

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

If you have sold or otherwise transferred all of your holding(s) of Ordinary Shares or Preference Shares in Hawtin PLC, you should send this document immediately, together with 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 effected for transmission to the purchaser or transferee.

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# **HAWTIN PLC**

## **Proposed Property Disposal**

**and**

## **Notice of Extraordinary General Meeting**

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Your attention is drawn to the letter from the Chairman of Hawtin PLC set out on pages 4 to 7 of this document, which contains a recommendation by your Board to vote in favour of the resolution to be proposed at the Extraordinary General Meeting referred to below.

Notice of an extraordinary general meeting of the Company to be held at 9.30 a.m. on 24 March 2003 at the offices of Eversheds, 1 Callaghan Square, Cardiff CF10 5BT is set out at the end of this document. To be valid, the enclosed form of proxy for use at the Extraordinary General Meeting, completed in accordance with the instructions thereon, must be received by the Company's registrars, Computershare Services PLC, PO Box 82, The Pavilions, Bridgewater Road, Bristol BS99 7NH, no later than 9.30 a.m. on 22 March 2003.

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## OUTLINE TIMETABLE

<b>LATEST TIME AND DATE FOR RECEIPT OF FORMS OF PROXY</b>	<b>9.30 am on 22 March 2003</b>
<b>DATE OF EXTRAORDINARY GENERAL MEETING</b>	<b>24 March 2003</b>
<b>EXPECTED DATE OF COMPLETION</b>	<b>24 March 2003</b>

## DEFINITIONS

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

“Board” or “Directors”	the board of directors of Hawtin
“Completion”	completion of the Disposal
“Disposal”	the proposed grant of a 999 year lease, and option to purchase the freehold, of Hawtin Park
“Extraordinary General Meeting” or “EGM”	the extraordinary general meeting of the Company to be held on 24 March 2003
“Group” or “Hawtin Group”	the Company and its subsidiaries
“Hawtin” or “Company”	Hawtin PLC
“Hawtin Park”	the property asset owned by Hawtin which is the subject of the Disposal
“Helical Bar Group”	Helical Bar PLC and its subsidiaries
“Lease”	the 999 year lease to be granted to Helical Bar
“Norfleet” or “Norfleet Properties”	Norfleet Properties (Holdings) Limited, a wholly owned subsidiary of Hawtin
“Optionholders”	the holders of options as defined in paragraph 2.2 of Part III of this document
“Ordinary Shares”	ordinary shares of 5p each in Hawtin
“Ordinary Shareholders”	the holders of Ordinary Shares
“Preference Shares”	the 6.5% cumulative preference shares of £1 each in Hawtin
“Preference Shareholders”	the holders of Preference Shares
“Property”	Hawtin Park
“Purchaser”	Helical Bar (Hawtin Park No 3) Limited, a wholly-owned subsidiary of Helical Bar PLC
“Sale Agreement”	the conditional agreement entered into in connection with the Disposal, a summary of the principal terms of which is contained in paragraph 3.5 of Part III of this document
“Shareholders”	the holders of Ordinary Shares and Preference Shares
“Singlam”	Stewart-Singlam Fabrics Limited, a former non-trading subsidiary of Hawtin
“Singlam Property”	a vacant industrial property previously owned by Norfleet

# PART I

## LETTER FROM THE CHAIRMAN

### HAWTIN PLC

*(Registered in England and Wales No. 7317)*

#### *Directors*

L. Dovey, *Chairman*  
R.S. Atkinson, *Chief Executive*  
W.J. Dixon, *Finance Director*  
R.P. Morgan, *Non Executive Director*

#### *Registered Office*

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

*To the holders of Ordinary Shares, and, for information only, the holders of Preference Shares and Optionholders.*

Dear Sir/Madam

25 February 2003

### PROPOSED PROPERTY DISPOSAL

#### **Introduction**

It was announced on 10 January, 2003 that Hawtin had entered into an agreement for the granting of a long lease (with an option to purchase) over its investment property, Hawtin Park, to Helical Bar Group. Consideration will be £6,100,000, payable in cash.

The Disposal will be effected by way of the Sale Agreement, the principal terms of which are described in paragraph 3.5 of Part III of this document. In view of the size of the transaction relative to the size of Hawtin, the Disposal is conditional, among other things, upon the approval of Ordinary Shareholders at the EGM.

The purpose of this document is (i) to provide you with the details of, and the background to, the Disposal, (ii) to supply you with information relating to Hawtin Park and other matters currently pertinent to the Group and (iii) to explain to you why the Directors consider the Disposal to be in the best interests of Hawtin and recommend, therefore, that you vote in favour of the resolution approving the Disposal that will be proposed at the EGM.

