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The Directors, whose names appear on page 4 of this document, accept responsibility for the information contained in this document (save for the information on the Concert Party). To the best of the knowledge and belief of each of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document (save for the information on the Concert Party) is in accordance with the facts, and makes no omission likely to affect the import of such information.

Richard Hayward and David Kirch accept responsibility for the information on the Concert Party contained in this document. To the best of the knowledge and belief of each of Richard Hayward and David Kirch (who have taken all reasonable care to ensure such is the case) the information contained in this document on the Concert Party is in accordance with the facts and makes no omission likely to affect the import of such information.

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# **HAWTIN PLC**

*(Incorporated and registered in England and Wales with Registered No. 7317)*

## **Notice of Extraordinary General Meeting regarding the acquisition of certain investment properties from Guinevere Holdings Limited and the associated approval of the waiver granted by The Panel on Takeovers and Mergers**

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Seymour Pierce Limited, which is regulated by the Financial Services Authority, is acting as financial adviser exclusively for the Company in connection with the above and is not acting for any other person and will not be responsible to any other person for providing the protections afforded to customers of Seymour Pierce Limited or for advising any other person in connection with the above.

Notice of an Extraordinary General Meeting of Hawtin to be held at Eversheds LLP, 1 Callaghan Square, Cardiff CF10 5BT at 11:00 a.m. on 25 July 2007 is set out at the end of this document. A Form of Proxy for use at the meeting is attached and should be returned as soon as possible and in any event so as to be received by 11:00 a.m. on 23 July 2007 being 48 hours before the time appointed for the holding of the meeting.

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## DEFINITIONS

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

“Acquisition”	the acquisition of four investment properties from Guinevere
“Acquisition Agreement”	the agreement, further details of which are set out in Appendix Four of this document, the terms of which govern the sale and purchase of the Acquisition
“Act” or the “Companies Act”	the Companies Act 1985
“AIM”	the AIM market operated by the London Stock Exchange plc
“AIM Rules”	the rules of AIM
“Board” or “Directors”	the directors of the Company
“CHAPS”	Channel Hotels and Properties Limited
“Code”	the City Code on Takeovers and Mergers
“Company” or “Hawtin”	Hawtin PLC
“Completion”	completion of the Acquisition
“Concert Party”	Richard Hayward, David Kirch, Gracelands, CHAPS, Guinevere and Montpellier Trust
“Consideration Shares”	the 11,111,111 new Ordinary Shares to be issued as part of the consideration for the Acquisition
“Convertible Loan Notes” or the “Loan Notes”	the convertible loan note of up to £3.45 million to be issued as part of the consideration for the Acquisition
“Existing Ordinary Shares”	the existing issued Ordinary Shares
“Extraordinary General Meeting” or “EGM”	the extraordinary general meeting of the Company to be held at Eversheds LLP, 1 Callaghan Square, Cardiff CF10 5BT at 11:00 a.m on 25 July 2007, (or any adjournment thereof), notice of which is set out at the end of this document
“Form of Proxy”	the form of proxy for use by Shareholders in connection with the EGM, which accompanies this document
“Gracelands”	Gracelands Investments Limited, a Jersey based company
“Group”	Hawtin, its subsidiaries and associated undertakings
“Guinevere” or “Guinevere Holdings”	Guinevere Holdings Limited, a BVI based company
“Independent Directors”	the Directors other than Richard Hayward
“Independent Shareholders”	the Shareholders other than the members of the Concert Party
“Noteholders”	holders of Loan Notes
“Ordinary Shares”	the ordinary shares of 5p each in the capital of the Company
“Panel”	The Panel on Takeovers and Mergers
“Preference Shares”	the 6.5 per cent. preference shares of £1 each in the capital of the Company
“Resolutions”	the resolutions to be put to Shareholders at the Extraordinary General Meeting
“Shareholders”	holders of Existing Ordinary Shares and Preference Shares

## LETTER FROM THE CHAIRMAN OF HAWTIN

# Hawtin PLC

*(incorporated and registered in England and Wales with registered number 7317)*

*Directors:*

Robert Carlton-Porter, *Non Executive Chairman\**  
Richard Hayward, *Chief Executive*  
Stephen Morgan, *Finance Director\**  
Anthony Woodhouse, *Executive Director\**

*\*Independent Director*

*Registered Office:*

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

29 June 2007

*For the attention of holders of Ordinary Shares and Preference Shares*

Dear Shareholder,

### **INTRODUCTION**

Your Board is pleased to announce that terms have been agreed for the conditional acquisition of four investment properties from Guinevere Holdings Limited. The aggregate consideration for the Acquisition is a total of £6.45 million to be satisfied by the payment of £1 million in cash, 11,111,111 new Ordinary Shares to be issued at 18p per Ordinary Share and £3.45 million in Convertible Loan Notes which are convertible into Ordinary Shares at 18p per Ordinary Share. The Company will also be assuming £8.65 million of debt, together with £86,500 in early redemption fees, relating to the properties.

As a result of the issue of the Consideration Shares and Convertible Loan Notes as consideration, Richard Hayward and others deemed acting in concert with him, will become interested in more than 30 per cent. of the Company's issued voting share capital which, as Hawtin is a company subject to the Code, would, pursuant to Rule 9 of the Code, ordinarily result in the Concert Party having to make an offer to acquire the remainder of the Ordinary Shares not owned by it. However, as described in further detail below, the Panel has granted a waiver of this obligation subject to the approval of the Independent Shareholders.

The purpose of this document is to set out details of the Acquisition and to explain why your Board considers it to be in the best interests of the Company and Shareholders as a whole to seek Shareholder approval of the Acquisition and the waiver granted by the Panel in respect of the Acquisition.

### **BACKGROUND TO AND REASONS FOR THE PROPOSALS**

Since 2002, Hawtin has evolved from primarily being a manufacturer and distributor of fitness and leisure equipment listed on the Official List of the London Stock Exchange, to its present status as an AIM listed property investment company. The transfer of Hawtin's Ordinary Shares from the Official List to AIM was completed in May 2004 and was accompanied by a strategic shift in direction to rebuild Hawtin as a property investment company. This remains the Board's objective and, since 2004, the Company has engaged in a number of transactions to realise this.

In October 2006, Hawtin completed the acquisition of 75 per cent. of the issued ordinary share capital of Crown Investments Limited, a private company whose sole asset was The Millennium Plaza leisure and entertainment complex in Cardiff, for a cash consideration of £3.7 million and a further £1 million of deferred consideration.

In the circular to Shareholders dated 25 September 2006 in connection with that transaction, the Chairman stated that the Group's strategy was to acquire "income generating properties to be held over the medium-to-long term". The Millennium Plaza represented such an acquisition and the Board also believed that the investment offered opportunities for income enhancement and capital appreciation through the letting of vacant areas, careful asset management and through development of the current let areas. The annual rental

income of the Millennium Plaza of £1,832,145 was two and a half times the Group's annual income at the time of its acquisition and the market value of the Millennium Plaza was approximately 300 per cent. of the capital value of the then existing investment properties.

Since that date, the Group has:

- completed the purchase of another investment property at Abercynon, South Wales for £2.5 million;
- taken a 50 per cent. share in an LLP joint venture that has acquired the former Champion Spark Plugs factory on the Wirral for £6.2 million; and
- exchanged contracts to purchase an investment property at Abercanaid, South Wales for £3.9 million. Completed on 5 June.

Clearly the Group is intent on growing the asset base and its income streams. The properties that the Group is proposing to purchase from Guinevere continue that strategy. They comprise a portfolio that brings existing income streams, and some vacant area that will, if let, further increase rental income and capital value.

### **DETAILS OF THE ACQUISITION**

The Company is proposing to acquire four property assets, which have been independently valued by Allsops at £14.85 million, from Guinevere. The consideration for the Acquisition is an initial £6.2 million and in addition, the Company will assume the current debt on those properties of £8.65 million, together with £86,500 in early redemption fees, which it will re-finance shortly after completion. The initial £6.2 million consideration will be satisfied by a payment of £1 million in cash, the issue of 11,111,111 Consideration Shares (to be issued at a value of 18p per Ordinary Share) and the issue of £3.2 million of Convertible Loan Notes. Further details of the terms of the Acquisition Agreement are set out in paragraph 4 of Appendix Four.

Further consideration will be payable by Hawtin to Guinevere under the Acquisition Agreement in the form of £250,000 Convertible Loan Notes. The further consideration is conditional upon Unit 1 of the property to the east of Newport Road in Blackwood being let (and income producing) in accordance with the terms of the Acquisition Agreement.

The Convertible Loan Notes will carry interest at 6.5 per cent. per annum payable quarterly in arrears and be redeemed by Hawtin, if not converted, on the earliest of (i) the sale of 50 per cent. or more of the Ordinary Shares to any buyer other than a member of the Concert Party and (ii) the fifth anniversary of its issue. At the option of the Noteholders, the Convertible Loan Notes may be converted into Ordinary Shares in minimum tranches of 500,000 Ordinary Shares at a price of 18p per Ordinary Share. The Convertible Loan Notes will be unsecured. Further details of the terms of the Convertible Loan Notes are set out in paragraph 6 of Appendix Four.

Application will be made for the admission of the Consideration Shares to trading on AIM and dealings are expected to commence following completion of the Acquisition.

A full summary of the properties to be acquired is included in the Allsop summary valuation report in Appendix Two of this document.

