.

14.4 The Company is not dependent on any patents, licences, industrial, commercial or financial contracts or new manufacturing processes which have a material effect on the Company's business or profitability.

14.5 Save as disclosed in this document, no person has received, directly or indirectly, from the Company since 23 July 2007 (the date of incorporation of the Company) or entered into contractual arrangements to receive, directly or indirectly, from the Company on or after Admission, fees totalling £10,000 or more or securities in the Company with a value of £10,000 or more, calculated by reference to the Placing Price, or any other benefit with a value of £10,000 or more at the date of Admission.

14.6 The Company will be applying to Euroclear for the Ordinary Shares to be admitted to CREST as a participating security. It is expected that the admission of the Ordinary Shares to CREST as a participating security will be effective from or soon after Admission. Shareholders who are direct or sponsored members of Euroclear will be able to dematerialise any Ordinary Shares held in certificated form in accordance with the rules and practices instituted by Euroclear.

14.7 None of the Ordinary Shares available under the Placing or the Second Tranche Placing is being underwritten.

14.8 Smith & Williamson 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 it appears.

14.9 KPMG Audit LLC has given and not withdrawn its written consent to the inclusion of a copy of the Accountants' Report in Part VII of this document in the form and context in which it appears.

14.10 The ISIN number of the Ordinary Shares is IM00B23XCH02.

15. Documents Available for Inspection

15.1 Copies of this document will be available for inspection at the registered office of the Company and at the offices of Maitland Advisory LLP, Berkshire House, 168-173 High Holborn, WC1V 7AA during business hours on any weekday from the date of this document (Saturdays, Sundays and public holidays excepted) and shall remain available for at least one month after Admission.

Dated: 16 August 2007

produced by CODEX job no. 2871
financial@codex.gb.com