

Investing Policy

The Company was incorporated in the Isle of Man on 2 June 2005 for the purpose of investing in the retail property market. In April 2007 the Company extended its policy to include investment in development and regeneration projects in the retail property market.

Investment is predominantly in commercial retail properties such as shopping centres, supermarkets and retail warehouses. The policy is to invest in properties situated in Central and Eastern Europe. Investments to date have been made in Latvia, Lithuania, Czech Republic, Poland, Hungary, Croatia and Romania.

The investing policy is being achieved by the deployment of its equity capital, leveraged in accordance with the gearing strategy (see below) in the acquisition of real estate either directly through a newly incorporated special purpose vehicle or indirectly through the acquisition on an existing company or group of companies which own real estate.

All investments made by the Company are actively managed through the Property Adviser and contractual arrangements made for portfolio management and development management.

The Company intends that development and regeneration projects comprise no more than 25 per cent of the equity share capital of the Company. The Company has not adopted any other maximum exposure limits.

The Company secures borrowing facilities on a project by project basis, with gearing generally limited to 80 per cent of value or cost. Borrowings are generally secured and with recourse only to the asset or assets financed by the relevant acquisition facility.

The Company has an unlimited life. Returns to shareholders have been by way of cash dividends but may also in future be made by way of share buy-backs, returns of capital, distributions in specie and any other methods permitted by the law of the Isle of Man and the AIM Rules.

The Board's current trading strategy is to focus on the preservation of value until a return of liquidity enables realisations to occur, with the aim of maximising the distribution of cash proceeds from future disposals. Further material investments in non-core assets are not currently anticipated, with the current intention to return any excess cash to shareholders via distributions over a medium term horizon.