### **RELATED PARTY TRANSACTION**

Because Guinevere is owned and controlled by a Director of the Company, the acquisition is deemed a related party transaction pursuant to the AIM Rules. The Independent Directors consider, having consulted with the Company's nominated adviser, Seymour Pierce Limited, that the terms of the Acquisition are fair and reasonable insofar as Shareholders are concerned.

## **THE CITY CODE ON TAKEOVERS & MERGERS**

The issue of the Consideration Shares and the Convertible Loan Notes give rise to certain considerations under the Code. Brief details of the Panel, the Code and the protections they afford to Shareholders are described below.

The Code is issued and administered by the Panel. Hawtin's Shareholders are entitled to the protections afforded by the Code.

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

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

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

On the issue of the Consideration Shares, the Concert Party will be interested in 32,611,111 Ordinary Shares which will represent 39.37 per cent. of the enlarged issued voting Ordinary Share capital of the Company. On conversion by Guinevere of the Convertible Loan Notes in full, the Concert Party would be interested in a total of 51,777,777 Ordinary Shares which would represent 50.76 per cent. of the enlarged issued voting Ordinary Share capital of the Company.

The Panel has agreed however to waive the obligation of the Concert Party to make a mandatory offer that would otherwise arise as a result of the issue of the Consideration Shares and the full conversion of the Convertible Loan Notes, subject to the approval of Independent Shareholders. Accordingly, Resolution 5 is being proposed at the Extraordinary General Meeting, and will be taken on a poll. The Concert Party are precluded from voting on this resolution.

**On issue of the Consideration Shares, the Concert Party will be interested in Ordinary Shares representing 30 per cent. or more of the Company's voting Ordinary Share capital but will not hold Ordinary Shares carrying more than 50 per cent. of such voting Ordinary Share capital and any further increase in that interest in Ordinary Shares will be subject to the provisions of Rule 9, other than the conversion of the Convertible Loan Notes into Ordinary Shares.**

**On the assumption that the Company's Ordinary Share capital has not increased in the meantime, on conversion by Guinevere of the Convertible Loan Notes in full the Concert Party will hold more than 50 per cent. of the Company's voting Ordinary Share capital and may accordingly increase its interest in Ordinary Shares without incurring any obligation under Rule 9 to make a general offer.**

**However, the Panel should be consulted before any individual member of the Concert Party increases their shareholding through 30 per cent. or if such holding is already more than 30 per cent., but not more than 50 per cent., before any increase in such holding.**

The Directors have confirmed that the business of the Company will continue in substantially the same manner as at present with no major strategic changes. The Directors have confirmed that the existing employment rights, including the pension rights, of all employees of the Company will be maintained. The Directors intend that the Company's head office will move to offices at The Former Castleton Baptist Chapel, Newport Road, Castleton, Cardiff, CF3 2UR. The Directors have further confirmed that there is no current intention to re-deploy the Company's fixed assets.

## **EXTRAORDINARY GENERAL MEETING**

At the EGM, resolutions will be proposed to approve the waiver from the Panel referred to above of the obligation for the Concert Party to make a general offer to holders of Ordinary Shares under Rule 9 of the Code which would otherwise arise as a result of the issue of the Consideration Shares and conversion in whole or in part of the Convertible Loan Notes.

## **ACTION TO BE TAKEN**

A Form of Proxy is enclosed for use by Shareholders at the Extraordinary General Meeting. Whether or not Shareholders intend to be present at the Extraordinary General Meeting they are asked to complete, sign and return the Form of Proxy to the Company's registrars, Computershare Investor Services plc, PO Box 82, The Pavilions, Bridgwater Road, Bristol BS99 1XZ as soon as possible but in any event so as to arrive no later than 11:00 am on 23 July 2007. The completion and return of a Form of Proxy will not preclude Shareholders from attending the Extraordinary General Meeting and voting in person should they wish to do so. Accordingly, whether or not Shareholders intend to attend the Extraordinary General Meeting, they are urged to complete and return the Form of Proxy as soon as possible.

## **RECOMMENDATION**

**The Independent Directors, who have been so advised by Seymour Pierce Limited, consider that the Acquisition and the waiver of the obligation of the Concert Party to make a mandatory offer for the issued Ordinary Shares of the Company which would otherwise arise under Rule 9 of the Code on issue of the Consideration Shares and the conversion of the Convertible Loan Notes, are fair and reasonable and in the best interests of the Company and Shareholders as a whole. In providing advice to the Independent Directors, Seymour Pierce Limited has taken into account the Independent Directors' commercial assessments.**

**Accordingly, the Independent Directors recommend that Shareholders vote in favour of the resolutions to be proposed at the EGM as they intend to do in respect of their own beneficial holdings, amounting in aggregate to 670,000 Ordinary Shares representing approximately 0.93 per cent. of the Company's issued voting Ordinary Share capital.**

Yours sincerely

Bob Carlton-Porter  
*Chairman*

## APPENDIX ONE

### INFORMATION ON THE CONCERT PARTY

#### 1. Information on the Concert Party

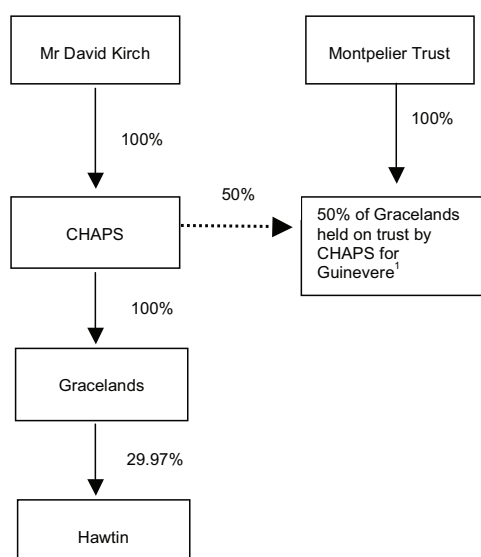
The parties described in this Appendix One are deemed to be acting in concert under the terms of the Code.

Gracelands, a wholly owned subsidiary of CHAPS, owns 29.97 per cent. of Hawtin's Ordinary Shares.

CHAPS is wholly owned by Mr. David Kirch.

CHAPS holds 50 per cent. of the shares of Gracelands on trust for Guinevere, a wholly owned subsidiary of the Montpelier Trust. The Montpelier Trust is a discretionary trust of which Mr. Richard Hayward and other members of his family are potential beneficiaries.

Further details of all the parties that are deemed to be acting in concert are set out below in this Appendix One.



<sup>1</sup>Guinevere is a BVI limited company, owned by the Montpelier Trust, of which Mr. Richard Hayward and other members of his family are potential beneficiaries.

#### 1.2 *Gracelands*

Gracelands is a Jersey registered investment company and both CHAPS and David Kirch hold one share each in Gracelands. David Kirch holds his one share in Gracelands on trust for CHAPS. The directors of Gracelands are David Kirch and Simon Baigent and the registered office of Gracelands is Gouray Lodge, Mont du Gouray, Grouville, Jersey.

#### 1.3 *Guinevere*

Guinevere is principally engaged in property investment. The sole director of Guinevere is Simon Baigent and the shareholder of Guinevere is the Montpelier Trust. The registered office of Guinevere is Skelton Building, PO Box 3136, Road Town, Tortola, British Virgin Islands.

#### 1.4 **CHAPS**

The principal activity of CHAPS is an investment holding company. Its directors are Barrie Melvin and David Kirch. David Kirch has the ultimate control of CHAPS. The registered office of CHAPS is Gouray Lodge, Mont du Gouray, Grouville, Jersey.

#### 1.5 **Montpelier Trust**

The Montpelier Trust is a Jersey based Trust and the current trustee is Centurion Trust Company. The Montpelier Trust is a discretionary trust of which Richard Hayward is a potential beneficiary. The registered office of the Montpelier Trust is Beresford Street, St. Helier, Jersey.

#### 1.6 **Richard Hayward**

Richard Hayward's address is The Penthouse, 56 Adventurers Quay, Cardiff Bay, Cardiff.

#### 1.7 **David Kirch**

David Kirch's address is Gouray Lodge, Mont du Gouray, Grouville, Jersey.

#### 1.8 The Concert Party member's direct shareholdings in the Ordinary Shares of Hawtin are or will (after completion of the Acquisition) be as follows:

	<i>Current Ordinary Shares</i>	<i>Percentage of current issued share capital</i>	<i>Ordinary Shares on Completion*</i>	<i>Percentage of enlarged issued share capital</i>
Gracelands	21,500,000	29.97%	21,500,000	21.08%
Guinevere	nil	–	30,277,777	29.68%
CHAPS	nil	–	nil	–
Montpelier Trust	nil	–	nil	–
Richard Hayward	nil	–	nil	–
David Kirch	nil	–	nil	–

\* assuming conversion in full of the Convertible Loan Notes

## APPENDIX TWO

### ALLSOP LLP SUMMARY VALUATION REPORT

Allsop LLP  
27 Soho Square  
London  
W1D 3AY  
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Facsimile: +44 (0)20 7437 8984  
www.allsop.co.uk

The Directors  
Hawtin PLC  
Beechwood House  
Greenwood Close  
Cardiff Gate Business Park  
Cardiff  
CF23 8RD

6 June 2007

Dear Sirs

**FKI ENGINEERING LTD, NEWPORT ROAD, BLACKWOOD, CAERPHILLY, WALES  
UNIT 26, HEADS OF THE VALLEYS INDUSTRIAL ESTATE, RHYMNEY, WALES  
SKENFRITH HOUSE, LLANTARNAM BUSINESS PARK, CWMBRAN, WALES  
FORMER BUDELPAK UNIT, HEADS OF THE VALLEYS INDUSTRIAL ESTATE, RHYMNEY,  
WALES (“THE PROPERTIES”)**

In accordance with instructions received from the Directors of Hawtin PLC (“the Company”), the freehold interests in the above office/warehouse/industrial investment/development properties held by Guinevere Holdings Limited and managed by Richard Hayward Properties have been valued as at today’s date in connection with the proposed acquisition by Hawtin plc.

