

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

If you have sold or transferred all your Shares in Hawtin, you should send this document and the accompanying Form of Proxy to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was affected for transmission to the purchaser or transferee.

This document, which comprises an AIM admission document has been drawn up in accordance with the AIM Rules has been issued in connection with the application for Admission. This document does not comprise a prospectus under the Prospectus Rules and has not been approved by or filed with the Financial Services Authority.

Application has been made for all of the issued Shares of Hawtin to be admitted to trading on AIM, a market operated by London Stock Exchange plc. **AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the United Kingdom Listing Authority.**

A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. London Stock Exchange plc has not itself examined or approved the contents of this document.

The rules of AIM are less demanding than those of the Official List. It is emphasised that no application is being made for admission of the Ordinary Shares to the Official List. London Stock Exchange plc has not examined or approved the contents of this document. The Ordinary Shares are not dealt in on any other recognised investment exchange and, apart from the application for admission to AIM, no other such applications have been or will be made.

The Directors of Hawtin, whose names appear in this document, accept responsibility both individually and collectively for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information. Under no circumstances should the information contained in this document be relied upon as being accurate at any time after Admission.

HAWTIN PLC

(Incorporated and registered in England and Wales under the Companies Act 1985 with Registered Number 7317)

Proposed Acquisition of 75 per cent of the issued ordinary share capital of Crown Investments Limited

Proposed Option regarding the minority 25 per cent holding in Crown Investments Limited

and

Admission to AIM*

Brewin Dolphin Securities Ltd, which is a member of the London Stock Exchange and is authorised and regulated by the Financial Services Authority, is acting only for Hawtin in connection with Admission and is not acting for any other person and will not be responsible to any person other than Hawtin for providing the protections afforded to customers of Brewin Dolphin. In particular, the information contained in this document has been prepared solely for the purposes of Admission and is not intended to be relied on by any subsequent purchasers of Shares (whether on or off exchange) and accordingly no duty of care is owed to them.

This document does not constitute an offer to sell or the solicitation of an offer to buy Shares in any jurisdiction in which such offer or solicitation is unlawful. In particular, this document is not for distribution in or into the United States of America, Canada, Australia, the Republic of South Africa, the Republic of Ireland or Japan. The Shares have not been and will not be registered under the United States Securities Act 1933 (as amended) nor under the applicable securities legislation of the United States of America or any province or territory of Canada, Australia, the Republic of South Africa, the Republic of Ireland or Japan or in any country, territory or possession where to do so may contravene local securities laws or regulations. Accordingly, the Shares may not, subject to certain exemptions, be offered or sold directly or indirectly in or into the United States of America, Canada, Australia, the Republic of South Africa, the Republic of Ireland or Japan or to any national, resident or citizen of the United States of America, Canada, Australia, the Republic of South Africa, the Republic of Ireland or Japan. The distribution of this document in other jurisdictions may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

This document should be read as a whole. Your attention is drawn to the letter from the Chairman of Hawtin set out in Part I of this document which recommends that you vote in favour of resolutions to be proposed at the EGM to be held at Eversheds, 1 Callaghan Square, Cardiff CF10 5BT on 11 October 2006 at 10.00 a.m. Notice of the EGM is set out at the end of this document.

A Form of Proxy for use at the EGM accompanies this document and to be valid should be completed, signed and returned in accordance with the instructions printed thereon to the Company's registrars, Computershare Services PLC, PO Box 82, The Pavilions, Bridgewater Road, Bristol BS99 7NH, as soon as possible and in any event so as to arrive not later than 10.00 a.m. on 9 October 2006. Completion and return of the Form of Proxy will not preclude Shareholders from attending and voting in person at the meeting should they so wish.

*** The acquisition of Crown is a reverse takeover transaction. Under the AIM Rules, any company already admitted to AIM must effectively re-apply for Admission if it participates in a reverse takeover transaction.**

The Directors have been advised that between the date of publication of this document and 12 October 2006, the date upon which re-admission is expected to be effective, Hawtin's Shares will continue to be admitted to AIM and that there should be no interruptions in the ability of Shareholders and investors in general to buy and sell Shares.

CONTENTS

	<i>Page</i>
Definitions	3
Directors, Secretary and Advisers	4
Key information	5
PART I Letter from the Chairman	6
PART II Information on Hawtin	10
PART III Information on Crown Investments	15
PART IV Valuation Report on The Millennium Plaza	17
PART V Risk Factors	32
PART VI Pro-forma Net Assets Statement	34
PART VII Additional Information	35
Notice of Extraordinary General Meeting	47

DEFINITIONS

The following definitions apply throughout this document unless the context requires otherwise:

“Acquisition”	The acquisition of 75 per cent of the issued ordinary share capital of Crown Investments Limited
“Admission”	The admission of the Shares to AIM
“AIM”	The Alternative Investment Market of the London Stock Exchange plc
“AIM Rules”	The Rules of AIM
“Board” or “Directors”	The board of directors of Hawtin
“Brewin Dolphin Securities”	Brewin Dolphin Securities Limited
“Channel Hotels”	Channel Hotels and Properties Limited a company registered in Jersey owned by David Kirch, and a Vendor of the Sale Shares
“Completion”	Completion of the Acquisition
“Crown Investments” or “Crown”	Crown Investments Limited, a company registered in Jersey
“Delancey”	Delancey Holdings Limited or where used in Part IV shall mean Delancey Estates Limited, an associate of Delancey Cardiff Millenium UK Limited, a previous owner of The Millennium Plaza
“Extraordinary General Meeting” or “EGM”	The extraordinary general meeting of the Company to be held on 11 October 2006
“Gracelands Investments”	Gracelands Investments Limited, a company registered in Jersey, which owns 29.97 per cent of the Ordinary Shares of Hawtin
“Group” or “Hawtin Group”	The Company and its subsidiaries
“Guinevere Holdings”	Guinevere Holdings Limited, a company registered in the British Virgin Islands (a Vendor) which is 100 per cent owned by Montpelier Trust, a Jersey trust of which Richard Hayward is a potential beneficiary
“Hawtin” or “the Company”	Hawtin PLC
“Independent Directors”	Messrs R. Carlton-Porter, L. Dovey, S. Morgan and A. Woodhouse
“The Millennium Plaza”	The Millennium Plaza, a leisure and entertainment complex in Cardiff
“Ordinary Shares”	The ordinary shares of 5p each in Hawtin
“Ordinary Shareholders”	The holders of Ordinary Shares
“Preference Shares”	The 6.5 per cent cumulative preference shares of £1 each in Hawtin
“Preference Shareholders”	The holders of Preference Shares
“Sale and Purchase Agreement”	The conditional agreement dated 22 September 2006, entered into in connection with the Acquisition, a summary of the principal terms of which are contained in section 6.1 of Part VII of this document
“Sale Shares”	The Shares in Crown being acquired by the Company pursuant to the Acquisition
“Shares”	Ordinary Shares and Preference Shares of Hawtin
“Shareholders”	The holders of Ordinary Shares and Preference Shares
“Tribeca”	Tribeca Property Cardiff No 2 Limited, a company registered in the British Virgin Islands and the owner of the minority 25 per cent equity stake in Crown Investments
“Vendors”	Guinevere Holdings and Channel Hotels, the vendors of the Sale Shares

DIRECTORS, SECRETARY AND ADVISERS

Directors Robert William Carlton-Porter (*Non-Executive Chairman*)
Leonard Dovey (*Non-Executive Deputy Chairman*)
Richard Leighton Hayward (*Chief Executive*)
Stephen Huw Perrott Morgan (*Finance Director and Company Secretary*)
Anthony John Woodhouse (*Executive Director*)

all of

Registered Office Beechwood House
Greenwood Close
Cardiff Gate Business Park
Cardiff CF23 8RD

Nominated Adviser Brewin Dolphin Securities Limited
7 Drumsheugh Gardens
Edinburgh EH3 7QH

and

Sutherland House
Castlebridge
Cowbridge Road East
Cardiff, CF11 9BB

Auditors Deloitte & Touche LLP
Blenheim House
Fitzalan Court
Newport Road
Cardiff CF24 0TS

Solicitors Eversheds
1 Callaghan Square
Cardiff CF10 5BT

Registrars Computershare Services PLC
PO Box 82
The Pavilions
Bridgewater Road
Bristol BS99 7NH

KEY INFORMATION

- Hawtin is proposing to purchase 75 per cent of the issued shares of Crown Investments, a company whose sole asset is The Millennium Plaza, a major leisure and entertainment complex in central Cardiff with current rental income of £1.8 million and with development potential. Hawtin is proposing to pay approximately £4.65 million in cash for the 75 per cent of Crown.
- Hawtin has entered into an agreement with Tribeca, the 25 per cent minority shareholder of Crown, pursuant to which it will grant an option under which Tribeca will be able to sell some or all of its Crown shares to Hawtin in exchange for new Hawtin Ordinary Shares. This agreement is conditional upon the completion of the Acquisition.
- Hawtin was a manufacturing and distribution company with interests in the fitness and leisure market. In 2003 and 2004, Hawtin disposed of all of its trading interests and has since concentrated on the management and development of its property assets. Hawtin joined AIM in May 2004.
- In February 2006, interests associated with Richard Hayward acquired 29.97 per cent of Hawtin's Ordinary Shares and Mr. Hayward became Chief Executive shortly afterwards. Following Mr Hayward's appointment, the objective of the Board has been to grow the Company in the field of property investment. The Board will seek properties that yield investment returns with prospects for rental growth and capital appreciation. The portfolio will be actively managed.
- Richard Hayward, his associates and companies owned by, or linked to him, have substantial property interests. It is envisaged that these interests will from time to time be a source of transaction opportunities for Hawtin. Richard Hayward and certain of his associates are related parties of Hawtin. As a consequence, the Independent Directors of Hawtin – being all of the Board except Mr Hayward – will apply a rigorous examination and approval system for any proposition presented to Hawtin by Mr Hayward and his business interests.
- If the Acquisition is approved by Shareholders, Hawtin will, on a consolidated basis, be highly geared. The proforma net assets statement in Part VI of this document indicates shareholders' funds and minority interests of £13.3 million compared to consolidated net debt of £30.2 million.
- Because of the size of Crown and because the Acquisition has connections with a Director of Hawtin and with a substantial Shareholder, the Acquisition must be approved by Hawtin's Shareholders at the EGM to be held on 11 October 2006. In addition, Hawtin must reapply for Admission to AIM. This document, which is an admission document for the purposes of AIM, contains (i) a letter from the Chairman of Hawtin explaining, amongst other things, the background to the Acquisition, (ii) information on each of Hawtin, Crown and the Millennium Plaza and (iii) the Notice of EGM.
- Shareholders and prospective investors in Hawtin should take care to read the entirety of this document and not rely solely upon this summary of information. Attention is in particular drawn to Part V, *Risk Factors*.

EXPECTED TIMETABLE

EGM	11 October 2006
Completion of Acquisition	11 October 2006
Date of Re-admission to AIM	12 October 2006

PART I

LETTER FROM THE CHAIRMAN

To the Ordinary and Preference Shareholders

25 September 2006

Dear Shareholder

Proposed Acquisition of 75 per cent of Crown and Admission to AIM

Introduction

It was announced earlier today that Hawtin had entered into an agreement, conditional only on the approval of Shareholders, to acquire, for cash, 75 per cent of the issued shares of Crown Investments, a Jersey-based property company whose sole asset is the Millennium Plaza leisure and entertainment complex in the centre of Cardiff. The terms of the Acquisition are set out later in this letter.

Due to Crown's size, the Acquisition is a reverse takeover as defined by the AIM Rules. In these circumstances, (and because a director of Hawtin and a substantial Shareholder are connected with the Vendors), the consent of Shareholders to the Acquisition is required and will be sought at the Extraordinary General Meeting to be held on 11 October 2006. Hawtin has entered into an option with Tribeca, which is the holder of a 25 per cent minority interest in Crown, to purchase Tribeca's interest through the issue of new Hawtin shares (the option being conditional only on the acquisition by Hawtin of the Sale Shares). This transaction, too, is subject to approval by Shareholders at the EGM. The Notice of the EGM is set out on page 47 of this document. You will find enclosed a pre-addressed, postage-paid Form of Proxy that can be used if you are unable to attend the EGM. This should be completed and sent to Hawtin's Registrars to arrive no later than 10.00 a.m. on 9 October 2006.

A major purpose of this document is to explain to you the reasons for the Acquisition and to provide you with information on Crown Investments and the Millennium Plaza. You may however have noticed that "Admission to AIM" is also given as a reason for the document. This is because a company, such as Hawtin, whose securities are already admitted to AIM, must re-apply for Admission if it participates in a reverse takeover. The Company must therefore produce an AIM admission document that provides details not only of the company to be taken over – in this case, Crown – but also of the acquiring company itself. I should however say that although Hawtin is again applying for Admission, this is primarily a technical matter, and the Board has been advised that between now and 3 October 2006, the date we expect the re-admission of our securities to AIM, there is expected to be no interruption in the ability of Shareholders and investors in general to buy and sell the Company's shares.

In this letter, I am setting out various background factors, including the particular reasons for acquiring Crown; I will also explain our strategy; and I will seek to engage your support in favour of the resolutions at the EGM. You should not, however, read this letter in isolation. I strongly urge you to read the admission document in its entirety as all of its contents are of importance and relevance. I would particularly like to draw your attention to Part V, *Risk Factors*.

Background

At the end of 2002, Hawtin was a holding company with a large number of businesses, chiefly in the fields of fitness and leisure, manufacturing and distributing sunbeds, swimming pool equipment, fitness equipment, wet suits and watersports clothing (and accessories), spa baths and similar products. The Company also owned considerable property assets. Throughout 2002, Hawtin experienced a downturn in sales which, combined with a high cost base, led to significant trading losses in some Group businesses and severe cash pressure. At the same time, Hawtin was burdened by a substantial amount of bank debt. Late in 2002, the Board took the decision to withdraw, either by sale or closure, from all commercial and manufacturing activities and to dispose of selected properties. This programme was substantially completed by early 2004. At 31 December 2004, the Group's net borrowings were £2.5 million compared with £17.6 million at 31 December 2002. At 31 December 2005 they had fallen further, to £2 million.

In addition, during both 2002 and 2003 the size of the Board was reduced and Len Dovey became Chief Executive as well as Chairman in April 2003. In May 2004, to save costs and increase flexibility in pursuing future transactions, the quotations of Hawtin's Shares were transferred from the Official List of the UK Listing Authority to AIM.

The intention of the Board following the sale of the commercial businesses and the move to AIM was to rebuild Hawtin as a property investment company. This remains our objective. At the beginning of 2004, the Company owned 4 industrial properties occupied by businesses that were once members of the Group and two parcels of development land, one in South Wales, the other in the United States. Hawtin also had various deferred and contingent assets, including claims arising out of its previous trading businesses, and sizeable tax losses. The principal development land asset in South Wales has now been sold (on a deferred basis) as have two of the historic industrial properties. The Company did however acquire the freehold of its headquarters building in Cardiff in June 2004 and as announced in April 2006, has since contracted to acquire a further new property in Abercynon, South Wales. Details of all the existing property assets of Hawtin are contained in Part II of this document, *Information on Hawtin*.

Following approaches made in 2004, Len Dovey and two other shareholders sold 21,301,312 ordinary shares in Hawtin to Panther Securities PLC (“Panther”), a listed property company and to interests connected with Andrew Perloff, the Chairman of Panther, who subsequently joined the Board. It was announced in June 2005, that Panther and Hawtin were in discussions that might or might not lead to an offer from Panther for Hawtin. In the event, the discussions were terminated without agreement and an announcement to this effect was made in November 2005.

In February 2006, Panther and Mr. Perloff sold 19,796,000 Ordinary Shares to Gracelands Investments which already owned 1,704,000 Ordinary Shares. Mr. Perloff subsequently left the Board and Richard Hayward joined as Chief Executive.