#### **Reasons for the Disposal**

Hawtin's current business strategy has been to focus upon the Group's trading interests in the leisure and fitness sectors and to utilise funds from the sale of investment properties to finance the development of those of its businesses in these sectors that best demonstrate a sustainable competitive advantage. In the pursuance of this strategy, Hawtin has been divesting from property for several years. The Disposal, together with the sale of the Singlam Property (further details of which are set out below), is consistent with this strategy. In addition, however, the Board has recently resolved in the light of current trading conditions, and following consultation with its debt providers, that it would be prudent to reduce further the level of the Group's borrowings; the Disposal will assist in effecting such a reduction.

#### **Property Valuation**

Hawtin Park was valued by Messrs Stephenson & Alexander, Chartered Surveyors, Cardiff on 21 January 2003. Their opinion is that the long leasehold interest in Hawtin Park has an open market value of £6,100,000. The undernoted compares (i) Stephenson & Alexander's valuation of the property as at 21 January 2003 with (ii) the net book value of the Property at 31 December 2001 (the date of the last audited balance sheet of Hawtin) and (iii) the gross proceeds of the Disposal.

- (i) Valuation at 21 January 2003   £6,100,000.
- (ii) Net book value of Hawtin Park at 31 December 2001   £4,450,000.
- (iii) Gross proceeds of the disposal   £6,100,000.

It is the view of Stephenson & Alexander that there is no difference between the value of the freehold interest and a 999 year leasehold interest in Hawtin Park.

### **Information on the Property**

Hawtin Park, which is located near Blackwood in the county borough of Caerphilly, is a multi-purpose industrial, warehouse and office building with a total floorspace of approximately 256,000 square feet. The lettable area comprises approximately 250,000 square feet, of which 213,000 square feet is industrial and warehouse space and 37,000 square feet is office space. The Property was built in the late 1960's and early 1970's and was acquired (and subsequently modified) by Hawtin in 1983. The net rental income of Hawtin Park in Hawtin's financial year to 31 December 2001 was £674,000.

Hawtin Park is presently fully let. Space is currently rented to 6 tenants (including British Airways Interiors Engineering Ltd, Christie Tyler PLC and Caerphilly County Borough Council) who occupy areas varying between approximately 1,000 square feet and 126,000 square feet. Lease terms are for varying periods of up to 25 years.

Hawtin's wholly-owned property subsidiary, Norfleet Properties manages Hawtin Park on behalf of the Company. Certain general costs relating to Hawtin Park, such as the site manager's salary and maintenance of the surrounds, are met by Norfleet, but tenants are subsequently recharged in full along with a small management fee, calculated on a pro-rata basis and in accordance with rental agreements. Over the 3 financial years to 31 December 2001, Norfleet earned a small (average £3,200 per annum) cash surplus for providing this management service. Upon Completion, Norfleet will cease to manage Hawtin Park.

Hawtin Park is an asset directly owned by Hawtin and is neither an incorporated entity nor a significant part of any subsidiary corporate entity owned by Hawtin. As such it is not possible to show either an audited profit and loss account record or an audited balance sheet of Hawtin Park. However, the Board believes that the absence of any such information should not influence an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Group

Shareholders should not rely on the above summary description of the Property and are strongly urged to read the whole of this circular, particularly the report by Stephenson & Alexander which comprises Part II of this document.

Hawtin owns 19 acres of vacant development land adjacent to Hawtin Park which is not part of the Disposal. It is anticipated that this land will eventually be sold.

### **Terms and effect of the Disposal**

It is proposed to dispose of Hawtin Park by granting Helical Bar Group a 999 year lease of the Property upon which will be paid a peppercorn rent. In addition, Helical Bar will simultaneously be granted an option, for nil consideration, to purchase the freehold of Hawtin Park for a nominal consideration of £1 at any time in the 3 years commencing 9 January 2021.

Consideration for the Lease will be £6,100,000, payable in cash at Completion. Expenses of the transaction are estimated at £180,000. As noted above, the book value of the Property at 31 December 2001 was £4,450,000. Accordingly, the estimated surplus arising on the Disposal is £1,470,000. The Board currently anticipates that no taxation will be payable in respect of the net gain achieved by the Disposal.

The rental income of the Group will fall as a result of the Disposal. This will result in a reduction in Group operating profits before interest. There will, however, be a net reduction in Group borrowings and in associated interest costs.