As you are aware we advise Richard Hayward Properties on property matters in general. We have valued the properties on behalf of Bank of Scotland in May 2007, but otherwise we have had no previous dealings with the subject properties. The valuations have been carried out in compliance with the Practice Statements contained within the Appraisal and Valuation Standards 2003 prepared by the Royal Institution of Chartered Surveyors. The interests have been valued subject to and with the benefit of any lettings which have been disclosed. No allowance has been made for expenses incurred in sale nor for taxation that may arise in the event of a disposal, deemed or otherwise, although valuations are net of a purchaser’s costs. Estimates of rental or capital value exclude any VAT that may be applicable. Our opinion of value is stated in £Sterling.

Documents of title and leases have not been inspected and for the purpose of these valuations details of tenure, tenancies, planning, statutory notices, floor areas and other relevant information supplied by the Company or its advisors have been accepted as correct. The properties have been valued on this basis and the understanding that there are no undisclosed matters that would affect the valuations. It is assumed, unless otherwise advised, that the title deeds and leases do not contain any unusual or onerous restrictions, covenants or other encumbrances which would affect the value of the properties.

Save as otherwise disclosed, it has been assumed for the purposes of valuation, that the relevant interest in the properties are free of mortgage, charge or other debt security and no deduction has been made for such charge or debt.

No planning consents have been inspected save those disclosed by the Company, and it is assumed that the properties were erected, are occupied and used in accordance with all requisite consents and that there are

no statutory requirements or notices outstanding. Where planning enquiries have been instituted information supplied by planning officers has been given without liability on their part and accordingly responsibility for this information cannot be accepted.

The properties have not been structurally surveyed for the purpose of the valuation, nor have the services been tested. The properties have been valued on the assumption that no known deleterious materials or techniques have been used in the construction of any of the buildings and that the ground is not susceptible to subsidence, shrinkage or any other similar hazard. No responsibility is accepted for any existing defects nor for those which may arise in the future.

We have been informed by the Company that the Company has established procedures for inspections of the subject properties to be carried out with particular reference to environmental matters, and that any such matters identified receive appropriate attention. We have not been provided with information to the contrary, and have assumed that the properties are not, nor are likely to be, affected by land contamination and that there are no ground conditions which would affect the present or future use of the properties. Where we have received evidence from the Company regarding contamination, we have reflected this in our valuation but, unless otherwise stated, have assumed that the cost of any decontamination work would be immaterial thereto.

The scope of our report does not extend to advice in relation to problems that may arise due to the failure of computerised service systems. In particular, we have not arranged for any investigations to be carried out to determine whether or not all equipment, plant and machinery and services which form part of or are contained within the properties which form the subject matter of the valuation and all equipment, plant and machinery and services of suppliers or other third parties which may impact upon the properties meet current requirements/standards. We are therefore unable to report that the equipment, plant and machinery and services referred to above comply with all relevant standards and requirements. For the purposes of our valuation therefore, we have assumed that the value of the properties will not be adversely affected by any problems with computerised equipment, plant or machinery which does not meet the relevant standards or requirements. Should it be established subsequently that the properties may be affected by problems with computerised equipment plant or other services, this may reduce the value reported below.

Having regard to the foregoing, it is considered that the Market Values (the definition of which is attached hereto) of the interests held by the Company in the properties listed on the attached schedule as at today's date, subject to and with the benefit of the tenancies currently subsisting are as attached.

**TOTAL            £14,850,000 (Fourteen Million, Eight Hundred and Fifty Thousand Pounds)**

It is confirmed that the valuation has been carried out by a valuer or valuers who are qualified for the purposes required and the properties were inspected internally between 21 December 2006 and 12 January 2007 by Edward Dunningham BSc (Hons) MRICS and Gemma Eisen BSc (Hons) MRICS.

This Short Format Valuation Report is provided for the stated purpose and for the sole use of the named client. It is confidential to the client and its professional advisers and the valuer accepts no responsibility whatsoever to any other person.

Neither the whole nor any part of this Short Format Valuation Report or any reference hereto may be included in any published document, circular or statement or published in any way without the valuer's written approval of the form and context in which it may appear.

This Short Format Valuation Report has been prepared and approved by Edward Dunningham BSc (Hons) MRICS (Partner).

Yours faithfully

EDWARD DUNNINGHAM BSc (Hons) MRICS  
Partner  
For Allsop LLP

## Investment properties' description and summary

<i>PROPERTY</i>	<i>DESCRIPTION, AGE AND TENURE</i>	<i>TERMS OF EXISTING TENANCIES</i>	<i>NET ANNUAL RENTS RECEIVABLE</i>	<i>MARKET VALUE</i>
FKI Engineering Ltd Newport Road Blackwood Caerphilly Wales	Freehold. The property comprises an industrial site made up of three purpose built industrial units together with a yard area to the north and west elevations. Each of the units comprises factory/production accommodation with ancillary offices/store.  The units extend to between 7,914.6 sqm (85,195 sq.ft) and 10,572.5 sqm (113,805 sq.ft).  The site extends to 11.428 ha (28.24 acres).	The property is multi-let to three tenants for terms expiring between December 2008 and April 2016 and is subject to a rental guarantee in respect of part.  The majority of the property is let to FKI Engineering Ltd.	£720,793	£9,400,000
Unit 26 Heads of the Valleys Industrial Estate Rhymney Wales	Freehold. The property comprises a single storey warehouse unit estimated to have been constructed in the late 1980's.  The unit extends to approximately 1,245.9 sqm (13,406 sq.ft). on a site of 0.825 ha (2.04 acres).	The property is let in its entirety to the K S Jenner Settlement for a term expiring in January 2011 without further review.	£35,000	£450,000
Former Budelpack Unit Heads of the Valleys Industrial Estate Rhymney Wales	Freehold. The property comprises an industrial/warehouse unit that was extensively damaged by fire in 2005 and is currently in the process of being re-built. The property includes expansion land to the south of the building. Upon completion of the works, the building will comprise a warehouse with ancillary ground and first floor ancillary office accommodation. Our valuation assumes the building is reinstated by Richard Hayward Properties Ltd.  The building will extend to 9,847 sqm (106,000 sq.ft) situated on a site extending to 4.47 ha (11.03 acres). The expansion land extends to 1.42 ha (3.5 acres).	The property is currently vacant.	£0	£3,750,000

**Investment properties' description and summary cont.**

<i>PROPERTY</i>	<i>DESCRIPTION, AGE AND TENURE</i>	<i>TERMS OF EXISTING TENANCIES</i>	<i>NET ANNUAL RENTS RECEIVABLE</i>	<i>MARKET VALUE</i>
Skenfrith House Llantarnam Business Park Cwmbran Wales	Freehold. Estimated to have been constructed in the 1990's, the property comprises a detached industrial/warehouse building unit with two-storey office accommodation to the front elevation. The property benefits from a car park and secure yard.  The property extends to approximately 2,255 sqm (24,273 sq.ft) on a site of 0.788 ha (1.947 acres).	The property is let to Premium Aircraft Interiors UK Ltd by way of a new five year full repairing and insuring lease for a term expiring in 2012, subject to a mutual break option after 2fi years of the term.	£97,092	£1,250,000

## APPENDIX THREE

### FINANCIAL INFORMATION ON HAWTIN

The financial information on the Group set out below does not constitute statutory accounts within the meaning of section 240 of the Companies Act 1985 (“Companies Act”). The financial information relating to the three years ended 31 December 2006, 2005 and 2004 has been extracted without material adjustment from the audited consolidated financial statements of the Group for the years ended 31 December 2006, 2005 and 2004, in respect of all of which the Company’s auditors, Deloitte & Touche LLP of Blenheim House, Fitzalan Court, Newport Road, Cardiff CF24 0TS, have made reports under section 235 of the Companies Act which were not qualified (within the meaning of section 262(1) of the Companies Act), and did not contain any statements made under section 237(2) of the Companies Act.

#### CONSOLIDATED PROFIT AND LOSS ACCOUNT

	<i>Notes</i>	<i>2004</i> £000	<i>2005</i> £000	<i>2006</i> £000
<b>Turnover</b>	1	808	701	1,104
Cost of sales		(39)	(23)	(40)
<b>Gross profit</b>		769	678	1,064
Administration expenses		(1,133)	(489)	(551)
Other operating income		300	26	37
<b>Operating (loss)/profit</b>	1	(64)	215	550
Exceptional items	2	468	–	350
Interest receivable		129	155	312
Interest payable*	3	(565)	(367)	(570)
<b>(Loss)/profit on ordinary activities before taxation*</b>		(32)	3	642
Taxation		254	2	–
<b>Profit on ordinary activities after taxation</b>		222	5	642
Minority interests		–	–	(9)
<b>Profit for the financial year</b>		222	5	633
<b>Basic and diluted earnings per ordinary share</b>		0.31 p	0.01 p	0.88 p

\* Figures for 2004 have been restated after adoption of FRS25 (Financial Instruments: Disclosure Presentation). The dividend on Preference Shares is charged under interest payable.