On 25 May 2006 Len Dovey announced that he would stand down as Chairman of Hawtin after the annual general meeting of the Company that was to be held on 20 June 2006. Len has been a director of Hawtin since 1971 and Chairman since 1983. We are delighted, however, that with his great experience and knowledge of the Company and of the property sector, Len is remaining as Deputy Chairman and a non-executive director. It was announced on 25 May 2006 that I had joined the Board and that I would step up to the position of Chairman after the annual general meeting.

I can also inform you that Anton Woodhouse, a non-executive director since April 2003, has now become an executive director of the Company. Mr. Woodhouse will join Richard Hayward and Steve Morgan, our Finance Director, to form the team responsible for identifying and appraising the property transactions that will be the foundation of our strategy for growth.

Strategy

Hawtin is presently a property investment company with potentially valuable tax losses.

The Board is confident that appropriate investment in the property market will continue to offer attractive returns over the normal economic cycle and is therefore intent upon expanding the Company’s property related activities. The principal focus will be on acquiring income generating properties to be held over the medium-to-long term; it is however also possible that opportunities will arise in property developments and in short-term property dealing.

The Board wishes to make it particularly clear that, in acquiring properties, it may from time to time access the property market through Richard Hayward and his associates, including David Kirch. Mr Hayward operates principally as a property developer and property dealer; accordingly, he periodically sells properties in the open market. It is thus anticipated that a source of future investment opportunities may be in properties owned by Richard Hayward and companies and individuals linked to him, as indeed is the case with The Millennium Plaza. Such transactions are likely to be related party transactions under the AIM Rules and so would become the subject of especially rigorous scrutiny, including that of Hawtin’s Nominated Adviser. It has been resolved by the Board that only when the Independent Directors and the Nominated Adviser are satisfied that any related party transaction is fair and reasonable so far as Shareholders are concerned, will any such transaction proceed and that, except in the most exceptional of circumstances, the Independent Directors will commission an independent property valuation in respect of any related party property acquisition.

For the time being, it is planned that acquisitions will be funded through borrowings and cash reserves. Interest rates will be negotiated appropriately, and each investment appraised for its gross profit, net profit and cash return potential against pre-determined criteria to ensure measured progress towards strategic budget targets. In the longer term, new shares may be issued – subject of course to the approval of Shareholders, if required.

The Board believes that, whilst smaller transactions will always be a possibility, it is important Hawtin grows to a larger size. It is intended that transactions in the near term, provided they meet the Company's profitability criteria, should also have the effect of substantially increasing the size of the Group's portfolio.

Crown Investments and The Millennium Plaza

In furtherance of the above strategy, Hawtin is now proposing to buy 75 per cent of Crown Investments, a company whose sole purpose is to own a long (150 year) lease of, and to operate, The Millennium Plaza, a leisure and entertainment complex located in central Cardiff, immediately adjacent to the Millennium Stadium. The Millennium Plaza comprises 131,756 square feet of lettable space occupied by cinemas, bars, night clubs and offices. Full details of The Millennium Plaza property are contained in the independent valuation report by Donaldsons, Chartered Surveyors, dated 23 August 2006, which comprises Part IV of this document. Appendices in the Donaldsons report will be available as documents for inspection for a period of one month after the publication date of this document; further details are given in paragraph 16 of Part VII of this document. In Part III of the document you will find information on Crown Investments.

Until May 2005, The Millennium Plaza was owned by an associate of Delancey. At that time the property was sold to Crown, a joint venture company effectively owned by the current Vendors and Tribeca. Tribeca is a private property investment company advised in the UK by Delancey.

The Board believes Hawtin should acquire Crown Investments and The Millennium Plaza because (a) the rental stream achievable from the property will, after interest costs, add a surplus to the Group's profit before taxation, (b) this surplus can be increased through periodic rent reviews and (c) notwithstanding being relatively new in construction, the complex has further development potential which could increase rental income and so capital value. The Board is also of the view that the purchase of The Millennium Plaza will help to increase the profile of Hawtin as a significant property company with appropriate ambitions for growth.

At the present time, not all of the lettable space in The Millennium Plaza is occupied by tenants paying rent and Delancey Estates Limited (a company associated with a previous owner of The Millennium Plaza) and the Vendors are providing, or will at Completion provide, guarantees that make up much of the rental shortfall until May 2009. However, because of the vacant space, the service and management charges required to meet certain basic running costs of the building are not being fully recovered. The Directors recognise the existence of this shortfall but nonetheless share the optimism of the managers of the property (a business owned by Richard Hayward) that full letting can be achieved such that management and service charges will in time be fully recoverable.

The Directors are also of the belief that the valuation of The Millennium Plaza (£30 million) upon which the consideration for Crown is based does to some extent acknowledge the temporary shortfall in management service charges and the impact this shortfall has upon the rental stream. On this basis, they are therefore content to proceed with the Acquisition.

Terms of the Acquisition

The Millennium Plaza has been independently and professionally valued at £30 million. Crown will carry borrowings at Completion of £24 million and has net current assets estimated at £200,000. The net assets of Crown, prior to a final Completion adjustment for net current assets have accordingly been calculated at about £6.2 million, 75 per cent of which is £4.65 million. It has therefore been agreed that, subject to Shareholder approval at the EGM, Hawtin will pay the Vendors approximately £4.65 million in cash for their shares in Crown. Payment of £3.65 million will be made at Completion.

Hawtin intends to increase the extent of the debt finance in Crown by an amount of £2 million. Until this refinancing is agreed and completed, the outstanding £1 million of the consideration to the Vendors will be deferred at Hawtin's option for up to two years from Completion. This deferred consideration will carry interest payable at the base rate of Anglo Irish Bank Corporation PLC plus 1.5 per cent.

In addition, the amount of £6.2 million (which governs the £4.65 million) will be varied up and down on a £1 for £1 basis depending upon the exact remaining net current assets or liabilities in Crown at Completion.

The Vendors have given warranties and indemnities that are usual for a transaction of this kind.

It is also proposed that Tribeca will be granted an option whereby it will be able to sell to Hawtin all or some of its 25 per cent stake in Crown at any time until March 2008. The amount to be paid by Hawtin will be the aggregate of £1.55 million and 25 per cent of any uplift in the value of the net assets of Crown between Completion and the date of exercise of the option if the option is exercised in full (or a pro-rata amount if the

option is partially exercised). The consideration will be satisfied by the issue of such number of new Hawtin Ordinary Shares credited at a price of 20p each (or at a such lower price per share if Hawtin issues any additional new Ordinary Shares prior to the date of exercise of the option at a price below 20p per Ordinary Share) as are equal to the consideration payable.

Full details of the agreement to purchase 75 per cent of Crown, of the option to be granted to Tribeca and of the rental guarantee arrangements are contained in section 6 of Part VII of this document, *Additional Information*.

Recommendation

The Sale Shares to be acquired by Hawtin are being purchased in equal measure from Guinevere Holdings, a company owned by Montpelier Trust (a Jersey based discretionary trust of which Richard Hayward is a potential beneficiary) and from Channel Hotels, a company wholly owned by David Kirch. Messrs Hayward and Kirch are regular business associates and (through Gracelands Investments) together either own or are deemed to have an interest in 21,500,000 Ordinary Shares, 29.97 per cent of Hawtin's issued ordinary share capital; Mr. Hayward is also a Director of Hawtin. For these reasons, the Acquisition is a related party transaction for the purposes of the AIM Rules. The relationships between Channel Hotels, Gracelands Investments, Richard Hayward and David Kirch are explained in the paragraph *Related Parties* in Part II of this document, *Information on Hawtin*.

In accordance with the AIM Rules, the Independent Directors, being the whole Board except Richard Hayward, have consulted with Hawtin's Nominated Adviser, Brewin Dolphin Securities. After due consideration, the Independent Directors have concluded that the terms of the Acquisition are fair and reasonable insofar as Shareholders are concerned.

The Independent Directors believe that Hawtin's future options regarding development and ownership of The Millennium Plaza will be more numerous and flexible were the Company to own all of Crown's equity capital. They thus believe that it is in Hawtin's interest and that of its Shareholders to grant the option to Tribeca.

Accordingly, the Independent Directors recommend that you vote in favour of all the resolutions to be proposed at the EGM. They intend to vote in favour of the resolutions in respect of their own holdings of ordinary shares amounting to 920,000 shares, 1.3 per cent of the issued Ordinary Shares.

Yours faithfully,

Bob Carlton-Porter
Chairman

PART II
INFORMATION ON HAWTIN

Introduction

In its 132 years of existence, Hawtin has had a long trading history in activities as varied as engineering, distribution, manufacturing and property. Between 1990 and 2003, Hawtin grew through acquisition into a group of manufacturing and distribution businesses targeted at the commercial fitness and leisure markets. In 2003, following significant trading losses in some group businesses, a strategy of disposal and closure of all non-property related businesses was adopted. In addition, some property assets were sold. At 31 December 2005, this process was substantially complete and borrowings had been reduced to a manageable level. Since the first half of 2004, Hawtin has embarked upon a strategy centred around its property related interests. Two properties previously occupied by Group companies have been sold whilst two have been retained. Other, more recent transactions have been as follows:

- (i) In March 2006 the Company announced the sale of 35 acres of development land near Blackwood, Caerphilly, for £5.15 million. At completion, cash was received of £1.5 million and there was an agreement for the remaining consideration of £3.65 million to be payable within 18 months; this deferred consideration carried interest at 7 per cent p.a. A subsequent agreement with the Purchaser has released the interest liability in return for a separate one-off payment of £325,000 to be made on 30 November 2006. The subsequent agreement also allows for the purchase of a further parcel of land at Blackwood for £25,000.
- (ii) In April 2006 the Company exchanged contracts on the purchase, for £2.5 million, of an investment property at Abercynon, Mid-Glamorgan; at the election of the vendor, who is vacating the premises, this transaction will complete at a date between 15 August 2006 and 28 February 2007. Should any other party agree to become a tenant in presently unoccupied parts of the premises before the date of Completion, Hawtin will share rental income equally with the vendor.

The member companies of the Group (all of which are incorporated in England and Wales) are shown in the following table:

<i>Name</i>	<i>Function</i>	<i>% ownership by Hawtin</i>
Hawtin PLC	Holding company	N/A
Norfleet Properties (Holdings) Limited	Property investment & management	100
Purabuild Limited	Property investment	100
Hawtin Park Developments Limited	Dormant	100
Beechwood Limited	Dormant	100
Barclay Leisure Limited	Dormant	100

Existing Property Assets

The table below lists and describes the current property portfolio of Hawtin. Copies of valuations and reviews of valuations by Donaldsons, Chartered Surveyors, of the properties in Portsmouth and Bodmin and of a valuation by Fletcher Morgan, Chartered Surveyors, of the property at Abercynon are available for inspection for a period of one month from the date of publication of this document. Further details are contained in section 16 of Part VII of this document, *Additional Information*.

Description	Tenant	Size	Valuation	Annual Rental
<i>Walton Road, Portsmouth</i>				
A freehold factory and warehouse premises with integral two-storey offices, originally constructed in the 1960's, but entirely rebuilt in 2003. The building is let on a 25-year full repairing and insuring ("FRI") lease from August 2003, with 5 yearly upwards only rent reviews. There are tenant break options in years 15 and 20 (see Note A).	Spaform UK Limited	85,395 sq ft	£6.2 million	£452,000
<i>Units 1 & 2 Callywith Gate, Bodmin</i>				
A freehold semi detached warehouse premises with integral offices constructed in the early 1990's, leased to 2 tenants.			£3.4 million	
Unit 1 is let on a 15 year FRI lease from June 2003, with 5 yearly upward only rent reviews. There is a tenant break option in year 10 (see Note B).	Gul International Ltd	33,666 sq ft		£136,588
Unit 2 is let on a 10 year FRI lease from March 2004, with 5 yearly upwards only rent reviews. There is a tenant break option in year 5.	South West Deliveries Ltd	23,547 sq ft		£100,000
<i>Abercynon, Mid Glamorgan</i>				
A freehold industrial unit with integral two storey offices constructed in the mid 1990's (see Note C).	Effectively vacant (see Note C below)	60,621 sq ft	£2.4 million	Nil
<i>Beechwood House, Cardiff Gate Business Park</i>				
A two storey office block in an office park on the outskirts of Cardiff constructed in the mid 1990's.			£622,000 (cost)	
The ground floor is let on a 5 year FRI lease from November 2005 with an upwards only rent review in year 3. There is a mutual break option in year 3.	Bradford Morton Partnership	1,959 sq ft		£30,000
First Floor: Occupied by the Group under a letter of agreement with no fixed terms (see Note D).	Hawtin PLC	2,013 sq ft		£28,200

NOTES

- A Spaform UK Limited is a successor company to Spaform Ltd, a company formed to acquire, via a management buy-out, the business of Spaform Limited, a former subsidiary of Hawtin, in 2004. As noted in paragraph 2.4 in Part VII of this document, *Additional Information*, Spaform Ltd entered administration in 2005. An assignment of the lease to Spaform UK Limited was agreed, including a concession to pay half-rent on a monthly basis for 6 months to 31 May 2006. In June 2006, a Deed of Variation of the lease was signed whereby the annual rent was increased to £452,000, payable monthly.
- B Gul International Ltd is a former subsidiary of Hawtin. It was acquired in 2003 by Quayshelfco Ltd, a specially-formed management buy-out vehicle.
- C The vendor of Abercynon will continue to occupy part of the premises whilst it relocates its business. An agreement has been reached whereby any rental income earned from third parties occupying vacated areas in the period before completion will be shared between the vendor and Hawtin.
- D The rent of £28,200 is paid by Hawtin to Purabuild Ltd, a Group subsidiary. The payment is therefore an inter-company transfer and consequently has no economic effect upon Hawtin.

Other Assets

Hawtin has other assets that are a legacy of its past trading businesses. These are as follows:

- (i) *Tax Losses*: as at 31 December 2005, Hawtin has capital losses of £4.6 million which may be available to shelter profits on future disposals of fixed assets; there is also an opportunity to crystallise a further capital loss of £3.0 million, if a claim is made in respect of Beechwood, a dormant subsidiary; Hawtin also has revenue losses carried forward at 31 December 2005 of £3.7 million, the continued availability and utilisation of which is subject to certain anti avoidance provisions and restrictions.
- (ii) *Small land assets*: Hawtin presently owns one small parcel of vacant land in Blackwood (adjacent to the development land recently sold) and in Richmond, Virginia, USA; the total book value of the two properties is £200,000.
- (iii) *Deferred Consideration*: this is due in respect of the sale of Aquamarine SARL, a former French subsidiary of Hawtin; at 30 June 2006, €162,000 remained outstanding; this sum is being paid in monthly instalments over the three years to December 2007; all payments due to date have been received.

Financial Summary

The audited financial statements of Hawtin for the three years ended 31 December 2003, 31 December 2004 and 31 December 2005 are available for inspection, as referred to in paragraph 16 of Part VII. This information can also be accessed at Companies House, the Company's website (www.hawtin.co.uk) or from the Company's registered office.

The table below summarises Hawtin's profit and loss accounts for the two financial years to 31 December 2005, the period since the disposals of the trading businesses and the Company's re-establishment as a property company. The figures have been extracted without adjustment from the statutory accounts of Hawtin for the two financial years to 31 December 2005.

	<i>notes</i>	<i>Year ended 31 December 2004</i>	<i>Year ended 31 December 2005</i>
Turnover: Continuing Operations		768	701
Discontinued Operations	1	40	–
Total		808	701
Cost of Sales		(39)	(23)
Gross Profit		769	678
Administration expenses		(1133)	(489)
Other operating income	2	300	26
Operating Profit/Loss		(64)	215
Exceptional Items	3	468	–
Interest receivable		129	155
Interest Payable		(565)	(367)
(Loss)/Profit before taxation		(32)	3
Taxation credit		254	2
Net Profit		222	5
Earnings per share		0.31p	0.01p

Notes:

1. Discontinued operations relate to income derived from the sale of assets recovered from a bad debt of a former subsidiary.
2. Other Operating income comprises:

	2004 £'000	2005 £'000
Recovery of bad debt of former subsidiary	100	26
Settlement of legal case	163	–
Unclaimed dividends written back	24	–
Discount on early settlement of liability	13	–
	300	26
3. Exceptional Items:

	2004 £'000	2005 £'000
Profit on disposal of subsidiary undertaking	19	–
Profit on sale of fixed assets	250	–
Release of surplus provisions	199	–
	468	–

In general terms, the figures reflect a relatively small stream of rental income plus interest on cash deposits broadly offset by interest payable on the Group's borrowings and the costs of running a quoted public company. The outcomes for the two financial years are consistent with the strategy, carried-out through 2003, to halt revenue losses, reduce borrowings and revert to a base of residual property assets from which the Group can be rebuilt.

