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If you sell or have sold or otherwise transferred all of your Ordinary Shares in East Balkan Properties plc you should deliver this document together with the enclosed Forms of Proxy and Acceptance as soon as possible to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee. Such documents should not, however, be forwarded in or into the United States or into any other jurisdiction if to do so would constitute a violation of the relevant laws and regulations in such other jurisdictions.

The distribution of this document in jurisdictions other than the United Kingdom may be restricted by law and therefore persons into whose possession this document comes should inform themselves and observe such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

The Tender Offer is not being made, directly or indirectly, in or into the United States, Canada, Australia, Japan or the Republic of South Africa and the Tender Offer cannot be accepted from within the United States, Canada, Australia, Japan or the Republic of South Africa. This document should not be forwarded to, or transmitted in or into the United States, Canada, Australia, Japan or the Republic of South Africa.

East Balkan Properties plc

(incorporated and registered in the Isle of Man with registered number 007237V)

PROPOSED CONSOLIDATION OF ORDINARY AND NON-VOTING SHARES

PROPOSED RETURN OF CASH TO SHAREHOLDERS BY WAY OF TENDER OFFERS

NOTICE OF GENERAL MEETING

Notices of a General Meeting and a Class Meeting of the Company to be held at FIM Capital Limited, IOMA House, Hope Street, Douglas, Isle of Man, IM1 1AP on 21 November 2018 at 10:00 a.m. and 10.30 a.m. are set out at the end of this document. Forms of Proxy are also enclosed at the end of this document for use at the General Meeting and Class Meeting. The Forms of Proxy should be completed and returned to the Company's Transfer / Receiving Agent, Neville Registrars Limited, Neville House, Steelpark Road, Halesowen, B62 8HD as soon as possible and in any event so as to be received not later than 48 hours (excluding weekends and bank holidays) before the time fixed for the General Meeting.

Copies of this document will be available free of charge from the Company's registered office, FIM Capital Limited, IOMA House, Hope Street, Douglas, Isle of Man, IM1 1AP during normal business hours and a copy is available on the Company's website at www.eastbalkanproperties.com.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Date of this document	26 October 2018
Last time and date for receipt of Forms of Proxy for General Meeting	10.00 a.m. on 19 November 2018
General Meeting	10.00 a.m. on 21 November 2018
Last time and date for receipt of Forms of Proxy for Class Meeting	10.30 a.m. on 19 November 2018
Class Meeting	10.30 a.m. on 21 November 2018
Record date for Share Consolidation entitlement to the Consolidated Ordinary Shares and the Consolidated Non-Voting Shares. Existing Ordinary Share register closed and Existing Ordinary Shares disabled in CREST	6.00pm on 21 November 2018
CREST Accounts credited with Consolidated Ordinary Shares and Consolidated Non-Voting Shares	22 November 2018
Payment for Fractional Entitlements	23 November 2018
Tender Offer opens	23 November 2018
Last time and date for receipt of Tender Forms and TTE instructions from CREST Shareholders	10.00 a.m. on 14 December 2018
Record date for Tender Offer	6.00 p.m. on 14 December 2018
Cheques dispatched for certificated Consolidated Ordinary Shares and Non-Voting Shares purchased pursuant to the Tender Offer and payment through CREST for uncertificated Consolidated Ordinary Shares and Consolidated Non-Voting Shares purchase pursuant to the Tender Offer	week commencing 17 December 2018
CREST accounts credited for revised holdings of Consolidated Ordinary Shares and Consolidated Non-Voting Shares and dispatch of new or balance share certificates (as appropriate) for certificated Consolidated Ordinary Shares and Consolidated Non-	week commencing 18 December 2018

Voting Shares not tendered or unsuccessfully tendered	
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DEFINITIONS

The following words and expressions apply throughout this letter unless the context requires otherwise:

“Act” or “Companies Act 2006”	the Isle of Man Companies Act 2006
“Articles”	the articles of association of the Company as at the date of this document;
“Board” or “Directors”	the directors of the Company whose names are set out on page 6 of this document;
“Class Meeting”	A Class Meeting of holders of Non-Voting Shares in the Company to be held at IOMA House, Hope Street, Douglas, Isle of Man, IM1 1AP on 21 November 2018 at 10:30 a.m. , notice of which is set out at the end of this document;
“Company”	East Balkan Properties plc, a company incorporated in the Isle of Man and registered under the Companies Act 2006 with registered number 007237V;
“Consolidation”	Every 3,000 Existing Ordinary Shares being consolidated into one Consolidated Ordinary Share; and every 3,000 Existing Non-Voting Shares being consolidated into One Consolidated Non-Voting Share;
“Consolidated Ordinary Shares”	the ordinary shares in the capital of the Company following the Consolidation;
“Consolidated Non-Voting Shares”	the Non-Voting shares in the capital of the Company following the Consolidation;
“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 UK & Ireland Limited is the authorised operator (as defined in the CREST Regulations);

“CREST Regulations”	the Uncertificated Securities Regulations 2006;
“Existing Ordinary Shares”	the 12,152,670 Ordinary Shares in issue at the date of this document;
“Existing Non-Voting Shares”	the 77,868,358 Non-Voting Shares in issue at the date of this document;
“Existing Shares”	Together Existing Ordinary Shares and Existing Non-Voting Shares;
“Form of Proxy”	the form of proxy for use by Shareholders in connection with the General Meeting and Class Meeting, which are enclosed with this document;
“General Meeting”	A General Meeting of holders of Ordinary Shares and Non-Voting Shares in the Company to be held at IOMA House, Hope Street, Douglas, Isle of Man, IM1 1AP on 21 November 2018 at 10:00 a.m. , notice of which is set out at the end of this document;
“Record date”	10.00 a.m. on 19 November 2018, or such later date as the Directors may determine, being the date by which the Consolidation is calculated;
“Resolutions”	the resolutions to be proposed at the General Meeting and Class Meeting as set out in the Notices of General Meeting and Class Meeting;
“Shareholder(s)”	holders of Ordinary Shares and Non-Voting Shares;
“Tender Form”	the tender form for use by Shareholders in respect of the Tender Offer relating to the Consolidated Ordinary Shares and the Non-Voting Shares created by the Consolidation and held in certificated form;
“Tender Period”	the period commencing on 23 November 2018 and ending at 10.00 a.m. on 14 December 2018;
Transfer / Receiving Agent	Neville Registrars Limited,

	Neville House Steelpark Road Halesowen B62 8HD;
TTE Instruction	the electronic instruction for use by Shareholders in respect of the Tender Offer relating to the Consolidated Ordinary Shares and the Non-Voting Shares created by the Consolidation and held in uncertificated form;

PART 1

LETTER FROM THE CHAIRMAN OF THE COMPANY

Directors:

James Ede-Golightly (*Executive Chairman*)

Graham Smith (*Non-executive Director*)

Mark Butcher (*Non-executive Director*)

26 October 2018

**Proposed Consolidation of Ordinary and Non-Voting Shares;
Change to the company's articles and;
Notice of General Meeting
Notice of a Class Meeting
Tender Offer**

To: Holders of Ordinary Shares and Holders of Non – Voting Shares (together “Shareholders”)

1 Introduction

The company today announces that it is seeking shareholder approval for the Consolidation of the company's Ordinary Shares and the consolidation of the company's non-voting shares on the basis of one Consolidated Ordinary Share of €30 for every 3,000 Existing Ordinary Shares of €0.01 and one Consolidated Non-Voting Share of €30 for every 3,000 Existing Non-Voting Shares of €0.01.

The Consolidation is subject to shareholder approval at a General Meeting and Class Meeting for holders of Existing Ordinary Shares and Existing Non-Voting Shares respectively and, if approved, will be followed by a Tender offer for up to 2,000 Consolidated Ordinary and Consolidated Non-Voting Shares at a price of £500 per share (equivalent to 16.66 pence per share prior to the Consolidation).