## CONSOLIDATED BALANCE SHEET

	<i>Notes</i>	<i>2004</i> <i>£000</i>	<i>2005</i> <i>£000</i>	<i>2006</i> <i>£000</i>
<b>Fixed assets</b>				
Tangible assets	4	14,405	14,393	40,516
<b>Current assets</b>				
Debtors	5	1,240	376	4,215
Cash at bank and in hand		2,654	2,558	4,140
		<u>3,894</u>	<u>2,934</u>	<u>8,355</u>
<b>Creditors: amounts falling due within one year</b>	6	<u>(1,482)</u>	<u>(1,042)</u>	<u>(9,635)</u>
<b>Net current assets/(liabilities)</b>		2,412	1,892	(1,280)
Total assets less current liabilities		16,817	16,285	39,236
<b>Creditors: amounts falling due after more than one year</b>				
	7	<u>(5,051)</u>	<u>(4,478)</u>	<u>(24,674)</u>
		<u>11,766</u>	<u>11,807</u>	<u>14,562</u>
<b>Capital and reserves</b>				
Called up share capital		3,586	3,586	3,586
Share premium		2,586	2,586	2,586
Revaluation reserve		5,786	5,604	1,913
Capital redemption reserve		150	150	150
Unpaid dividends reserve		36	72	–
Profit and loss account		(378)	(191)	4,748
		<u>11,766</u>	<u>11,807</u>	<u>12,983</u>
Shareholders' funds		11,766	11,807	12,983
Minority interests		–	–	1,579
		<u>11,766</u>	<u>11,807</u>	<u>14,562</u>

## CONSOLIDATED CASH FLOW STATEMENT

	2004 £000	2005 £000	2006 £000
<b>Net cash inflow from operating activities</b>	1,323	751	709
<b>Returns from investments and servicing of finance</b>			
Interest received	129	155	312
Interest paid	(612)	(399)	(649)
<b>Net cash outflow from returns on investments and servicing of finance</b>	(483)	(244)	(337)
<b>Taxation received/(paid)</b>	161	(2)	–
<b>Capital expenditure and financial investment</b>			
Payments to acquire tangible fixed assets	(589)	–	(4)
Receipts from sale of tangible fixed assets	2,010	–	1,525
<b>Net cash inflow from capital expenditure and financial investment</b>	1,421	–	1,521
<b>Acquisitions and disposals</b>			
Acquisition of subsidiary undertaking	(15)	–	(4,045)
Net cash acquired with subsidiary	22	–	1,095
Receipts from sale of subsidiary undertakings	43	–	–
Net cash released with subsidiary undertakings	(59)	–	–
<b>Net cash outflow from acquisitions and disposals</b>	(9)	–	(2,950)
<b>Net cash inflow/(outflow) before financing</b>	2,413	505	(1,057)
<b>Financing</b>			
Capital element of finance lease rentals	(27)	–	–
Loans received	(743)	–	6,800
Loans repaid	–	(601)	(4,161)
<b>Net cash (outflow)/inflow from financing</b>	(770)	(601)	2,639
<b>Increase/(decrease) in cash in the year</b>	1,643	(96)	1,582

## STATEMENT OF TOTAL RECOGNISED GAINS & LOSSES

	2004 £000	2005 £000	2006 £000
Profit for the financial year	222	5	633
Exchange movements	4	–	–
Unrealised surplus on revaluation of properties	652	–	950
<b>Total recognised gains for the year</b>	878	5	1,583

## NOTE OF HISTORICAL COST PROFITS & LOSSES

	2004	2005	2006
	£000	£000	£000
(Loss)/profit on ordinary activities before taxation	(32)	3	642
Realisation of property revaluation gains	288	–	4,306
	<hr/>	<hr/>	<hr/>
Historical cost profit on ordinary activities before taxation	256	3	4,948
	<hr/>	<hr/>	<hr/>
<b>Historical cost profit on ordinary activities after taxation and minority interests</b>	<b>510</b>	<b>5</b>	<b>4,939</b>
	<hr/>	<hr/>	<hr/>

## RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2004	2005	2006
	£000	£000	£000
Profit on ordinary activities after taxation	222	5	642
Exchange movements	4	–	–
Unrealised surplus on revaluation of properties	652	–	950
Revaluation deficit	–	–	(335)
Unpaid dividends reserve	36	36	–
Preference dividend release	–	–	(72)
Minority interest	–	–	(9)
	<hr/>	<hr/>	<hr/>
Net change to shareholders' funds	914	41	1,176
Opening shareholders' funds	10,852	11,766	11,807
	<hr/>	<hr/>	<hr/>
<b>Closing shareholders' funds</b>	<b>11,766</b>	<b>11,807</b>	<b>12,983</b>
	<hr/>	<hr/>	<hr/>

## NOTES TO THE ACCOUNTS

### Accounting Policies

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards. Compliance with Statement of Standard Accounting Practice 19 (“SSAP 19”) “Accounting for Investment Properties” requires departure from the requirements of the Companies Act 1985 relating to depreciation. An explanation of the departure is given below. The particular accounting policies adopted, which have been applied consistently throughout the financial periods, are described below.

### Accounting Convention

These accounts are prepared under the historical cost convention as modified by the revaluation of certain freehold and long leasehold properties.

### Consolidation

The Group accounts consolidate the accounts of the Company and all subsidiaries for each year ended 31 December. In respect of subsidiaries acquired during the year, the results for the period of ownership by the Group are included.

In respect of subsidiaries which have been sold or have ceased trading, results are included to the date of sale or cessation of activities.

## Taxation

Current taxation is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

## Fixed Assets and Depreciation

In accordance with “SSAP 19”, investment properties are revalued annually and the aggregate surplus or deficit is transferred to the revaluation reserve. No depreciation is provided in respect of investment properties.

The Companies Act 1985 requires all properties to be depreciated. However, this requirement conflicts with the generally accepted accounting principle set out in “SSAP 19”. The Directors consider that, because these properties are not held for consumption, but for their investment potential, to depreciate them would not give a true and fair view, and that it is necessary to adopt “SSAP 19” in order to give a true and fair view.

If this departure from the Act had not been made, the profit for the financial years would have been decreased by depreciation. However, the amount of depreciation cannot reasonably be quantified because depreciation is only one of many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

A five-year valuation cycle for other properties is carried out in accordance with FRS 15. Other fixed assets are stated at cost or valuation net of depreciation and any provision for impairment. Depreciation is provided on other assets, by equal annual instalments, over the estimated lives of the assets.

The rates of depreciation are as follows:

Short leasehold land and buildings	Period of lease
Freehold and long leasehold buildings	2%
Plant and equipment	10% – 50%
Fixtures, fittings and office equipment	15% – 50%
Motor vehicles	25% – 33%

## 1. Analysis of Results by Division

### (a) Turnover

	2004	2005	2006
	£000	£000	£000
Property – continuing operations	768	701	705
– acquired business	–	–	399
Discontinued activities	40	–	–
	<u>808</u>	<u>701</u>	<u>1,104</u>

(b) **Operating (loss)/profit**

	2004 £000	2005 £000	2006 £000
Property – continuing operations	691	547	685
– acquitted business	–	–	363
Less central costs	(880)	(358)	(535)
Other operating income	200	26	37
	<u>11</u>	<u>215</u>	<u>550</u>
Discontinued operations	(75)	–	–
Operating (loss)/profit	<u>(64)</u>	<u>215</u>	<u>550</u>

(c) **Net assets**

	2004 £000	2005 £000	2006 £000
Property	14,762	14,298	39,134
Discontinued operations	37	–	–
	<u>14,799</u>	<u>14,298</u>	<u>39,134</u>
Interest bearing liabilities	(2,999)	(2,494)	(27,514)
Unallocated net (liabilities)/assets	(34)	3	1,363
Total net assets	<u>11,766</u>	<u>11,807</u>	<u>12,983</u>

**2. Exceptional Items**

	2004 £000	2005 £000	2006 £000
<b>Included in administration expenses</b>			
Provision against deferred consideration from Spaform	(340)	–	–
Bad debt from tenant	–	(118)	–
	<u>–</u>	<u>–</u>	<u>–</u>
<b>Included in other operating income</b>			
Recovery of debtor previously written off	100	–	–
Settlement of legal case	163	–	–
	<u>263</u>	<u>–</u>	<u>–</u>
Profit on disposal of subsidiary undertakings	19	–	350
Profit on sale of fixed assets	250	–	–
Release of surplus provisions	199	–	–
	<u>468</u>	<u>–</u>	<u>350</u>

**3. Interest Payable and Similar Charges**

	2004 £000	2005 £000	2006 £000
On bank loans, overdrafts and other borrowings	528	331	534
On preference shares	36	36	36
Finance charges, finance leases and hire purchase contracts	1	–	–
	<u>565</u>	<u>367</u>	<u>570</u>