As noted earlier, net borrowings at 31 December 2005 were £2.0 million compared to Ordinary Shareholders' Funds (that is, after deduction of the entitlement of the Preference Shares) of £11.7 million; net borrowings were thus 17.1 per cent of total capital employed. Net assets per ordinary share at 31 December 2005 were 16.4p.

Directors

The Directors of the Company are as follows:

Robert Carlton-Porter (*Aged 61*), *Chairman and non-executive Director*

Bob Carlton-Porter joined the Board of Hawtin in May 2006 and was appointed Chairman after the Annual General Meeting in June 2006. He is a former finance director of English China Clays PLC, former Chairman of ROK plc, has served on the boards of a number of listed companies and has been Chairman of the Association of Corporate Treasurers. He is currently the senior independent director of Michelmersh Brick Holdings plc and was a director of Newport Holdings plc, a listed property investment company until its sale in 2003 to Structadene Ltd.

Leonard Dovey (*Aged 78*), *Deputy Chairman and non-executive Director*

Len Dovey has been a Director of Hawtin since 1971 and was Chairman from 1982 until June 2006. He has a wide range of private interests with a particular expertise in property investment and development. He is now the Senior Independent Director of Hawtin.

Richard Hayward (*Aged 55*), *Chief Executive*

Richard Hayward owns, or has interests in, a large private property portfolio which includes major industrial and leisure complexes, as well as residential investments.

Stephen Morgan (*Age 46*), *Finance Director and Company Secretary*

Steve Morgan joined Hawtin as Group accountant in 1989, was appointed company secretary in 1996 and joined the Board in 2003. He qualified as a Chartered Accountant with KPMG in 1985.

Anton Woodhouse (*Aged 53*), *Executive Director*

Anton Woodhouse was, until May 2006, the Senior Independent Director of Hawtin. He is now an Executive Director. He has gained extensive property expertise through his 23 years of service at Peacocks Stores plc, latterly as property director.

It is the policy of the Board that the Directors receive relatively modest annual remuneration packages to be supplemented in the future by a profit share scheme. Details of this scheme will be presented to Shareholders in the next annual report of the Company.

Details of Directors present remuneration packages are supplied in Part VII of this document *Additional Information*.

Related Parties

Gracelands Investments owns 29.97 per cent of Hawtin's Ordinary Shares. Channel Hotels is the registered owner of 100 per cent of Gracelands Investments. Channel Hotels is 100 per cent owned by Mr David Kirch. However, Channel Hotels holds 50 per cent of the shares of Gracelands Investments on bare trust for Guinevere Holdings which is wholly owned by the Montpelier Trust, a Jersey based discretionary trust of which Mr. Hayward and other members of his family are potential beneficiaries.

Crown's equity is owned as to 37.5 per cent by Channel Hotels and 37.5 per cent by Guinevere Holdings.

Mr. Hayward therefore is a related party under the AIM Rules as is Mr. Kirch. Mr. Hayward is also a related party by virtue of his directorship of the Company.

Further details of the directors and related parties, including their present contracts of employment with Hawtin, are contained in Part VII of this document, *Additional Information*.

Dividends

The Company balance sheet of Hawtin at 31 December 2005 showed a deficit in distributable reserves of £635,000, and the consolidated balance sheet a deficit of £191,000. In these circumstances, it has not been possible for Hawtin, in recent years, to pay dividends either to its Preference or Ordinary Shareholders. Hawtin has in fact paid no dividends on its Preference Shares since November 2000. At the present time, the total amount of preference dividend arrears is £90,000.

The disposal of Hawtin Park will release £4.4 million of revaluation reserve to distributable reserves. It should then, cashflow permitting, become possible to pay the arrears of preference dividend, after which the Company should be able to recommence regular preference dividend payments. Once a reasonable surplus of distributable reserves has been accumulated, it is the present intention of the Board to distribute one half of profits after taxation and preference dividends to Ordinary Shareholders.

Pensions

At present, Hawtin only has 2 pensionable employees and the Company contributes to their respective money purchase schemes.

Hawtin operated pension schemes in each of its operating subsidiaries; most were defined contribution schemes. As each subsidiary was sold or closed, liability to contributions ceased. The Board believes that the Group has retained no liability in respect of those schemes.

Hawtin's former subsidiary, Stewart Singlam Fabrics Limited, operated two defined benefit schemes until it was closed in 2002, at which point the pension administrators were instructed to wind up each scheme and distribute benefits to members. On closure of the two schemes, the Board understood that each was adequately funded. Hawtin has not since been notified of an under-funding of either scheme, whether on a statutory or any other basis, and so no provision has been made in the Group's accounts.

Powersport International Limited, another Group subsidiary, now sold, but whose purchaser has entered into liquidation, operated a defined benefit scheme until the late 1990's at which point the scheme benefits were transferred to a defined contribution scheme under Inland Revenue approval. The Board believes that Hawtin has no further liability in terms of this or any other defined contribution scheme.

Outlook

The property market is presently in a buoyant state. Property yields are at cyclically low levels partly because of low interest rates and bond yields.

The Board believes that, after a long period of strong performance, property values may, in common with almost all investment asset classes, be due for a period of consolidation as monetary authorities throughout the world appear to be prepared to take effective action to combat any inflationary threat arising out of higher asset – particularly commodity – prices. The Board also believes, however, that any period of consolidation need not be protracted. As a result, although they expect a possible slowing of economic activity in the second half of 2006 and quieter investment markets generally, they are optimistic that conditions of acceptable growth will return in 2007. They would expect the property market to continue to prosper against such a background and to present attractive investment opportunities.

Hawtin's current rental income is approximately £700,000 per annum. At 31 December 2005, the Company had cash deposits of £2.6 million whilst total borrowings were £4.6 million. The sale of the Hawtin Park land has resulted in a receipt of £1.5 million and deferred consideration of £3.65 million due in September 2007. In addition, an additional £3 million of term loan facility, secured against existing group assets, has been agreed with the Company's bankers. Out of this and cash balances, a total of £6.1 million will be used to pay the cash consideration for the investment in Crown and to complete the acquisition of the Abercynon property. Existing cash balances will be used to pay for the Acquisition; resources from the new term loan facility will be used to complete the acquisition of the Abercynon property.

After these two acquisitions, Hawtin will be well positioned to add to its portfolio, and hence increase gross rental income. Targeted acquisitions and interest rate management will be designed to generate net income after interest. For the future, the Board expects to add to the Company's borrowing facilities, to use Hawtin Ordinary Shares as a means of consideration for property purchases and to be able to raise cash by the issuance of new Hawtin Ordinary Shares.

PART III

INFORMATION ON CROWN INVESTMENTS

Background

Crown is a private company, registered in Jersey, whose sole business activity is the ownership and management of The Millennium Plaza leisure centre in Cardiff. Crown was incorporated on 8 March 2005 and commenced trading on 9 May 2005 when it purchased The Millennium Plaza for a cash sum of £22.5 million.

Crown has presently in issue 200 ordinary shares of which 75 are owned by Channel Hotels, 75 are owned by Guinevere Holdings Limited (a British Virgin Islands registered company owned by Montpelier Trust, a Jersey trust of which Richard Hayward is a potential beneficiary) and 50 are held by Tribeca once it has exercised an option.

The Millennium Plaza

The Millennium Plaza is a purpose built leisure facility completed in 2001, located in Cardiff city centre immediately adjacent to the Millennium Stadium.

The property is held under a head lease, at a fixed peppercorn rent, from Cardiff City Council for a term of 150 years from 30 June 1999. The total floor area is 12,240 sq.m. (131,756 sq. ft.). Currently, the gross rental income is £1,832,145 per annum. As at August 2006, Donaldsons have valued the property at £30 million. The major features of The Millennium Plaza and its tenancies are summarised at the beginning of the valuation report by Donaldsons, Chartered Surveyors, which constitutes Part IV of this document. All of Donaldsons' report should be read in conjunction with the following information on Crown.

Financial Information

Crown's financial year end is 31 December and the first trading period will be to 31 December 2005. Crown has not published accounts since its formation.

Management accounts, however, show a gross rental income of £2.2 million for the period from 9 May 2005 to 31 July 2006.

Crown's completion accounts are expected to show a property valuation of £30 million and fixed term borrowings of £24 million.

The accounts will also show debtors comprising sums due for rent and service charges, trade creditors, accruals (including prepaid rents and service charges) and accruals for service charge costs, rates, interest and bank charges. Net assets are thus expected to be slightly in excess of £6 million.

Borrowings

Crown financed the substantial part of its purchase of The Millennium Plaza through the proceeds of a term loan of £21.5 million from Anglo Irish Bank Corporation PLC ("AIBC"). Subsequent borrowings have increased the term loan to £24 million. Crown is due to repay this loan by means of quarterly repayments of £37,500 commencing in August 2006; the outstanding balance of the loan is to be repaid in full on 10 March 2016. Crown pays interest at sterling Libor rate plus a margin of 1.5 per cent. Crown has entered into an interest rate "swap" agreement with AIBC covering £21 million of the loan at a rate of 4.78 per cent plus a margin for 20 years from April 2006.

Service Charges

All tenants of The Millennium Plaza are liable under their respective leases for service charges, paid quarterly in advance, on the basis of forecast annual expenditure. At the end of each service charge year to 23 June, over/under charges to tenants are subject to either a credit or a further charge.

The annual service charge budget to 23 June 2006 amounted to £509,000 including a 10 per cent management charge. Since the Millennium Plaza currently has vacant areas and, in the case of one tenant, a service charge 'cap', not all of the service charge is presently recovered. Service charges are not covered by the rent guarantees. A shortfall of approximately £120,000 is expected until all vacant areas are let. This represents a cost to Crown as landlord.

Directors, Employees and Management Services

The directors of Crown are David Kirch and Simon Baigent, both of whom are resident in Jersey. Both are expected by Hawtin to remain in office for the time being. There are no employees of Crown.

Richard Hayward Properties (“RHP”) (a private business operated by Richard Hayward) has managed The Millennium Plaza on behalf of Crown for a monthly charge of £6,000. The management includes invoicing and rent collection, management of services, marketing of vacant areas and ongoing development appraisal. For the time being, RHP will continue to act on behalf of Crown.

PART IV

VALUATION REPORT ON THE MILLENNIUM PLAZA

Prepared by:
Donaldsons LLP
Rivergate House
70 Redcliff Street
Bristol
BS1 6AL

23 August 2006

EXECUTIVE SUMMARY

Address	MILLENNIUM PLAZA, SCOTT ROAD, CARDIFF
Location	The property is located in the city centre immediately adjacent to the Millennium Stadium and forms part of the city's extensive and popular leisure core.
Description	<p>Millennium Plaza is a purpose built leisure facility completed in 2001.</p> <p>The property comprises a 14 screen cinema, five bar/night clubs, one of which is currently used as Jongleurs comedy club. The property is on basement, ground and seven upper floors.</p> <p>The facility also includes suites of small offices located on the levels two, three and five.</p>
Accommodation	The total floor area is 12,240 sq m (131,756 sq ft).
Tenure	<p>Leasehold.</p> <p>The property is held under a headlease from Cardiff City Council for a term of 150 years for 30 June 1999 at a fixed peppercorn rent.</p>
Sub-tenancies	<p>The cinema and two of the bar/night clubs are let under four, effectively full repairs and insuring, leases until June 2026 and December 2027.</p> <p>The rent in respect of the cinema is subject to a minimum increase in December 2012.</p> <p>The tenants are Vue Entertainments Ltd, Regent Inns Plc and Luminar Leisure Ltd.</p> <p>The remainder of the Plaza is vacant and unlet.</p> <p>Rental guarantees are in place until May 2009 in respect of the vacant Units 2 and 3.</p>
Gross Income	£1,853,145 per annum.
Valuation Date	7 July 2006.
Market Rental Value	£1,926,700 per annum.
Market Value (investment)	£30,000,000.

Hawtin PLC
Beechwood House
Greenwood Close
Cardiff Gate Business Park
Cardiff
South Glamorgan
CF23 8RD

Donaldsons LLP
Rivergate House
70 Redcliff Street
Bristol
BS1 6AL

Telephone +44 (0)117 910 6640
Facsimile +44 (0)117 929 8270
Robert.parr-head@donaldsons.co.uk
www.donaldsons.co.uk

23 August 2006

For the attention of The Board of Hawtin PLC

Dear Sirs

MILLENNIUM PLAZA, SCOTT ROAD, CARDIFF

1.0 INTRODUCTION

In accordance with your instruction letter, dated 21 June 2006, we have prepared a valuation report of the long leasehold interest in the above property.

Our valuation report is set out below and has been prepared in accordance with and subject to the definitions, caveats and assumptions contained in Appendix 1 to this report and the Practice Statements and Guidance Notes of the Appraisal and Valuation Manual prepared by the Royal Institution of Chartered Surveyors.

We understand that our valuations are required to enable the Board to evaluate the acquisition of Crown Investments Ltd and to enable the Board to determine whether the property will provide suitable and adequate security for facilities to be provided by its Bank.

The valuation is also for inclusion in the Circular to Shareholders to be issued in connection with the potential purchase of Crown Investments Ltd. In this regard, we provide our opinion as to the following:

The market value of the long leasehold interest in the property, subject to the existing tenancies and rental guarantees.

We confirm that we are not aware of any conflicts of interest that will prevent us from providing a formal valuation of the property.

2.0 DATE OF VALUATION

Abby Pugh MRICS and Joseph Hardy MRICS made an inspection of the property on 21 June 2006. Abby Pugh and Joseph Hardy have the relevant experience and knowledge of valuing this type of property in this particular location. The valuation has been prepared as at the date of this report and is overseen by Robert Parr-Head, M.Phil MRICS, Valuation Partner.

We confirm that we have undertaken a full internal inspection of the property.

3.0 LOCATION

Cardiff is the capital city of Wales and the dominant economic centre for South Wales. The city is an important commercial centre for retail and leisure, industrial and office occupiers. Cardiff is located approximately 71 km (44 miles) west of Bristol and 66 km (41 miles) east of Swansea.

Cardiff is located to the south of the M4 motorway which links South Wales to London. Junctions 29 and 32 of the M4 motorway are accessed via the A48 and the A470 respectively, which are the primary trunk roads into the city. The A48 runs from the east to the west of Cardiff and the A470 links the city with the Welsh Valleys to the north.

In terms of public transport, a mainline rail station serves the city with direct services to London and Bristol. Journey times to London and Bristol are approximately two hours and one hour respectively. Cardiff International Airport is located approximately 19 km (12 miles) west of the city centre and approximately 16 km (10 miles) from junction 33 on the M4. A rail link connects the airport to Cardiff central station.

Cardiff has an Urban Area population of approximately 292,150 and a district population of 305,353 (2001 Census Data). There are an estimated 682,767 persons within a 20km (12 mile) catchment of the city centre.

In terms of socio-economic profile and in accordance with CACI Lifestyle Groupings, the proportion of Cardiff's population classified as 'Flourishing Families' is 9.13 per cent in excess of the national average of 8.80 per cent. The city also has above average percentages of "Prosperous Professionals" and "Aspiring Singles".

In 2001, the percentage of households without a car in the urban area of Cardiff was 30.5 per cent in comparison to the national average of 27.5 per cent.

The percentage of owner occupier households in the urban area of Cardiff is 69.1 per cent, which is above the national average of 68.3 per cent (2001 Census Data). The percentage of rented from council or New Town households is 17.3 per cent which is below the national average of 19.9 per cent.