The purpose of this letter is to provide information about the background to and the reasons for the proposed Consolidation; a change to the Company's articles and to seek your support for the Resolution presented for this purpose at the General Meeting.

Set out at the end of this letter are the Notices of General Meeting and Class Meeting which are to be held at IOMA House, Hope Street, Douglas, Isle of Man, IM1 1AP on 21 November 2018 at 10.00 a.m. and 10.30 a.m. The Resolutions to be considered by shareholders are set out in each Notice.

2 Share Consolidation

Background

Following full take up of the tender offer in June, many of those participating tendered their entire holding but were left with small holdings due to the need to scale back tender allocations. Following the tender there are 75 registered holders of Ordinary shares, of which only 29 are related to holdings worth more than £480 at the last tender price of 16p. There are 74 registered holders of the Non-Voting Shares, of which 48 are worth more than £480 at the last tender price of 16p.

It is anticipated that the proposed share consolidation will reduce the number of registered holders across the two share classes by 50%, from 149 to 74 and provide a complete exit for all shareholders with less than 3,000 in either share class. The tender will also provide an opportunity for other shareholders who were unable to dispose of their entire holdings in the June tender to do so at a modest premium to the prior tender offer.

Consolidation

In accordance with its Articles, the Company may by resolution consolidate all or any of its shares into shares of a larger amount than its existing shares. It is intended that every 3,000 Existing Ordinary Shares will be consolidated into 1 Consolidated Ordinary Share and 3,000 thousand Existing Non-Voting Shares will be consolidated into 1 Consolidated Non-Voting Share

Fractional Entitlements

The Company will not allocate fractions of Consolidated Ordinary Shares that are created pursuant to the Consolidation to individual Shareholders.

Where the number of Existing Ordinary Shares held by any Shareholder on the Record Date for the Consolidation is not exactly divisible by 3,000, so that such Shareholder would otherwise have been entitled to a fraction of a Consolidated Ordinary Share, such fractions shall be aggregated with the fractions of Consolidated Ordinary Shares to which other Shareholders would have been entitled.

The Directors are authorised in accordance with the Articles to arrange the sale of such aggregated fractions for the best price reasonably obtained to any person (including the Company). It is intended that the Fractional shares will be tendered in their entirety, and the proceeds distributed to shareholders in accordance with their entitlements, subject to a de minimis limit of £3 as set out in the articles of association.

Shareholders should be aware that if they hold fewer than 3,000 Existing Ordinary Shares or 3,000 Existing Non-Voting Shares on the Record Date, following the Consolidation they will cease to be a shareholder in the Company and they will not be entitled to any Consolidated Ordinary Shares or Consolidated Non-Voting Shares following the Consolidation

3 Tender Offer

The Articles permit the Company to agree to buy back shares in certain circumstances, including pursuant to an offer to all Shareholders which, if accepted, would leave the relative rights of Shareholders unaffected and which afford Shareholders a minimum of 14 days within which to accept the offer.

The Company is proposing that it will make a Tender Offer to purchase:

- (A) up to 13.33% of the Non-Voting Shares created pursuant to the Consolidation at a price of £500 per Consolidated Non-Voting Share; and
- (B) up to 13.33% of the Consolidated Ordinary Shares created pursuant to the Consolidation at a price of £500 per Consolidated Ordinary Share.

The maximum aggregate consideration to be paid by the Company in respect of the Tender Offer shall not exceed £2 million.

The Tender Offer is being made on the terms and subject to the conditions set out in Part 2 of this document and will be conditional upon, inter alia, the Consolidation being approved by Shareholders in the General Meeting and Class Meeting.

As discussed above, the purpose of the Consolidation and Tender Offer is to implement the Company's stated intention to return capital to Shareholders in a flexible manner. Accordingly, the Tender Offer has been structured so as to provide Shareholders with the choice of either exiting by sale of all their interest in the Company or realising a return by allowing the Company to purchase a portion of their Consolidated Ordinary or Consolidated Non-Voting Shares for cash whilst retaining a holding in the Company.

Shareholders should note that under the terms of the Tender Offer they are entitled to take any of the following actions:

- (a) tender all their holding of Consolidated Ordinary Shares and all their holding of Consolidated Non-Voting Shares;
- (b) tender all or part only of their holding of Consolidated Ordinary Shares and all or part only of their holding of Consolidated Non-Voting Shares;
- (c) tender all or part only of their holding of Consolidated Ordinary Shares and none of their Non-Voting Shares; or
- (d) tender none of their Consolidated Ordinary Shares and all or part only of their holding of Consolidated Non-Voting Shares.

Shareholders not wishing to tender any Shares in the Tender Offer should take no action (other than to return the Proxy Form for the General Meeting and Class Meeting as appropriate).

The Tender Offer will constitute a distribution for the purposes of Section 49 of the Act and prior to completing the Tender Offer the Directors will need to be satisfied that, after the completion of the Tender Offer, the Company will be able to pay its debts as they become due in the normal course of the Company's business and that the value of the Company's assets will exceed the value of its

liabilities. As a result of this statutory solvency test, the Directors will retain full discretion to scale back the number of Shares subject to the Tender Offer in each class as a proportion of the total number of Shares tendered in each class.

It should be noted that Shareholders who retain rather than tender their allocated Consolidated Ordinary Shares may increase their voting rights in respect of the Company. In order to prevent any Shareholder from increasing their holding of the voting rights in the Company to 30% or more, the Directors will retain the further discretion to scale back the number of Consolidated Ordinary Shares subject to the Tender Offer, such scale back to be in proportion to the number of shares Tendered by each shareholder.

Shareholders who retain rather than tender their allocated Non-Voting Shares, although retaining a larger relative holding in the Company, will not increase their voting rights.

The Directors are of the opinion that the Tender Offer benefits the Shareholders, that the terms of the Tender Offer are fair and reasonable to the Company and the Shareholders, and are in the best interests of the Shareholders as a whole.

Further information relating to the Tender Offer (including the terms and conditions of the Tender Offer) is set out in Part 2 of this Circular.

4 Share Rights

The rights attaching to the Consolidated Ordinary Shares and Consolidated Non-Voting Shares will be the same as those attaching to the Existing Ordinary Shares and Existing Non-Voting shares respectively, including, without limitation, the same voting, dividend and other rights.

5 Changes to articles of association

The proposed changes to the articles remove the automatic requirement for an annual audit while retaining the ability of the directors or shareholders, by ordinary resolution, to require an audit. The Company will proceed with an audit in relation to the year ended 2018 and will include a resolution at the 2019 Annual General Meeting providing shareholder with the opportunity to determine whether an audit is required for the subsequent financial year.

The Company remains committed to full and transparent financial disclosures, but would like to establish the necessary flexibility to ensure that audit costs do not become a disproportionate burden as the company disposes of its assets.

6 Settlement of Consolidated Ordinary Shares and Non-Voting Shares

Following the Consolidation, the Existing Ordinary Shares will be converted into a lesser number of Consolidated Ordinary Shares and the Non-Voting Ordinary Shares will be converted into a lesser number of Consolidated Non-Voting Shares.

New share certificates in respect of Consolidated Ordinary Shares and / or Consolidated Non-Voting Shares that were not tendered to the Company pursuant to the Tender Offer are expected to be posted, at the risk of Shareholders, the week commencing 17 December 2018 to those

Shareholders who currently hold their Existing Ordinary Shares and Existing Non-Voting Shares in certificated form. These will replace existing certificates which should be destroyed. Pending the dispatch of new certificates, the Consolidated Ordinary Shares and Consolidated Non-Voting Shares held in certificated form will be certified against the register of members of the Company.