### **Use of proceeds of the Disposal**

The net proceeds of the Disposal, estimated at approximately £5,920,000, will in the first instance be used to repay £5,000,000 of term loans secured on Group properties. The balance of the net proceeds will be used to reduce short-term borrowings.

### **Sale of Singlam Property**

On 20 December 2002, Hawtin announced the sale of a vacant industrial building located at Treforest, Pontypridd, formerly occupied by Singlam and currently owned by Norfleet Properties. The purchaser of the Singlam Property was PMG Holdings PLC and the consideration was £1,225,000, payable in cash. The sale was completed on 7 February 2003.

Manufacturing at the Singlam Property ceased in the summer of 2001. All plant and equipment has been removed from the building which has since remained vacant, and from which, therefore, no rental income has been derived. The building has, however, been incurring annual maintenance and security costs of some £96,000. Upon disposal, these costs ceased to be the obligation of Norfleet.

The sale of the Singlam Property has been made for the same reasons as the disposal of Hawtin Park, namely in pursuance of the Board's dual strategy of transferring resources from the Group's property portfolio to its core trading businesses and of reducing the level of the Group's borrowings.

The historic cost value of the Singlam Property was £1,200,000. In the year 2000, it was revalued professionally to a market value that reflected its then current use. Based on this revaluation, the net book value of the property at 31 December 2001 was £1,935,000. The sale consequently resulted in the realisation of a loss, before expenses, of approximately £735,000.

In agreeing to accept an offer for the property below net book value, the Directors noted that the Singlam Property is no longer in industrial use and that there is presently an over-supply of vacant industrial buildings within the immediate area.

The net proceeds of the sale of the Singlam Property, estimated at approximately £1,200,000, have been used to reduce Group borrowings.

The sale of the Singlam Property was not subject to approval by the Ordinary Shareholders.

### **Current Trading, Prospects and Future Strategy**

Hawtin's results for the 6 months to 30 June 2002 were published on 12 September 2002. Turnover for the 6 months was £27.8 million compared to £28.1 million in the equivalent period in 2001. The operating loss was £63,000 (2001: profit of £285,000). There was, however, a pre-tax loss of £0.6 million (2001: loss of £2.5 million) after net interest charges of £534,000 (2001: £550,000).

The trading results reflected (i) the continuing process of restructuring Group activities, (ii) integrating a new business into Powersport, (iii) provision for a potential overseas bad debt and (iv) reorganisation of the sunbed division. Turnover from Hawtin's core, water-based companies, Certikin, Spaform and Aquamarine, was 20% ahead of the previous year. Comparison of profits at Spaform was distorted by the receipt in 2001 of insurance proceeds, by the establishment costs of the new factory, by margin pressures and by delays in reaching anticipated operating efficiencies in new premises. Following the introduction of a new lifestyle clothing range, Gul International traded satisfactorily.

As Shareholders will however be aware, Hawtin issued a trading statement regarding the outcome for the whole of 2002 on 5 November 2002. This statement was posted to Shareholders on 14 November 2002. The full text of the trading statement is as follows:

“Hawtin announces that, since publication on 12 September 2002 of the Group's interim results for the period to 30 June 2002, there has been an adverse change in the Board's expectations for the financial year to 31 December 2002.

The interim statement referred to a process of restructuring being undertaken within the Group. Recent business reviews have indicated that both the rate of progress in the restructuring and the pace of recovery in certain key businesses are behind plan. The result of this is that there will be a significant trading loss for the year.

In addition, Hawtin expects to make exceptional charges in respect of bad debt provisions, reorganisation costs and asset write-downs.

The Group is continuing its policy of disposing of surplus investment properties, and following the sale of the former Head Office in May, is currently negotiating two further disposals which, if completed, will generate exceptional profits and substantially reduce Group borrowings.

The Board also announces that it has received approaches that may, or may not, lead to an offer being made for all of the Company's ordinary share capital. A further announcement regarding these approaches will be made in due course."

The Directors reaffirm that this statement continues to reflect their expectations of the outcome for the financial year.

On 10 January 2003, the Company announced that the discussions referred to in the above statement had lapsed but that the bid approaches had prompted the Board to appraise further the strategic options available for the future development of the Group. Subsequent to this announcement, the Board has received offers to purchase one or more subsidiaries, which it intends to pursue, consistent with its agreed policy, arrived at following consultation with its debt providers, to further reduce Group borrowings.

### **Extraordinary General Meeting**

An extraordinary general meeting of the Company will be held at 9.30 a.m. on 24 March 2003 at 1 Callaghan Square, Cardiff CF10 5BT, at which will be proposed an ordinary resolution to approve the Disposal. A notice convening the Extraordinary General Meeting appears at the end of this document.