In October 2005, the unemployment rate within Cardiff's Travel to Work Area was 2.6 per cent. The national figure at that time was 2.4 per cent.

We attach as Appendix III a Location Plan showing the position of the town in its regional context.

4.0 SITUATION

Millennium Plaza is situated in the city centre of Cardiff and occupies a prominent position on the junction of Wood Street and Scott Road, immediately adjacent to Cardiff's Millennium Stadium.

Since its opening in June 1999, the Millennium Stadium has welcomed over 1.3 million visitors per year. It has quickly established itself as a world class venue and is home to five major sporting bodies, as well as hosting a number of high profile music concerts throughout the year.

The property benefits from significant pedestrian flow created by the Millennium Stadium. The property has excellent transport links with Cardiff Central station and Bus station, located directly opposite.

The city's prime retail and leisure pitch, along St Mary's Street, is approximately five minutes walk from the property, east of Wood Street. St Mary's Street is the focal point of Cardiff's nightlife which has grown significantly in recent years encompassing The Old Brewery Quarter, Mill Lane and Millennium Plaza.

Occupiers on St Mary's Street include Walkabout, Life, Edwards, Reflex, Liquid Nightclub and JD Wetherspoons.

The Old Brewery Quarter, situated just off St Mary's Street, comprises 7,896 sq m (85,000 sq ft) of restaurants, bars, café bars, retail units, small office suites, and 40 apartments over five floors around a central open courtyard. Since its opening in 2003, the popular mixed use development has secured tenants such as; Nandos, Ma Potters, La Tasca, Chiquitos, Lava Lounge, Hard Rock Café and Thai Edge and has established itself as a prime location in Cardiff.

Mill Lane, located a short distance east of St Mary's Street, offers a mix of local and national A3 operators including ASK, Las Iguanas, La Brasserie, Molokos, Continental and Bar Three.

The UGC Megaplex comprising a 12 screen Cineworld is located in the centre of Cardiff opposite Cardiff International Arena. It is situated approximately 1.2 km (0.8 miles) to the east of Millennium Plaza. The Atlantic Wharf Leisure Village situated on Hemmingway Road in Cardiff Bay, comprises a further 12 screen cinema and range of A3/A4 units. The Millennium Plaza is situated approximately 1.6 km (1 mile) north of Atlantic Wharf Leisure Village.

The Millennium Plaza is situated on the east bank of the River Taff, with views across the west bank, and adjacent to the Wood Street bridge. There is a large paved walkway between the property and the river Taff. The suburbs of Grangetown and Riverside are situated a short distance to the north west and south west of the property respectively.

The property does not have any car parking provision, however, it is situated close to a number of multi storey car parks on Wood Street, Westgate Street, Orchard Arcade and Tredegar Street. There is also a 406 space surface car park at Cardiff Central train station and street parking available nearby in Grangetown and Riverside.

5.0 DESCRIPTION

The property comprises a purpose built mixed-use leisure scheme constructed in 2001 and providing a multi screen cinema, five bar/night clubs and office suites. Unit 5 is currently used as a comedy club, trading as Jongleurs.

The property totals 12,240 sq m (131,756 sq ft) of lettable accommodation.

The building is arranged over basement, ground, and seven upper levels. The attractive feature entrance foyer benefits from a fully glazed atrium rising three levels above ground floor. A customer lift and escalators service the upper levels.

The building is of a steel frame construction having part glazed, part stone clad and curtain wall elevations.

The Millennium Plaza has the provision of fire sprinklers throughout. The customer lifts that serve each floor are OTIS 2000 which is an average 8 person lift carrying approximately 630kg. There are a number of disabled facilities. The scheme would appear to be compliant with the Disability Discrimination Act.

Bar and nightclub accommodation is located on the basement, ground and first floor levels and the cinema is situated on three, double height upper floors. Management offices are found on the sixth floor.

Regent Inns Plc currently occupy Unit 7 within the basement, Unit 1 on the ground floor and Unit 5 on the first floor. Unit 7 is trading as Club Risa and provides 980.2 sq m (10,551 sq ft) of nightclub accommodation. The unit provides a large dance floor area with two bars. The unit is accessed via the main entrance to the Plaza at basement level at the junction of Scott Road and Wood Street and also by a spiral staircase from Bar Risa on ground floor level.

Unit 1 on the ground floor is currently trading as Bar Risa. The unit provides 461.6 sq m (4,969 sq ft) of café/bar accommodation. The unit benefits from its own individual entrance fronting Wood Street and is situated directly opposite the entrance/ exit of Cardiff Central train station. Lifts provide access to the first floor and basement levels of Club Risa and Jongleurs. The unit includes a large bar and sitting area on two levels with tables and sofas during the day, and a cleared dance floor area in the evenings. Access to Club Risa is available via double doors in the foyer of Bar Risa leading to a spiral staircase.

Unit 5 on the first floor is currently trading as Jongleurs and is accessed via Bar Risa's ground floor entrance. The unit comprises approximately 882.8 sq m (9,503 sq ft) of nightclub/comedy club space and consists of one main bar, a large seating/dancefloor area with additional balcony seating and platform stage at the front.

Unit 6 is situated on the first floor which is accessed by the main entrance escalators or by the customer lift located in the main entrance foyer. The unit is not visible from the exterior of Millennium Plaza, however it benefits from prominent signage on the wall fronting Wood Street. The unit is currently trading as Jumpin Jaks and provides approximately 1,208.5 sq m (13,009 sq ft) of bar/nightclub accommodation.

Unit 8 is a multi screen cinema occupying the second, third, fourth and fifth floors, comprising a total of 5,776.1 sq m (62,175 sq ft). The unit has 14 screens with a maximum capacity of approximately 3,500 people. Access to the cinema is via the central escalators approached through the main entrance of Millennium Plaza or by the customer lift located in the main entrance foyer.

Unit 2 on the ground floor is currently vacant. The unit provides 365 sq m (3,929 sq ft) of bar accommodation currently fitted out to the previous tenants' specification. The unit benefits from a fully equipped kitchen of approximately 70 sq m (754.3 sq ft) at the rear and large seating/dining area. The unit is at the rear of Millennium Plaza and lacks prominence from the main entrance. The unit does benefit from additional seating outside in the atrium area. A coffee kiosk of approximately 25.5 sq m (274 sq ft) is located to the right hand side of the entrance to Unit 2 with a seating area under the escalators. The kiosk is part of the demise of Unit 2 and is therefore no longer trading.

Unit 3 is arranged over the basement and ground floor within the northern corner of the scheme. The unit is currently vacant and has been left as a shell. The basement provides 980.9 sq m (10,559 sq ft) of space and the ground floor offers 972.9 sq m (10,473 sq ft).

The basement element of Unit 3 comprises 980.9 sq m (10,559 sq ft) of space. The ground floor element benefits from good access either from the central atrium or from an entrance close to Gate 6 of the Millennium Stadium. Access to the basement is limited.

Unit 11, known as the River View Suites, comprises 580.8 sq m (6,252 sq ft) of office accommodation, and is currently vacant. The suites are located on levels two, three and five. Access to the suites is via the main escalator within the atrium. A customer lift is also available. The suites are currently left as shell with concrete floors and plastered walls. The suites are heated by night storage heaters and have fluorescent strip lighting. The suites benefit from a full height glazed frontage overlooking the River Taff and with views of Cardiff Bay in the distance. Car parking is not provided.

We attach to this Report in Appendix II photographs of the subject property. In Appendix III, we enclose an extract from the Ordnance Survey Map on which the approximate site boundaries of the subject property are edged in red.

6.0 ACCOMMODATION

We have provided the floor areas for each unit within the attached Schedule of Tenancies and Accommodation. The floor areas adopted are from a report by Messrs. Allsops, dated 18 January 2006.

As agreed, we have carried out measurements of the vacant elements and check measurements of the let elements. We can confirm the accuracy of the areas provided. The floor areas have been calculated in accordance with the RICS Code of Measuring Practice (5th Edition).

The leisure element has been measured on a gross internal basis. The offices have been measured on a net internal basis.

From our understanding of the site boundaries, as set out on the attached Ordnance Survey Extract, we have estimated that the site area to be approximately 0.389 hectares (0.96 acres).

7.0 CONDITION

We understand practical completion took place in July 2001.

We have not undertaken a structural survey, tested the services or arranged for any investigations to be carried out to determine whether deleterious materials have been used in the construction of the property, as this was outside the scope of our instructions.

At the date of our inspection, the property appeared to be in good repair and condition commensurate with its age and use.

The property appears to have been constructed to a good standard. Assuming regular maintenance, we expect the property to prove durable and maintain its physical life well beyond the existing lease terms.

Under the existing leases, the tenant is responsible for repair and maintenance of their demise and contribute to the common parts by way of service charge. We note that there is a current shortfall in service charge due to the vacant units. We have therefore applied a deduction of £120,000.

8.0 ENVIRONMENTAL MATTERS

We did not observe any uses within the immediate area to indicate contamination to the site or neighbouring sites.

Messrs. Geldards Solicitors have confirmed the property is within 500m of a flood plain and that there are two records of infill sites within 250 metres.

Given the long established rental and residential uses within the immediate area, the risk of significant contamination to the site or neighbouring sites is low.

9.0 TOWN PLANNING AND HIGHWAYS

The property is situated within an area covered by the City of Cardiff Local Plan, adopted in 1996. The Unitary Development Plan was being formulated however work ceased on this following the Planning and Compulsory Act 2004 and accordingly work has now commenced on the Local Development Framework. We understand that the Local Plan remains a material consideration in terms of planning and development.

The Local Planning Authority were unwilling to confirm the current approved planning use of the property.

The last planning consent granted in respect of the property was in May 2006. Permission was granted for a change of use from a cinema to casino and construction of a mezzanine floor.

The site opposite Millennium Plaza is currently under construction for residential use and A1/A3 on the ground floor. The site was previously the offices of Cardiff Council, Planning and Environmental departments and lies adjacent to Cardiff Central Train station. The development, known as, The Glass Needle, will consist of an eight to thirty-one storey glass clad tower encompassing 230 residential units, elevated garden, public plaza, residents parking and development of A3 on the ground and first floors. It is due for completion in the summer of 2007.

The Millennium Plaza is not listed, nor situated within a Conservation Area.

We are advised by Cardiff Council that there are no other current planning or highway proposals, which may adversely affect the property.

10.0 RATEABLE VALUE

We have been able to identify the following individual rating assessments.

<i>UNIT</i>	<i>DESCRIPTION</i>	<i>RATEABLE VALUE £</i>
Unit 2 Ground Floor	Restaurant and Premises	£52,000
Units 3 & 4 Ground Floor	Retail Unit (Food and Drink)	£167,000
Stores Level 3 Level 3	Store and Premises	£4,450
Unit 8 2nd to 7th Floor	Cinema	£340,000
Unit 7 Level 2	Retail Unit (Food and Drink)	£159
Unit 10 Level 5	Retail Unit (Food and Drink)	£6
Management Offices Level 6	Offices and Premises	£3,900

We have not been able to identify the other assessments.

The Welsh Uniform Business Rate multiplier for the year 2006/2007 is £0.432

11.0 TENURE

We have been provided with a draft certificate of Title, produced by Messrs. Edwards Geldard Solicitors dated July 2006.

The report confirms the property is held under a head leasehold interest for a term of 150 years from 30 June 1999. The lease is subject to a fixed peppercorn rent.

The landlord is Cardiff City Council.

The tenant is required to keep the property in good and substantial repair and insured.

The lease provides the head lessee with appropriate flexibility in terms of use, alterations and alienation. The lease is silent in respect of alterations.

The permitted uses within the first 10 years of the term are A1, A2, A3, C1 or D2 or any other leisure use including cinema, health centre or night club.

B1 use is permitted if it can be proved that other uses are not economically viable.

The permitted uses after 10 years will also include B1.

The property overhangs pedestrianised areas at certain points. We understand the areas below the overhanging elements do not form part of the title but that full right of way for pedestrians is available.

Our understanding of the leasehold interest in the property is edged red on the attached Site Plan in Appendix III.

12.0 SUB-TENANCIES

The Report on Title discussed in Section 11.0 confirm that Unit 1, 5 and 7, 6 and 8 are sublet under four leases expiring between June 2026 and December 2027. We have relied on the lease summaries provided in the Report on Title, and have included the salient points in the attached Tenancy Schedule.

Regent Inns Plc occupy Units 1 and 5 under one lease and Unit 7 under another. Both leases have identical terms.

The remainder of Millennium Plaza is unlet, although we understand Delancey is providing rental guarantees until December 2007 in respect of Units 2 and 3. We understand the vendor will provide a further one year rental guarantee from expiry of the Delancey guarantee.

The leases require the tenants to keep the interior of the premises in good repair and contribute towards the repairs, maintenance and insurance of the structure and common parts by way of service charge.

The subleases do not incorporate any onerous provisions relating to use or alienation.

The rents are subject to upwards only reviews at five yearly intervals.

The review provisions in respect of Unit 6 (Luminar Leisure) stipulates there is to be an assumption that the landlord has contributed £150,000 plus VAT towards acoustic works. The Report on Title notes that the head tenant may be required to make a £150,000 contribution if the works have not been carried out.

The cinema lease was varied with effect from April 2003. The rent is £725,000 per annum between December 2003 and December 2007, subject to an increase to £825,000 per annum in the event the UGC cinema in Cardiff ceases trading.

The rent from December 2007 to December 2012 will be the greater of £850,000 per annum or the market rent. The rent will be the greater of £980,000 or the market rent from December 2012.

The current rent equates to a base figure of £725,000 per annum, plus either a peppercorn rent or £125,000 per annum should the gross turnover of Vue Entertainments Ltd exceed £3.525 million for the period between December 2005 and December 2006. In the event Vue Entertainments Ltd do not generate turnover of £3.525 million Delancey will also guarantee a rent of £125,000 for the period up to December 2007. We understand Delancey are providing this top up.

The Report on Title states that Delancey are providing a two year rental guarantee of £80,000 per annum, until May 2008 in respect of Unit 2. This differs from the Allsops report which states there is a rental guarantee until May 2007 of £100,000 per annum and that the guarantee relates to Units 2 and 4.

The Report on Title does not mention a rental guarantee in respect of Unit 3. The Allsops report claims there is a guarantee of £422,000 per annum, again until May 2007.

Following further investigation, we understand Delancey provide rental guarantees in respect of Unit 2 at £80,000 per annum and £422,000 per annum in respect of Unit 3. The guarantees are until May 2008. We have assumed this in our valuation.

The guarantees do not relate to insurance or service charge contributions.

We understand the vendor has agreed to provide an additional one year rental guarantee following expiry of the Delancey guarantee and therefore the guarantees will expire in May 2009.

13.0 GROSS INCOME

£1,832,145 per annum

The above figure comprises a rental income of £1,330,145 per annum and a rental guarantee of £502,000 per annum

We would expect there to be irrecoverable outgoings relating to the repair, maintenance and insurance of the structure of the property and the common parts. We have not yet been provided with details of the shortfall and have therefore assumed an annual sum of £120,000 for a 36 month period until the vacant elements are let.

On this basis, the current net income is £1,712,145.

14.0 COVENANTS

Regent Inns Plc has a Dun and Bradstreet rating of 5A1, which represents a tangible net worth in excess of £58.5 million and a minimum risk of failure.

Luminar Leisure limited has a Dun and Bradstreet rating of 5A2, which represents a tangible net worth of £332.5 million and a lower than average risk of failure.

Vue Entertainment Limited has a Dun and Bradstreet rating of 5A1, which represents a tangible net worth in excess of £80.8 million and a minimum risk of failure.

The tenants of Units 1, 5 and 7 (Regent Inns Plc), Unit 6 (Luminar Leisure Ltd) and Unit 8 (Vue Entertainment Ltd) would be perceived as providing very good covenant strength.

Delancey, who are providing rental guarantees in respect of Units 2 and 3, would be perceived as a strong covenant.

15.0 SUITABILITY OF PROPERTY FOR CURRENT USE

The property is well situated for a leisure use in a prominent position on Wood Street, located only five minutes walk from Cardiff's prime retail and A3 bar/restaurant pitch around St Mary's Street.