In the case of Shareholders who hold their shares through the CREST system, the Existing Ordinary Shares and / or Consolidated Non-Voting Shares will be disabled in their CREST accounts on the Record Date. Any Consolidated Ordinary Shares and / or Consolidated Non-Voting Shares will be credited to such Shareholders CREST accounts on 22 November 2018.

The Consolidated Ordinary Shares have been allocated a new stock identification code of: ISIN code IM00BFM0TX86. The Consolidated Non-Voting Shares have been allocated a new a new stock identification code of: ISIN code IM00BFM0TY93.

7 General Meeting and Class Meeting

You will find at the end of this document notices convening the General Meeting and Class Meeting to be held at IOMA House, Hope Street, Douglas, Isle of Man, IM1 1AP on 21 November 2018 at 10.00 a.m. and 21 November 2018 at 10.30 a.m.

The following Resolutions will be proposed at the General Meeting to holders of Ordinary Shares:

Resolution 1 – is an Ordinary resolution which removes the automatic requirement for an annual audit while retaining the ability of the directors or shareholders, by ordinary resolution, to require an audit.

Resolution 2 is an ordinary resolution which authorises the Company to proceed with a share consolidation.

The following sole resolution will be proposed at the Class Meeting for holders of Non – Voting Shares:

Resolution 1 is an ordinary resolution which authorised such changes to the rights of the class as will result from the Consolidation, in the event that the consolidation is approved.

8 United Kingdom taxation in relation to the Share Consolidation and Tender Offer

The following comments do not constitute tax advice and are intended only as a guide to current United Kingdom law and H.M. Revenue & Customs' published practice (which are both subject to change at any time, possibly with retrospective effect). They relate only to certain limited aspects of the United Kingdom taxation treatment of Shareholders who are resident and, if individuals, domiciled, in (and only in) the United Kingdom for United Kingdom tax purposes, who are, and will be, the beneficial owners of their Ordinary Shares and who hold, and will hold, their Ordinary Shares as investments (and not as assets to be realised in the course of a trade, profession or vocation). They may not relate to certain Shareholders, such as dealers in securities or Shareholders who have (or are deemed to have) acquired their Ordinary Shares by virtue of an office or employment. Shareholders are advised to take independent advice in relation to the tax implications for them of the reorganisation or selling their Consolidated Ordinary Shares and/or Consolidated Non-Voting Shares pursuant to the Tender Offer.

Shareholders who are subject to tax in a jurisdiction other than the UK, or who are in any doubt as to the potential tax consequences of the Consolidation or tendering their Consolidated Ordinary Shares and/or Non-Voting Ordinary Shares under the Tender Offer, are strongly recommended to consult their own independent professional advisers.

For the purpose of UK taxation, the sale of Consolidated Ordinary Shares or Consolidated Non-Voting Shares to the Company pursuant to the Tender Offer may be treated as a disposal of those shares in the hands of the seller. This may, subject to the Shareholder's individual circumstances and any available exemption or relief, give rise to a chargeable gain (or allowable loss) for the purposes of United Kingdom capital gains tax (CGT) or corporation tax.

The tender of the Shares is treated as a return by the Company of the capital paid up on the Shares and should not give rise to UK taxation.

9 Action to be taken

Action to be taken in relation to the General Meeting and the Class Meeting

Forms of Proxy for use at the General Meeting and Class Meeting are enclosed. Please complete, sign and return the forms of proxy to the Company's Transfer Agent Registrars so as to arrive no later than 48 hours before the time fixed for the General Meeting and Class Meeting.

The return of a Form of Proxy will not, however, prevent you from attending either the General Meeting or Class Meeting and voting in person should you wish to do so.

Action to be taken in relation to the Tender Offer

The Tender Offer will open on 23 November 2018 and close at 10:00 a.m. on 14 December 2018.

The procedure for tendering your Consolidated Ordinary Shares and/or Non-Voting Shares depends upon whether your Existing Ordinary Shares are held in certificated or uncertificated form. Please refer to Part 2 of this Circular for details of the procedure relevant to your shareholding. If you have any questions about the procedure for tendering Consolidated Ordinary Shares and/or Non-Voting Shares, making a TTE Instruction once the tender Offer opens, or if you would like help filling in the Tender Form, please contact the Shareholder Helpline on 0121 585 1131 (or if calling from outside of the UK +44 121 585 1131).

Shareholders who do not wish to participate in the Tender Offer should not complete the Tender Form.

10 Recommendation and Corporate update

As detailed above, the Consolidation and subsequent Tender Offer provide the Company with a means of returning capital to Shareholders and the Board considers that the Resolutions proposed at the General Meeting are in the best interests of the Company and its Shareholders as a whole.

Since the last update in May, the Company has progressed in line with expectations. A further distribution has been received from Glorient totaling €2.0 million since 30 June and the Company was also able to upstream €440,000 from its main operating asset, Equest Logistics Centre. These funds have provided the Company with the ability to proceed with the Tender, with unrestricted cash balances of €4.1 million as at 25 October 2018.

While the Company does not revise valuations within the financial year, adjusting the 2017-year end NAV for the cancellation of shares and the associated cost of cancellation, the pro-forma NAV is estimated at €0.45 per share prior to the consolidation and €1,362 following the consolidation.

The marketing process has progressed for Equest Logistics Centre, however operational uncertainty relating to the timing of a lease renewal for the largest tenant means that the potential sale of the asset will not complete before mid-2019. Additionally, the sale of Plot 34 is expected to complete in early 2019 at a valuation consistent with its year end 2017 carrying value of €1.54 million. The board expects that the successful completion of the disposal of both ELC and Plot 34 will generate approximately €13.0 million in realisations by mid-2019.

If the tender offers announced today are taken up in full, the group is expected to have residual cash balances of €2.1 million at the end of the year assuming no additional distributions from Glorient prior to year-end (and such distributions, in any, are not expected to exceed €0.3 million). The directors will review the option of further distributions in light of the progression of the Company's strategy of disposing of assets. Any further distributions would also need to take account of the need to use disposal proceeds to support group working capital balances for on-going administrative expenses (which were €775,000 in 2017) and the ultimate shut down of the group's holding structure, including potential tax liabilities.

Yours faithfully

James Ede-Golightly
Chairman

PART 2

Details of the Tender Offer

1. Introduction

- 1.1 The Company is inviting Shareholders to tender some, none, or all of their Consolidated Ordinary Shares and/ or some, none, or all of their Consolidated Non-Voting Shares created by the Consolidation for purchase by the Company on the terms and subject to the conditions set out in this Circular.
- 1.2 Shareholders who do not wish to participate under the Tender Offer need take no action. The rights of Shareholders who choose not to tender their Consolidated Ordinary Shares and / or their Consolidated Non-Voting Shares will be unaffected.
- 1.3 All Consolidated Ordinary Shares and Consolidated Non-Voting Shares purchased by the Company in connection with the Tender Offer will be cancelled.

