

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the action you should take, you should consult immediately your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000.**

**If you have sold or otherwise transferred all of your Ordinary Shares, you should pass this document, together with the accompanying proxy forms as soon as possible, to the purchaser or transferee or to the stockbroker, bank or other person through whom the sale or transfer was effected for transmission to the purchaser or transferee.**

**Dowgate Capital Advisers Ltd (“DCA”), which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting for Pactolus Hungarian Property plc and no one else in connection with the proposals set out in this document and will not be responsible to anyone other than Pactolus Hungarian Property plc for providing the protections afforded to its clients or for giving advice in relation to the contents of this document or on any of the matters referred to herein.**

## **PACTOLUS HUNGARIAN PROPERTY PLC**

*(incorporated in Isle of Man under the Isle of Man Companies Acts 1931-2004 with registered number 115148C)*

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**Proposed authority for the Company to purchase up to 7,321,909 Ordinary Shares**

**Approval of a waiver under Rule 9 of the City Code on Takeovers and Mergers**

**Notice of Annual General Meeting**

**Notice of Extraordinary General Meeting**

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**This Circular should be read as a whole. Your attention is nonetheless drawn to the letter from the Chairman of Pactolus Hungarian Property plc which is set out in Part I of this document and which recommends that you vote in favour of the resolutions to be proposed at the Extraordinary General Meeting and Annual General Meeting. Your attention is also drawn to the section entitled “Action to be Taken” on page 6 of this document.**

Notice of an Annual General Meeting of the Company to be held at Jubilee Buildings, Victoria Street, Douglas, Isle of Man 11:00 a.m. on 11 September 2009 is set out at towards the end of this document. The accompanying white Form of Proxy for use by Shareholders at the Annual General Meeting is enclosed and, in order to be valid, should be completed and returned in accordance with the instructions printed thereon so as to be received by the Company’s secretary, Pactolus Hungarian Property plc, c/o Equiom Trust Company Ltd, First Floor, Jubilee Buildings, Victoria Street, Douglas, Isle of Man, IM1 2SH, as soon as possible and in any event not later than 11:00 a.m. on 9 September 2009. The completion and return of a white Form of Proxy will not preclude Shareholders from attending the Annual General Meeting and voting in person should they wish to do so.

Notice of an Extraordinary General Meeting of the Company to be held at Jubilee Buildings, Victoria Street, Douglas, Isle of Man at 11:30 a.m. on 11 September 2009 (or, if later, immediately following the Annual General Meeting convened for the same day) is set out at the very end of this document. The accompanying blue Form of Proxy for use by Shareholders at the Extraordinary General Meeting is enclosed and, in order to be valid, should be completed and returned in accordance with the instructions printed thereon so as to be received by the Company’s secretary, Pactolus Hungarian Property plc, c/o Equiom Trust Company Ltd, First Floor, Jubilee Buildings, Victoria Street, Douglas, Isle of Man, IM1 2SH, as soon as possible and in any event not later than 11:30 a.m. on 9 September 2009. The completion and return of a blue Form of Proxy will not preclude Shareholders from attending the Extraordinary General Meeting and voting in person should they wish to do so.

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### **EXPECTED TIMETABLE**

Latest time and date for receipt of white Forms of Proxy for the Annual General Meeting	11:00 a.m. on 9 September 2009
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Latest time and date for receipt of blue Forms of Proxy for the Extraordinary General Meeting	11:30 a.m. on 9 September 2009
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Annual General Meeting	11:00 a.m. on 11 September 2009
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Extraordinary General Meeting	11:30 a.m. on 11 September 2009
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## PART I

### LETTER FROM THE CHAIRMAN

#### PACTOLUS HUNGARIAN PROPERTY PLC

*(incorporated in Isle of Man under the Isle of Man Companies Acts 1931-2004 with registered number 115148C)*

*Directors:*

C. H. Bennett, BA (Hons), FRICS - Chairman  
B. L. Miller, BA, LL.B - Director  
S. D. Gray - Director  
B. C. Smith, B Com, LLB, TEP - Director  
K. S. Ellis, ACCA - Director  
S. J. Ingrassia, TEP - Director

*Registered Office:*

Pactolus Hungarian Property plc  
First Floor, Jubilee Buildings,  
Victoria Street, Douglas,  
Isle of Man, IM1 2SH

*To Shareholders and (for information purposes) holders of options*

13 August 2009

Dear Sir or Madam,

**Proposed authority for the Company to purchase up to 7,321,909 Ordinary Shares  
Approval of a waiver under Rule 9 of the City Code on Takeovers and Mergers  
Notice of Annual General Meeting  
Notice of Extraordinary General Meeting**

#### **1. Introduction**

Your Board has today announced its intention to seek approval from Shareholders to increase its current share buy back facility to purchase up to a further 7,321,909 Ordinary Shares, representing 40 per cent of the current issued share capital of the Company. This letter sets out the Board's proposals in that regard and the reasons why the Board are unanimously recommending that you vote in favour of their implementation.

The Concert Party's shareholding of 5,072,341 Ordinary Shares represents 27.71 per cent. of the Existing Ordinary Shares in issue at the date of this document. Under Rule 9 and Rule 37 of the Takeover Code, unless a specific waiver is obtained from the Panel and approved by the Independent Shareholders, the Concert Party would normally be obliged to make a mandatory offer for the Company in the event that its aggregate percentage holding of voting rights attaching to the Company's issued share capital increased to 30 per cent. or more as a result of the purchase by the Company of its own shares.

The purpose of this Circular is to explain why your Board considers that the proposals are in the best interests of the Company and its Shareholders as a whole and to seek the approval of the Independent Shareholders of a waiver, which the Panel has agreed to give (subject to such approval being given), of the obligation that might otherwise arise under Rule 9 of the Takeover Code for the Concert Party to make a mandatory offer for the Company as a result of the Company purchasing its own shares under the proposals.

Subject to approval by the Independent Shareholders of this waiver, authority will be sought, pursuant to Resolution 2 being proposed at an Extraordinary General Meeting of the Company, for the Company to buy back its Ordinary Shares in the market.

#### **2. Background to and reasons for the Share Buy Back**

The Directors continue to believe that, in its current position, the purchase by the Company of its own shares would represent good use of the Company's available cash resources, and, by increasing earnings per share and net asset value per share, will maximise Shareholder value. In addition, it will provide those Shareholders who wish to realise all or part of their investment in the Company the opportunity to do so. Accordingly, your Board is proposing that Shareholders authorise the Company to purchase in the market

up to 7,321,909 Ordinary Shares, representing a maximum of 40 per cent. of the Existing Ordinary Shares.

Any repurchase of Ordinary Shares by the Company will be funded from the Company's cash resources and from distributable profits arising from the sale of any properties comprised in the Company's property portfolio. Ordinary Shares bought back under the buy back facility will be cancelled and the number of Ordinary Shares in issue reduced accordingly.

The Board believes that the proposals will benefit all of the Company's shareholders by:

1. providing a cash return to those shareholders who no longer wish to retain an investment in the Company;
2. enhancing the net asset value per share as it is anticipated that purchases will be made at a material discount to net asset value; and
3. reducing the discount of the share price to net asset value per share.

The maximum price (exclusive of any expenses) to be paid by the Company on any purchase of an Ordinary Share will not be greater than 10 per cent. above the average middle market quotation of an Ordinary Share at the close of business on the five business days immediately preceding the date of the purchase. The minimum price (exclusive of any expenses) to be paid on any purchase of an Ordinary Share will be 1 pence (being the nominal value of an Ordinary Share).

The share buy back authority will expire at the Company's next following annual general meeting or, if earlier, on 20 January 2011.

### **3. Nature and future business of the Company**

The principal activity of the Company's Group is investment in the Hungarian property market, focussing on the residential freehold market in the more affluent districts of Central Budapest.