The property is also well located for leisure use, situated directly opposite Cardiff Central Train station and Bus Station.

The property is a purpose built leisure facility anchored by the cinema. The prominent corner position of the glazed entrance to the Plaza with the full height atrium are strong positive features. The central escalator and customer lifts are well positioned.

We note the vacant elements are at the rear of the property and lack some prominence, although the ground floor element of Unit 3 has two entrances and is reasonably well located. The basement element to Unit 3 lacks convenient access which is expected to hamper letting.

There is a 12 screen Cineworld cinema on St Mary Ann Street, approximately 1.2 km (0.8 miles) east of Millennium Plaza within a more central location. Nevertheless the cinema element within the Plaza plays a key role in the property's draw. The city centre is not oversupplied with cinema accommodation.

We are advised that negotiations are at an advanced stage with a major casino operator, Stanley Casinos, in respect of a letting of 18,000 sq ft within a section of the cinema demise. This letting should benefit the scheme as a whole by improving the tenant mix.

The location is not well suited for office use. Furthermore the configuration of the space is not ideal, although the accommodation benefits from attractive views over the River Taff. However, an office use is the most appropriate for the River View suites given the limitations of accommodation for leisure or retail use.

16.0 SUITABILITY OF PROPERTY FOR MORTGAGE PURPOSES

We note that approximately 76 per cent of the property in terms of floor space or 73 per cent in terms of rental value is secured to good quality tenants with at least 20 years before expiry.

The minimum increase in the rent for the cinema is December 2012 will provide explicit rental growth.

We have had regard to the fact that whilst all but Unit 7 of the let units are either reversionary or rack rented, the rental guarantees are in excess of our opinion of rental value. There is therefore a risk of a drop in the income stream on expiry of the guarantees. However, any potential decline in the rental performance following expiry of the rental guarantees will be compensated for once the vacant elements are let and income producing.

In respect of the vacant Unit 4, we have applied a void period of 12 months beyond the expiry of the rental guarantees. In the case of Units 2 and 3 we have applied an 18 month void period beyond the expiry of the rental guarantees.

We have applied an equivalent yield of 6.75 per cent to the rental guarantee element. We would expect an increase in the value once the vacant elements are let. We anticipate that regional quality covenants will be secured on letting under leases of at least 10 years. On this basis a yield of around 6.25 per cent is appropriate.

We expect Units 2 and 4, together with the ground floor element of Unit 3 to secure lettings within three years. Given the number of bars around St Mary Street, Units 2 and 3 may be better suited for more restaurant style operations. Unit 4 is a kiosk and we anticipate this unit will readily let as Units 2 and 3 let.

The basement element of Unit 3, totalling 980.95 sq m (10,559 sq ft) may be more difficult to let and therefore we have adopted a suitably discounted rental value required to achieve a letting.

The office element is ancillary to the main leisure use and represents less than 5 per cent of the total floor area. The rental and capital performance of the property as a whole will therefore not be materially affected by the performance of the offices.

The issue relating to whether the building height does not exceed the limits detailed in Section 11.0 needs to be resolved. A breach would have significant consequences.

We are of the opinion that the property forms suitable security for facilities to be provided by the Bank.

17.0 VALUATION

17.1 Specific additional assumptions appropriate to this valuation

The market value is based on the information regarding the rental guarantee detailed within the Schedule of Tenancies and Accommodation.

We have assumed that the property conforms to all the appropriate planning, building and fire permissions and regulations.

We have assumed for the purposes of this valuation exercise that no deleterious materials exist in the property unless otherwise mentioned under the heading Condition earlier in this report.

We have been supplied with a report by Allsop & Co which contained floor plans and areas, we have relied upon these for the purposes of this report.

17.2 Valuation Commentary

Market Overview

Figures released by the Investment Property Databank (IPD) over the 12 month period to the end of May 2006, show that Property has closed the gap to Equities as the best performing asset class. Property return has risen from 21.0 per cent to 21.1 per cent from the April figures, Equities have fallen with returns down to 21.3 per cent from 32.4 per cent while Gilts continue to fall from 3.4 per cent to 2.1 per cent.

Capital growth over this same period follows a similar trend, with property falling marginally from 14.8 per cent to 14.7 per cent and Equities falling significantly from 28.3 per cent to 17.5 per cent and Gilts continue to fall from -2.4 per cent to -3.2 per cent.

Within the main property sectors, Offices continue their strong performance, after taking Retail's long held position as the best performing sector, last month with total returns of 22.9 per cent over the 12 month period to May 2006. The Retail and Industrial sectors remain competitive with total returns 20.9 per cent and 19.6 per cent respectively. Capital growth remains strong with both the Retail at 15.1 per cent, Office sectors at 15.8 per cent and Industrial at 12.3 per cent.

In terms of Rental Value growth Retail continues to show the best performance with 3.9 per cent in the 12 months to May 2006, the Office and Industrial sectors exhibit more steady growth at 2.4 per cent and 1.2 per cent respectively. All sectors, have seen a positive yield impact over the last 12 months as yields have hardened across the property market.

These figures show the trend of the last 12 months continuing, with a strongly improving Office sector now overtaking both the Industrial and Retail sectors for top position, in terms of total return and capital growth.

In terms of the leisure sector, demand from bar/restaurant operators remains strong, with major chains maintaining acquisition programmes.

Punch Taverns completed the take-over of the Spirit Pub Group in January 2006. The struggle between Punch and Robert Tchenguiz is evidence of the strength of the pub sector. Punch Taverns, have become the country's largest pub operator following their successful acquisition, adding more than 1,800 pubs to their portfolio.

The rental value of A3/A4 properties are generally appraised on an overall £per sq ft basis in respect of the gross sales area. Analysing A3/A4 units on a zoned basis is generally not appropriate as no part of the ground floor sales area is deemed to be more important to trade than another.

Occupier demand for Millennium Plaza has increased due to the restricted opportunities on the prime pitch of St Mary's Street. When the Millennium Plaza first opened in 2001, it received poor interest due to the readily available opportunities of individual units on St Mary's Street. The opening of The Brewery Quarter in 2003 has drawn further attention to the southern area of St Mary's Street which has benefited Millennium Plaza, as it is located only five minutes walk away. Millennium Plaza now anchors one end of the city's leisure core.

Restaurant/Bar Comparables

Prime A3/A4 rents on St Mary's Street and in The Brewery Quarter currently stand between £30 to £34 per sq ft. In October 2004, Inventive Leisure plc took 12,000 sq ft of A3 space on Castle Street, situated at the northern end of St Mary's Street, under a 35 year lease, expiring in October 2039. The rent agreed equates to £30 per sq ft.

In October 2002, Hard Rock Café entered into an agreement for lease in respect of a 6,626 sq ft unit in The Brewery Quarter in respect of a 25 year lease commencing in 2003. The rent was agreed at £30.59 per sq ft.

In September 2003, the rent for The Prince of Wales, a Wetherspoon pub with frontages onto both St Mary's Street and Wood Street, was subject to a review. This unit has a separate lease for the 4,000 sq ft element fronting Wood Street. The rent for this element was subject to review. The rent was reviewed at £21.70 per sq ft.

With regard to the larger A3/A4 units on St Mary's Street, we are aware that Walkabout, 65-74, St Mary's Street, was recently subject to a rent review. The rent was agreed at £25.72 per sq ft. We understand from agents that £25.72 is the top rent attributed to bars in excess of 10,000 sq ft within the prime pitch of Cardiff.

In July 2004, Tiger Tiger took a 24,000 sq ft unit on Greyfriars Road under a 25 year lease expiring in July 2029. The agreed rent equates to £16.80 per sq ft for the ground floor, assuming half rate for the first floor and quarter rate is applied to the basement floor. Tiger Tiger is located in a secondary position, to the north east of St Mary's Street in an inferior location in comparison to Millennium Plaza. Millennium Plaza benefits from the close proximity to the prime pitch of The Brewery Quarter and St Mary's Street and the excellent situation opposite Cardiff Central train station and bus station.

The UGC Megaplex on St Mary Ann Street currently has a ground floor A3/A4 unit available to let. The scheme is located directly opposite Cardiff International Arena, approximately 1.2 km (0.8 miles) to the east of Millennium Plaza. The ground floor unit was originally let to Springbok Bar in 2002 at £17.50 per sq ft, who later assigned to Dewis. Dewis went into receivership. We understand there is some interest in the unit at the original rent, however, negotiations are being delayed by the St Davids 2 scheme.

The St David's 2 scheme is an extension of the existing primary shopping centre in the centre of Cardiff. The scheme is a £535 million mixed use scheme comprising 89,891 sq m (967,500 sq ft) of retail-led mixed use development anchored by a John Lewis department store. The scheme will also include cafes, restaurants and bars totalling approximately 6,154 sq m (65,000 sq ft). Construction has begun and the proposed date of opening is 2009. The scheme is located to the east of St Mary's Street and is focused on the Hayes area.

The Atlantic Wharf Leisure Village, situated on Hemmingway Road in Cardiff Bay, is approximately 1.6 km (1 mile) south of the city centre and comprises a UCI cinema, Hollywood Bowl ten pin bowling alley, and A3 occupiers such as Old Orleans, Mamma Amalfi, Porta Tunisia, Rosie's Bar and an Evolution nightclub. The Leisure Village is also home to Red Dragon FM, a subsidiary of the Capital FM group. There is a 4,845 sq ft, A3/A4 unit currently available to let within the scheme at a quoting rent of £18.50 per sq ft. We understand the unit has received strong interest. A letting has not yet been secured due to the landlord wishing to let it to a national occupier, rather than a local operator.

Cinema Comparables

We have had regard to the national tone for multi screen cinemas and note the pre letting in August 2004 of a cinema within the town centre development, The Brewery, Cheltenham, to Cine UK Ltd at £10.50 per sq ft. The rent was significantly discounted by the developer, Salmon Harvester, in order to secure the anchor pre letting under a 25 year lease.

This compares with an initial rent of £14.40 per sq ft set in November 1999 in respect of a multiplex within the Oracle Shopping Centre Reading, let to Warner bros. The rent is subject to fixed increases and is now £16.70 per sq ft.

We have also had regard to a pre letting to Vue of a cinema development in Merthyr Tydfil at a rent equating to £9.75 per sq ft, subject to a three month rent free period and a capital payment to the tenant of £650,000. Similarly, we are aware of a letting to Apollo Cinemas in respect of a seven screen cinema in Carmarthen at a rent of £8.00 per sq ft.

The cinema within Millennium Plaza is likely to merit a materially higher rent than the units in Merthyr and Carmarthen.

Office Comparables

The headlease permits a B1 use where alternatives are financially unviable. Given, the size and configuration of the River View Suites a leisure or retail use would be inappropriate, we have therefore valued this element as B1 office use.

In terms of the office element, the most recent office transaction on Wood Street was within St David's House in June 2006. Two office suites have been let to Cardiff Council until March 2010, both subject to three year break options and no rent free period. The rent for each suite comprising around 162.57 sq m (1,750 sq ft) of refurbished space, including one car parking space equates to £11.95 per sq ft.

Subject Property Analysis

In arriving at the rental values of the A3 element we have considered the prime rents on St Mary's Street and The Brewery Quarter of between £30 – £34 per sq ft, and the Walkabout unit on St Mary's Street at £25.72 per sq ft.

The passing rents in respect of the let units within Millennium Plaza equates to £12.43 per sq ft in respect of Units 1 and 5 (Regent Inns Plc), £12.67 per sq ft in respect of Unit 7 (Regent Inns Plc), £12.79 per sq ft in respect of Unit 6 (Luminar Leisure Ltd) and £13.67 per sq ft in respect of the cinema.

The quoting rent for the ground floor element of Unit 3 in Millennium Plaza is £25.00 per sq ft. The basement level of Unit 3, is being marketed at £12.50 per sq ft. The unit has remained vacant for some time, however we understand that there has been keen interest from Magicor, a Canadian leisure company, who are responsible for the Printworks Nightclub in Manchester and the Hippodrome in London. Advanced negotiations were continuing with Magicor until last year when the company went into receivership. Subsequently, negotiations have taken place with Select Service Partners, who trade as X Leisure, a growing leisure brand with a portfolio of 22 entertainment and leisure destinations around the UK. We understand the vendor did not continue with the negotiations with Select Service Partners in order to concentrate on the possible letting of part of the cinema demise to Stanley Casinos. The length of the void period for Unit 3 is therefore not simply a reflection of the market but for strategic reasons.

We have adopted a rental value equating to £24 per sq ft to the ground floors of Units 1 and 3 and assumed discounted rates equivalent to 30 per cent and 50 per cent of the prime rate to the basement and first floors.

We have adopted a rental value of £15 per sq ft to Unit 6. Although it is on the first floor the unit occupies a good trading position fronting the central escalator and is expected to generate strong tenant demand.

In our opinion, the rent for the cinema is in line with the market rental value.

We have adopted a rental value of £10 per sq ft for the office element, reflecting the location within a leisure scheme and lack of car parking but balanced to some extent by the views over the River Taff.

In arriving at the market value we have had regard to the quality of the existing income stream. We have also had regard to the reasonable letting prospects for the majority of the vacant element given the popularity of the Millennium Plaza as a key element to the city centre's leisure core.

We note the risk associated with the income stream derived from the rental guarantees. However, we expect the value to increase on letting. We also expect the majority of the vacant element to be let to reasonable quality tenants within 24 to 36 months.

The introduction of a casino within one of the upper floors is expected to add to the overall appeal of Millennium Plaza and should improve the letting prospects of the vacant units.

Investment Market

Investor demand for prime leisure opportunities such as Millennium Plaza is very strong. The quality of the income stream generally provided by schemes such as the Plaza combined with the shortage of available investments have driven yields down to the point where prime, well let opportunities achieve below 5 per cent where reversionary potential is available.

In terms of investment comparables, we note the sale of the long leasehold interest in Cattle Market, Hills Road, Cambridge in April 2005 for £39 million, showing an initial yield of 6.5 per cent. The property is a mixed use leisure scheme comprising a hotel, health and fitness centre, various bars and restaurants, and an NCP car park.

We have also had regard to the purchase of the freehold interest in The Leisure Exchange, Bradford for £40.6 million, showing an initial yield of 6.65 per cent. Tenants include Cine UK, Hollywood Bowl, Holiday Inn and Pizza Hut.

The strength of the investment market is such that yields have hardened since these transactions.

Star City, approximately 4km (2.5 miles) north east of Birmingham city centre, has recently been marketed and is under offer at a price close to £100 million, showing a net initial yield of 4.4 per cent. Star City provides a 30 screen, cinema occupied by Vue, a 24 lane bowling alley, a health and fitness centre, a casino, operated by Stanley Casinos, a mini ski slope, several bars and restaurants, together with a retail element and a car park. The tenants include SFI, trading as Bar Med, Nandos, Pizza Hut, Scottish & Newcastle and Holmes Place. Approximately 87 per cent of the income is secured under leases with at least 19 years outstanding. The rent in respect of the cinema was set in June 2000 and equates to £15.29 per sq ft.

Donaldsons will be marketing the Ebbisham Centre, Epsom, later in the summer at a quoting yield of 5.75 per cent. The scheme is let under 16 leases, the majority of which expire from 2025. Approximately 64 per cent of the income is secured to good quality tenants, such as The Laurel Pub Company, NCP and Holmes Place. This scheme is inferior to Millennium Plaza.

17.3 Valuation Considerations

Strengths

- The property anchors one end of the city centre's main leisure core.
- Approximately 76 per cent of the property is let to good quality tenants under leases with at least 20 years before expiry.
- The minimum rental increase in respect of the cinema element will provide explicit rental growth.
- The majority of the vacant space is income producing under rental guarantees.
- The majority of the let elements is reversionary and therefore an increase in the income stream is anticipated following the next rent reviews.

Weaknesses

- Notwithstanding our confidence regarding the letting potential of the vacant units, there is inevitably a risk of extended void periods in respect of this element.
- As a result of the vacant elements, there is a service charge shortfall.