#### 4. Tangible Fixed Assets

<i>The Group</i>	<i>2004</i> <i>£000</i>	<i>2005</i> <i>£000</i>	<i>2006</i> <i>£000</i>
<b>Cost or valuation:</b>			
At 1 January	15,031	14,466	14,435
Additions	589	–	4
On acquisition	621	–	30,000
Revaluation surplus	652	–	950
Disposals	(2,427)	(31)	(4,825)
At 31 December	<u>14,466</u>	<u>14,435</u>	<u>40,564</u>
<b>Depreciation and impairment</b>			
At 1 January	428	61	42
Charge for the year	12	12	6
Disposals	(379)	(31)	–
At 31 December	<u>61</u>	<u>42</u>	<u>48</u>
Net Book Value at 31 December	<u>14,405</u>	<u>14,393</u>	<u>40,516</u>

#### 5. Debtors

	<i>2004</i> <i>£000</i>	<i>2005</i> <i>£000</i>	<i>2006</i> <i>£000</i>
Trade debtors	641	22	175
Other debtors	583	346	4,019
Prepayments	16	8	21
	<u>1,240</u>	<u>376</u>	<u>4,215</u>

#### 6. Creditors: Amounts falling due within one year

	<i>2004</i> <i>£000</i>	<i>2005</i> <i>£000</i>	<i>2006</i> <i>£000</i>
Bank loans and overdrafts	602	574	6,980
Trade creditors	–	–	106
Other creditors	486	225	1,705
Corporation tax	5	–	–
Other taxation and social security	32	11	97
Accruals	357	232	640
Preference dividend	–	–	107
	<u>1,482</u>	<u>1,042</u>	<u>9,635</u>

The bank loans and overdrafts are secured by a fixed and floating charge over certain assets of the Group.

#### 7. Creditors: Amounts falling due after more than one year

	<i>2004</i> <i>£000</i>	<i>2005</i> <i>£000</i>	<i>2006</i> <i>£000</i>
Bank loans	4,502	3,929	24,125
6.5% Cumulative Preference Shares	549	549	549
	<u>5,051</u>	<u>4,478</u>	<u>24,674</u>

The Cumulative Preference Shares have no fixed repayment date and are entitled to a dividend of 6.5 per cent. per annum payable at 31 December and 30 June. The holders of these shares have first call on their nominal value on a return of assets plus a premium based on excess over par of the average of the daily nominal quotation of Hawtin PLC Ordinary Shares on the London Stock Exchange in the previous 6 months after accounting for arrears of dividend. Preference Shareholders are not entitled to attend or vote at General Meetings.

The bank loans are secured by a fixed and floating charge over certain assets of the Group and are repayable as follows:

	<i>2004</i>	<i>2005</i>	<i>2006</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>
0 – 1 year	602	574	6,980
1 – 2 years	577	576	186
2 – 5 years	1,746	1,746	565
5 – 10 years	2,151	1,607	23,374
Over 10 years	577	549	549
	<u>5,653</u>	<u>5,052</u>	<u>31,654</u>

## APPENDIX FOUR

### ADDITIONAL INFORMATION

#### 1. DISCLOSURE OF INTERESTS AND DEALINGS IN SHARES

##### 1.1 *Definitions*

For the purposes of this Appendix Three:

- (a) **“acting in concert”** has the meaning attributed to it in the Code
- (b) **“arrangement”** includes any indemnity or option arrangements and any agreement or understanding, formal or informal, of whatever nature, relating to relevant securities which may be an inducement to deal or refrain from dealing;
- (c) **“associate”** of any company means:
  - (i) its parent, subsidiaries and fellow subsidiaries, their associated companies and companies of which any such parent, subsidiaries, fellow subsidiaries or associated companies are associated companies (for this purpose, ownership or control of 20 per cent. or more of equity share capital is regarded as the test of “associated company” status);
  - (ii) its connected advisers and persons controlling, controlled by or under the same control as such connected advisers;
  - (iii) its directors and the directors of any company covered in (i) above (together, in each case, with their close relatives and related trusts and any person acting in concert with them); and
  - (iv) its pension funds or the pension funds of any company covered in (i) above;
- (d) **“connected adviser”** has the meaning attributed to it under the Code;
- (e) **“connected person”** has the meaning attributed to it in section 346 of the Act;
- (f) **“control”** means a holding, or aggregate holdings, of shares carrying 30 per cent. or more of the voting rights attributable to the share capital of a company which are currently exercisable at a general meeting, irrespective of whether the holding or aggregate holding give de facto control;
- (g) **“dealing”** or **“dealt”** includes the following:
  - (i) the acquisition or disposal of relevant securities, of the right (whether conditional or absolute) to exercise or direct the exercise of voting rights attached to relevant securities, or of general control of relevant securities;
  - (ii) the taking, granting, acquisition, disposal, entering into, closing out, termination, exercise (by either party) or variation of an option (including a traded option contract) in respect of any relevant securities;
  - (iii) subscribing or agreeing to subscribe for relevant securities;
  - (iv) the exercise or conversion of any relevant securities carrying conversion or subscription rights;
  - (v) the acquisition of, disposal of, entering into, closing out, exercise (by either party) of any rights under, variation of, a derivative referenced, directly or indirectly, to relevant securities;

- (vi) entering into, terminating or varying the terms of any agreement to purchase or sell relevant securities; and
- (vii) any other action resulting, or which may result, in an increase or decrease in the number of relevant securities in which a person is interested or in respect of which he has a short position;
- (h) **“derivative”** includes any financial product whose value in whole or in part is determined directly or indirectly by reference to the price of the underlying security but which does not include the possibility of delivery of such underlying security;
- (i) **“disclosure date”** means 28 June 2007, being the latest practicable date prior to the posting of this document;
- (j) **“disclosure period”** means the period commencing on 29 June 2006 (being the date 12 months before the date of this document) and ending on the disclosure date;
- (k) **“exempt principal trader”** or **“exempt fund manager”** has the meaning attributed to it in the Code;
- (l) being **“interested”** in relevant securities includes where a person;
  - (i) owns relevant securities;
  - (ii) has the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attaching to relevant securities or has general control of them;
  - (iii) by virtue of any agreement to purchase, option or derivative, has the right or option to acquire relevant securities or call for their delivery or is under an obligation to take delivery of them, whether the right, option or obligation is conditional or absolute and whether it is in the money or otherwise; or
  - (iv) is party to any derivative whose value is determined by reference to its price and which results or may result in his having a long position in it;
- (m) **“paragraph 1 associate”** means, in relation to a company, its parent, subsidiaries and fellow subsidiaries, their associated companies, and companies of which such parent, subsidiaries, fellow subsidiaries or associated companies are associated companies (for this purpose, ownership or control of 20 per cent. or more of equity share capital of a company is regarded as the test of “associated company” status);
- (n) **“relevant Concert Party securities”** means shares in CHAPS, Guinevere or Gracelands (or derivatives referenced thereto) and securities convertible into, rights to subscribe for and options (including traded options) in respect thereof;
- (o) **“relevant Hawtin securities”** means shares in Hawtin (or derivatives referenced thereto) and securities convertible into, rights to subscribe for and options (including traded options) in respect thereof;
- (p) **“relevant securities”** means relevant Concert Party securities or relevant Hawtin securities;
- (q) **“short position”** means any short position (whether conditional or absolute and whether in the money or otherwise) including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery.

- 1.2 The interests of the Directors and their immediate families, related trusts and connected persons (all of which are beneficial unless otherwise stated) in the issued voting share capital of the Company as at the date of this document together with the percentages which such interests represent of the Ordinary Shares in issue are as follows:

<i>Directors</i>	<i>Number of Ordinary Shares</i>	<i>per cent. of issued voting share capital</i>
R Carlton-Porter	195,000	0.27%
R Hayward*	21,500,000	29.97%
A Woodhouse	475,000	0.66%
S Morgan	Nil	–

\* The shares are held by Gracelands. CHAPS is the registered owner of 100 per cent. of Gracelands. CHAPS is 100 per cent. owned by Mr. David Kirch. However, CHAPS holds 50 per cent. of the shares of Gracelands on bare trust for Guinevere 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.

- 1.3 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 Shares and for the balance of 50,000 options is 15.5p per Ordinary Share. No other options have been granted to the Directors and their respective immediate families, related trusts and connected persons.
- 1.4 As at the close of business on the disclosure date Seymour Pierce Limited, stockbroker to Hawtin, did not hold any Ordinary Shares either on its own behalf or on behalf of discretionary clients. Seymour Pierce Limited or its affiliated companies has not dealt for value in Ordinary Shares either on its behalf or on behalf of discretionary clients in the 12 months prior to the date of this document.
- 1.5 Seymour Pierce Limited or its affiliated companies have not dealt for value on behalf of non discretionary clients in the Ordinary Shares in the 12 months prior to the date of this document.
- 1.6 There have been no dealings in Ordinary Shares by the Directors and the Concert Party, or by persons connected with them, during the disclosure period.
- 1.7 The interests of the Concert Party (all of which are beneficial unless otherwise stated) in the issued voting share capital of the Company as at the date of this document together with the percentages which such interests represent of the Ordinary Shares in issue are as follows:

	<i>Number of Ordinary Shares</i>	<i>per cent. of issued voting share capital</i>
Gracelands	21,500,000	29.97%
Guinevere	nil	–
CHAPS	nil	–
Montpelier Trust	nil	–
Richard Hayward	nil	–
David Kirch	nil	–

- 1.8 The interests of the Concert Party in the issued voting share capital of the Company following the issue of the Consideration Shares and conversion of the Convertible Loan Notes assuming no other person converts any convertible securities or exercises any options or any other rights to subscribe for Ordinary Shares, will be as follows:

	<i>On issue of the Consideration Shares</i>		<i>On issue of the Consideration Shares and conversion of the Convertible Loan Notes</i>	
	<i>No. of New Ordinary Shares</i>	<i>% of issued voting share capital</i>	<i>No. of New Ordinary Shares</i>	<i>% of issued voting share capital</i>
Gracelands	nil	25.95	nil	21.08
Guinevere	11,111,111	13.4	30,277,777	29.68
CHAPS	nil	0	nil	0
Montpelier Trust	nil	0	nil	0
Richard Hayward	nil	0	nil	0
David Kirch	nil	0	nil	0

- 1.9 As at the close of business on the disclosure date, save as disclosed in this Appendix Four:
- (a) The Concert Party had no interest in or right to subscribe for, or had any short position in relation to, any relevant Hawtin securities, nor had it dealt in any relevant Hawtin securities during the disclosure period;
  - (b) none of the Concert Party directors (including any members of such directors' respective immediate families, related trusts or connected persons) had an interest in or a right to subscribe for, or had any short position in relation to, any relevant Hawtin securities, nor had any such person dealt in any relevant Hawtin securities during the disclosure period;
  - (c) no person acting in concert with the Concert Party had an interest in or a right to subscribe for, or had any short position in relation to, any relevant Hawtin securities, nor had any such person dealt in any relevant Hawtin securities during the disclosure period;
  - (d) no person referred to in 1.9 (a), (b) or (c) has dealt in any relevant Hawtin securities in the disclosure period;
  - (e) none of the Directors (including any members of such directors' respective immediate families, related trusts or connected persons) had an interest in or a right to subscribe for, or had any short position in relation to, any relevant Hawtin securities;
  - (f) no associate of Hawtin had any interest in, or right to subscribe for, or had any short position in relation to, any relevant Hawtin securities;
  - (g) no pension fund of Hawtin or of a paragraph 1 associate of Hawtin had any interest in or right to subscribe for, or had any short position in relation to, any relevant Hawtin securities;
  - (h) no employee benefit trust of Hawtin or of an associate of Hawtin had any interest in or right to subscribe for, or had any short position in relation to, any relevant Hawtin securities;
  - (i) no connected advisor to Hawtin or to an associate of Hawtin or to a person acting in concert with Hawtin, nor any person controlling, controlled by or under the same control as any such connected adviser (except for an exempt principal trader or exempt fund manager) had any interest in or right to subscribe for, or had any short position in relation to, any relevant Hawtin securities;
  - (j) neither Hawtin nor any of the Directors (including any members of such directors' respective immediate families, related trusts or connected persons) had any interest in or right to subscribe for, or had any short position in relation to, any relevant Concert Party securities;

- (k) Hawtin has not redeemed or purchased any relevant Hawtin securities during the disclosure period;
- (l) there were no arrangements which existed between Hawtin or any associate of Hawtin and any other person;
- (m) there were no arrangements which existed between the Concert Party or any person acting in concert with the Concert Party, and any other person;
- (n) neither the Concert Party nor any person acting in concert with the Concert Party had borrowed or lent any relevant Hawtin securities, save for any borrowed shares which have either been on-lent or sold;
- (o) neither Hawtin nor any person acting in concert with Hawtin had borrowed or lent any relevant Hawtin securities, save for any borrowed shares which have either been on-lent or sold.

## **2. Service Agreements**

- 2.1 Mr. Carlton-Porter was appointed non executive Chairman of the Company and has no formal service contract. He is appointed on a one year rolling basis with an annual salary of £30,000. He receives no other benefits.
- 2.2 Mr. Hayward was appointed as Chief Executive of the Company and has no formal service contract. He is on a one year rolling contract, is paid a salary of £125,000 and receives no other benefits.
- 2.3 Mr. Morgan commenced employment with the Company on 1 December 1989. He was appointed as Group Accountant and Company Secretary of the Company with effect from 13 March 1998 by a service contract executed on 22 May 1998. This appointment will continue until terminated by the Company giving 12 calendar months' notice in writing. He is paid a salary of £100,000 per annum, receives private medical insurance and a contribution to his pension scheme equivalent to 10 per cent. per annum of his salary. The Company also contributes to a Life Assurance policy up to a maximum of four times his annual salary and he also receives 28 days paid holiday per annum (in addition to normal public holidays).
- 2.4 Mr. Woodhouse is an executive Director of the Company and has no formal service contract. He has a one year rolling contract, is paid a salary of £50,000 and has the benefit of private medical insurance.
- 2.5 Save for the agreements set out above there are no service contracts of any Director or proposed Director with the Company or any of its subsidiaries where such contracts have more than 12 months to run. None of the service contracts have been amended in the last six months.
- 2.6 Save as disclosed in this paragraph 2, there has been no waiver of emoluments during the financial year immediately preceding the date of this document.
- 2.7 Save as disclosed in this paragraph 2, no contracts of employment of Directors have been entered into or amended within 6 months prior to the date of this document.

### 3. Middle Market Quotations

The closing middle market quotations for Ordinary Shares, as derived from the AIM Appendix of the London Stock Exchange Daily Official List, on the first dealing day of each of the six months prior to the publication of this document, and on 28 June 2007, being the latest practicable date prior to publication of this document, were:

2 January 2007	15.75p
1 February 2007	15.75p
1 March 2007	14.5p
2 April 2007	14.25p
1 May 2007	14.25p
1 June 2007	17.25p
28 June 2007	17.0p

### 4. Material Contracts

4.1 The following material contracts (not being contracts entered into in the ordinary course of business by the Group) have been entered into by the Group during the period beginning two years before the date of this document.

#### 4.1.1 *Acquisition of 75 per cent. of Crown Investments Limited*

Hawtin acquired 75 per cent. of the issued share capital of Crown Investments Limited (“Crown”) on 12 October 2006 for a consideration equal to 75 per cent. of the net asset value of Crown. Guinevere and CHAPS (together the “Vendors”) each previously owned 37.5 per cent. of Crown’s issued share capital.

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

The consideration, paid by Hawtin, was £4.65 million, with £3.65 million payable in cash at completion. Hawtin paid £59,755 to the Vendors further to the completion accounts to account for service charges paid by the Vendors in respect of the period following completion of the purchase. The outstanding balance of the consideration being £1 million is deferred until Hawtin completes an intended increase in the debt finances in Crown, or until two years after completion, whichever occurs first. The deferred consideration will earn interest at Anglo Irish Bank Corporation Plc (“AIBC”) base rate plus 1.5 per cent.

The remaining 25 per cent. of the issued share capital of Crown is owned by Tribeca Property Cardiff No 2 Limited (“Tribeca”) under the option arrangement referred to below.

#### 4.1.2 *Option Agreement with Tribeca*

Hawtin has entered into an option agreement, dated 22 September 2006, with Tribeca pursuant to which Tribeca can at its option, elect to exchange all of its 25 per cent. shareholding in Crown for Ordinary Shares 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 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). Based on the terms of the Acquisition, the issue price of any new Ordinary Shares issued on exercise of the Option will be 18p. On the assumption that there has been no increase in the net asset value of Crown since 26 September 2006, this would result in the issue of approximately 8,611,111 new Ordinary Shares on the exercise of the Option in full. The issue of these new Ordinary Shares

to Tribeca, as at the date of this document and (i) prior to the issue of Consideration Shares, would result in Tribeca owning approximately 10.7 per cent. of the issued Ordinary Shares of Hawtin and (ii) after the issue of Consideration Shares (but prior to any conversion of the Convertible Loan Notes), would result in Tribeca owning approximately 9.4 per cent. of the 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, issues of securities by way of capitalisation of profits or reserves except by way of fully paid Ordinary Shares, variation of rights attaching to Ordinary Shares and creating or issuing shares ranking ahead of the Ordinary Shares.

#### 4.1.3 *Shareholders Agreement with Tribeca*

Hawtin entered into a shareholders agreement, dated 12 October 2006, with Tribeca and Crown in relation to Crown and the shares in Crown. 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, borrowing or varying the terms of borrowing making advances, granting guarantees or security, winding up Crown, declaring or paying dividends, acquiring any further assets in, or carrying out any reorganisation of Crown.

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 six months from the date of service of the notice 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.

- 4.1.4 Hawtin has provided AIBC with a charge over its shares in Crown and a guarantee limited to £3 million (together with interest and costs).

#### 4.1.5 *Rental Guarantee Agreements*

Crown has the benefit of rent guarantees provided by Delancey Estates Limited ("Delancey Estates") and the Vendors.

The guarantees provided by Delancey Estates cover:

- 4.1.5.1 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.
- 4.1.5.2 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 Delancey Estates

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.

4.1.5.3 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 £465,940 remains available as at the date of this document) 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 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. Crown has covenanted 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 from 8 May 2008.

4.1.6 Hawtin acquired a 50 per cent. interest in an investment property on 19 February 2007 by becoming a partner in a Limited Liability Partnership, Hawtin Developments LLP (“LLP”). The LLP has acquired the former Federal-Mogul manufacturing facility on the Wirral extending to 435,000 sq. ft on a 26 acre site and is currently vacant. The purchase price for the property was £6.2 million plus VAT, SDLT and fees. Hawtin contributed £1.625 million of cash to the LLP from its cash reserves to help fund the acquisition. A similar sum was advanced by the other member of the LLP and the balance was met by bank borrowings.