The Group invests in freehold property, which is renovated to a high standard and then either let to tenants with good covenants or sold.

Following implementation of the proposals set out in this document, the Board does not envisage there will be any changes to the Company's current investment strategy and the Company will continue to operate according to its current investment policy. It is intended that the strategic plans for the Company and its location will remain the same and there are no intentions to redeploy any of the Company's fixed assets.

### **4. The Takeover Code**

Under Rule 9 of the Takeover Code, any person who acquires an interest (as defined in the 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 Code, is normally required to make a general offer to all the remaining shareholders to acquire their shares.

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.

Members of the Concert Party are deemed to be acting in concert for the purpose of the Code. Assuming that the share buy back authorities to be granted pursuant to the Resolutions being proposed at the EGM were to be exercised in full, then members of the Concert Party would between them be interested in a maximum of 7,321,909 Ordinary Shares, representing a maximum of 46.18 per cent. of the Company's enlarged issued voting share capital. A table showing the interests in shares of the members of the Concert Party on exercise of the share buy back authorities on the basis set out above, is set out in paragraph 4 of Part III.

The Panel has agreed, however, to waive the obligation to make a general offer that would otherwise arise as a result of any share buy back, subject to the approval of the Independent Shareholders. Accordingly, Resolution 1 is being proposed at the EGM, and will be taken on a poll. The Concert Party will not be entitled to vote on Resolution 1.

Assuming that the share buy back authorities to be granted pursuant to the Resolutions being proposed at the EGM were to be exercised in full then members of the Concert Party would between them be interested in shares carrying 30 per cent. or more of the Company's voting share capital but would not hold shares carrying more than 50 per cent. of such voting rights and any increase in that aggregate interest in shares will be subject to the provisions of Rule 9.

Further details concerning the members of the Concert Party and their respective interests in the Company are set out below and in paragraph 4 of Part III of this document.

## **5. Concert Party**

Mark Sheppard and Gall & Eke are deemed to be acting in concert as all of the issued voting share capital of Gall & Eke is beneficially owned by Mr Sheppard, who is also a director of Gall & Eke.

The Concert Party comprises:-

### ***Gall & Eke Limited***

Gall & Eke Limited currently holds 4,056,297 Ordinary Shares, representing approximately 22.16 per cent. of the issued Ordinary Share capital of the Company. Gall & Eke was incorporated and registered in England & Wales in 1999 as a personal holding company of Mark Sheppard, established for the purpose of purchasing and selling investments on his behalf. Gall & Eke is under the control of Mark Sheppard, who is the managing director and majority shareholder of the company. Galsworthy & Stone Trustees and the Mrs. P. A. Sheppard 2001 Settlement hold the remaining shares in G&E, on trust for the sole benefit of Mark Sheppard.

### ***Mark Sheppard***

Mark Sheppard currently holds 1,016,044 Ordinary Shares, representing approximately 5.55 per cent of the issued Ordinary Share capital of the Company.

Mark Sheppard qualified in 1996 as a chartered accountant with Deloitte & Touche in London where he gained experience in advising on a number of venture capital deals in the corporate finance department before moving to ABN Amro where he became a smaller companies analyst and was part of the Restaurant, Breweries & Pubs team which was voted the second best in the 1998 Reuters UK Smaller Company Survey.

The following year Mark Sheppard moved to the UK Smaller and Mid Cap Institutional sales team that was voted the second best team in the 1999 survey.

In early 2002, Mark Sheppard established Midas Investment Management Limited, a company incorporated and registered in England and Wales and that is regulated and authorised by the United Kingdom's Financial Services Authority. Mr Sheppard continues to work for the company, which provides investment management services.

Further information on the Concert Party is set out in Paragraph 4 of Part III of this document.

## **6. Letters of Intent**

The Company has received the letters of intent from certain Shareholders (in respect of in aggregate 4,157,522 Ordinary Shares representing 22.71 per cent of the Existing Ordinary Shares) who have indicated that they intend to vote in favour of the Resolutions in respect of such shares. Further details of these letters of intent are set out in paragraph 7 of Part III of this document.

In addition the Concert Party has provided the Company with comfort that it will vote in favour of Resolution 2 in respect of their shares representing 27.71 per cent. of Existing Ordinary Shares. Accordingly, more than 50 per cent. of the holders of the Existing Ordinary Shares have agreed to vote in favour of Resolution 2.

## **7. Notifications of Interest**

Following the Company's proposed purchase of Ordinary Shares in relation to the share buy back, a Shareholder's interest in the Company's issued Ordinary Share capital may change, giving rise to an obligation on the Shareholder in question to make a notification or a further notification to the Company under paragraph 5.1.2 of the Disclosure and Transparency Rules ("DTR") published by the UK Financial Services Authority. Such provision does not currently apply to the Company, by reason of the fact that the Company is registered in the Isle of Man. Accordingly the Directors propose to pass a special resolution at the AGM to amend the Company's Articles so as to incorporate the provisions contained in Chapter 5 of the DTR.

**If Shareholders are in any doubt as to whether they should make a notification to the Company, or as to the form of that notification, then Shareholders are advised to consult their solicitor or other professional adviser without delay.**

## **8. Extraordinary General Meeting**

You will find set out at the very end of this document a notice convening an Extraordinary General Meeting of the Company, which is to be held at Jubilee Buildings, Victoria Street, Douglas, Isle of Man, IM1 2SH at 11:30 a.m. on 11 September 2009 or, if later, immediately following the closure of the Annual General Meeting to be convened for the same day.

The following resolutions (both of which will be proposed as ordinary resolutions, but with Resolution numbered 1 below required to be taken on a poll) will be considered at the EGM:

1. A resolution to approve the granting of a waiver of the obligations that would otherwise fall upon the Concert Party to make a general offer for the Company under Rule 9 of the Takeover Code.
2. A resolution to grant authority for the Company to purchase up to 7,321,909 Ordinary Shares.

No member of the Concert Party will participate in the voting on Resolution 1 above at the Extraordinary General Meeting, in accordance with the requirements of the Takeover Code.

The Resolutions are more particularly described in the Notice of EGM.

### **Action to be taken in respect of the Extraordinary General Meeting**

#### *Blue Form of Proxy*

Shareholders will find enclosed a blue Form of Proxy for use at the Extraordinary General Meeting. You are requested to complete and return the accompanying blue Form of Proxy in accordance with the instructions printed thereon, so as to be received by The Secretary, Pactolus Hungarian Property plc, c/o Equiom Trust Company Ltd, Jubilee Buildings, Douglas, Isle of Man, IM1 2SH, as soon as possible, and in any event not later than 11:30 a.m. on 9 September 2009. The completion and return of the blue Form of Proxy will not preclude you from attending the Extraordinary General Meeting or any adjournment thereof and voting in person should you so wish.

## **9. Annual General Meeting**

You will also find set out towards the end of this document a notice convening the 2009 Annual General Meeting of the Company, which is to be held at Jubilee Buildings, Victoria Street, Douglas, Isle of Man, IM1 2SH at 11:00 a.m. on 11 September 2009.

The following resolutions (all of which will be proposed as ordinary resolutions, other than the resolutions

numbered, 9 and 10 below which shall each be proposed as special resolutions) will be considered at the AGM:

1. To approve the payment of a dividend of 2.1p per ordinary share to shareholders on the Company's register of members at the close of business on 9 October 2009.
2. To receive and adopt the Report of the Directors and audited accounts for the year ended 31 December 2008.
3. To re-appoint PKF as Auditors to the Company and its subsidiaries.
4. To authorise the Directors to fix the remuneration of the Auditors.
5. To re-elect Sarah Joanne Ingrassia as a director of the Company.
6. To re-elect Christopher Heal Bennett as a director of the Company.
7. To re-elect Stephen Dillon Gray as a director of the Company.
8. To grant authority to the directors to allot relevant securities up to an aggregate nominal amount of £183,047.33.
9. To approve the disapplication of pre-emption rights over equity securities up to an aggregate nominal amount of £91,524.67.
10. To amend the Company's existing Articles to incorporate the provisions contained in Chapter 5 of the DTR.