### **Action to be taken**

A reply paid form of proxy is enclosed for use by Ordinary Shareholders at the Extraordinary General Meeting. Whether or not you intend to be present at the EGM, you are requested to complete the form of proxy in accordance with the instructions printed thereon and to return it to the Company's registrars, Computershare Services PLC, 82 The Pavilions, Bridgewater Road, Bristol BS99 7NH, as soon as possible and, in any event, so that it is received no later than 9.30 a.m. on 22 March 2003. The return of a completed form of proxy will not prevent you from attending the EGM and voting in person if you so wish.

### **Recommendation**

**The Board considers that the loss of income to the Company arising from the Disposal is justified by the price to be received, which will result in a surplus on Disposal of £1,470,000 and a substantial reduction in gearing. The Board is therefore of the opinion that the Disposal is in the best interests of Shareholders as a whole. Accordingly, the Directors recommend that Ordinary Shareholders vote in favour of the resolution to be proposed at the Extraordinary General Meeting.**

**In my own right, and through a company which I control, I have a beneficial interest in 11,270,912 Ordinary Shares. I intend that all of these shares will be voted in favour of the resolution. The other Directors of Hawtin, who together beneficially own a further 4,803,057 Ordinary Shares, also intend to vote all of these shares in favour of the resolution. In total, the Directors have a beneficial interest in 16,073,969 Ordinary Shares, 22.4% of the issued ordinary share capital.**

Yours faithfully

Leonard Dovey  
*Chairman*

**PART II**  
**VALUATION REPORT**



Chartered Surveyors  
5 High Street, Cardiff CF10 1PZ

25 February, 2003

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

and

The Directors  
Brewin Dolphin Securities Limited  
7 Drumsheugh Gardens  
Edinburgh  
EH3 7QH

Dear Sirs

**VALUATION OF HAWTIN PARK, PONTLLANFRAITH, NR BLACKWOOD, SOUTH WALES**

We have inspected the above property and set out our opinion of the open market value of the long leasehold interest for 999 years at a peppercorn rent, subject to current tenancies, on the usual RICS definition of open market capital value. This opinion does not differ from a valuation of the property freehold subject to the same tenancies. The inspection was undertaken by Peter Graham BSc FRICS, a partner in our firm, who is experienced in investment property valuations. The date of the first visual inspection was 1 November 2002. A re-inspection took place on 21 January 2003 which is the effective date of valuation.

The property ownership, the subject of valuation, is shown on the plan at Appendix 1.

Your attention is drawn to our standard terms and conditions of engagement document at Appendix 2 and to the specific valuation assumptions relevant to this property set out at Appendix 3.

**General Description & Situation**

The property, which is freehold-owned and sold on a 999 year long leasehold, is described in brief at Appendix 4 and comprises mainly single storey industrial/warehouse premises with a separate office block mainly at ground floor, but with some upper floor space. The total floorspace within the ownership is approximately 256,000 sq ft. This includes landlord's common areas. Approximately 250,000 sq ft is the balance let in six main occupations in accordance with the tenancy schedule at Appendix 5. The office block comprises approximately 15% of lettable floorspace.

The property was originally constructed in 1969/1970 by Johnson & Johnson as one of their main UK factory and office complexes. Additions were made in the early 1970's. Hawtin acquired the property in 1983 following Johnson & Johnson's closure and subdivided the building for separate lettings. There is some scope for new development on the site, but this is not a significant factor in the current valuation.

Details in summary form of the main terms of tenant's leases are set out in the tenancy schedule at Appendix 5.

### **Valuation Assumptions**

We have drawn your attention above to our valuation assumptions set out at Appendix 3, which includes the basis of open market value as follows:

“An opinion of the best price at which the sale of an interest in property would have been completed unconditionally for cash consideration on the date of valuation, assuming:

- (a) a willing seller;
- (b) that prior to the date of valuation, there had been a reasonable period (having regard to the nature of the property and the state of the market) for the proper marketing of the interest, for the agreement of the price and terms and for the completion of the sale;
- (c) that the state of the market, level of values and other circumstances were, on any earlier assumed date of exchange of contracts, the same as on the date of valuation;
- (d) that no account is taken of any additional bid by a prospective purchaser with a special interest; and
- (e) that both parties to the transaction had acted knowledgeably, prudently and without compulsion.”