17.4 Market Rental Value

We are of the opinion that the Market Rental Value of the property, subject to the definitions, caveats and assumptions contained in Appendix I to this Report, as at 7 July 2006, is:

£1,926,700 per annum
(One million nine hundred and twenty six thousand, seven hundred pounds per annum)

17.5 Valuation

On the bases and assumptions contained within this report, we are of the opinion that the Market Value of the leasehold interest in the property, subject to the occupational leases and additional specific assumptions outlined above and the definitions, caveats and assumptions contained in Appendix I to this report, as at 23 August 2006, is:

£30,000,000
(Thirty million pounds)

The valuation shows an initial yield of 5.71 per cent, rising to 6.21 per cent in November 2007. The yield will increase to 6.84 per cent following the minimum rental uplift in 2012 in respect of the cinema.

We have adopted a service charge shortfall of £120,000 per annum for a three year period and a £10,000 capital deduction to reflect the letting costs in respect of the vacant units.

We have assumed an 18 month letting void period in respect of Unit 4 and 12 month void periods following expiry of the rental guarantees in respect of Units 2 and 3.

On this basis, the nominal equivalent yield, based on rents received annually in arrears, is 5.93 per cent and the true equivalent yield, based on rents received quarterly in advance, is 6.15 per cent.

We have applied purchaser's costs at 5.75 per cent.

In our opinion, a reasonable period to market and complete a sale of this interest would be six months.

18.0 CONFIDENTIALITY

This report is for your sole use and no liability to any third party can be accepted for the whole or part of its contents. Neither the whole nor any part of this report, nor any reference thereto can be sent to any third party nor included in any published document, circular or statement, nor published in any way without our prior written approval.

Yours faithfully

R. Parr-Head M Phil MRICS
Partner

For and on behalf of Donaldsons LLP

APPENDICES*

Appendix I **Definitions, Caveats and Assumptions**

Appendix II **Photographs**

Appendix III **Location, Street and Site plans**

Appendix IV **Letter of Instruction**

Appendix V **Schedule of Comparable Transactions**

Appendix VI **Conditions of Engagement**

Appendix VII **Tenancy Schedule**

* The above appendices are available as documents for inspection for a period of one month after the publication date of this document. Further details are set out in paragraph 16 of Part VII of this document.

PART V

RISK FACTORS

The Directors consider that the principal risk factors relating to the Company and the Shares are as follows.

- (1) The market value of, and any future income derived from, the Ordinary Shares and the Preference Shares can fluctuate.
- (2) Investors may not get back the full value of their investment.
- (3) There can be no guarantee that the investment objectives of the Group will be met.
- (4) There may be a significant divergence between the net asset value of the Shares and the Share Price. There is no guarantee that the market price of the Shares will fully reflect their underlying net asset value.
- (5) Dividends (if any) and dividend growth (if any) on the Shares may be dependent on rental growth in the underlying property assets. There can be no guarantees that such rental growth will occur.
- (6) The levels of taxation may change. Any change in taxation rates and the rules may have an adverse effect on the returns available from investment in Hawtin.
- (7) After the Acquisition, Hawtin will have substantial borrowings. Investors should be aware that, whilst the use of borrowings is intended to enhance the net asset value of the Ordinary Shares when the value of the Group's assets is rising, it will have the opposite effect when the value of the group's underlying assets is falling.
- (8) Any fall in the value of the Group's assets or expected revenues may result in the Group breaking the financial covenants contained in facility agreements with its providers of debt. In such circumstances, the Group may be required to repay such debt in whole or in part together with any attendant costs, including the costs of terminating any interest rate swap transactions. If the Group were required to repay all or part of its borrowings, it may be required to sell part of its property portfolio at less than market value or at a time, and in circumstances, where the realisation proceeds were reduced because of a downturn in property values generally or because there were insufficient time to market the property or properties. In either case, the value of Shareholders' interest in the Company would suffer.
- (9) The Company may use hedging devices to cap the extent of its interest outgoings. No guarantees can be given that the cost of any such cap or caps will be effective in relation to the actual trend in interest rates or, if such a cap or caps were to be successful, it or they could be rolled-over on equally favourable terms.
- (10) There is no certainty that existing banking facilities will continue to be available, or can be replaced, after they expire; or, if they can be replaced, at the same or improved terms.
- (11) The Company is dependent upon the skills and experience of its executive management. No guarantees can be given that the services of individuals, including presently Richard Hayward, in positions of key employment, will always be available to the Company or that such individuals can be replaced.
- (12) Property and property related assets are inherently difficult to value because of the individual nature of each property. As a result, valuations are subject to substantial uncertainty. There is no assurance that the valuations of the properties will reflect a sale price that is achievable even where such sales occur shortly after the valuation date.
- (13) The performance of the Group could be adversely affected by a downturn in the property market which could produce a reduction in capital values and/or rental yields.
- (14) In the event of a default by a tenant, the Group will suffer a rental shortfall and incur additional costs including legal and other expenses which arise in maintaining, insuring and advertising the property until it is re-let. There could also be a breach of covenant. The Directors can give no guarantees as to the position of the Group's bankers in such a situation.
- (15) Rent reviews may not necessarily lead to increased rents.
- (16) Currently, approximately 30 per cent of the floorspace of the Millennium Plaza is unoccupied. This space is presently subject to an on demand rental guarantee from Delancey, but only for the period up to 31 December 2008. As part of the Sale and Purchase Agreement, the Vendors are extending the rental guarantee until May 2009. If tenants are not found for this space before that date, the Company could

suffer a reduction in rental income which may affect both the level of its profits and the value of the Millennium Plaza. Moreover, at that time, there could be a breach of a major income covenant of the £24 million fixed term loan which is Crown's chief means of long-term finance.

- (17) Returns from an investment in property depend largely upon the amount of rental income generated from the property and the expenses incurred in the development or redevelopment and management of the property, as well as upon changes in its market value. However, rental income and the market value for properties are generally affected by overall conditions in the economy, such as gross domestic product, employment trends, inflation and changes in interest rates. Changes in gross domestic product may therefore impact negatively on the employment, redevelopment and management of a property, as well as upon changes in its market value.
- (18) Both rental income and market values may be affected by other factors specific to the property market, such as: competition from other property owners; the perceptions of prospective tenants of the attractiveness, convenience and safety of properties; the inability to collect rents because of the bankruptcy or insolvency of tenants or otherwise; the periodic need to renovate, repair and re-lease space and the costs thereof; the costs of maintenance and insurance; and changes in operating costs. In addition, certain specific expenditure, including operating expenses, must be met by the owner even when the property is vacant. No guarantee can be given that all or some of these factors will not affect the properties owned by the Group.
- (19) Investments in property are relatively illiquid and more difficult to realise than equities or bonds.
- (20) Shareholders and prospective investors should be aware that although Hawtin is and intends to continue as, a property investment company, it would not in its present form qualify as a Real Estate Investment Trust ("REIT") as envisaged by the 2006 Finance Act: this is due to its ownership structure and because its ordinary share capital is not listed on the Official List of the United Kingdom Listing Authority. Moreover the Directors have no present intention of restructuring the Company in order that it might convert to REIT status. REIT status is intended to confer certain taxation benefits to property companies that adopt such status. Investors should be aware that, relatively speaking, Hawtin may therefore offer a less advantageous property investment opportunity than a REIT company.
- (21) Under the terms of the Option Agreement referred to in paragraph 6.2 of Part VII, Tribeca can require the sale of The Millennium Plaza, subject to certain terms. If Tribeca were to exercise this right, and the property were sold to a third party, there could be a consequential effect on the Company's income and gross assets that might not, in the short term, prove beneficial.

PART VI

PROFORMA STATEMENT OF NET ASSETS OF THE GROUP

The following unaudited pro forma net asset statement for the Group has been prepared for illustrative purposes only and, because of its nature, may not give a true picture of the financial position of the Group. The statement has been prepared to illustrate the impact of the acquisition of Crown on the net assets of Hawtin PLC as at 31 December 2005, had the acquisition and certain other post balance sheet events, as described elsewhere in this admission document, been undertaken at that date. Column one is extracted from the consolidated balance sheet of Hawtin as at 31 December 2005 in the financial statements for that year which are incorporated in this admission document by reference (see page 12).

Save for the adjustments outlined in notes 1-4 no account has been taken of any trading or transactions since 31 December 2005 for Hawtin PLC or its subsidiaries.

	<i>Hawtin PLC as at 31 December 2005 £'000</i>	<i>Sale of Land at Hawtin Park (note 1) £'000</i>	<i>Crown Acquisition (note 2) £'000</i>	<i>Crown Purchase (note 3) £'000</i>	<i>Abercynon Purchase (note 4) £'000</i>	<i>Pro forma £'000</i>
Fixed assets						
Tangible assets	14,393	(4,925)	30,000	–	2,600	42,068
Current assets						
Debtors	376	3,650	497	–	–	4,523
Cash at bank and in hand	2,558	1,500	773	(3,919)	(912)	–
	<u>2,934</u>	<u>5,150</u>	<u>1,270</u>	<u>(3,919)</u>	<u>(912)</u>	<u>4,523</u>
Creditors: amounts falling due within one year						
Bank loans and overdraft	(574)	–	–	–	(1,688)	(2,262)
Other	(468)	–	(1,111)	(1,000)	–	(2,579)
	<u>(1,042)</u>	<u>–</u>	<u>(1,111)</u>	<u>(1,000)</u>	<u>(1,688)</u>	<u>(4,841)</u>
Net current assets/ (liabilities)	1,892	5,150	159	(4,919)	(2,600)	(318)
Creditors: amounts falling due after more than one year						
Bank loans	(3,929)	–	(23,963)	–	–	(27,892)
Other	(549)	–	–	–	–	(549)
	<u>(4,478)</u>	<u>–</u>	<u>(23,963)</u>	<u>–</u>	<u>–</u>	<u>(28,441)</u>
Minority interest	–	–	–	(1,549)	–	(1,549)
Net assets	<u><u>11,807</u></u>	<u><u>225</u></u>	<u><u>6,196</u></u>	<u><u>(6,468)</u></u>	<u><u>–</u></u>	<u><u>11,760</u></u>

Notes:

1. The sale of investment property is as described on page 10 of this document.
2. The Crown acquisition represents the expected balance sheet of Crown at Completion.
3. Cash represents the cash consideration for the purchase of 75 per cent of the share capital of Crown Investments plus costs estimated to be £300,000, less the deferred consideration of £1 million included under Creditors: amounts falling due within one year.
4. The purchase of an investment property at Abercynon as is described on page 10 of this document. Movements represent the purchase consideration of £2.5 million plus costs of £100,000 which firstly reduce cash balances to nil, and then increase the bank overdraft.

PART VII

ADDITIONAL INFORMATION

1 The Company

- 1.1 The Company was incorporated under the Companies Act 1862 on 16 May 1873 as a limited company with the name The Dental Manufacturing Company Limited and company number 7317. The Company has had a number of name changes. On 1 August 1968 the Company name was changed to Hawtin Industries Limited and on 9 February 1971 it became Hawtin Limited. The Company then re-registered as Hawtin PLC under the Companies Acts 1948 to 1980 on 12 February 1982. The Company is registered in England and Wales.
- 1.2 The Company operates under the Companies Act and the liability of its members is limited.
- 1.3 The Company is the holding company of the group of companies shown in Part II of this document, *Information on Hawtin*.

2 Share capital

- 2.1 The Company's authorised and issued share capital, at the date of this document and immediately following the Acquisition is:

	<i>Authorised</i>		<i>Issued and Fully Paid</i>	
	<i>Number</i>	<i>£</i>	<i>Number</i>	<i>£</i>
Ordinary Shares	90,000,000	4,500,000	71,728,687	3,586,434
Preference Shares	750,000	750,000	548,750	548,750

- 2.2 Mr S.H.P. Morgan holds options over 90,000 Ordinary Shares. These options were granted under the Hawtin PLC Executive Share Option Scheme 1995. The exercise price for 40,000 options is 34.5p per Ordinary Share and for the balance of 50,000 options is 15p per Ordinary Share.

3 Memorandum and Articles of Association

- 3.1 The Company's principal objects and activities are the acquisition of gain by the Company through the purchasing, leasing, renting or otherwise acquiring of any manufacturing or other business or company and any other real or personal property. The objects of the company are set out in full in clause 3 of the Memorandum of Association.
- 3.2 The Articles of Association of the Company contain provisions to the following effect:

(i) *Voting Rights*

Subject to any special rights or restrictions attached to the Ordinary Shares, on a show of hands every member who is present in person (including any corporation represented by proxy or in accordance with the Companies Act) at a general meeting of the Company shall have one vote and on a poll every member who is present in person or by proxy shall have one vote for each Ordinary Share of which he is the holder.

However, the Preference Shares (and any further preference shares created and issued so as to rank *pari passu*) shall not entitle the holders to vote on any resolution other than in relation to winding up the Company or reducing its share capital, (unless at the date of the notice convening the meeting at which such a resolution is to be proposed the dividend on such shares is six months or more in arrears) or to receive notice of or attend any general meeting unless the business at the meeting concerns matters on which they are entitled to vote.

When the arrears of dividend on the Preference Shares are more than 6 months in arrears, the holders of the Preference Shares are entitled to receive notice of and vote at the EGM.

Where in respect of any Shares, any registered holder or any other person appearing to be interested in such Shares fails to comply with any notice given by the Company under section 212 of the Act, then not earlier than 14 days after the service of such notice the shares in question may be disenfranchised.

(ii) *Variation of Rights*

Whenever the share capital is divided into different classes of shares, all or any of the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may be modified, varied, extended, abrogated or surrendered either in such manner (if any) as may be provided by such rights or (in the absence of any such provision) with the written consent of the holders of at least 75 per cent in nominal value of the issued shares of that class or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of such shares. To every separate general meeting of the holders of a particular class of shares the provisions of the Articles relating to general meetings shall (*mutatis mutandis*) apply except that:

- no member shall be entitled to receive notice of such meeting or to attend it unless he is a holder of shares of the class in question and no vote shall be given except in respect of a share of that class;
- the necessary quorum shall be two persons at least present in person and holding or representing by proxy at least one-third in nominal amount of the issued shares of the class in question;
- if any such separate general meeting shall be adjourned by reason of there being no quorum present and at the adjourned meeting a quorum as defined above shall not be present within fifteen minutes after the time appointed for such adjourned meeting, one holder of shares of the class in question present in person or by proxy shall be a quorum;
- any holder of shares of the class in question who is present in person or by proxy and entitled to vote may demand a poll; and
- on a poll every holder of shares of the class in question who is present in person or by proxy shall have one vote for every share of that class held by him.

(iii) *Alteration of Capital*

The Company may from time to time by ordinary resolution, consolidate and divide all or any of its share capital into shares of larger amounts than its existing shares, subdivide its shares or any of them into shares of smaller amounts and cancel any shares not taken or agreed to be taken by any person.

The Company may, by special resolution, reduce its share capital, any capital redemption reserve fund or any share premium account. Subject to and in accordance with the provisions of the Act, the Company may purchase its own shares (including any redeemable shares), this must be sanctioned by an extraordinary resolution of the members.

(iv) *Transfer of Shares*

The Shares in the Company may be certified or uncertified in form. Subject to certain restrictions in the Articles, any member may transfer all or any of his shares by instrument of transfer in the usual common form or in any other form as the board may approve. Subject to the Articles the instrument of transfer shall be signed by or on behalf of the transferor and (in the case of a partly paid share) the transferee. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the Register of Members in respect thereof.

The Directors may in their absolute discretion, and without assigning any reason therefor, refuse to register any transfer of a share:

- if the share is not fully paid up;
- if the Company has a lien on the share;
- if the share is in favour of any person who is an infant, bankrupt or is suffering from mental disorder;
- if a notice has been duly served in respect of that share pursuant to section 212(1) of the Act or any other statutory provision concerning the disclosure of interests in voting shares; and if the share or shares which are the subject of that notice represent in aggregate at least 0.25 per cent of that class of share and if the person on whom the notice was served failed to comply in full to the satisfaction of the Board with the requirements of that notice within the

period for compliance specified in the notice (not being less than 14 days from the date of service) and the information requested by the notice in respect of the share has still not been provided by the Company to the satisfaction of the Board.