Under article 5.2(a) of the Company's Articles, the Directors may not exercise any powers of the Company to allot relevant securities (as defined in the Article 5.5 of the Articles), unless authorised to do so by the Company in general meeting. Under resolution 8 contained in the Notice of AGM, the Board is seeking to re-new its authority to allot relevant securities up to an aggregate nominal amount of £183,047.33, which corresponds to 100 per cent. of the Existing Ordinary Shares that are in issue at the date of this document.

In addition, under article 5.3(a) of the Company's Articles, where the Company is proposing to allot equity securities (as defined in the Article 5.5 of the Articles) for cash, it must first offer them to existing shareholders. Resolution 9 contained in the Notice of AGM shall enable the Directors to allot Ordinary Shares on a non-pre-emptive basis up to a nominal value of £91,524.67, which corresponds to 50 per cent. of the Existing Ordinary Shares that are in issue at the date of this document.

The Directors believe that the powers provided by these resolutions will maintain a desirable degree of flexibility. Unless previously revoked or varied the authorities and disapplications will expire at the conclusion of the next annual general meeting of the Company.

The Company is also seeking to pass resolution 10 contained in the Notice of AGM, for the purpose of amending the Company's existing Articles in order to comply with the requirements of the AIM Rules. The new article that the Directors are proposing to insert into the Articles shall incorporate the provisions contained in Chapter 5 of the DTR, which do not currently apply to the Company by reason of the fact that the Company is registered in the Isle of Man.

The resolutions are more particularly described in the Notice of AGM.

### **Action to be taken in respect of the Annual General Meeting**

#### *White Form of Proxy*

Shareholders will also find enclosed a white Form of Proxy for use at the Annual General Meeting. You are requested to complete and return the accompanying white Form of Proxy in accordance with the instructions printed thereon, so as to be received by The Secretary, Pactolus Hungarian Property plc, c/o

Equiom Trust Company Ltd, Jubilee Buildings, Douglas, Isle of Man, IM1 2SH, as soon as possible, and in any event not later than 11:00 a.m. on 9 September 2009. The completion and return of the white Form of Proxy will not preclude you from attending the Annual General Meeting or any adjournment thereof and voting in person should you so wish.

## **10. Recommendation**

The Directors, who have been so advised by DCA, consider the waiver of the obligation on the members of the Concert Party (both individually and collectively) to make a general offer to Shareholders under Rule 9 of the Code as set out in Resolution 1 of the Notice of EGM to be fair and reasonable and to be in the best interests of Independent Shareholders and the Company as a whole. In providing advice to the Directors, DCA has taken into account the Directors' commercial assessment.

Accordingly, the Directors unanimously recommend Independent Shareholders to vote in favour of the Resolutions, as the Directors intend to do in respect of their beneficial shareholdings amounting to 61,666 Ordinary Shares representing 0.34 per cent. of the Existing Ordinary Shares.

Yours faithfully,

Christopher Heal Bennett, BA (Hons), FRICS.  
Chairman.

## **PART II**

### **FINANCIAL INFORMATION**

#### **Published Report and Accounts for the Financial Periods Ended 31 December 2006, 2007 and 2008.**

The following documents (including the relevant parts thereof), the publication of all of which has been announced through a Regulatory Information Service and all of which are available free of charge at <http://www.pactolus.co.uk/regulatory.asp>, are incorporated into this document by reference:

- (a) Pages 4-35 of the Company's 2008 Annual Report, comprising the Company's audited consolidated financial statements for the year ended 31 December 2008 under International Financial Reporting Standards ("IFRS") together with the relevant accounting policies and notes. The independent auditors' report is on page 11, the consolidated income statement on page 13, the consolidated and Company balance sheet on page 14, the statement of changes in equity on page 15, the consolidated and Company cash flow statement on page 16 and the consolidated explanatory notes including accounting policies is on pages 17-35.
- (b) Pages 4-35 of the Company's 2007 Annual Report, comprising the Company's audited consolidated financial statements for the year ended 31 December 2007 under IFRS together with the relevant accounting policies and notes. The independent auditors' report is on page 10, the consolidated income statement on page 12, the consolidated and Company balance sheet on page 13, the statement of changes in equity on page 15, the consolidated and Company cash flow statement on page 16 and the consolidated explanatory notes including accounting policies is on pages 17-35.
- (c) Pages 4-31 of the Company's 2007 Annual Report, comprising the Company's audited consolidated financial statements for the period ended 31 December 2006 under IFRS together with the relevant accounting policies and notes. The independent auditors' report is on page 10, the consolidated income statement on page 12, the consolidated and Company balance sheet on page 13, the statement of changes in equity on page 14, the consolidated and Company cash flow statement on page 16 and the consolidated explanatory notes including accounting policies is on pages 17-31.

The Company has not published an interim statement or preliminary announcement since the date it published its audited accounts.

## PART III

### ADDITIONAL INFORMATION

#### 1. The Company

The name of the Company is Pactolus Hungarian Property plc. It was incorporated in the Isle of Man under the Isle of Man Companies Acts 1931-2004 under registered number 115148C. The Company's registered office is situated at First Floor, Jubilee Buildings, Victoria Street, Douglas, Isle of Man, IM1 2SH.

#### 2. The Directors

The Directors of the Company as at the date of this document are as follows:

- Christopher Heal Bennett;
- Brett Lance Miller;
- Stephen Dillon Gray;
- Barry Curtis Smith;
- Katherine Sarah Ellis; and
- Sarah Joanne Ingrassia.

#### 3. Responsibility

- 3.1 The Directors of the Company, whose names are listed in paragraph 2 above, accept responsibility for the information set out in this document (other than that relating to the Concert Party, for which responsibility is taken pursuant to paragraph 3.2 below). To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that it is the case), the information contained in this document (other than that relating to the Concert Party) is in accordance with the facts and does not omit anything likely to affect the import of such information.
- 3.2 The directors of Gall & Eke (who comprise Mark Sheppard and Patricia Anne Sheppard) accept responsibility for the information contained in this document relating to the Concert Party. To the best of the knowledge and belief of the directors of Gall & Eke (who have taken all reasonable care to ensure that it is the case) the information contained in this document relating to the Concert Party is in accordance with the facts and does not omit anything likely to affect the import of such information.

#### 4. The Concert Party

- 4.1 As at the disclosure date, members of the Concert Party were interested in (such interests to include all interests, short positions and borrowings of any other person whose interests in shares the director is taken to be interested in pursuant to Part 22 of the Act) the following relevant securities of the Company:

Name	Number of Ordinary Shares	% of Existing Ordinary Shares	% of issued share capital following share buy back <sup>1</sup>
Gall & Eke Limited <sup>2</sup>	4,056,297	22.16	36.93
Mark Sheppard <sup>2</sup>	1,016,044	5.55	9.25
Total	5,072,341	27.71	46.18

<sup>1</sup> Assuming buy back authority is exercised in full

<sup>2</sup> All of the Ordinary Shares shown against Gall & Eke Limited's and Mark Sheppard's names in the table above are registered in the name of Pershing Nominees Limited.