2. Terms of the Tender Offer

- 2.1 Each Consolidated Non-Voting Share and each Consolidated Ordinary Share (together the "**Tender Shares**") may be tendered under the Tender Offer at the price of £500 per Tender Share ("**Tender Price**").
- 2.2 The Tender Offer is only available to Shareholders in respect of the Tender Shares being created from the Consolidation. The Tender Offer is available only in respect of the number of Tender Shares due to be issued to such Shareholder with effect from the date of the Consolidation.
- 2.3 The number of Tender Shares subject to the Tender Offer is 2000 which has been calculated by dividing the aggregate consideration to be payable by the Company in respect of the Tender Offer by the Tender Price. This number, as a percentage of the aggregate number of Consolidated Ordinary Shares and Consolidated Non-Voting Shares as at the Record Date of the Consolidation, represents the "**Basic Entitlement**" of each Shareholder under the Tender Offer as against each class of Tender Share.
- 2.4 The Tender Offer is conditional upon the following (together, the "**Tender Conditions**"):-
 - (a) the passing of the Resolution required to authorise the Consolidation at the Company's General Meeting and Class Meeting to be held on 21 November 2018;

- (b) the Board being satisfied on reasonable grounds that the Company will, immediately after completion of the Tender Offer, satisfy the Solvency Test prescribed by Section 50 of the Act that the Company will be able to pay its debts as they become due in the normal course of the Company's business and that the value of the Company's assets will exceed the value of its liabilities; and
 - (c) the Tender Offer not having been terminated in accordance with Part 2 Section 9 prior to 14 December 2018;
- 2.5 If the Tender Conditions are not satisfied, the Tender Offer will lapse and the Company will not purchase any Tender Shares pursuant to the Tender Offer. The Conditions may not be waived.
- 2.6 The maximum aggregate consideration to be paid by the Company in respect of the Tender Offer shall not exceed £2.0 million.
- 2.7 Only tenders made at the Tender Price will be accepted.
- 2.8 All or any part of a holding of Tender Shares may be tendered. Only whole numbers of Tender Shares may be tendered.
- 2.9 Tenders in respect of the Tender Shares must be made in one of the following ways:
- (a) tenders from **Shareholders who hold their Existing Ordinary Shares / and or Existing Non-Voting Shares in certificated form** must make tenders in respect of their Tender Shares on the Tender Form, duly completed in accordance with the instructions set out below and on the tender Form itself which together constitute part of the terms of the Tender Offer. Such tenders will be valid only if the procedures contained in this Circular and the Tender Form are complied with; and
 - (b) tenders from **Shareholders who hold their Existing Ordinary Shares / and or Existing Non-Voting Shares in uncertificated form, that is, in CREST**, must be made by the input and settlement of a TTE Instruction in CREST in accordance with the instructions set out below and the relevant procedures in the CREST manual which together constitute part of the terms of the Tender Offer. Such Tenders will be valid only if the procedures contained in this Circular and in the relevant parts of the CREST manual are complied with.
- 2.10 The Tender Offer and all tenders relating thereto will be governed by and construed in accordance with Isle of Man law. Delivery of a Tender Form and/or the input of a TTE instruction in CREST, as applicable, will constitute submission to the exclusive jurisdiction of the Isle of Man Court.

- 2.11 Under the tender Offer and subject to the terms and conditions of this Part 2 and (where relevant) the Tender Form, Shareholders will be entitled to sell to the Company a percentage of their Consolidated Ordinary Shares and/ or Non-Voting Shares equal to their Basic Entitlement. **Shareholders may tender a number of Consolidated Ordinary Shares and/ or Non-Voting Shares representing more or less than their Basic Entitlement.**
- 2.12 Subject to the Tender Conditions and subject to any further scaling back of the Consolidated Ordinary Shares available to tender pursuant to paragraph 2.21, if a Shareholder validly tenders a number of Tender Shares less than or equal to the Basic Entitlement, the tender will be satisfied in full.
- 2.13 In respect of each class of Tender Share, if:
- (a) any shareholder validly tenders a number of Tender Shares (for a specific class) in excess of the Basic Entitlement (each an “**Excess Tender**” and in aggregate the “**Total Excess Tenders**”); and
 - (b) any Shareholder validly tenders a number of the same class of Tender Shares in excess of the Basic Entitlement, or has not validly tendered any of the same class of Tender Shares which, upon aggregation of all of the unused portions of Basic Entitlements, results in a pool of either class of Tender Share available to be allocated between the Excess Tenders (“**Total Available Shares**”);
 - (c) then (in respect of each class of Tender Shares) the Total Available Shares shall be allocated between the Excess tenders as follows:
 - (i) if the Total Excess Tenders exceed the Total Available Shares, all Excess Tenders will be scaled back by application of the following ratio:
$$\text{Total Available Shares} / \text{Total Excess Tenders}$$
 - (d) if the Total Excess Tenders are less than or equal to the Total Available Shares, subject to any further scaling back of the Consolidated Ordinary Shares available to tender pursuant to paragraph 2.22, all Excess Tenders will be satisfied in full.
- 2.14 Tender Forms and/or tenders in CREST which have been, or are deemed to be, validly and properly completed and received by the Transfer / Receiving Agent by [9.00 a.m.] on [xx October] 2018 will become irrevocable at such time they are received and will not be capable of being withdrawn.
- 2.15 The Tender Offer will close at 10.00 a.m. on 14 December 2018 and no Tender Forms and/or tenders in CREST received after such time will be accepted in whole or in part except to the

extent the Company extends the period for tendering under the Tender Offer, in which case the new date for the Tender Offer will be given.

- 2.16 Subject to the satisfaction of the Tender Conditions the Tender Shares successfully tendered will be purchased by the Company fully paid and free of all liens, charges, restrictions, claims, equitable interests and encumbrances together with all rights attaching thereto.
- 2.17 All tenders for Tender Shares must be made on the accompanying Tender Form duly completed in accordance with the instructions set out below and in the Tender Form (which constitute part of the terms of the Tender Offer). The Tender Form constitutes an irrevocable undertaking to tender such Tender Shares as may be nominated by each Shareholder following the creation and issue of such shares immediately on the Consolidation being approved.
- 2.18 If part only of a holding of either Consolidated Ordinary Shares and/ or Non-Voting Shares is tendered pursuant to the Tender Offer, the relevant Shareholder will be entitled to receive the following:
- (a) if such Shareholders' Existing Ordinary Shares are held in certificated form, the Shareholder will receive a certificate in respect of his unsold Consolidated Ordinary Shares together with a certificate in respect of any unsold Non-Voting Shares; or
 - (b) if the Shareholders' Ordinary Shares are held in uncertificated form, the transfer of the unsold Consolidated Ordinary Shares and any unsold Non-Voting Shares by the Receiving Agent by TFE instruction to the original registered holder of those unsold Consolidated Ordinary Shares or Non-Voting Shares.
- 2.19 The decision of the Company as to the results of the Tender Offer shall be final and binding on all Shareholders. Subject to the satisfaction of the Tender Conditions all successfully tendered Tender Shares will be purchased by the Company at the Tender Price.
- 2.20 All questions as to the number of Tender Shares tendered, and the validity, form, eligibility (including the time of receipt) and acceptance for payment of any tender of Tender Shares will be determined by the Company, in its sole and absolute discretion, which determination shall be final and binding on all of the parties.
- 2.21 The failure of any person to receive a copy of this Circular and/or the Tender Form shall not invalidate any aspect of the Tender Offer. None of the Company, the Transfer / Receiving Agent or any other person will incur any liability in respect of any person failing to receive this Circular and /or the Tender Form. Additional copies of this Circular and the Tender Form can be obtained from the Transfer / Receiving Agent.

- 2.22 The Company reserves the right to reduce the percentage of each Shareholders holding of Ordinary Shares available to tender under the Tender Offer (“Individual Entitlement”). Any reduction in the Individual Entitlement will be applied equally to all Shareholders. The calculation of any reduced Individual Entitlement shall be based upon the proportion of Ordinary Shares required not to be subject to the Tender Offer as required, at the absolute discretion of the Board, to ensure that no requirement arises or is triggered for the Company to undertake a whitewash procedure under Rule 9 of the Code. Any reduction in the Individual Entitlement will be at the Company’s sole discretion and will be notified to Shareholders on 18 December 2018.
- 2.23 The Company reserves the right to revise the Tender Price based on market conditions and/or other factors, subject to compliance with applicable law and regulatory requirements. Any such revision will require, amongst other matters, that new Tender Forms are despatched to Shareholders and may, in certain circumstances, require that the period of the Tender Offer be extended.
- 2.24 No acknowledgement of receipt of any Tender Form and or TTE instruction will be given.