In the valuation no account is taken either of vendor's transaction costs or taxation of a capital gain. The valuation assumptions also confirm that, since this is a Valuation Report, a structural survey would be beyond the scope of our Report, as would be a survey to establish any past or present contamination on the site. This was originally a greenfield site and we do not believe a structural or contamination survey would identify any factors that would materially alter our valuation opinion, but we understand that the purchaser's have undertaken surveys to be comfortable in this respect.

Our opinion is that the long leasehold interest, the subject of this valuation, has an open market capital value of:

**£6,100,000 (six million one hundred thousand pounds)**

The sources of information for us in compiling this Report would include information provided by Hawtin PLC, information gathered at inspection and lease documentation made available to us.

The Report is intended as a Valuation Report and is not intended to be used for any other purpose. Before the Report or any part of it is reproduced or referred to in any document, circular or statement, our written approval as to the form and context of such publication or disclosure must be obtained. We are aware that the valuation is being used in conjunction with the requirements of the UK Listing Authority in connection with a Class 1 circular. We are agreeable to the Report being used for this purpose and believe it complies with the requirements of the UK Listing Authority.

Yours sincerely

Peter J Graham BSc FRICS

*Partner*

Email: petergraham@SandA.uk.com

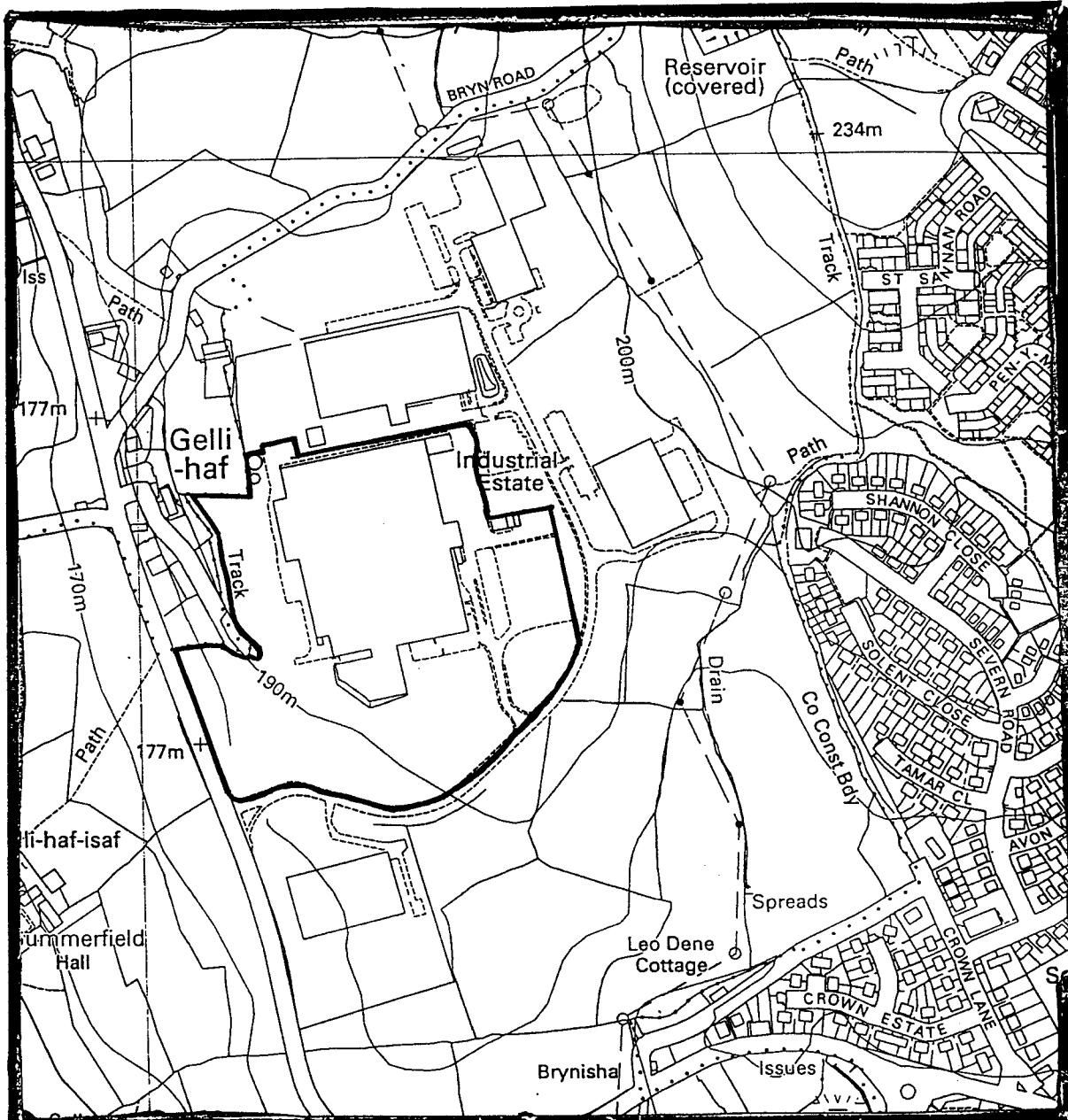
### **Appendices**

Appendix 1	Property Ownership Plan
Appendix 2	Terms & Conditions of Engagement
Appendix 3	Valuation Assumptions
Appendix 4	More Detailed Description & Information
Appendix 5	Tenancy Schedule

APPENDIX 1

PROPERTY OWNERSHIP PLAN

PLAN REFERRED TO



FOR IDENTIFICATION PURPOSES ONLY

**Stephenson  
& Alexander**

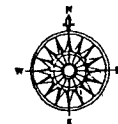
5 High Street  
Cardiff CF10 1PZ

Tel: 029 2034 0244  
Fax: 029 2022 0469

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Not to scale



Plan No:

## APPENDIX 2

### TERMS & CONDITIONS OF ENGAGEMENT

#### 1. Basis/Bases of Valuation

The appropriate basis of valuation as defined by the RICS Appraisal and Valuation Manual, selected from (i) to (vi) below, will be stated in our covering letter, together with special instructions or special or unusual assumptions to be adopted.

##### (i) Open Market Value (OMV)

An opinion of the best price at which the sale of an interest in property would have been completed unconditionally for cash consideration on the date of valuation, assuming:

- (a) A willing seller.
- (b) That, prior to the date of valuation, there had been a reasonable period (having regard to the nature of the property and the state of the market) for the proper marketing of the interest, for the agreement of price and terms and for the completion of the sale.
- (c) That the state of the market, level of values and other circumstances were, on any earlier assumed date of exchange of contracts, the same as on the date of valuation.