The Board may also decline to register any transfer unless the instrument of transfer is duly stamped, is lodged with the Company accompanied by the certificate for the shares and other evidence as the board may require to show the right of the transferor to make the transfer, the instrument is in respect of only one class of share, and the number of holders to whom the share is to be transferred does not exceed four.

(v) *Dividends and other distributions*

The Company may from time to time declare dividends to be paid to the members according to their rights and interests in the profits but no dividend shall be declared in excess of the amount recommended by the Board. The Board may from time to time pay interim dividends if it appears to the Board that they are justified by the profits of the Company. The Board may also pay any fixed dividend half yearly or on any other dates whenever the Board justifies that course.

The Board may retain any dividend if the Company has a lien on the share. The dividend on a share may also be retained if a notice has been duly served in respect of the share pursuant to section 212(1) of the Act or any other provision of the Act concerning the disclosure of interests in voting shares, then provided that the shares concerned represent at least 0.25 per cent in nominal amount of the issued shares of the relevant class and the person on whom the notice has been served fails to comply in full to the requirements of that notice within the period for compliance.

All unclaimed dividends may be invested or otherwise made use of by the Board for the benefit of the Company as they shall think fit until the dividend is claimed or the Company ceases to be liable to retention pursuant to these articles. Any dividend unclaimed after a period of 12 years from the date of declaration shall be forfeited and shall revert to the Company.

The Board may with the sanction of the Company in general meeting offer the holders of ordinary shares in the capital of the Company the right to elect to receive in respect of all or part of their holding of such ordinary shares, additional shares in the Company, credited as fully paid instead of cash in respect of all or part of such dividend and upon such terms and conditions as specified in such ordinary resolution. Offers of such election are to be made by the Board in writing with all necessary details.

(vi) *Constitution of Board of Directors*

The minimum number of directors of the Company shall not be less than three nor more than fifteen, unless and until otherwise determined by ordinary resolution of the Company. No shareholder qualification is required for any director.

(vii) *Retirement of Directors by Rotation*

The Articles contain a provision which excludes section 293(2) Companies Act, therefore there is no requirement for special notice in relation to a resolution when appointing or approving the appointment of a director of the Company who has attained the age of 70.

At every annual general meeting of the Company one third of the directors of the Company or the number nearest to but not exceeding one third (excluding executive directors) shall retire by rotation and be eligible for re-election.

(viii) *Directors fees, remuneration and expenses*

Each of the Directors, other than managing Directors and Directors who are in receipt of remuneration as holders of any other office or place of profit under the Company, shall be entitled to such fee as shall from time to time be determined by resolution of the Board.

(ix) *Permitted interests of Directors*

A Director of a Company may hold any other office or place of profit with the Company (except that of Auditor) in conjunction with his office of Director for such period and upon such terms as the Board may determine and may be paid extra commission.

A director will not vote or be counted in the quorum on any resolution of the Board for his own appointment as a director or other officer or holder of place of profit under the Company. A Director may also hold office as a director or other officer or be otherwise interested in any other company of which the Company is member or in which the Company is otherwise interested and shall not be liable to account to the Company for any remuneration or other benefits received by him from that company.

(x) Restrictions on voting by directors

Save as otherwise provided by the Articles, a Director of the Company shall not vote on any resolution in respect of any contract or arrangement in which he is to his knowledge materially interested and if he shall do so his vote shall not be counted.

A director shall (in the absence of some other material interest than is indicated below) be entitled to vote (and be counted in the quorum) in respect of any resolution of the Directors or of a committee of the Directors relating to any of the following matters namely:

- any contract or arrangement for giving to such Director any security or indemnity in respect of money lent by him or obligations undertaken by him for the benefit of the Company or any of its subsidiaries;
- the giving of any contract or arrangement for the giving by the Company of any security to a third party in respect of a debt or obligation of the Company or any of its subsidiaries which the Director has himself guaranteed or secured in whole or in part;
- any contract or arrangement by a Director to participate in the underwriting or sub-underwriting of shares, debentures or other securities of the Company or any of its subsidiaries;
- any contract or arrangement in which he is interested by virtue of his interest in shares or debentures or other securities of the Company or by reason of his interest in or through the Company;
- any contract with another company in which he or any person connected with him is interested, directly or indirectly, (whether as an officer or Shareholder or otherwise) provided that he and any persons connected with him are not to his knowledge the holder (otherwise than as a nominee for the Company or any of its subsidiary undertakings) of or beneficially interested in one per cent or more of any class of the issued share capital of such company (or of any third company through which his interest is derived) or of the voting rights available to members of the relevant company (any such interest being deemed for the purpose of this Article to be a material interest in all circumstances);
- an arrangement for the benefit of the employees of the Company or any of its subsidiary undertakings which does not award him any privilege or benefit not generally awarded to the employees to whom such arrangement relates; or
- the purchase and/or maintenance of any insurance policy for the benefit of directors or for the benefit of persons including directors.

The Company may by ordinary resolution suspend or relax the provisions of this Article to any extent or ratify any transaction not duly authorised by reason of a contravention of this Article.

(xi) Borrowing Powers

The Board may exercise all powers of the Company to borrow money and to mortgage or charge all or any part of the undertaking property and assets and uncalled capital of the Company and to issue debentures and other securities whether outright or as collateral security for any debt, liability or obligation of the Company or any third party.

The Directors shall restrict the borrowings of the Company and exercise all voting and other rights or powers of control exercisable by the Company in relation to its subsidiaries so as to secure that the aggregate amount for the time being outstanding in respect of borrowings by the Group shall not at any time without the previous sanction of any ordinary resolution of the Company exceed an amount equal to three times the Adjusted Capital and Reserves.

(xii) *Powers of Directors to manage and control the business of the Company*

The business shall be managed by the Board which may exercise all such powers and do all such acts and things as may be exercised or done by the Company and which are not required by statute or the Articles of the Company to be exercised or done in a general meeting.

(xiii) *General Meetings*

Annual General Meetings (AGMs) shall be held once every year and within 15 months of the last AGM. The Board may convene Extraordinary General Meetings (EGMs) whenever it thinks fit. An EGM may also be convened by the appropriate requisition under the Companies Act 1985. AGMs and any EGM called for the passing of a special resolution shall be called on not less than 21 days notice in writing. All other meetings shall be called on not less than 14 days notice in writing. Meetings may be called on shorter notice with the consent of all members entitled to attend and vote, in the case of an AGM, and a majority of the members entitled to attend and vote holding not less than 95 per cent of the shares carrying those rights, in the case of an EGM.

(xiv) *Other*

The Board may establish local boards or agencies for managing the affairs of the Company and may appoint any persons to be members of such local boards or any managers or agents and may fix their remuneration.

The Board may by power of attorney appoint any company firm or person to be the attorney/s of the Company for such purposes and with such powers and authorities.

4. Interests of Directors

4.1 At 22 September 2006, the Directors had the following interests in the Company's Share capital:

	<i>Ordinary Shares</i>	<i>Preference Shares</i>
<i>Director</i>		
R Carlton-Porter	195,000	—
L Dovey	250,000	—
R Hayward	21,500,000	—
A Woodhouse	475,000	—
S Morgan	—	—

4.2 The Directors are, or have been, directors or partners of the following companies or partnerships in the five years immediately preceding the date of this document:

<i>Director</i>	<i>Current</i>	<i>Past</i>
R Carlton-Porter	Hawtin PLC Barkwest Limited Brunswick Mansford (Swansea) Limited Brunswick (Swansea) Limited Breakwater Limited Brunswick Mansford (Swansea) (Phase II) Ltd Cabot Investments Limited Carlton Real Estates Developments Ltd City Cinemas (Newport) Limited Deanfind Limited Discfind Limited Edger 239 Limited First London Estates Limited First London Group Properties Limited First London Group Holdings Limited First London Investments Limited Harley Street International Limited Hemisphere Properties Limited Ipcourt Limited Kingswood School Trustees Limited Kingswood School Development Fund	25 Grosvenor Place Management Company Ltd Aram Resources PLC Newport Holdings Limited Newport (Brynmawr) Limited Newport (Dundee) Limited Newport (Watford) Limited Newport (Swansea) Limited Newport (Leeway) Limited Newport (Llantrisant) Limited Newport (Oban) Limited Newport (Jersey) Limited Newport Albert Buildings Limited Unite Integrated Solutions plc ROK Property Solutions plc The Treasure Tag Foundation Treasure Tags Limited

<i>Director</i>	<i>Current</i>	<i>Past</i>
	Lansdown Consultants Limited LCL Properties Limited Letchworth Garden Properties Limited Longspan Ltd Michelmarsch Brick Holdings PLC Onestate Ltd Pondset Limited Pennefather Properties Limited Staplebrook Investments Limited Streatco 268 Limited Topshape Limited Totsbridge Limited Tourone Limited Tidy Tray Limited 23a Park Street (Bath) Management Limited Wing Properties Limited	
L Dovey	Hawtin PLC Norfleet Properties (Holdings) Limited Purabuild Limited Hawtin Park Developments Limited Certainfacts Limited Central City Motor Company Ltd Dovey Estates Limited Dolphin Management Limited Dovey Holdings South Wales Limited Detailsection Limited Pan Maritime Limited Power Units (1953) Ltd Port Securities Ltd Port Properties (South Wales) Ltd Sevco 1252 Limited Sevco 1253 Limited T.S. Grimshaw Ltd – struck off T.S. Energy Services Ltd Windway Securities Limited Westrise Property Developments Limited	Ravfox Limited
R Hayward	Hawtin PLC Norfleet Properties (Holdings) Limited Purabuild Limited Hawtin Park Developments Limited Boathold Limited Bolwell & Hayward Limited Bolwell & Hayward Properties Limited Brunswick Mansford (Swansea) Limited Brunswick Mansford (Swansea) (Phase II) Limited Brunswick (Swansea) Limited Edger 239 Limited K & R Property Holdings Limited Mintblue (Cwmbran) Limited Mintblue Properties Limited Mintblue Property Developments Limited	–

<i>Director</i>	<i>Current</i>	<i>Past</i>
	Phoneray Limited Tiger Bay Investments Limited Wiltshire Property Investments Limited	
A Woodhouse	Hawtin PLC Norfleet Properties (Holdings) Limited Purabuild Limited Hawtin Park Developments Limited Barclay Leisure Limited Beechwood UK Limited Cheadlebridge Properties Limited Tokenpanel Limited Buseness Trading Co Limited Hamsard 2353 Limited	The Peacocks Group PLC Peacocks Stores Limited Peacocks of Cardiff Limited Peacocks Stores (Management) Limited Peacocks (Nantgarw) Limited John Jones (Ago Wear) Limited Dorsman Estates Co Limited Milletts (Camping and Countrywear) Limited Milletts of St Albans (Management) Limited MJB Properties (Redbourn) Limited Intrepid (Camping and Leisurewear) Limited Mapec Properties Limited Cardiff City Retail Partnership Limited A & N Properties Limited Three Arches Services Limited Bonusball Limited Antonal Limited
S Morgan	Hawtin PLC	–

- 4.3 Save as disclosed in paragraph 4.4 below, at the date of this document, none of the Directors has:
- any unspent convictions in relation to indictable offences;
 - had any bankruptcy order made against him or entered into any voluntary arrangements;
 - been a director of a company which has been placed in receivership, compulsory liquidation, creditors voluntary liquidation or administration, or been subject to a voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors, whilst he was a director of that company or within the 12 months after he had ceased to be a director of that company;
 - been a partner in any partnership which has been placed in compulsory liquidation or administration or been the subject of a partnership voluntary arrangement whilst he was a partner in that partnership or within the 12 months after he ceased to be a partner in the partnership;
 - been the owner of any asset which has been placed in receivership or a partner in any partnership which has been placed in receivership whilst he was a partner in that partnership or within the 12 months after he ceased to be a partner in that partnership;
 - been publicly criticised by any statutory or regulatory authority (including recognised professional bodies); or
 - been disqualified by a court from acting as a director of any company or from acting in the management or conduct of the affairs of a company.
- 4.4 Richard Hayward was a director of two companies, Pontypool Builders Merchants Limited and Ifton Builders Merchants Limited, both of which went into insolvent liquidation on 9 November 1994, with estimated deficiencies as regards creditors of £185,384 and £19,805 respectively. Pursuant to a Court Order made on 5 September 1997, Mr Hayward was prohibited from being a director of a company prior to 5 March 2001 as a result of his conduct in the management of these companies.

Richard Hayward was a director of Dan-y-Derwen Consultants Limited (“DDC”) which entered into a corporate voluntary arrangement on 1 May 1996. Mr Hayward ceased to be a director of DDC on 5 September 1997.

On 7 June 1996, Richard Hayward entered into an individual voluntary arrangement (“IVA”) with a small number of creditors. The IVA was successfully completed on 10 April 2003.

4.5 The following are details of the terms of employment of the Directors.

Mr Carlton-Porter is Non-executive Chairman of the Company and also of the remuneration and audit committees. He is appointed on a one year rolling basis with an annual salary of £25,000. He receives no other benefits.

Mr Dovey is Deputy Chairman of the Company and is also a member of the audit and remuneration committees. He was first appointed to the Board in 1971 and has no formal contract of employment. His annual salary is £25,000. He receives no other benefits.

Mr Hayward was appointed on 23 February 2006 as Chief Executive of the Company on a one year rolling basis. He is paid an annual salary of £25,000 and receives no other benefits.

Mr Morgan was appointed on 17 July 2003 and has a one year rolling contract. He is paid an annual salary of £76,875. He also receives a car transport allowance, private medical insurance and a contribution to his pension scheme.

Mr Woodhouse is presently employed as an Executive Director of the Company. He has a one year rolling contract, is paid an annual salary of £25,000 and receives the benefit of private medical cover.

5. Major Shareholders

5.1 As of 22 September 2006, the Company was aware of the following interests in 3 per cent or more of the Company’s issued ordinary share capital:

<i>Ordinary Shareholder</i>	<i>Number of Ordinary Shares</i>	<i>% of issued Ordinary Share capital</i>
Gracelands Investments Limited *	21,500,000	29.97
The Fernback Family & Pension Scheme	8,142,183	11.35
C.J. Hazell	3,800,000	5.30

* Mr R.L. Hayward, a director of the Company, is deemed to have an interest in the shareholding of Gracelands Investments Limited. This shareholding is included in the interests of Mr Hayward given in paragraph 4.1 above. The nature of Mr Hayward’s interest in Gracelands is explained in Part II of this document, *Information on Hawtin*

5.2 As of 22 September 2006, the Company was aware of the following interests in 3 per cent or more of the Company’s issued Preference Shares:

<i>Preference Shareholder</i>	<i>Number of Preference Shares</i>	<i>% of issued Preference Shares</i>
The Investment Co. Ltd	268,149	48.87
Judith M. Allen	187,448	34.16
Peter S. Allen	50,700	9.24
Union Pension Trust Limited	20,000	3.64

The Company’s major shareholders do not have different voting rights to any other holder of Ordinary Shares or Preference Shares.

5.3 The provisions of Part VI of the Companies Act 1985 apply in relation to the ownership threshold above which shareholder ownership must be disclosed.

6. Material Contracts

The following material contracts (not being contracts entered into in the normal course of business) have been entered into by the Group, or a member of the Group in the 2 years preceding the date of this document.

6.1 The Acquisition

Subject to the approval of Shareholders at the EGM, Hawtin has agreed to acquire 75 per cent of the subsequently enlarged issued share capital of Crown for a consideration equal to 75 per cent of the net asset value of Crown. The Vendors, Guinevere Holdings and Channel Hotels each own 37.5 per cent of

Crown's issued share capital. Guinevere Holdings is a company registered in the British Virgin Islands and is 100 per cent owned by the Montpelier Trust (a Jersey based discretionary trust of which Richard Hayward is a potential beneficiary).