3. Procedure for Tendering Shares

- 3.1 Different procedures apply where Tender Shares are held in either certificated or uncertificated form.
- 3.2 Where a Shareholder has held their Existing Ordinary Shares / **and or Existing Non-Voting Shares** in certificated form, such Shareholder may only tender their Consolidated Ordinary Shares and/or Non-Voting Shares by completing and returning the enclosed Tender Form in accordance with the instructions set out in paragraphs 3.4 – 3.6 below and the instruction printed on such Tender Form.
- 3.3 Where a Shareholder has held their Existing Ordinary Shares / **and or Existing Non-Voting Shares** in uncertificated form, such Shareholder may only tender their Consolidated Ordinary Shares and/or Non-Voting Shares by TTE Instruction in accordance with the procedure set out in paragraphs 3.8 – 3.15 below.

Certificated shares

- 3.4 To tender your certificated Tender Shares, you must complete, sign and have witnessed the Tender Form.
- 3.5 The completed, signed and witnessed Tender Form should be sent either by post in the accompanying reply paid envelope or by hand during normal business hours only to the Transfer / Receiving Agent, as soon as possible and, in any event, so as to be received by no later than 10.00 a.m. on 14 December 2018. The Company shall be entitled in its sole

discretion to accept late Tender Forms. No acknowledge of receipt of documents will be given.

- 3.6 If you hold Tender Shares in both certificated and uncertificated forms, you should complete a Tender Form for the certificated holdings and tender your Tender Shares held in uncertificated form by TTE instruction in accordance with paragraphs 3.8 – 3.15 below.
- 3.7 All Tender Forms are issued only to the addressees and are specific to the classes of security and the unique designated accounts printed on the Tender Forms. These personalised forms are not transferable between different account holders; classes of security or uniquely designated accounts. The Company and the Transfer / ReceivingAgent accept no responsibility for any instruction that does not comply with these instructions.

Uncertificated shares

- 3.8 If your Tender Shares are in uncertificated form, you should take (or procure the taking of) the action set out below to transfer (by means of a Transfer to Escrow or 'TTE' Instruction) the total number of Consolidated Ordinary Shares and/or Non-Voting Shares you wish to tender under the Tender Offer to the escrow account, specifying the Transfer / Receiving Agent (in its capacity as a CREST participant under the relevant participants ID(s) and member account ID(s) referred to below) as the escrow agent, as soon as possible and in any event so that the TTE Instruction settles by no later than 10.00 a.m. on 14 December 2018. Please note that settlement cannot take place on weekends or bank holidays (or other times at which the CREST system is non-operational) and you should therefore ensure you time the input of the TTE Instructions accordingly.
- 3.9 **Uncertificated Shareholders should note that they will need to issue separate TTE instructions in respect of Consolidated Ordinary Shares and Consolidated Non-Voting Shares. For example, if a Shareholder wished to accept the Tender Offer for both Consolidated Ordinary Shares and Non-Voting Shares they would be required to submit two separate TTE Instructions, one in respect of each class of shares being tendered.**
- 3.10 The input and settlement of a TTE Instruction in accordance with the foregoing paragraph shall constitute an offer to sell the number of Consolidated Ordinary Shares and/or Non-Voting Shares at the Tender Price, by transferring such Tender Shares to the relevant escrow account as detailed below.
- 3.11 CREST sponsored Shareholders should refer to their CREST sponsor before taking any action as only their CREST sponsor will be able to send the TTE Instruction to Euroclear in relation to the Shareholders Shares.
- 3.12 After settlement of a TTE Instruction, Shareholders will not be able to access the Tendered Shares in CREST for any transaction or charging purposes, notwithstanding that they will be

held by Neville Registrars Limited as escrow agent until completion or lapsing of the Tender Offer.

3.13 Shareholders are recommended to refer to the CREST manual published by Euroclear for further information on the CREST procedures.

3.14 The TTE instruction must be properly authenticated in accordance with Euroclear's specifications and must contain, in addition to the other information that is required for the TTE instruction to settle in CREST, either of the following details: -

in respect of the Consolidated Ordinary Shares:

- (i) The ISIN for the Consolidated Ordinary Shares which is IM00BFM0TX86.
- (ii) the number of Consolidated Ordinary Shares in respect of which you wish to accept the Tender Offer (ie. the number of Consolidated Ordinary Shares in uncertificated form to be transferred to escrow);
- (iii) your member account ID;
- (iv) your participant ID;
- (v) the participant ID of the escrow / Transfer / Receiving Agent, in its capacity as a CREST receiving agent. This is 7RA11];
- (vi) the member account ID of the escrow / Transfer / Receiving Agent, in its capacity as a CREST receiving agent. This is EPBORD;
- (vii) the intended settlement date for the transfer to escrow. This should be as soon as possible and in any event no later than 10.00 a.m. on 14 December 2018;
- (viii) the contact name and telephone number inserted in the shared note field;
- (ix) input with a standard delivery instruction priority of 80; and
- (x) the corporate action number for the Offer, which is allocated by Euroclear and can be found by viewing the corporate action details on screen in CREST.

in respect of the Consolidated Non-Voting Shares:

- (i) The ISIN for the Consolidated Non-Voting Shares which is IM00BFM0TY93.
- (ii) the number of Consolidated Non-Voting Shares in respect of which you wish to accept the Tender Offer (ie. the number of Consolidated Non-Voting Shares in uncertificated form to be transferred to escrow);

- (iii) your member account ID;
- (iv) your participant ID;
- (v) the participant ID of the escrow / Transfer / Receiving Agent, in its capacity as a CREST receiving agent. This is 7RA11;
- (vi) the member account ID of the escrow / Transfer / Receiving Agent, in its capacity as a CREST receiving agent. This is EBPNV;
- (vii) the intended settlement date for the transfer to escrow. This should be as soon as possible and in any event no later than 10:00 a.m. on 14 December 2018;
- (viii) the contact name and telephone number inserted in the shared note field;
- (ix) input with a standard delivery instruction priority of 80; and
- (x) the corporate action number for the Offer, which is allocated by Euroclear and can be found by viewing the corporate action details on screen in CREST.

3.15 Euroclear does not make available special procedures for any particular corporate action. Normal system timings and limitations will therefore apply in connection with the TTE Instruction and its settlement. You should therefore ensure that all necessary action is taken by you (or your CREST sponsor) to enable a TTE Instruction relating to your Tender Shares to settle prior to 10.00 a.m. on 14 December 2018. Please also refer to those sections of the CREST manual concerning practical limitations of the CREST system and timings.

3.16 In the event of any changes to the details above, Shareholders will be contacted or an appropriate announcement will be made.

4. Settlement

4.1 Settlement of the consideration to which any Shareholder is entitled pursuant to valid tenders accepted by the Company (which will be rounded down to the nearest whole penny) will be affected by [the despatch of cheques or the crediting of CREST accounts as applicable].

4.2 If only part of a holding of Consolidated Ordinary Shares is sold pursuant to the Tender Offer: -

- (a) where the Existing Ordinary Shares are held in certificated form, the Shareholder will be entitled to receive a certificate in respect of the Consolidated Ordinary Shares remaining; or

(b) where the Existing Ordinary Shares are held in uncertificated form (that is, in CREST), the unsold Consolidated Ordinary Shares will be transferred to the Shareholder by means of a TTE instruction to the original CREST account for such Shareholder's Existing Ordinary Shares.

4.3 If only part of a holding of Consolidated Non-Voting Shares is sold pursuant to the Tender Offer: -

(c) where the Existing Non-Voting Shares are held in certificated form, the Shareholder will be entitled to receive a certificate in respect of the Consolidated Non-Voting Shares remaining; or

(d) where the Existing Non-Voting Shares are held in uncertificated form (that is, in CREST), the unsold Consolidated Non-Voting Shares will be transferred to the Shareholder by means of a TTE instruction to the original CREST account for such Shareholder's Non-Voting Shares.