The property was professionally valued on 2 January 2007 at £6.775 million by Dunlop Hayward.

Under the terms of the purchase, an overage payment is to be paid to the vendor for 50 per cent. of any increase in value attained through a change of use of the property in the next 15 years.

The current partners in the LLP are (1) Alan and Paul Fernback and (2) the Company. Alan Fernback holds beneficial interests in 9,082,183 Ordinary Shares which is approximately 12.7 per cent. of the Ordinary Shares.

4.1.7 Hawtin entered into the Acquisition Agreement with Guinevere and Norfleet Properties (Holdings) Limited, a wholly owned subsidiary of Hawtin, on 29 June 2007. The initial consideration payable by Hawtin to Guinevere is £6,200,000 to be satisfied by the payment of £1 million in cash, 11,111,111 new Ordinary Shares and £3,200,000 in Convertible Loan Notes. The payment of the initial consideration is conditional upon:

4.1.7.1 approval of the Acquisition at the EGM;

4.1.7.2 approval of the Acquisition as a connected transaction at the EGM;

4.1.7.3 approval by the Shareholders of the requirement for the Concert Party not to make a mandatory offer under the Code;

- 4.1.7.4 Guinevere obtaining local authority searches, in respect of the four properties being acquired, on terms satisfactory to Hawtin;
- 4.1.7.5 the former Budelpack Unit, that has been damaged by fire, receiving planning consent acceptable to Hawtin and having been reinstated; and
- 4.1.7.6 new lettings relating to the occupation of Units 2 and 3A of property to the east of Newport Road in Blackwood being completed.

Further consideration will be payable by Hawtin to Guinevere under the Acquisition Agreement in the form of £250,000 Convertible Loan Notes. The further consideration is conditional upon Unit 1 of the property to the east of Newport Road in Blackwood being let (and income producing) in accordance with the terms of the Acquisition Agreement.

**4.2 The Group has entered into several other property transactions within the past two years and the Board considers these to have been entered in the ordinary course of business.**

**5. Consents**

- 5.1 Seymour Pierce Limited has given and has not withdrawn its written consent to the inclusion of references to its name in the form and context in which they appear.
- 5.2 Allsop LLP has given and has not withdrawn its written consent to the inclusion in this document of their summary valuation report contained in Appendix Two and to the inclusion of references to its name in the form and context in which they appear.

**6. Convertible Loan Notes**

The Loan Notes will be created by a resolution of the Board of Hawtin and will be constituted by a loan note instrument to be executed as a deed by Hawtin and expected to be dated 31 July 2007 or thereabouts (the "Loan Note Instrument"). A copy of the Loan Note Instrument is available for inspection as referred to in Appendix Four, paragraph 8 of the Circular.

**6.1 Form and Status**

The Loan Notes (which will be evidenced by certificates) will be governed by English law and will be issued in registered form by Hawtin in amounts and integral multiples of £1 nominal value. They will constitute unsecured obligations and will rank *pari passu* and equally and rateably without discrimination or preference as an unsecured obligation of Hawtin.

**6.2 Interest**

- (a) Interest on the outstanding Loan Notes will be payable on 31 October 2007 (less any tax which Hawtin is required by law to deduct) and thereafter on 31 January, 30 April, 31 July and 31 October in each year such Loan Notes remain outstanding or, if such a day is not a business day (as defined in the Loan Note Instrument), on the immediately preceding business day ("Interest Payment Dates"). The first payment of interest on the Loan Notes will be made on 31 October 2007 in respect of the period from the date of issue to the relevant holder up to (and including) 31 October 2007. The period from the date of issue up to and including 31 October 2007 and the period from (but excluding) 31 October 2007 or any subsequent Interest Payment Date up to (and including) the next following Interest Payment Date is herein called an "Interest Period".
- (b) The annual rate of interest on the Loan Notes will be 6.5 per cent.
- (c) Interest shall accrue from day to day and each instalment of interest shall be calculated on the basis of a 365-day year (or, in the case of a leap year, a 366-day year) and the number of days elapsed in the relevant Interest Period.

- (d) If tax is required by law to be deducted from any interest payable, each Noteholder will receive within 10 business days after the payment of such interest a certificate detailing the gross amount of such interest and the amount of tax deducted.
- (e) Interest due and unpaid at the end of any Interest Period will be compounded with the overdue amount at the end of each Interest Period but will remain immediately due and payable.
- (f) The Company shall pay interest on any amount payable by it under the Loan Note Instrument that it fails to pay on the due date at a rate of 2 per cent. per annum over the interest rate of 6.5 per cent.

### 6.3 *Repayment*

- (a) All Loan Notes not previously converted will be repaid in full, at par, on the earliest of (i) the sale of 50 per cent. or more of the Ordinary Shares to any buyer other than any member of the Concert Party; and (ii) the date falling five years from the issue date (if it is a business day or if it is not, the immediately succeeding business day).
- (b) When Hawtin repays any Loan Notes pursuant to the Loan Note Instrument, it shall also pay any interest (after deduction of tax if required by law) on the amount repaid up to and including the date of repayment.
- (c) Any Loan Notes repaid will be cancelled and will not be available for reissue.
- (d) If any Noteholder whose Loan Notes are liable to be repaid fails or refuses to deliver up the certificate(s) for such Loan Notes, or fails or refuses to accept payment in respect thereof, the moneys payable to such Noteholder shall be set aside and paid into a separate bank account and held by Hawtin in trust for the Noteholder, but without interest. Any such amount deposited remaining unclaimed after three years from the date of deposit shall revert to Hawtin.

### 6.4 *Conversion*

- (a) At any time prior to the date falling five years after the issue date, a Noteholder may convert all, or part in multiples of £90,000, of his holdings of Loan Notes into Ordinary Shares.
- (b) A Noteholder must give 10 days notice in writing in the prescribed form, to Hawtin accompanied by (a) certificate(s) for all the Loan Notes to be converted.
- (c) The Loan Notes shall be converted into Ordinary Shares at a price of 18 pence per Ordinary Share, in each case rounding down to the nearest whole number of Ordinary Shares and ignoring any fraction shares.
- (d) Hawtin shall maintain sufficient unissued Ordinary Shares to satisfy the outstanding rights of conversion attaching to the Loan Notes at all relevant times.
- (e) All Loan Notes converted will be cancelled and will not be available for reissue.
- (f) Ordinary Shares allotted and issued in satisfaction of conversion rights shall rank *pari passu* with all other Ordinary Shares having the rights set out in the articles of association of Hawtin.

### 6.5 *Events of Default*

- (a) Each Noteholder shall be entitled to (i) require repayment of any amount of principal and/or interest in respect of the Loan Notes held by him; or (ii) convert any amounts of Loan Notes into Ordinary Shares in Hawtin if any of the following events shall occur:
  - (i) any principal or interest on any of the Loan Notes held by the Noteholder shall fail to be paid in full within 30 business days of the due date for such payment; or
  - (ii) Hawtin proposes or passes a resolution for its winding up (other than a solvent winding up for the purposes of a voluntary reconstruction or amalgamation, on terms previously approved by the Noteholders in accordance with the terms of the Loan Note Instrument); or

- (iii) Hawtin is subject to an application to, or order or notice issued by, a court or other authority of competent jurisdiction for its winding up or administration or striking off (unless such an application is defended in good faith and an order is made dismissing it within 90 days of the application being made); or
- (iv) Hawtin proposes, makes, or is subject to, an arrangement or composition with its creditors generally, an application to a court of competent jurisdiction for protection from its creditors generally or a scheme of arrangement under section 425 Companies Act 1985 (save in the latter case for the purpose of a voluntary reconstruction or amalgamation previously approved by the Noteholders in accordance with the terms of the Loan Note Instrument); or
- (v) Hawtin has a receiver, an administrator or a provisional liquidator appointed over it or over all or a substantial part of its assets, undertaking or income; or
- (vi) Hawtin suspends payment of its debts generally or ceases to carry on its business (otherwise than in connection with a voluntary reconstruction or amalgamation the terms of which have previously been approved by Noteholders in accordance with the Loan Note Instrument); or
- (vii) Hawtin is unable to pay its debts within the meaning of section 123(1)(a) or 123(2) Insolvency 1986; or
- (viii) Hawtin materially defaults in the observance or performance of any material provision of any of the conditions to the Loan Note Instrument (other than a provision relating to the payment of any principal amount or interest) and such default, if capable of remedy, continues unremedied for 30 business days after Hawtin has been notified by the Noteholder with details of the default and requiring it to be remedied.

#### 6.6 ***Meetings and Modifications***

The Noteholders will have power by extraordinary resolution of the Noteholders, passed in accordance with the provisions of the Loan Note Instrument by a resolution approved by not less than 75 per cent. of the Noteholders voting on such a resolution or signed by Noteholders representing at least 75 per cent. of the Noteholders, *inter alia*, to sanction any modification, abrogation or compromise of or arrangement in respect of their rights against Hawtin (but subject to the written consent of Hawtin). Hawtin may amend the provisions of the Loan Note Instrument without such sanction, if such amendment is of a formal, minor or technical nature or to correct a manifest error.