- 4.2 As at the disclosure date, the following dealings in relevant securities of the Company by Midas

Investment Management Limited (a company connected with Mark Sheppard, who is a member of the Concert Party) took place during the disclosure period:

Date	No. of Ordinary Shares	Price (pence)
19-Nov-08	385,000	28.22
04-Nov-08	36,666	25.56
24-Oct-08	13,186	24.03
24-Oct-08	83,011	24.03
24-Oct-08	54,268	24.04
24-Oct-08	73,871	24.03
20-Oct-08	294,125	25.01
20-Oct-08	99,919	25.02
20-Oct-08	45,668	25.05
20-Oct-08	119,853	25.02

Date	No. of Ordinary Shares	Price (pence)
14-Oct-08	62,500	26.00
07-Oct-08	296,774	25.26
07-Oct-08	657,798	28.39
07-Oct-08	102,095	25.27
04-Aug-08	20,000	31.35
13-Jun-08	1,716	43.67
13-Jun-08	888	45.21
13-Jun-08	3,121	43.14
28-May-08	500,000	31.00
23-May-08	8,790	43.86

4.3 The Concert Party and Midas can be contacted at 2nd Floor, Arthur House, Chorlton Street, Manchester, M1 3FH.

## 5. Takeover Code

5.1 Save as disclosed in paragraph 4 above or in this paragraph 5, as at the disclosure date, no member of the Concert Party, no director of any member of the Concert Party, nor any person acting in concert with the Concert Party is interested in, has any rights to subscribe for or short positions in relevant securities of the Company, nor has any such person dealt for value in any relevant securities in the disclosure period (see below for definitions).

5.2 Save as disclosed in paragraph 4 above or in this paragraph 5, as at the disclosure date, neither the Company, nor any of the Directors is interested in, has any rights to subscribe for or short positions in relevant securities of any member of the Concert Party.

5.3 Save as disclosed in paragraphs 4 or 5 of this Part III, neither:

5.3.1 any company which is a paragraph (i) associate (as defined below) of the Company; nor

5.3.2 any connected adviser to the Company or to a company covered in paragraph 5.3.1 above; nor

5.3.3 any person controlling, controlled by or under the same control as any connected adviser referred to in paragraph 5.3.2 above (other than an exempt principal trader or an exempt fund manager); nor

5.3.4 the Directors (together with their close relatives and related trusts); nor

5.3.5 any employee benefit trust of the Company or of a company covered in paragraph 5.3.1 above; nor

5.3.6 any Company pension fund or any pension fund of a company covered in paragraph 5.3.1 above; nor

5.3.7 (in relation to the Company) an investment company, unit trust or other person whose investments an associate manages on a discretionary basis, in respect of the relevant securities accounts; nor

5.3.8 a company having a material trading arrangement with the Company,

is interested in, has any right to subscribe for or holds a short position (whether conditional or absolute, and whether in the money or otherwise) including a short position under a derivative or right to require any person to purchase or take delivery of any of the Company's relevant securities, nor has any such person dealt for value in any relevant securities of the Company during the disclosure period.

- 5.4 No member of the Concert Party, any director of any member of the Concert Party nor any person acting in concert with the Concert Party has borrowed or lent any relevant securities of the Company. No relevant securities of the Company have been borrowed or lent by the Directors or any parties acting in concert with them or the Company.
- 5.5 There are no arrangements in place in relation to the proposals set out in this document whereby repayment or security for any liability (contingent or otherwise) is dependent on the Company.
- 5.6 Members of the Concert Party have confirmed that, save as disclosed in this document, they are not presently proposing any changes to the employment rights of the employees of the Company nor any redeployment of its fixed assets nor any change to the location of its place of business.
- 5.7 Members of the Concert Party have confirmed that no changes are envisaged to be introduced to the Company's business as a result of completion of the proposals set out in this document.
- 5.8 No member of the Concert Party or the Company nor any associate of any member of the Concert Party or the Company has any arrangement with any person in relation to any relevant securities of the Company of the kind referred to in Note 6 to Rule 8 of the Code. For the purposes of this paragraph, "arrangement" includes any indemnity or option arrangement and any agreement or understanding, formal or informal, of whatever nature which may be an inducement to deal or refrain from dealing.
- 5.9 No member of the Concert Party or the Company nor any associate of any member of the Concert Party or the Company has any arrangement with any person in relation to the transfer of securities acquired under the proposed transaction.
- 5.10 The following expressions and words used in paragraphs 4, 5 and 6 of this Part III shall have the following definitions:

<b>"acting in concert"</b>	has the meaning attributed in the Code;
<b>"arrangement"</b>	includes an indemnity or option arrangements, or any agreement or understanding, formal or informal, of whatever, relating to the relevant securities which may be an inducement to deal or refrain from dealing;
<b>"associate"</b>	has the meaning given to it in the Code and includes (without limitation) in relation to a company: <ul style="list-style-type: none"> <li>(i) its parent, subsidiaries and fellow subsidiaries, its associated companies and companies of which any such companies are associated companies;</li> <li>(ii) its connected advisers (as defined in the Code) to it or a company covered in (i) above, including persons (other than exempt principal traders or exempt fund managers) controlling, controlled by or under the same control as such connected advisers;</li> <li>(iii) its directors and the directors of any company in (i) above (together in each case with their close relatives and related trusts);</li> <li>(iv) its pension funds or the pension funds of a company covered in (i) above;</li> <li>(v) its employee benefit trusts or those of a company covered in (i) above;</li> </ul>

- (vi) (in relation to the Company) an investment company, unit trust or other person whose investments an associate (as otherwise defined in this paragraph) manages on a discretionary basis, in respect of the relevant instrument accounts; and
- (vii) a company holding a material trading arrangement with the company in question or a company covered in (i) above;

**“associated company”**

ownership or control of 20 per cent. or more of the equity share capital of a company is regarded as the test of associated company status;

**“connected adviser”**

has the meaning given to it by the Code;

**“control”**

means an interest or interests in shares carrying 30 per cent. or more of the voting rights attributable to the share capital of a company which are currently exercisable at a general meeting, irrespective of whether the holding or aggregate holding gives *de facto* control;

**“dealing” or “dealt”**

includes the following:

- (i) the acquisition or disposal of relevant securities, of the right (whether conditional or absolute) to exercise or direct the exercise of voting rights attached to relevant securities, or of general control of relevant securities;
- (ii) the taking, granting, acquisition, disposal, entering into, closing out, termination, exercise (by either party) or variation of an option (including a traded option contract) in respect of any relevant securities;
- (iii) subscribing or agreeing to subscribe for relevant securities;
- (iv) subscribing or agreeing to subscribe for relevant securities;
- (v) the exercise or conversion of any relevant securities carrying conversion or subscription rights;
- (vi) the acquisition of, disposal of, entering into, closing out, exercise (by either party) of any rights under, or variation of, a derivative referenced, directly or indirectly, to relevant securities;
- (vii) entering into, terminating or varying the terms of any agreement to purchase or sell relevant securities; and
- (viii) any other action resulting, or which may result, in an increase or decrease in the number of relevant securities in which a person is interested or in respect of which he has a short position;

**“derivative”**

includes any financial product whose value, in whole or part, is determined directly or indirectly by references to the price of any underlying security;

<b>“disclosure date”</b>	means 12 August 2009, being the last practicable date prior to the posting of this document;
<b>“disclosure period”</b>	means the period commencing on 13 August 2008 and ending on 12 August 2009, the last practical date prior to the publication of this document;
<b>“exempt principal trader” or “exempt fund manager”</b>	has the meaning attributed to it in the Code;
<b>“interested”</b>	<p>a person “interested” in relevant securities shall include where a person:</p> <ul style="list-style-type: none"> <li>(i) owns relevant securities;</li> <li>(ii) has the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attaching to relevant securities or has general control of them;</li> <li>(iii) by virtue of any agreement to purchase, option or derivative, has the right or option to acquire relevant securities or call for their delivery or is under an obligation to take delivery of them, whether the right, option or obligation is conditional or absolute and whether it is in the money or otherwise; or</li> <li>(iv) is party to any derivative whose value is determined by reference to its price and which results, or may result, in his having a long position in it;</li> </ul>
<b>“paragraph 1 associate”</b>	means, in relation to a company, its parent, subsidiaries and fellow subsidiaries, their associated companies, and companies of which such parent, subsidiaries, fellow subsidiaries, associated companies (for which purpose, ownership or control of 20 per cent. or more of the equity share capital of a company is regarded as the test of “associated company” status);
<b>“relevant securities”</b>	means the Ordinary Shares (or derivatives referenced thereto) and any shares in any member of the Concert Party securities convertible into or rights to subscribe for Ordinary Shares or shares in any member of the Concert Party, options in respect of Ordinary Shares or shares in any member of the Concert Party (including traded options) or short positions in Ordinary Shares in the Company or shares in any member of the Concert Party, as applicable in each case; and
<b>“short position”</b>	means a short position whether conditional or absolute and whether in the money or otherwise including any short position under a derivative, any agreement to sell or any delivery obligations or right to require another person to take delivery.