The sale agreement is subject to warranties and indemnities that are usual in transactions of this nature and include an indemnity in respect of any taxation arising in Crown prior to completion of the sale. The Vendors will not be subject to any non-competition provisions; such provisions are not considered necessary or usual in a transaction of this nature.

The consideration, due to be paid by Hawtin, currently estimated at £4.65 million, will be payable as to £3.65 million in cash at Completion. The outstanding balance of £1 million will be deferred until Hawtin completes an intended increase in the debt finances in Crown, or until 2 years after Completion, whichever occurs first. The deferred consideration will earn interest at AIBC base rate plus 1.5 per cent.

The remaining 25 per cent of the issued share capital of Crown will be owned by Tribeca under the arrangements referred to below.

6.2 Option Agreement with Tribeca

Hawtin has agreed to enter into an option agreement with Tribeca pursuant to which, if the Acquisition is approved by the Shareholders at the EGM, Tribeca can, at its option, elect to exchange all of its 25 per cent shareholding in Crown for Ordinary Shares in Hawtin at a value equal to 25 per cent of the net asset value of Crown on the date of exercise of the option but subject to a minimum value of £1.55 million (or a pro-rata amount if the option is partially exercised) (the 'Option').

The Option is exercisable at any time prior to March 2008 at a price of 20p per Hawtin Ordinary Share (or at such lower price per Share if Hawtin issues any additional new Ordinary Shares prior to the date of exercise of the Option at a price below 20p per Ordinary Share). Exercise of the Option in full, would result in the issue of approximately 7,625,000 new Hawtin Ordinary Shares to Tribeca on the basis of the current net asset value of Crown. On the assumption that no other new Ordinary Shares are issued by Hawtin at a price below 20p per Ordinary Share between the date of this circular and the issue of the new Ordinary Shares, the issue of these new Ordinary Shares would result in Tribeca owning approximately 10.6 per cent of the enlarged issued Ordinary Shares of Hawtin.

The Option agreement refers to certain actions which Hawtin will not undertake without the prior written consent of Tribeca. These include distribution of capital profits or capital reserves other than by way of a capitalisation issue of ordinary shares, issue of securities by way of capitalisation of profits or reserves except fully paid ordinary shares, variation of rights attaching to ordinary Shares and creating or issuing existing shares ranking ahead of the ordinary shares.

6.3 Shareholder Agreement with Tribeca

Hawtin has agreed to enter into a shareholders agreement with Tribeca in relation to Crown Investments and the shares in Crown Investments. The shareholders agreement contains certain matters which Crown will not undertake without the prior written consent of Tribeca. These matters are the issue of further shares or options in Crown, variation of the rights attaching to shares in Crown or its memorandum or articles of association, the reduction of Crown's share capital, the entry into agreements other than on arms length terms, granting any interests in The Millennium Plaza prior to 5 May 2007, borrowing or varying the terms of borrowing, making advances, granting guarantees or security, winding up Crown, declaring or paying dividends, acquiring any further assets or carrying out any reorganisation.

The shareholders agreement also contains a right for either Hawtin or Tribeca to serve notice on Crown requiring it to sell The Millennium Plaza. Following the service of such a notice Crown shall seek to sell The Millennium Plaza on arms length terms on the open market for the best price reasonably obtainable. If The Millennium Plaza is not sold within 6 months then Crown shall appoint an insolvency practitioner to sell The Millennium Plaza. Tribeca's right to serve such notice will fall away in the event that Tribeca holds less than 10 per cent of the issued share capital of Crown.

Following a sale of The Millennium Plaza the proceeds of the sale will be distributed in accordance with Crown's Articles of Association.

6.4 Crown currently has banking facilities with Anglo Irish Bank Corporation PLC (“AIBC”). The current lending arrangements will remain in place following Completion, but the security, currently provided to AIBC will be replaced by security provided by Hawtin. At Completion, Hawtin will provide AIBC with a charge over its shares in Crown and a guarantee limited to £3 million (together with interest and costs).

6.5 Rental Guarantee Agreements

Crown has or will at completion of the Acquisition have the benefit of rent guarantees provided by Delancey Estates Limited (“Delancey Estates”) and the Vendors.

The guarantees provided by Delancey Estates cover:

- In relation to the lease of the cinema, the difference between the rent actually paid and the sum of £850,000 per annum (subject to a maximum payment of £125,000 per annum). This amount is payable for the period up to and including 24 December 2007 or (if earlier) determination of the lease of the cinema.
- In relation to Unit 2 at the Millennium Plaza, the annual sum being the difference between the rent actually received for Unit 2 and the sum of £80,000. This amount is payable until 8 May 2008 or (if earlier) the date on which Unit 2 is let at a rent equalling or exceeding £80,000 per annum. Crown is under obligations to use all reasonable endeavours to let Unit 2 as soon as possible at the best rent reasonably obtainable in the open market without payment of a fine or premium and at reasonable levels of service charge and on terms acceptable to Crown acting reasonably. Crown is to keep Delancey Estates fully informed of all discussions relating to the letting of Unit 2. Payments under the guarantee are to be made on each quarter day or (if later) ten working days after service by Crown of a certificate upon the guarantor certifying the rents payable by the tenants of Unit 2 and the cinema.
- In relation to Unit 3 of the Millennium Plaza known as the Focus Unit the rental income of £422,000 per annum. The lease relates to part of the ground floor and part of the lower ground floor of the premises (known as Unit 3) and the leaseholder is Focus On Cardiff Limited (“Focus”). The current rent under the lease is £422,000 per annum. The guarantee is for a maximum amount of £1,055,000 (and the Directors believe that £738,500 remains available) and will subsist until the earlier of the following dates: 8 May 2008; or the date on which payments under the guarantee reach the maximum amount; or the date on which the unit is open for trade and substantially fitted out by Focus on Cardiff Limited; or the date on which the unit is let and generating rents equal to or exceeding £422,000 per annum. If the Company subsequently receives any money from the tenant of the Focus unit it must repay these to the guarantor. The Company covenants to use all reasonable endeavours to let the Focus unit as soon as possible at the best rent reasonably obtainable in the open market and to keep the guarantor fully informed of all discussions relating to the letting of the unit. The guaranteed rent of £422,000 per annum will be reduced by any income generated by the unit.

The Vendors guarantee is in similar terms to the guarantee of Unit 2 and Unit 3, but is payable until 8 May 2009.

6.6 Hawtin has entered into several other property transactions within the past 2 years. The Board believes that none has been exceptional in any particular way and that each, therefore, has been entered into in the normal course of business. The details of the Acquisition are given above due to (for Hawtin) the abnormally large size of the transaction.

7. Related Party Transactions

Save as set out in this section, the Board is aware of no related party transactions during its current financial year or in the immediately previous financial year.

The Acquisition will constitute a related party transaction for Hawtin because the sellers of the Sale Shares, namely Channel Hotels and Guinevere Holdings, are associated respectively with David Kirch and Richard Hayward, who through their interests in Gracelands Investments are substantial Shareholders in Hawtin. In addition, Mr Hayward is the managing director of Hawtin.

8. United Kingdom taxation

The following statements are intended as a general guide only to the position under current United Kingdom legislation and what is understood to be HM Revenue & Customs (“HMRC”) practice as at the date of this document and relate only to certain limited aspects of the United Kingdom taxation position of Shareholders who are resident or ordinarily resident in the United Kingdom for tax purposes and who beneficially hold their shares as investments (otherwise than under a Personal Equity Plan (“PEP”) or an Individual Savings Account (“ISA”)).

Any Shareholder who is in doubt as to their tax position, or who is subject to tax in a jurisdiction other than the United Kingdom, is strongly recommended to consult their professional advisers.

Taxation on dividends

No tax is withheld at source from dividend payments made by the Company.

Individuals resident in the UK for taxation purposes are generally liable to income tax on the aggregate amount of any dividend received and a tax credit equal to 10 per cent of the gross dividend (or one-ninth of the dividend received). For example, on a dividend received of £90, the tax credit would be £10, and an individual would be liable to income tax on £100. No further income tax is payable in respect of the dividend by UK resident individuals who are not liable to income tax at the higher rate taking into account receipt of the dividend (currently 40 per cent). UK resident individuals who are subject to tax at the higher rate are subject to tax on dividends at the rate applicable to dividends (currently 32.5 per cent) but are entitled to offset the 10 per cent tax credit against such liability. For example, on a dividend received of £90 such a taxpayer would have to pay additional tax of £22.50 (representing 32.5 per cent of the gross dividend less the 10 per cent credit). For this purpose, dividends are treated as the top slice of an individual’s income.

Trustees of discretionary trusts, liable to account for income tax at the rate applicable to trusts, will be liable to tax at the Schedule F Trust rate (currently 32.5 per cent). The trustees will be entitled to the same tax credit as individuals resident in the UK and, as for individuals resident in the UK, to offset this against the income tax payable on the dividend.

Subject to exceptions for certain insurance companies and companies which hold shares as trading stock, a Shareholder that is a company resident (for tax purposes) in the United Kingdom and that receives a dividend paid by the company will not be liable to corporation tax or income tax on the dividend.

Shareholders who are resident in countries other than the UK are not generally entitled to claim any part of the tax credit, subject to certain specific exemptions. Shareholders not resident in the UK should consult their own tax adviser on the application of such provisions and the procedure for claiming relief.

9. Employees

The number of persons, including directors, employed by the Group as enlarged by the Acquisition will be as follows:

	<i>Directors</i>	<i>Employees</i>	<i>Total</i>
Hawtin	5	1	6
Crown	2	–	2
Total	<u>7</u>	<u>1</u>	<u>8</u>

10. Working capital

The Directors are of the opinion, having made due and careful enquiry, that the working capital available to the Group as enlarged by the Acquisition will be sufficient for its present requirements, that is, for at least twelve months from the date of Admission.

11. Litigation and arbitration proceedings

No member of the Group as enlarged by the Acquisition is or has been involved in any governmental, legal or arbitration proceedings during the twelve months preceding the date of this document, which may have, or have had significant effects on the Group’s financial position or profitability and, so far as the Directors are aware, there are no such proceedings pending or threatened against any member of the Group.

12. Significant changes

Other than as disclosed in this document, there has been no significant change in the financial or trading position of the Group as enlarged by the Acquisition since 31 December 2005, being the end of the last financial period for which audited financial information has been produced for Hawtin.

13. Corporate governance

As an AIM company, Hawtin is not required to comply with the FRC Combined Code. However, the Board seeks to apply the principles of good governance that it has established over many years. The Company considers that it has an effective, balanced Board which meets regularly to consider the performance of the Group, deliberate on investment and strategic matters and evaluate the risks of the business. Further details of the Company's corporate governance regime are set out in the Company's Annual Report and Accounts 2005, which is available for inspection.

14. Environmental Issues

The Board is not aware of any environmental issues that may affect Hawtin's ability to utilise its tangible fixed assets.

15. Consents

Brewin Dolphin Securities, Donaldsons and Fletcher Morgan have given and not withdrawn their written consents to the inclusion in this document of references to their names in the terms and contexts in which they appear.

16. Documents available for inspection

Copies of the following documents will be available free of charge at the offices of Eversheds LLP, Senator House, 85 Queen Victoria Street, London, EC4V 4JL (Ref: NM/PL (Cdff)) during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) for the period from the date of this document until one month from the date of Admission:

- (i) the reports and accounts of Hawtin for the 3 financial years ending 31 December 2005;
- (ii) reviews of valuations, dated 23 August 2006, by Donaldsons, Chartered Surveyors, on properties at Portsmouth and Bodmin;
- (iii) the valuation report, dated 23 August 2006, by Donaldsons, Chartered Surveyors of The Millenium Plaza, together with the appendices thereto;
- (iv) the valuation report, dated February 2006, by Fletcher Morgan, Chartered Surveyors of a property at Abercynon;
- (v) the memorandum and articles of association of the Company; and
- (vi) the agreements for the Acquisition, the Option and the shareholders agreement between the Company, Tribeca and Crown, as further described in paragraphs 6.1, 6.2 and 6.3 of Part VII.

17. Availability of admission document

Copies of this document will be available to the public during normal business hours on any weekday (Saturdays and public holidays excepted) free of charge from Brewin Dolphin Securities, 12 Smithfield Street, London EC1A 9BD, Brewin Dolphin Securities, Sutherland House, Castlebridge, Cowbridge Road East, Cardiff, CF11 9BB and on the Company's website at www.hawtin.co.uk, for a period of one month from the date of this document.

25 September 2006

HAWTIN PLC

(Registered in England and Wales No 7317)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of the Company will be held at Eversheds, 1 Callaghan Square, Cardiff CF10 5BT on 11 October 2006 at 10.00 a.m. for the purposes of considering and, if thought fit, passing the following Resolutions which will be proposed as Ordinary Resolutions:

ORDINARY RESOLUTIONS

1. THAT the acquisition by the Company of 75 per cent of the issued share capital of Crown Investments Limited pursuant to the terms and conditions of a sale and purchase agreement dated 22 September 2006 between the Company (1), Channel Hotels and Properties Limited (2) and Guinevere Holdings Limited (3) (the "Sale Agreement"), details of which are contained in the Circular to Shareholders dated 25 September 2006 (copies of the said Circular and Sale Agreement having been produced to the meeting and initialled by the Chairman for the purposes of identification), be and is hereby approved and that the directors of the Company be and are hereby authorised to do all acts and things which they may consider necessary or desirable to complete the said acquisition pursuant to the terms of the Sale Agreement.
2. THAT subject to the approval of the acquisition referred to in resolution (1), the terms and conditions of a conditional option agreement dated 22 September 2006 and made between the Company and Tribeca Property Cardiff No 2 Limited ("Tribeca") (the "Option Agreement") (a copy of the Option Agreement having been produced to the meeting and initialled by the Chairman for the purpose of identification) pursuant to which Tribeca may, upon exercise of the option, require the Company to acquire the 25 per cent of the issued share capital of Crown Investments Limited ("Crown") beneficially owned by Tribeca, be and is hereby approved and that the directors of the Company be and are hereby authorised to do all acts and things which they may consider necessary or desirable to complete the Option Agreement, including the issue and allotment to Tribeca (or as it may direct) of such number of new ordinary shares of 5p each in the capital of the Company as shall be equivalent to 25 per cent of the net asset value of Crown as at the date of exercise of the option granted under the Option Agreement (subject to a minimum value of £1.55 million), each share being allotted at a price of 20p (or if any new ordinary shares are issued between the date of the Option Agreement and exercise of the option thereunder at a price of less than 20p per ordinary shares, the lowest such price per ordinary share) and credited as fully paid.
3. THAT pursuant to Section 320 Companies Act 1985 (as amended), the acquisition by the Company of 75 per cent of the issued share capital of Crown Investments Limited pursuant to the terms and conditions of a Sale and Purchase Agreement dated 22 September 2006 between the Company (1), Channel Hotels and Properties Limited (2) and Guinevere Holdings Limited (3), being a contract with a party connected to a director, namely Richard Hayward, be and is hereby approved.

Registered Office
Beechwood House
Greenwood Close
Cardiff Gate Business Park
Cardiff
CF23 8RD

By Order the Board
S.H.P. Morgan
Secretary

25 September 2006

Notes:

1. Only persons entered on the registers of members of shares and preference shares of the Company on 9 October 2006 or on the second day prior to the date of any adjournment of the meeting shall (if otherwise entitled to do so) be entitled to attend and vote at the meeting or any adjournment. This is in accordance with regulation 41 of the Uncertificated Securities Regulations 2001.
2. A holder of ordinary shares or preference shares of the Company entitled to attend and vote at the above meeting may appoint one or more proxies to attend and, on a poll, vote instead of him or her. A proxy need not be a member of the Company and the appointment of a proxy will not prevent the member from attending and voting in person at the meeting should he/she so wish.
3. A form of proxy accompanies this notice. To be valid, the form of proxy and any power of attorney or other authority under which it is signed must be lodged with the Company's registrars, no later than 48 hours before the time for which the meeting is convened.
4. Holders of preference shares are entitled to attend or vote at the meeting convened by this notice.
5. Holders of share options are not entitled to attend or vote at the meeting convened by this notice, in respect thereof.