5. Tender Form

Each Shareholder by whom, or on whose behalf, a Tender Form is executed irrevocably undertakes, represents, warrants and agrees to and with the Company and the Transfer / Receiving Agent, for themselves and so as to bind such holder and their personal or legal representatives, heirs, successors and assigns to the following effect: -

5.1 that the execution of the Tender Form shall constitute an irrevocable offer to sell to the Company:

(a) the total number of Consolidated Ordinary Shares inserted at 1B or deemed to have been inserted in 1B of the Tender Form; and

(b) the total number of Consolidated Non-Voting Shares inserted at 1E or deemed to have been inserted in 1E of the Tender Form;

on and subject to the terms and conditions set out or referred to in this Circular and the Tender Form;

5.2 that such Shareholder has full power and authorised to tender, sell, assign or transfer the Tender Shares in respect of which such irrevocable offer is accepted (together with all rights attaching thereto) and, when the same are purchased by the Company, the Company will acquire such Tender Shares free and clear from all liens, charges, restrictions, claims, equitable interests and encumbrances and together with all rights attaching thereto and such representation and warranty will be true in all respects at the time the Company purchases such Tender Shares as if it had been entered into a new at such time and shall not be extinguished by such purchase;

5.3 the execution of the Tender Form will, subject to the Tender Offer becoming unconditional, in respect of the shares referred to in paragraph 5.1 above constitute the irrevocable appointment of any director or officer of the Company as such Shareholder's attorney and/or agent, and an irrevocable instruction and authority to the attorney to complete and execute all or any instruments of transfer and/or other documents at the attorney's discretion in relation to such Tender Shares for the purchase of such shares by the Company

and to do all other such acts and things as may in the opinion of such attorney be necessary or expedient for the purchase of or in connection with the Tender Offer;

- 5.4 that such Shareholder agrees to ratify and confirm each and every act or thing that may be done or effected such attorney and/or by the Company or any of its directors or any person nominated by the Company in the proper exercise of its or his or her powers and/or authorities hereunder;
- 5.5 that the terms shall be deemed to be incorporated in, and form part of, the Tender Form, which shall be read and construed accordingly;
- 5.6 on execution, the Tender Form takes effect as a deed;
- 5.7 the execution of the Tender Form constitutes such Shareholder's submission to the jurisdiction of the Courts of the Isle of Man in relation to all matters arising out of or in connection with the Tender Offer or the Tender Form;
- 5.8 if the appointment of attorney provision under paragraph 5.3 above shall be unenforceable or invalid or shall not operate so as to afford any director or officer of the Company the benefit or authority expressed to be given thereunder, the Shareholder shall with all practicable speed do all such acts and things and execute all such documents that may be required to enable the Company to secure the full benefits of paragraph 5.3 above. A reference in this paragraph to a holder of Consolidated Non-Voting or Consolidated Ordinary Shares or a Shareholder includes a reference to the person or persons executing the Tender Form and in the event of more than one person executing a Tender Form, the provisions of this paragraph will apply to them jointly and severally.

6. TTE Instructions

Each Shareholder by whom, or on whose behalf, an electronic tender is made irrevocably undertakes, represents, warrants and agrees to and with the Company and the Transfer / Receiving Agent, for themselves and so as to bind such holder and their personal or legal representatives, heirs, successors and assigns to the following effect: -

- 6.1 that the input of the TTE instruction(s) shall constitute an irrevocable offer to sell to the Company:
 - (a) the total number of Consolidated Ordinary Shares specified in a TTE instruction; and
 - (b) the total number of Consolidated Non-Voting Shares specified in a TTE instruction;on and subject to the terms and conditions set out or referred to in this Circular;
- 6.2 that such Shareholder has full power and authorised to tender, sell, assign or transfer the Tender Shares in respect of which such irrevocable offer is accepted (together with all rights attaching thereto) and, when the same are purchased by the Company, the Company will acquire such Tender Shares free and clear from all liens, charges, restrictions, claims, equitable interests and encumbrances and together with all rights attaching thereto and such representation and warranty will be true in all respects at the time the Company purchases such Tender Shares as if it had been entered into a new at such time and shall not be extinguished by such purchase;

- 6.3 the input of the TTE Instruction will, subject to the Tender Offer becoming unconditional, in respect of the shares referred to in paragraph 6.1 above constitute the irrevocable appointment of any director or officer of the Company as such Shareholder's attorney and/or agent, and an irrevocable instruction and authority to the attorney to complete and execute all or any instruments of transfer and/or other documents at the attorney's discretion in relation to such Tender Shares for the purchase of such shares by the Company and to do all other such acts and things as may in the opinion of such attorney be necessary or expedient for the purchase of or in connection with the Tender Offer;
- 6.4 that such Shareholder agrees to ratify and confirm each and every act or thing that may be done or effected such attorney and/or by the Company or any of its directors or any person nominated by the Company in the proper exercise of its or his or her powers and/or authorities hereunder;
- 6.5 the input of a CREST payment in favour of such Shareholders payment bank in accordance with CREST payment arrangements will discharge fully any obligation of the Company to pay to such Shareholder the consideration to which he is entitled under the Tender Offer.
- 6.6 the input of a TTE instruction constitutes such Shareholder's submission to the jurisdiction of the Courts of the Isle of Man in relation to all matters arising out of or in connection with the Tender Offer;
- 6.7 if the appointment of attorney provision under paragraph 6.3 above shall be unenforceable or invalid or shall not operate so as to afford any director or officer of the Company the benefit or authority expressed to be given thereunder, the Shareholder shall with all practicable speed do all such acts and things and execute all such documents that may be required to enable the Company to secure the full benefits of paragraph 6.3 above.

7. Invalid Tenders

- 7.1 The Company reserves the absolute right to inspect all Tender Forms and TTE instructions and may consider void and reject any tender that does not in the sole judgment of the Company meet the requirements of the Tender Offer. Neither the Company, the Transfer / Receiving Agent or any other person will be under any duty to give notification of any defects or irregularities in tenders or incur any liability for failure to give such notification. The Company reserves the right, in its sole discretion, to treat as valid in whole or in part any Tender Form that is not entirely in order. In that event, however, the consideration under the Tender Offer will only be despatched when the Tender Form is entirely in order.

8. Closing Date

7.1 The Tender Offer will close at 10.00 a.m. 14 xx December 2018 and no tenders that are received after that time will be accepted unless the Company, in its sole and absolute discretion shall have extended the Tender Period.

9. Right to terminate or amend the Tender Offer

9.1 If at any time prior to the expiry of the Tender Period:

- (a) the Directors in their absolute discretion conclude that the Tender Offer would no longer be in the best interests of the Company and / or Shareholders as a whole; or
- (b) there shall occur any change in the national or international, financial, economic, political or market conditions; or
- (c) there shall occur any change in the financial position or prospects and/or circumstances of the Company

Which in the opinion of the Company (acting in its absolute discretion), renders the Tender Offer temporarily or permanently impractical or inadvisable, the Company shall be entitled to determine that the tender Offer is terminated and that no Tender Share tendered under the tender Offer shall be acquired.

PART 3

Questions and Answers on the Tender Offer

*To help you understand what is involved in the Tender Offer we have prepared a summary and some questions and answers. **You should read the whole of this circular and not reply solely on the summary information in this Part 3.** Part 2 of this Circular sets out the detailed terms and conditions of the Tender Offer. A list of defined terms is set out at the beginning of this Circular.*

In the event of any inconsistency between the contents of this Part 3 and the terms and conditions set out in Part 2 of this Circular, the terms and conditions set out in Part 2 of the Circular shall prevail.