## 6. Interests and Dealings in relevant securities

### 6.1 Directors

- (i) As at the disclosure date, the Directors were interested in (such interests to include all interests, short positions and borrowings of any other person whose interests in shares the director is taken to be interested in pursuant to Part 22 of the UK Companies Act) the following relevant securities of the Company:

	Number of Ordinary Shares	% of Existing Ordinary Shares
C. H. Bennett	-	-
B. L. Miller	61,666	0.34
S.D. Gray	-	-
B C Smith	-	-
K S Ellis	-	-
S J Ingrassia	-	-

- (ii) in addition to the interests noted in 6.1(i) above, as at the disclosure date, the following options and awards over relevant securities of the Company had been granted to certain Directors (or such other persons whose interests in relevant securities the director is taken to be interested pursuant to Part 22 of the UK Companies Act):

Name	Date of grant	Number of Ordinary Shares under option	Option Exercise Price	Option Exercise Period
C Bennett	16 March 2006	16,666	60p	23 March 2011
B Miller	16 March 2006	25,000	60p	23 March 2011

- (iii) During the disclosure period there have been no dealings for value in relevant securities by the Directors.

### 6.2 The Company

- (i) The table below sets out the dealings made by the Company in its own relevant securities during the disclosure period:

Date	No of Ordinary Shares purchased	Price
20 November 2008	2,561,142	28.21p
5 January 2009	525,000	32.00p
14 January 2009	2,050,000	32.06p
3 April 2009	1,205,000	27.00p
8 May 2009	965,500	30.00p

- (ii) The Ordinary Shares purchased by the Company have since been cancelled.

### 6.3 Connected Advisers

- (i) As at the disclosure date, Religare Hichens Harrison plc (the Company's broker and therefore a connected adviser to the Company for the purposes of the Takeover Code) held 433,332 relevant securities in the Company which were held through Pershing Nominees Limited for itself or on behalf of discretionary and advisory clients. In addition, as at the disclosure date, Religare Hichens Harrison plc held options for itself over 124,236 Ordinary Shares, which options had been granted on 16 March 2006 and may be exercised on or before 23 March 2011 at an exercise price of 60 pence.

## 7. Letters of Intent

The Company has received letters of intent from certain Shareholders who have indicated that they intend to vote in favour of the Resolutions, details of which are set out below:

	Number of Existing Ordinary Shares	% of Existing Ordinary Shares
Mr Lee Morton	408,333	2.23
Religare Hichens, Harrison plc	449,998	2.46
Ennismore Fund Management Limited	772,191	4.22
Barnard Nominees Limited	2,527,000	13.80

## 8. Significant Change

There has been no material change in the financial or trading position of the Group subsequent to the publication of the latest audited financial statements of the Company for the year ended 31 December 2008.

## 9. Middle Market Quotations

The middle market quotations for the Ordinary Shares, as derived from the London Stock Exchange Daily Official List, on the first business day of each of the six months immediately preceding the date of this document and for 12 August 2009 (being the last dealing day prior to the date of this document):

Date	Price per Ordinary Share
2 March 2009	29.0p
1 April 2009	25.5p
1 May 2009	29.0p
1 June 2009	30.0p
1 July 2009	31.5p
3 August 2009	30.5p
12 August 2009	30.0p

## 10. Material Contracts

Save for the following agreements (details of which are summarised below), no contract, other than contracts entered into in the ordinary course of business, have been entered into by the Company or any of its subsidiaries during the period of two years prior to the posting of this document, which are or may be material:

### *Asset Management Variation Agreement*

A variation agreement (“**Variation Agreement**”) dated 5 January 2009 entered into between the Company and Midas, pursuant to which terms, the asset management agreement (“**Asset Management Agreement**”) dated 17 March 2006 between the Company and Midas was varied.

Under the terms of the Asset Management Agreement, Midas was appointed to provide certain advisory and management services to the Company, in respect of the properties and investments held by the Group.

Under the terms of the Variation Agreement, the existing performance fee arrangements which may be payable to Midas under the Asset Management Agreement were varied, such that the existing arrangements were cancelled and Midas shall instead be entitled to be paid a performance fee (“**Performance Fee**”) based on cash returned to Shareholders attributable to the period from 1 December

2008 to 31 December 2011 (the “**Performance Fee Period**”). Cash returned for such purposes shall include any cash paid to Shareholders resulting from, inter alia, share purchases, tender offers, takeover bids and dividends.

The Performance fee shall be payable to Midas during the Performance Fee Period on the following basis:

- (i) once cumulative cash returns to Shareholders have reached €12,200,000 during the Performance Fee Period, an incentive fee of 2.5 per cent. of €12,200,000 would be payable;
- (ii) for cash returns between €12,200,000 and €13,600,000, an incentive fee of 2.5 per cent. would be payable on the cash returns between €12,200,000 and €13,600,000;
- (iii) on reaching cash returns of €13,600,000, a fee of 5 per cent. of €13,600,000 would be payable, net of any advance fees payable under (i) and (ii) above;
- (iv) for cash returns between €13,600,000 and €19,000,000, a fee of 7.5 per cent. would be payable on cash returns between €13,600,000 and €19,000,000; and
- (v) for cash returns above €19,000,000, a fee of 15 per cent. would be payable on cash returns in excess of €19,000,000.

No further incentive fees are stated to be payable to Midas for cash returns relating to any period ending after 31 December 2011.

All Performance Fees are stated to be chargeable to VAT.

The terms of the quarterly management fee (“**Management Fee**”) payable by the Company to Midas under the terms of the Asset Management Agreement remain unchanged at 0.5 per cent. of the adjusted net asset value of the Group at the end of each quarter period, adjusted to include any provision for the Management Fee or Performance Fee in such period, plus VAT. However, the minimum amount payable in respect of the Management Fee under the Asset Management Agreement has been varied such that in any one year it is €200,000.

In addition, a general provision shall now apply under the terms of the Asset Management Agreement such that for the purpose of calculating the Management Fee, the net assets of the Group shall be reduced to the equivalent of 60 pence per Ordinary Share (on a constant currency basis from the time of the Company’s admission to trading on AIM; being the original price at which the Company’s Ordinary Shares were placed at the time of such admission). Such provision would apply to the property portfolio of the Group, applying a uniform discount to the current square metre value of each of the properties in the latest valuation of the property portfolio. Any fees foregone are stated to be capable of being reclaimed and payable, should any of the individual properties of the Group be realised prior to the expiry of the Performance Fee Period at a higher value than their adjusted written down value in the management accounts used to calculate the management fees.

The termination provisions in the Asset Management Agreement were also varied pursuant to the terms of the Variation Agreement, such that the Company may only terminate the appointment of Midas as the asset manager (other than in the event of an unremedied material breach of the terms of the Asset Management Agreement by Midas or on the occurrence of an insolvency event in respect to Midas, in which case the Company may terminate the agreement with immediate effect) on or after 31 December 2011. After such period has expired, Midas’s appointment may be terminated (other than for cause, in which case termination may be immediate) upon 3 months’ written notice and upon such termination shall be entitled to receive a termination payment equivalent to six months’ management fees, subject to an overall limit of €200,000.