#### 6.7 ***Registration, title, transferability and marketability***

- (a) The Loan Notes will be in registered form and will be transferable in whole or in part in an amount or integral amounts of £50,000.
- (b) A register of Noteholders will be kept and may be inspected on reasonable notice during office hours by Noteholders or their authorised representatives. The registered holder of any Notes will be recognised by Hawtin as the sole and absolute owner of the Notes. Receipt by the registered holder (or in the case of joint holders, any one joint holder) of any interest on or moneys payable upon redemption or repayment of the Notes will be good discharge to Hawtin.
- (c) No application has been made or is intended to be made to any stock exchange for the Loan Notes to be listed or otherwise traded.
- (d) The Loan Notes have not been, and will not be, registered under the US Securities Act or under the securities laws of any jurisdiction of the United States; the relevant clearances have not been, nor will they be, obtained from the securities commission of any province or territory of Canada; no prospectus in relation to the Loan Notes has been, or will be, lodged with, or registered by, the Australian Securities and Investments Commission; and no steps have been, or will be, taken to enable the Loan Notes to be offered in compliance with the applicable

securities laws of any state, province, territory or jurisdiction of the United States, Canada, Australia, Japan or any other country or jurisdiction outside the United Kingdom.

#### 6.8 **Governing Law**

The Loan Notes and the Loan Note Instrument shall be governed by and construed in accordance with English law.

The description above represents a summary only of the terms of the Loan Notes. The detailed provisions of the Loan Note Instrument which will govern the rights and obligations of Hawtin and the Loan Noteholders with respect to the Loan Notes shall prevail if there is any ambiguity.

#### 7. **Other Information**

7.1 There has been no material change in the financial or trading position of the Company since the publication of the audited accounts for the year ended 31 December 2006.

7.2 No agreement, arrangement or understanding (including any compensation arrangement), exists between the Company or the Concert Party or any other person acting in concert with them and any of the Directors, proposed Directors, Shareholders, recent directors or recent shareholders of the Company which has any connection with or dependence upon the proposals for the Acquisition.

7.3 There is no agreement, arrangement or understanding whereby the beneficial ownership of any new Ordinary Shares to be acquired by the Concert Party pursuant to the Acquisition will be transferred to any other person save for a transfer by the Concert Party members to another member of its group of companies or an affiliate, of such new Ordinary Shares.

7.4 There are no external financing arrangements being sourced in connection with the proposals for the Acquisition other than pursuant to the facility letter referred to in paragraph 8.9 below. There are no other arrangements in place nor any required for the payment of interest on, repayment of or security for any liability (contingent or otherwise) as a result of the proposals in this document, other than as set out herein.

#### 8. **Documents Available for Inspection**

Copies of the following documents may be inspected at the offices of Eversheds at 85 Queen Victoria Street, London EC4V 4JL (Ref: CH/JW) during normal business hours on any weekday (Saturdays and public holidays excepted) until immediately prior to the EGM:

- 8.1 the Memorandum and Articles of Association of Hawtin;
- 8.2 the published audited report and accounts of Hawtin plc for the periods ending 31 December 2004, 2005 and 2006;
- 8.3 the service contracts summarised in paragraph 2 above;
- 8.4 the material contracts referred to in paragraph 4 above;
- 8.5 the written consents referred to in paragraph 5 above;
- 8.6 the Loan Note instrument referred to in paragraph 6 above;
- 8.7 the Allsop valuation reports for the four investment properties summarised in Appendix Two;
- 8.8 revolving credit facility of £50 million dated 1 May 2007 from the Governor and Company of the Bank of Scotland to Hawtin PLC; and
- 8.9 the Acquisition Agreement for the Acquisition, dated 29 June 2007, made between Guinevere, the Company and Norfleet Properties (Holdings) Limited.

# HAWTIN PLC

## NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS GIVEN** that an **EXTRAORDINARY GENERAL MEETING** of Hawtin PLC (“the Company”) will be held at 11:00 a.m. on 25 July 2007 at Eversheds LLP, 1 Callaghan Square, Cardiff CF10 5BT, for the purpose of considering and, if thought fit, passing the following resolutions, which will be proposed as to resolutions 2, 3 and 5 as ordinary resolutions and as to resolutions 1 and 4 as special resolutions of the Company:

1. THAT:

- (a) the acquisition by the Company of four properties from Guinevere Holdings Limited, in consideration of the payment of £1 million in cash, 11,111,111 ordinary shares in the Company (the “Ordinary Shares”) and the Convertible Loan Notes referred to in Resolution 1.1(b) all pursuant to the terms and conditions of a sale and purchase agreement dated 29 June 2007 between the Company and Guinevere Holdings Limited (the “Sale Agreement”), further details of which are contained in the circular to shareholders of the Company dated 29 June 2007 (the “Circular”) (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;
- (b) the terms and conditions of a fixed rate unsecured convertible loan note to be created by the Company and issued to Guinevere Holdings Limited (or as it shall direct) (the “Convertible Loan Notes”) (a copy of the Convertible Loan Notes having been produced to the meeting and initialled by the Chairman for the purposes of identification), pursuant to which the Company will pay interest on the unconverted capital value at a rate of 6.5 per cent. per annum and the holder may, upon full exercise of the conversion rights, receive 19,166,666 Ordinary Shares, be and are 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 create and issue the Convertible Loan Notes; and
- (c) pursuant to the provisions of Section 95 of the Companies Act 1985 (the “Act”) the directors be and are hereby empowered to allot and issue up to a total of 30,277,777 Ordinary Shares, being 19,166,666 Ordinary Shares to be issued under the Convertible Loan Notes and 11,111,111 Ordinary Shares to be issued on completion of the Sale Agreement.

2. THAT pursuant to Section 320 of the Companies Act 1985, the acquisition by the Company of four properties from Guinevere Holdings Limited pursuant to the terms of the Sale Agreement, being a contract between the Company and a party connected to a director of the Company, namely Richard Hayward, be and is hereby approved.

3. THAT the directors be and are hereby unconditionally and generally authorised to exercise all powers of the Company to allot shares or to grant rights to subscribe for, or convert any security into shares in the Company (within the meaning of Section 80 of the Companies Act 1985) up to an aggregate nominal amount of £100,000,000 in substitution for any authority previously conferred upon them save to the extent that the same may already have been exercised PROVIDED that this authority shall expire on the earlier of 15 months after the passing of this Resolution or the conclusion of the Annual General Meeting of the Company to be held in 2008, save that the Company may before such expiry, make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the directors may allot relevant securities in pursuance of such offer or agreement as if the authority conferred thereby had not expired.

4. THAT Pursuant to the provisions of Section 95 of the Companies Act 1985 (the “Act”) the directors be and are hereby empowered to allot ordinary shares or rights to subscribe for, or to convert securities into, ordinary shares in the Company (as defined in Section 94 of the Act) pursuant to the authority

given to them for the purposes of Section 80 of the Act by the above resolution as if Section 89(1) of the Act did not apply to any such allotment provided that this power shall be limited to the allotment of ordinary shares or rights to subscribe for, or to convert into ordinary shares in the Company up to an aggregate nominal value of £179,000 representing 5 per cent. of the total ordinary share capital in issue as at 29 June 2007 PROVIDED that this authority shall expire on the earlier of 15 months after the passing of this Resolution or the conclusion of the Annual General Meeting of the Company to be held in 2008, save that the Company may before such expiry, make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the directors may allot relevant securities in pursuance of such offer or agreement as if the authority conferred thereby had not expired.

5. THAT approval be and is hereby given to the waiver granted by The Panel on Takeovers and Mergers as described in the circular to shareholders of the Company dated 29 June 2007 (the "Circular") (a copy of the Circular having been produced to the meeting and initialled by the Chairman for the purposes of identification), of any obligation on the Concert Party (as defined in the Circular) to make a general offer to shareholders of the Company under Rule 9 of the City Code on Takeovers and Mergers which would otherwise arise by reason of the payment of the consideration, being the issue of the Consideration Shares and the Convertible Loan Notes (both as defined in the Circular) by the Company to Guinevere Holdings Limited ("Guinevere"), under the terms of the Sale Agreement (as defined in the Circular) and any subsequent conversion of the Convertible Loan Notes by Guinevere (or any other member of the Concert Party) into ordinary shares in the capital of the Company.

Resolution 5 above will be taken on a poll in accordance with the requirements of The Panel on Takeovers and Mergers for dispensation from Rule 9 of the City Code on Takeovers and Mergers and the members of the Concert Party (as defined in the Circular) have undertaken not to vote on such resolution.

Dated: 29 June 2007

By Order of the Board

*Registered Office:*

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

**Notes:**

- (i) A member entitled to vote at the meeting is entitled to appoint one or more proxies to attend and, on a poll, vote on his or her behalf. A proxy need not be a member of the Company. A form of proxy is attached to this notice for use at the meeting.
- (ii) Preference shareholders are, as of the date of this document, entitled to vote at the meeting, and are entitled to appoint one or more proxies to attend and, on a poll, vote on his or her behalf.
- (iii) To be valid, the instrument appointing a proxy (together with the power of attorney or other authority, if any, under which it is signed or a notorially certified copy of such power of authority in accordance with section 3 of the Powers of Attorney Act 1971) must be deposited at or posted to the office of the registrars of the Company, Computershare Investor Service plc PO Box 82, The Pavilions, Bridgwater Road, Bristol BS99 1XZ, to be received no less than 48 hours before the time fixed for the meeting. Completion and return of the form of proxy will not preclude shareholders from attending or voting at the meeting in person.
- (iv) In order to comply with the City Code on Takeovers and Mergers, Resolution 5 will be taken on a poll.