Why am I receiving this Circular?

The Company previously announced that it intended to return up to £2.0 million to Shareholders by way of Tender Offer of the Consolidated Ordinary Shares and/or Consolidated Non-Voting Shares to be created by way of the Consolidation.

This Circular sets out information on the details of the Tender Offer and the procedure for participating, should you wish to do so.

What other documents should I have received?

All Shareholders should receive this Circular.

In addition, Shareholders who hold their Ordinary Shares in **certificated form** should also receive a Tender Form and a prepaid envelope to return the Tender Form together with this Circular. If you hold your Ordinary Shares in certificated form and have not received the Tender Form, please call the Shareholder Helpline on 0121 5851131.

Shareholders who hold their Ordinary Shares in **uncertificated form** (i.e. in **CREST**) will not receive a Tender Form.

What do I need to do next?

You should consider whether you want to tender all or any of your Consolidated Ordinary Shares and/or your Consolidated Non-Voting Shares.

The procedure for tendering your Consolidated Ordinary Shares and/or Consolidated Non-Voting Shares depends on whether your Existing Ordinary Shares are held in certificated form or uncertificated form. Please refer to Part 2 of this Circular for details of the procedure relevant to your shareholding.

In summary, if you hold your Existing Ordinary Shares in **certificated form** and you wish to tender some or all of your Consolidated Ordinary Shares and/or Consolidated Non-Voting Shares, you should complete the Tender Form in accordance with the instructions printed on it and as set out in paragraphs 3.4 – 3.7 of Part 2 of this Circular, and return it by post in the accompanying reply-paid

envelope (for use in the UK only) or by hand to Neville Registrars Limited, Neville House, Steelpark Road, Halesowen, B62 8HD

If you hold your Ordinary Shares in **uncertificated form** and you wish to tender some or all of your Consolidated Ordinary Shares and/or Non-Voting Shares, you should send a TTE instruction and follow the procedures set out in paragraphs 3.8 – 3.15 of Part 2 of this Circular.

Completed Tender Forms and/or TTE Instructions (as appropriate) **must be received by the Transfer / Receiving Agent by no later than 10.00 a.m. (UK time) on 14 December 2018** after which time Tender Forms and/or TTE Instructions (as appropriate) will not be accepted (unless the Tender Offer is extended).

Why has the Company chosen a Tender Offer as a way of returning money to Shareholders?

The board considered various options for returning cash to Shareholders and determined that the Tender Offer would be the most appropriate means of returning cash the Shareholders. Shareholders should refer to paragraph 3 of Part 1 of this Circular where the benefits of the Tender Offer are considered.

Who is eligible to participate in the Tender Offer?

All Shareholders who are on the Register at the Record Date of the Consolidation are eligible to participate in the Tender Offer.

What if I am resident outside the UK?

Shareholders resident outside the UK, or who are nationals or citizens of jurisdictions other than the UK, should read the additional information set out in part 8 of this Circular. The Making of the Tender Offer to persons outside the UK or Isle of Man may be prohibited or affected by the laws of the relevant overseas jurisdictions. It is the responsibility of all overseas Shareholders to satisfy themselves as to the observance of any legal requirements within their jurisdiction, including, without any limitation, any relevant requirements in relation to the ability of such Shareholder to participate in the Tender Offer.

What price will I receive if I tender my Consolidated Ordinary Shares and/ or Non-Voting Shares?

All Consolidated Ordinary Shares and Consolidated Non-Voting Shares successfully tendered in the Tender Offer will receive the same price per share, being the Tender Price of £500 per share.

Will all of the Ordinary Shares I tender be purchased?

Each Shareholder is entitled to tender a percentage of that Shareholder's holding in Consolidated Ordinary Shares and / or Consolidated Non-Voting Shares equal to (or less than, if they so choose) the Basic Entitlement for each class. If a Shareholder validly tenders a number of Consolidated Ordinary Shares and Consolidated Non-Voting Shares less than or equal to the Basic Entitlement for each class, the tender will be satisfied in full (subject to the Tender Offer not being terminated or lapsing prior to its completion and satisfaction of the other terms and conditions set out in Part 2 of this Circular and (where relevant) the Tender Form).

Shareholders will also be entitled to apply to tender Consolidated Ordinary Shares and Consolidated Non-Voting Shares above their Basic Entitlement and, to the extent that other Shareholders do not tender up to their Basic Entitlement, such applications will be satisfied proportionately to other excess applications.

What is the maximum number of Consolidated Ordinary Shares and Non-Voting Shares that I can tender?

You can tender all of the Consolidated Ordinary Shares and Consolidated Non-Voting Shares which are held by you at the Record Date for the Tender Offer. If you tender more Consolidated Ordinary Shares and Non-Voting Shares than you hold at the Record Date, you will be deemed to have tendered the number of Consolidated Ordinary Shares and Non-Voting Shares you actually own on the Record Date.

You should note, however, that the Company has absolute discretion in determining the validity of tenders. The decision of the Company as to which Consolidated Ordinary Shares and Consolidated Non-Voting Shares have been validly tendered will be final and binding on all Shareholders.

Please note that even if you tender the maximum number of Consolidated Ordinary Shares and Consolidated Non-Voting Shares possible, the amount to be purchased from you may be scaled-back as described above.

Can I tender some, but not all, of my Consolidated Ordinary Shares and Consolidated Non-Voting Shares?

Yes. You can tender some, rather than all, of your Consolidated Ordinary Shares and Consolidated Non-Voting Shares. You may also tender some of your Consolidated Ordinary Shares and none of your Consolidated Non-Voting Shares or none of your Consolidated Ordinary Shares and some or all of your Non-Voting Shares.

Do I have to tender my Consolidated Ordinary Shares and/or Consolidated Non-Voting Shares?

No. You are not obliged to tender any of your Consolidated Ordinary Shares and Consolidated Non-Voting Shares. If you choose not to tender any Consolidated Ordinary Shares and Non-Voting Shares, you will not receive any proceeds under the Tender Offer.

If you choose not to tender any Consolidated Ordinary Shares and Consolidated Non-Voting Shares and the Tender Offer and the subsequent repurchase of Consolidated Ordinary Shares and Consolidated Non-Voting Shares successfully takes place, the issued Consolidated Ordinary Share capital and Consolidated Non-Voting Share capital of the Company will decrease. You will therefore end up owning a greater percentage of the issued Consolidated Ordinary Share capital and Non-Voting Share capital of the Company.

What will happen to the Consolidated Ordinary Shares and Consolidated Non-Voting Shares that are successfully tendered?

It is the Company's intention that the Consolidated Ordinary Shares and Consolidated Non-Voting Shares that are successfully tendered to the Company pursuant to the Tender Offer will be cancelled.

When will I receive payment for any Consolidated Ordinary Shares and/or Consolidated Non-Voting Shares I have tendered?

If you hold shares in certificated form and successfully submit a Tender Form, it is expected that a cheque will be posted to you week commencing 17 December. If you hold shares in uncertificated form, it is expected that your CREST account will be credited three week commencing 17 December.

What should I do if I have lost my share certificate and wish to participate in the Tender Offer?

If one or all of your Share Certificate(s) and/or other documents of title has/have been lost please write to Neville Registrars Limited for a letter of indemnity which should be completed in accordance with the instructions given. When completed, the letter of indemnity must be received by Neville Registrars Limited by no later than 10.00 a.m. on 14 December 2018.

New share certificates

Any share certificate held by you will be held in relation to the Existing Ordinary Shares. As these Existing Ordinary Shares are to be cancelled on the Record Date for the Consolidation, such share certificates should be destroyed.