- (d) That no account is taken of any additional bid by a prospective purchaser with a special interest.
- (e) That both parties to the transaction had acted knowledgeably, prudently and without compulsion.

##### (ii) Existing Use Value (EUV)

An opinion of the best price at which the sale of an interest in property would have been completed unconditionally for cash consideration on the date of valuation assuming:

- (a) A willing seller.
- (b) That, prior to the date of valuation, there had been a reasonable period (having regard to the nature of the property and the state of the market) for the proper marketing of the interest, for the agreement of the price and terms and for completion of the sale.
- (c) That the state of the market, level of values and other circumstances were, on any earlier assumed date of exchange of contracts, the same as on the date of valuation.
- (d) That no account is taken of any additional bid by a prospective purchaser with a special interest.
- (e) That both parties to the transaction had acted knowledgeably, prudently and without compulsion.
- (f) The property can be used for the foreseeable future only for the existing use; and
- (g) That vacant possession is provided on completion of the sale of all parts of the property occupied by the business (save that, solely where the property is owned by a public or other non-profit making body for the delivery of a service, it is to be assumed that the property will continue to be occupied or let for its existing use).

##### (iii) Estimated Realisation Price (ERP)

An opinion as to the amount of cash consideration before deduction of costs of sale which the Valuer considers, on the date of valuation can reasonably be expected to be obtained on future completion of an unconditional sale of interest in the subject property assuming:

- (a) A willing seller.
- (b) That completion will take place on a future date specified by the Valuer to allow a reasonable period for proper marketing (having regard to the nature of the property and the state of the market).
- (c) That no account is taken of any additional bid by a prospective purchaser with a special interest; and
- (d) That both parties to the transaction will act knowledgeably, prudently and without compulsion.

(iv) Estimated Restricted Realisation Price (ERR)

An opinion as to the amount of cash consideration before deduction of costs of sale which the Valuer considers, on the date of valuation, can reasonably be expected to be obtained on future completion of an unconditional sale of the interest in the subject property assuming:

- (a) A willing seller.
- (b) That completion will take place on a future date specified by the Client (and recorded in the Valuer's Report) which does not allow a reasonable period for proper marketing (having regard to the nature of the property and the state of the market).
- (c) That no account is taken of any additional bid by a prospective purchaser with a special interest; and
- (d) That both parties to the transaction will act knowledgeably, prudently and without compulsion.