## **11. Directors’ appointment**

No Director has a service contract with the Company, nor are any service contracts proposed.

## **12. Consent**

DCA has given, and has not withdrawn its written consent to the inclusion in this document or references to its name in the forms and context in which they appear.

### **13. Other Information**

13.1 Save as disclosed in this document, no agreement, arrangement or understanding (including any compensation arrangement) exists between any member of the Concert Party and:

- (i) any of the Directors, or recent directors;
- (ii) any Shareholders or recent shareholders of the Company; or
- (iii) any person interested or recently interested in Ordinary Shares,

in each case, having any connection with or dependence upon the approval by Shareholders of the proposals set out in this document.

13.2 The Directors are not aware of any agreement or arrangement or understanding by which the beneficial ownership of any Ordinary Shares acquired by the Company pursuant to the share purchase authority proposed at the EGM will be transferred to any other person.

### **14. Documents available for inspection**

Copies of the following documents will be available at the offices of Field Fisher Waterhouse LLP, 35 Vine Street, London, EC3N 2AA during normal business hours on any weekday (Saturdays and public holidays excepted) up to and including the date of the Extraordinary General Meeting:

- (i) this document;
- (ii) the memorandum and articles of association of the Company;
- (iii) the published audited annual accounts of the Company for the years ended 31 December 2007 and 31 December 2008;
- (iv) the written consent referred to in paragraph 12 above;
- (v) the material contract referred to in paragraph 10 above; and
- (vi) the letters of intent referred to in paragraph 7 above.

Date 13 August 2009

## DEFINITIONS

“Acts”	the Isle of Man Companies Acts 1931 - 2004 (as amended)
“AIM Rules”	the AIM Rules for Companies published by London Stock Exchange plc as amended from time to time
“AIM”	the AIM market operated by the London Stock Exchange plc
“Annual General Meeting” or “AGM”	the annual general meeting of the Company, convened for 11:00 a.m. on 11 September 2009, and any adjournment thereof, notice of which is set out at the end of this document
“Articles”	the Company’s articles of association as at the date of this document
“Company” or “Pactolus”	Pactolus Hungarian Property plc
“Concert Party”	the persons deemed to be acting in concert as described in paragraph 5 of Part I of this document
“DCA”	Dowgate Capital Advisers Limited, nominated adviser to the Company
“DTR”	The Disclosure and Transparency Rules as published and amended from time to time by the United Kingdom’s Financial Services Authority
“equity security”	a relevant share in the Company (other than a share shown in the Company’s memorandum of association to have been taken by a subscriber to the Company’s memorandum of association or a bonus share), or a right to subscribe for, or to convert securities into, relevant shares in the Company
“Euro” or “€”	the Euro, the currency of some member states of the European Union
“Existing Ordinary Shares”	the 18,304,773 Ordinary Shares in issue at the date of this document
“Extraordinary General Meeting” or “EGM”	the extraordinary general meeting of the Company, convened for 11:30 a.m. on 11 September 2009, and any adjournment thereof, notice of which is set out at the end of this document
“Form of Proxy”	the form of proxy accompanying this document, for use by Shareholders in connection with the Extraordinary General Meeting
“Gall & Eke”	Gall & Eke Limited, a company incorporated in England and Wales with company registration number 03894718 and whose registered office is at 2nd Floor, Arthur House, Chorlton Street, Manchester, M1 3FH
“Group”	the Company and its subsidiaries as at the date of this document
“Independent Shareholders”	Shareholders other than members of the Concert Party
“Midas”	Midas Investment Management Limited, a company incorporated in England and Wales with company registration number 01851650 and whose registered office is at 2nd Floor, Arthur House, Chorlton Street, Manchester, M1 3FH, which is authorised and regulated by the Financial Services Authority
“Ordinary Shares”	the ordinary shares of 1p each in the capital of the Company
“Panel”	the Panel on Takeovers and Mergers
“Regulatory Information Service”	has the meaning given in the AIM Rules

“relevant securities”	<p>(a) shares in the Company other than shares shown in the Company’s memorandum of association to have been taken by the subscribers to it or shares allotted in pursuance of any employees’ share scheme, and</p> <p>(b) any right to subscribe for, or to convert any security into, shares in the Company (other than shares so allotted);</p> <p>and a reference to the allotment of relevant securities includes the grant of such a right but (subject to the articles of association of the Company) not the allotment of shares pursuant to such a right</p>
“relevant shares”	<p>shares in the Company other than</p> <p>(a) shares which as respects dividends and capital carry a right to participate only up to a specified amount in a distribution, and</p> <p>(b) shares which are held by a person who acquired them in pursuance of an employees’ share scheme or, in the case of shares which have not been allotted, are to be allotted in pursuance of such a scheme</p>
“Resolutions”	the resolutions to be proposed at the EGM
“Shareholders”	holders of issued Ordinary Shares
“Takeover Code” or “Code”	the City Code on Takeovers and Mergers
“the Board” or “the Directors”	the directors of the Company at the date of this document
“UK Companies Acts”	means the Companies Act 2006 of the United Kingdom and, where applicable and still currently in force, the Companies Act 1985 of the United Kingdom

# PACTOLUS HUNGARIAN PROPERTY PLC

*(incorporated in the Isle of Man under the Isle of Man Companies Acts 1931 - 2004 with registered number 115148C)*

## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 2009 annual general meeting (“AGM”) of Pactolus Hungarian Property plc (the “Company”) will be held at Jubilee Buildings, Victoria Street, Douglas, Isle of Man on 11 September 2009 at 11:00 a.m. for the following purposes:

### Ordinary Business

1. To approve the payment of a dividend of 2.1 pence per ordinary share to shareholders on the Company’s register of members at the close of business on 9 October 2009.
2. To receive and adopt the Report of the Directors and audited accounts for the year ended 31 December 2008.
3. To re-appoint PKF as auditors to the Company and its subsidiaries (the “Group”).
4. To authorise the directors to fix the remuneration of the auditors.
5. To re-elect Sarah Joanne Ingrassia as a director of the Company.
6. To re-elect Christopher Heal Bennett as a director of the Company.
7. To re-elect Stephen Dillon Gray as a director of the Company.

### Special Business

To consider and, if thought fit, pass the following resolutions, in the case of resolution 8 as an ordinary resolution and in the case of resolutions 9 and 10 as special resolutions:

8. That:
  - (a) the Directors be generally and unconditionally authorised pursuant to Article 5.2(a) of the Company’s articles of association to exercise for the period ending on the date of the next annual general meeting all the powers of the Company to allot relevant securities up to an aggregate nominal amount of £183,047.33.
  - (b) by the authority the directors may make offers or agreements which would or might require the allotment of relevant securities after the expiry of such period.
9. That:
  - (a) subject to the passing of Resolution 9 above, the directors be empowered to allot equity securities pursuant to and during the period of the authority conferred by resolution 9 wholly for cash:
    - (i) in connection with a rights issue; and
    - (ii) otherwise than in connection with a rights issue (and whether in respect of any relevant securities authorised for allotment pursuant to resolution 9 or otherwise), up to an aggregate nominal amount of £91,524.67 as if as if Article 5.3(a) of the Company’s articles of association did not apply to such allotment;
  - (b) by such authority and power the directors may during such period make offers or agreements which would or might require the allotment of securities after the expiry of such period; and
  - (c) for the purposes of this resolution:
    - (i) “rights issue” means an offer of equity securities open for acceptance for a period fixed by the directors to holders of ordinary shares in the capital of the Company on the register on a record date fixed by the directors in proportion to their

respective holdings of securities or in accordance with the rights attached thereto (but subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to fractional entitlements or legal or practical problems under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory; and

- (ii) the nominal amount of securities shall be taken to be, in the case of rights to subscribe for or convert any securities into shares of the Company, the nominal amount of such shares which may be allotted pursuant to such rights.