In order to avoid the cost and burden to the Company and the Shareholders of issuing share certificates in respect of the Consolidated Ordinary Shares and the Consolidated Non-Voting Shares only to require them to be returned with the Tender Form during the period in which the Tender Offer is open, the Company has made the decision to require the Transfer / Receiving Agent to hold all issued share certificates in respect of such shares during the Tender Period. Dispatch of new or balance share certificates (as appropriate) for certificated Consolidated Ordinary Shares and Consolidated Non-Voting Shares not tendered or unsuccessfully tendered is anticipated to take place the week commencing 17 December 2018

If my Tender Shares are held by my broker or other nominee, will that person tender my Tender Shares on my behalf?

You should follow the directions provided by your broker or other nominee regarding how to instruct them to tender your Tender Shares.

Can I withdraw my tender?

No. Once you have tendered your Consolidated Ordinary Shares and /or Consolidated Non-Voting Shares the instruction to do so is irrevocable.

Can the Company decide not to proceed with the Tender Offer?

The Tender Offer is subject to the terms and conditions set out in Part 2 of this Circular. If the Conditions described in paragraph 2.4 of Part 2 of this Circular are not satisfied or waived, the Tender Offer will not proceed. The Company has also reserved the right, at any time prior to the announcement of the results of the Tender Offer, to not to proceed with the Tender Offer if it concludes that the implementation of the Tender Offer is no longer in the best interests of the Company and/or the Shareholders as a whole.

Any such decision will be announced by the Company to the Shareholders.

Do I have to pay any costs and expenses?

No. Neither the Company nor the Transfer / Receiving Agent are imposing any fees in connection with the Tender Offer. If you own your Tender Shares through a bank, broker, dealer, trust company or other nominee and such person tenders your Tender Shares on your behalf, they may charge you a fee for doing so. You should consult with your bank, broker, dealer, trust company or other nominee to determine whether any charges will apply.

What is the tax treatment for Shareholders?

For information on certain UK tax consequences of the Tender Offer, please see Part 8 of this Circular. The information is for guidance only and does not constitute tax advice. **If you are in any doubt as to your tax position, or if you are subject to tax in a jurisdiction other than the UK, you should consult your independent professional adviser.**

What if I have any more questions?

If you have read this Circular and still have questions, we have set up a Shareholder Helpline on 0121 585 1131, further details of which are set out on page 3 of this Circular.

EAST BALKAN PROPERTIES PLC

(Incorporated in the Isle of Man and registered under the Companies Act 2006 with registered number 007237V)

TO: HOLDERS OF ORDINARY SHARES

NOTICE OF GENERAL MEETING

NOTICE IS HEREBY GIVEN that a General Meeting of East Balkan Properties plc ("the Company") will be held on 21 November 2018 at 10.00 a.m. at IOMA House, Hope Street, Douglas, Isle of Man, IM1 1AP for the purpose of considering and, if thought fit, passing the following ordinary resolutions:

Terms used in this notice shall have the same meanings as defined in the letter from the Chairman sent to Shareholders dated 26 October 2018 ("Circular"), unless the context requires otherwise.

Special Business

Ordinary Resolutions

Resolution 1. That Article 145.4 of the Company's current articles of association be and is hereby replaced in its entirety with the following new Article 145.4

"The Directors or the Shareholders may, by resolution, require the financial statements to be examined by an auditor and in such cases the auditor shall examine the financial statements and shall state in a written report whether or not in the opinion of the auditor, the financial statements give a true and fair view respectively of the receipts, payments and other transactions undertaken by the Company for the period covered by the financial statements, and of the assets and liabilities of the Company at the end of that period and all the information and explanations required by the auditor have been obtained.

Every auditor shall have a right of access at all times to the accounting records and vouchers of the Company and shall be entitled to require from the Directors and officers of the Company such information and explanations as such auditor thinks necessary for the performance of the auditor's duties."

Resolution 2. That the Company is authorised to proceed with the Consolidation.

By Order of the Board

26 October 2018

Registered office: IOMA House, Hope Street, Douglas, Isle of Man

Notes:

1. Every holder has the right to appoint some other person(s) of their choice, who need not be a shareholder, as his proxy to exercise all or any of his rights, to attend, speak and vote on their behalf at the meeting. If you wish to appoint a person other than the Chairman, please insert the name of your chosen proxy holder in the space provided (see reverse). If the proxy is being appointed in relation to less than your full voting entitlement, please enter in the box next to the proxy holder's name (see reverse) the number of shares in relation to which they are authorised to act as your proxy. If returned without an indication as to how the proxy shall vote on any particular matter, the proxy will exercise his discretion as to whether, and if so how, he votes (or if this proxy form has been issued in respect of a designated account for a shareholder, the proxy will exercise his discretion as to whether, and if so how, he votes).
2. To appoint more than one proxy, an additional proxy form(s) may be obtained by contacting the Transfer Agents helpline on 0121 585 1131 or you may photocopy this form. Please indicate in the box next to the proxy holder's name (see reverse) the number of shares in relation to which they are authorised to act as your proxy. Please also indicate by marking the box provided if the proxy instruction is one of multiple instructions being given. All forms must be signed and should be returned together in the same envelope.
3. The 'Vote Withheld' option overleaf is provided to enable you to abstain on any particular resolution. However, it should be noted that a 'Vote Withheld' is not a vote in law and will not be counted in the calculation of the proportion of the votes 'For' and 'Against' a resolution.
4. Pursuant to Regulation 22 of the Uncertificated Securities Regulations 2006, entitlement to attend and vote at the meeting and the number of votes which may be cast thereat will be determined by reference to the Register of Members of the Company no more than 48 hours before the time fixed for the meeting. Changes to entries on the Register of Members after that time shall be disregarded in determining the rights of any person to attend and vote at the meeting.
5. Any alterations made to this form should be initialled.
6. The completion and return of this form will not preclude a member from attending the meeting and voting in person.
7. To be effective, all proxy appointments must be lodged with the Company's Transfer / Receiving Agent, Neville Registrars Limited at: Neville House, Steelpark Road, Halesowen, B62 8HD by 10.00 a.m. on 19 November 2018.

EAST BALKAN PROPERTIES PLC

(Incorporated in the Isle of Man and registered under the Companies Act 2006 with registered number 007237V)

TO: HOLDERS OF NON – VOTING SHARES

NOTICE OF CLASS MEETING

NOTICE IS HEREBY GIVEN that a class meeting for the holders of Non-Voting Shares of East Balkan Properties plc (“the Company”) will be held on 21 November 2018 at 10.30 a.m. at IOMA House, Hope Street, Douglas, Isle of Man, IM1 1AP for the purpose of considering and, if thought fit, passing the following ordinary resolution:

Terms used in this notice shall have the same meanings as defined in the letter from the Chairman sent to Shareholders dated 26 October 2018 (“Circular”), unless the context requires otherwise.

Special Business

Ordinary Resolution

Resolution 1. That the Company is authorised to make such alternation to the rights of non-voting share class that will results from the Consolidation, such authorisation being conditional on approval for the Consolidation at the General Meeting of the company.

By Order of the Board

26 October 2018

Registered office: IOMA House, Hope Street, Douglas, Isle of Man

Notes:

1. Every holder has the right to appoint some other person(s) of their choice, who need not be a shareholder, as his proxy to exercise all or any of his rights, to attend, speak and vote on their behalf at the meeting. If you wish to appoint a person other than the Chairman, please insert the name of your chosen proxy holder in the space provided (see reverse). If the proxy is being appointed in relation to less than your full voting entitlement, please enter in the box next to the proxy holder’s name (see reverse) the number of shares in relation to which they are authorised to act as your proxy. If returned without an indication as to how the proxy shall vote on any particular matter, the proxy will exercise his discretion as to whether, and if so how, he votes (or if this proxy form has been issued in respect of a designated account for a shareholder, the proxy will exercise his discretion as to whether, and if so how, he votes).

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