(v) Estimated Restricted Realisation Price for the Existing Use as an Operational Entity valued having regard to trading potential (ERRPEU)

An opinion as to the amount of cash consideration before deduction of costs of sale which the Valuer considers, on the date of valuation, can reasonably be expected to be obtained on future completion of an unconditional sale of the interest in the subject property assuming:

- (a) A willing seller.
- (b) That completion will take place on a future date specified by the Client (and recorded in the Valuer's Report) which does not allow a reasonable period for proper marketing (having regard to the nature of the property and the state of the market).
- (c) That no account is taken of any additional bid by a prospective purchaser with a special interest.
- (d) That both parties to the transaction will act knowledgeably, prudently and without compulsion; and
- (e) Such of the following as the Client requires (and the Valuer shall state in the Report):
  - (i) Accounts or records of trade would not be available to or relied upon by a prospective purchaser.
  - (ii) The business is open for trade.
  - (iii) The business is closed.
  - (iv) The inventory has been removed.
  - (v) The Justices' or other licenses, consents, certificates and/or permits are lost or are in jeopardy; and
  - (vi) The property has been vandalised to a defined extent.

(vi) Open Market Rental Value (OMRV)

An opinion of the best rent at which a new letting of an interest in property would have been completed at the date of valuation assuming:

- (a) A willing Landlord.
- (b) That, prior to the date of valuation, there had been a reasonable period (having regard to the nature of the property and the state of the market) for the proper marketing of the interest, for the agreement of the rent and other letting terms and for the completion of the letting.
- (c) That the state of the market, levels of values and other circumstances were, on any earlier assumed date of entering into an agreement for lease, the same as on the date of valuation.
- (d) That no account is taken of any additional bid by a prospective tenant with a special interest.
- (e) A stated length of term and stated principal conditions applying or assumed to apply to the letting and that the other terms are not exceptionally onerous or beneficial for a letting of the type and class of the subject property.
- (f) That no premium passed and that any rent-free period is in respect only of the time which would have been needed by the incoming tenant to make the subject property fit for occupation; and
- (g) That other parties to the transaction had acted knowledgeably, prudently and without compulsion.

## **2. Assumed Date of Valuation**

The assumed date of valuation will be the date of our Report, unless otherwise stated.

## **3. Condition**

We shall not carry out a building survey or test services, nor shall we inspect those parts of the property which are covered, unexposed or inaccessible and such parts will be assumed to be in good repair and condition. We cannot express an opinion about, or advise upon, the condition of non-inspected parts and our Report should not be taken as making any implied representation or statement about such parts.

We shall not arrange for any investigations to be carried out to determine whether or not any deleterious or hazardous material has been used in the construction of the property, or has since been incorporated, and we are therefore unable to report that the property is free from risk in this respect. For the purpose of our valuation we shall assume that such investigation would not disclose the presence of any material to any significant extent.

## **4. Plant and Machinery**

Our valuation will include only such items as form part of the normal building services installations. Any items in the nature of specialist or present occupier's process plant and machinery will be excluded.

## **5. Sources, Extent and Non-disclosure of Information**

In preparing our valuation we shall rely upon information provided by the client or building occupier in respect of tenure, tenancies, planning consent and any other relevant information. Where leases or other documents have been produced to us, our Report will so state. Otherwise, such information should be verified by the client and in the event of significant variation from the information initially given to us, our valuation could require adjustment.

## **6. Disclosure**

Our valuation is to be provided for the stated purposes and for the sole use of the Bank. It is confidential to the Bank and its customer, and the Valuer accepts no responsibility whatsoever to any other party. Neither the whole nor any part of our Valuation Report, or any reference thereto 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.

## **7. Complaints Procedure**

It is confirmed that the firm does have a Complaints Procedure in place and if any party has valid reason to make a complaint about the firm or its employees then a written complaint should be submitted to Mr David Davies or Mr Peter Graham and marked Private and Confidential. A copy of the full Complaints Procedure can be made available upon request.

## APPENDIX 3

### VALUATION ASSUMPTIONS

1. Our valuation is on the usually accepted RICS Definition of Open Market Value and taken from Practice Statement 4 (4.2 of the RICS Appraisal & Valuation Manual usually known as the “Red Book”) as follows:

“An opinion of the best price at which the sale of an interest in property would have been completed unconditionally for cash consideration on the date of valuation, assuming:

- (a) a willing seller;
- (b) that prior to the date of valuation, there had been a reasonable period (having regard to the nature of the property and the state of the market) for the proper marketing of the interest, for the agreement of the price and terms and for the completion of the sale;
- (c) that the state of the market, level of values and other circumstances were, on any earlier assumed date of exchange of contracts, the same as on the date of valuation;
- (d) that no account is taken of any additional bid by a prospective purchaser with a special interest; and
- (e) that both parties to the transaction had acted knowledgeably, prudently and without compulsion.”