10. That the Company's existing articles of association be amended by the insertion of the following new Article 77.5:

**77.5 Disclosure of substantial interests in shares**

Each member of the Company shall comply with the notification obligations to the Company contained in Chapter 5 of the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority as if the Company was a UK issuer for the purposes of such rules."

*By Order of the Board:*  
Barry Smith  
Company Secretary  
13 August 2009

*Registered Office:*  
First Floor  
Jubilee Buildings  
Victoria Street  
IM1 2SH  
Douglas  
Isle of Man, IM1 2SH

## **NOTES TO THE NOTICE OF ANNUAL GENERAL MEETING**

Notes:

1. A member entitled to attend and vote at the AGM may appoint one or more proxies to attend and, on a poll, vote instead on their behalf. A proxy need not be a member of the Company;
2. A white Form of Proxy for use at the AGM is enclosed with this document. To be effective, a white Form of Proxy (together with the power of attorney or other authority, if any, under which it is executed, or a notarially certified copy of such power of attorney of authority) must be completed, signed and lodged with the Company at their registered address not later than 48 hours before the time for holding the AGM.
3. Deposit of a white Form of Proxy will not preclude a member from attending the AGM and voting in person should they so wish.
4. See the notes to the white Form of Proxy for more details.
5. Pursuant to Regulation 22 of the Uncertificated Securities Regulations 2005, the Company has specified that to be entitled to attend and vote at the AGM (and for the purposes of determination by the Company of the number of votes they may cast), members must be entered on the Company's register of members by 11:00 a.m. on 9 September 2009. Changes to entries on the register of members after 11:00 a.m. on that date shall be disregarded in determining the rights of any person to attend and vote at the AGM.
6. The quorum required for the AGM is two members present in person or by proxy and entitled to vote there at.

# PACTOLUS HUNGARIAN PROPERTY PLC

(incorporated in the Isle of Man under the Isle of Man Companies Acts 1931 - 2004 with registered number 115148C)

## NOTICE OF EXTRAORDINARY GENERAL MEETING

Notice is hereby given that an extraordinary general meeting (“EGM”) of Pactolus Hungarian Property plc (the “Company”) will be held at Jubilee Buildings, Victoria Street, Douglas, Isle of Man on 11 September 2009 at 11:30 a.m. or, if later, immediately following the conclusion of the Company’s annual general meeting to be convened for the same date, for the purpose of considering and, if thought fit, passing the following resolutions, which will be proposed as ordinary resolutions:

### ORDINARY RESOLUTIONS

1. That the waiver granted by the Panel of the obligation that would otherwise arise on the Concert Party to make a general offer to the Shareholders of the Company pursuant to Rule 9 of the Takeover Code as a result of the purchase by the Company of its own shares pursuant to Resolution 2 below and as more fully described in the Company’s circular to Shareholders of which this notice forms part, be and is hereby approved.
2. That the Company be and is hereby generally and unconditionally authorised for the purposes of Section 13 of the Isle of Man Companies Act 1992 (“Act”) and Article 14 of the Company’s articles of association to make one or more market purchases (within the meaning of Section 13(2) of the Act) of ordinary shares of 1p each in the capital of the Company provided that:
  - (a) the maximum aggregate number of shares hereby authorised to be purchased is 7,321,909 ordinary shares of 1p each;
  - (b) the minimum price which may be paid for such shares is 1p per ordinary share (exclusive of expenses);
  - (c) the maximum price (exclusive of expenses) which may be paid for an ordinary share shall not be more than 10 per cent. above the average middle market quotation for an ordinary share at the close of business on the five business days immediately preceding the date of the purchase;
  - (d) unless previously renewed, varied or revoked, the authority hereby conferred shall expire at the conclusion of the Company's next annual general meeting or, if earlier, on 20 January 2011;
  - (e) the Company may make a contract or contracts to purchase ordinary shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority and may make a purchase of ordinary shares in pursuance of any such contract or contracts; and
  - (f) the ordinary shares purchased under this authority shall be treated as cancelled, and the amount of the Company’s issued share capital shall be diminished by the nominal value of those shares accordingly; but any such purchase shall not be taken as reducing the amount of the Company’s authorised share capital.

Note: In order to comply with the Takeover Code, Resolution 1 will be taken on a poll and each member of the Concert Party has undertaken not to vote on the Resolution.

*By Order of the Board:*  
Barry Smith  
Company Secretary  
13 August 2009

*Registered Office:*  
First Floor  
Jubilee Buildings  
Victoria Street  
Douglas  
Isle of Man, IM1 2SH.

## NOTES TO THE NOTICE OF EXTRAORDINARY GENERAL MEETING

### Notes:

1. A member entitled to attend and vote at the EGM may appoint one or more proxies to attend and, on a poll, vote instead on their behalf. A proxy need not be a member of the Company;
2. A blue Form of Proxy for use at the EGM is enclosed with this document. To be effective, a blue Form of Proxy (together with the power of attorney or other authority, if any, under which it is executed, or a notarially certified copy of such power of attorney of authority) must be completed, signed and lodged with the Company at their registered address not later than 48 hours before the time for holding the EGM. Deposit of a blue Form of Proxy will not preclude a member from attending the EGM and voting in person should they so wish. See the notes to the Form of Proxy for more details.
3. Resolution 1 set out in the notice will be taken on a poll in accordance with the requirements of the Panel on Takeovers and Mergers for dispensation from Rule 9 of the City Code on Takeovers and Mergers and the Concert Party will vote on the resolution.
4. No member of the Concert Party will vote on Resolution 1.
5. Pursuant to Regulation 22 of the Uncertificated Securities Regulations 2005, the Company has specified that to be entitled to attend and vote at the EGM (and for the purposes of determination by the Company of the number of votes they may cast), members must be entered on the Company's register of members by 11:30 a.m. on 9 September 2009. Changes to entries on the register of members after 11:30 a.m. on that date shall be disregarded in determining the rights of any person to attend and vote at the EGM.
6. The quorum required for the EGM is two members present in person or by proxy and entitled to vote thereat

**PACTOLUS HUNGARIAN PROPERTY PLC**  
**ANNUAL GENERAL MEETING - 11 SEPTEMBER 2009**  
**FORM OF PROXY**

**Before completing this form, please read the explanatory notes on page 27.**

I /We being a member of the Company appoint the Chairman of the meeting or (see note 3)

*(Please print name of Proxy):*

as my/our proxy to attend, speak and, on a poll, vote on my/our behalf at the Annual General Meeting of the Company to be held at 11:00 a.m. on 11 September 2009 at Jubilee Buildings, Victoria Street, Douglas, Isle of Man and at any adjournment of the meeting.

I/We direct my/our proxy to vote on the following resolutions as I/we have indicated by marking the appropriate box with an 'X'. If no indication is given, my/our proxy will vote or abstain from voting at his or her discretion and I/we authorise my/our proxy to vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is properly put before the meeting.

<b>ORDINARY BUSINESS</b>	<b>For</b>	<b>Against</b>	<b>Vote withheld (note 5)</b>
1. To approve the payment of a dividend of 2.1 pence per ordinary share to shareholders on the Company's register of members at the close of business on 9 October 2009.			
2. To receive and adopt the Report of the Directors and audited Accounts for the year ended 31 December 2008.			
3. To re-appoint PKF as Auditors to the Company and its subsidiaries			
4. To authorise the Directors to fix the remuneration of the Auditors.			
5. To re-elect Sarah Joanne Ingrassia as a director of the Company.			
6. To re-elect Christopher Heal Bennett as a director of the Company.			
7. To re-elect Stephen Dillon Gray as a director of the Company			
<b>SPECIAL BUSINESS</b>	<b>For</b>	<b>Against</b>	<b>Vote withheld (note 5)</b>
8. To authorise the directors to allot relevant securities up to a nominal aggregate value of £183,047.33			
9. To disapply statutory pre-emption rights arising in respect of the allotment of equity securities up to a nominal aggregate value of £91,524.67			
10. To adopt a new article into the articles of association of the Company			

Signed:

Date: \_\_\_\_\_ day of \_\_\_\_\_ 2009

Name (print):

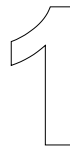
Address:

In the case of joint holders, the signature of any one holder is sufficient.

Second fold

**BUSINESS REPLY SERVICE**

**Licence No. DO81**



The Secretary  
Pactolus Hungarian Property plc  
c/o Equiom Investment Trust Company Ltd  
1<sup>st</sup> Floor  
Jubilee Buildings  
Victoria Street  
Douglas  
Isle of Man  
IM1 2SH

First fold

Third fold

And tuck in flap opposite

## PACTOLUS HUNGARIAN PROPERTY PLC

### ANNUAL GENERAL MEETING - 11 SEPTEMBER 2009

#### NOTES TO THE FORM OF PROXY

1. As a member of the Company you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and, on a poll, vote at a general meeting of the Company. You can only appoint a proxy using the procedures set out in these notes.
2. Appointment of a proxy does not preclude you from attending the meeting and voting in person. If you have appointed a proxy and attend the meeting in person, your proxy appointment will be deemed to be automatically terminated.
3. A proxy does not need to be a member of the Company but must attend the meeting to represent you. To appoint as your proxy a person other than the Chairman of the meeting, insert their full name in the relevant space on the first page of this proxy form. If you sign and return this proxy form with no name inserted in the relevant space, the Chairman of the meeting will be deemed to be your proxy. Where you appoint as your proxy someone other than the Chairman, you are responsible for ensuring that they attend the meeting and are aware of your voting intentions. If you wish your proxy to make any comments on your behalf, you will need to appoint someone other than the Chairman and give them the relevant instructions directly. Your proxy shall have no right to speak at the meeting except with the permission of the Chairman.
4. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share.
5. In respect of voting on a poll, to direct your proxy how to vote on the resolutions mark the appropriate box with an 'X'. To abstain from voting on a resolution, select the relevant "Vote withheld" box. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is properly put before the meeting.
6. To appoint a proxy using this form, the form must be:
  - completed and signed;
  - sent or delivered to the Secretary, Pactolus Hungarian Property plc, c/o Equiom Trust Company Limited, First Floor, Jubilee Buildings, Victoria Street, Douglas, Isle of Man, IM1 2SH; and
  - received by the Secretary, Pactolus Hungarian Property plc, c/o Equiom Trust Company Limited, Jubilee Buildings, Victoria Street, Douglas, Isle of Man, IM1 2SH no later than 11:30 a.m. on 9 September 2009.
7. In the case of a member which is a company, this proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.
8. Where a corporation is to be represented at the meeting by a personal representative, such corporation must deposit a certified copy of the resolution of its directors or other governing body authorising the appointment of the representative to the Company c/o the Secretary, Pactolus Hungarian Property plc, c/o Equiom Trust Company Limited, Jubilee Buildings, Victoria Street, Douglas, Isle of Man, IM1 2SH, not later than 48 hours before the time appointed for the meeting.
9. Any power of attorney or any other authority under which this proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.
10. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).
11. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies (regardless of its date or the date of its execution) will take precedence. If the Company is unable to determine which appointment was last validly delivered, none of them shall be treated as valid.
12. A vote given or poll demanded in accordance with the terms of an appointment of a proxy shall be valid notwithstanding the death or mental disorder of the principal or the revocation of the appointment of the proxy, or of the authority under which the appointment of the proxy was executed or the transfer of the share in respect of which the appointment of the proxy is given unless notice in writing of such death, mental disorder, revocation or transfer shall have been received by the Company at the address specified at note 6 above at least 48 hours before the commencement of the meeting or any adjournment thereof.



**PACTOLUS HUNGARIAN PROPERTY PLC**  
**EXTRAORDINARY GENERAL MEETING - 11 SEPTEMBER 2009**  
**FORM OF PROXY**

**Before completing this form, please read the explanatory notes on page 31.**

I /We being a member of the Company appoint the Chairman of the meeting or (see note 3)

*(Please print name of Proxy):*

as my/our proxy to attend, speak and, on a poll, vote on my/our behalf at the Extraordinary General Meeting of the Company to be held at 11:30 a.m. on 11 September 2009 at Jubilee Buildings, Victoria Street, Douglas, Isle of Man and at any adjournment of the meeting.

I/We direct my/our proxy to vote on the following resolutions as I/we have indicated by marking the appropriate box with an 'X'. If no indication is given, my/our proxy will vote or abstain from voting at his or her discretion and I/we authorise my/our proxy to vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is properly put before the meeting.

<b>ORDINARY RESOLUTIONS</b>	<b>For</b>	<b>Against</b>	<b>Vote withheld (note 5)</b>
1. THAT the waiver of any requirement under Rule 9 of the Takeover Code for the Concert Party to make an offer for the Company as a consequence of the Company purchasing its own ordinary shares be approved.			
2. THAT the Company be authorised to make market purchases of up to 7,321,909 ordinary shares.			

Signed: \_\_\_\_\_ Date: \_\_\_\_\_ day of \_\_\_\_\_ 2009

Name (print): \_\_\_\_\_

Address: \_\_\_\_\_

In the case of joint holders, the signature of any one holder is sufficient.



Second fold

**BUSINESS REPLY SERVICE**

**Licence No. DO81**



The Secretary  
Pactolus Hungarian Property plc  
c/o Equiom Investment Trust Company Ltd  
1<sup>st</sup> Floor  
Jubilee Buildings  
Victoria Street  
Douglas  
Isle of Man  
IM1 2SH

First fold

Third fold

And tuck in flap opposite

## PACTOLUS HUNGARIAN PROPERTY PLC

### EXTRAORDINARY GENERAL MEETING - 11 SEPTEMBER 2009

#### NOTES TO THE FORM OF PROXY

1. As a member of the Company you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and, on a poll, vote at a general meeting of the Company. You can only appoint a proxy using the procedures set out in these notes.
2. Appointment of a proxy does not preclude you from attending the meeting and voting in person. If you have appointed a proxy and attend the meeting in person, your proxy appointment will be deemed to be automatically terminated.
3. A proxy does not need to be a member of the Company but must attend the meeting to represent you. To appoint as your proxy a person other than the Chairman of the meeting, insert their full name in the relevant space on the first page of this proxy form. If you sign and return this proxy form with no name inserted in the relevant space, the Chairman of the meeting will be deemed to be your proxy. Where you appoint as your proxy someone other than the Chairman, you are responsible for ensuring that they attend the meeting and are aware of your voting intentions. If you wish your proxy to make any comments on your behalf, you will need to appoint someone other than the Chairman and give them the relevant instructions directly. Your proxy shall have no right to speak at the meeting except with the permission of the Chairman.
4. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share.
5. In respect of voting on a poll, to direct your proxy how to vote on the resolutions mark the appropriate box with an 'X'. To abstain from voting on a resolution, select the relevant "Vote withheld" box. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is properly put before the meeting.
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  - completed and signed;
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  - received by The Secretary, Pactolus Hungarian Property plc, c/o Equiom Trust Company Limited, Jubilee Buildings, Victoria Street, Douglas, Isle of Man, IM1 2SH no later than 11:30 a.m. on 9 September 2009.
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8. Where a corporation is to be represented at the meeting by a personal representative, such corporation must deposit a certified copy of the resolution of its directors or other governing body authorising the appointment of a representative to the Company c/o the Secretary, Pactolus Hungarian Property plc, c/o Equiom Trust Company Limited, Jubilee Buildings, Victoria Street, Douglas, Isle of Man, IM1 2SH, not later than 48 hours before the time appointed for the meeting.
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