The reasonable period assumed for marketing and concluding terms is 5-6 months. This could be broken down as to approximately 3 months to market the property and 2-3 months to safely document a sale.

2. We assume that the property being sold is of good and unencumbered long leasehold title at a peppercorn with an option for the long leaseholder to acquire the freehold for a nominal consideration with no onerous or unusual outgoing, restrictions or covenants affecting the property of which we are unaware. We have received confirmation from Hawtin’s solicitors, Messrs Eversheds of Cardiff, that this is a correct assumption in respect of the title for valuation purposes.
3. The property is assumed to be in a sound overall structural condition with no deleterious materials used in its construction such as high alumina cement, wood wool slabs, etc. Any repairs required to the property are the responsibility of the tenants, with the exception of some works that would still be covered by the Schedule of Condition in relation to the Christie Tyler letting. This latter point is not considered to be significant to the overall valuation.
4. It is important to point out that this is a Valuation Report and not a Structural Survey. Neither are we qualified to comment on whether the property has suffered from or continues to suffer from any past or current contamination of the site. We believe the development was carried out on greenfield land but nevertheless as part of any due diligence in connection with a sale of the property, the purchaser would be expected to carry out desktop studies and further ground tests if appropriate, to establish that there is no issue with contamination on the site. Also, to establish that the ground conditions are satisfactory with no abnormal costs required.
5. We assume there are no disputes with the Local Authority or other parties and that there are no notices or outstanding compliance issues in connection with Statutory requirements. We have spoken to the Local Authority to obtain confirmation that the property complies with planning requirements.
6. We assume the floor areas contained within this Report are approximately correct.
7. We assume the tenancy details provided are correct and that where a new lease or licence is under negotiation, that it is likely that it will be completed on the terms referred to in the tenancy schedule at Appendix 5, however that it has not yet been completed.
8. Based on information supplied we understand there are no significant arrears of rent or service charge and no other disputes between the landlord and tenants in relation to the property that would affect our valuation.

9. As is usual in commercial property valuations, our valuation does not take into account the impact of taxation.
10. Our valuation is net of (after deducting) costs of purchase in the usual way, but does not allow for the vendor's transaction costs or taxation (see above).
11. We assume all the other information with which we have been provided, is both complete and correct.

## APPENDIX 4

### MORE DETAILED DESCRIPTION AND INFORMATION

- The property is about a 20 minute drive time from the M4 at J32 (North Cardiff) and approximately 15 miles from this junction and a similar travel time from the M4 at Newport. Road access has significantly improved to the site by the construction of new four lane bypasses in about 1995, both in the direction of Newbridge, Risca and Newport and also through Caerphilly to Cardiff.
- The office block blends well into the hillside and is visible on the approach to the site. The office accommodation is air conditioned and an older gas oil boiler system also serves the offices, which are of reasonably modern fit out. Some tenant's improvements have been carried out and have been ignored for the purposes of valuation. There is a separate office car park for some 45 vehicles.
- The industrial/warehouse floor areas have their own large car park and generally are of portal frame steel construction with profiled steel cladding to the roof and elevations. Internal walls are brick or blockwork. Headroom to the underside of the portal frame at eaves height in most of these areas is generally 25 ft to 30 ft and the areas are reasonably well served by blow heaters. Some replacement heating equipment is being installed prior to completion of sale.
- The property has established planning use for B1, B2 and B8 purposes (business, general industrial and storage/distribution) and there are no known breaches or non-compliances. Also, there is no known material contravention of statutory requirements of which we are aware.
- The leases are of modern and generally acceptable terms, the majority being full repairing and insuring by means of a fairly comprehensive service charge.
- Other factors relevant to valuation and worthy of mention are:
  - (i) The property, whilst of older construction, is in a reasonable condition for its age.
  - (ii) In terms of covenant strength and lease income, covenant strength is of medium quality. Some 30% of income is short term, 65% of total income is let for 8 years or more and some 46% of total income is let for over 12 years (Christie Tyler).
  - (iii) An angle for a purchaser might be to lengthen leases by negotiation in the future and to explore possible development potential for new buildings on the industrial car park, possibly relocating this to a grassed area adjacent to the office car park. Also, to the front of the building there may be some smaller scale development potential.
  - (iv) Rental levels payable for the subject industrial/warehouse floorspace are generally £2.50-£3.00 psf, although Nordam pay approximately £3.75 psf. Tenants may prefer more modern floorspace once rents rise to £3.50 psf and above. The offices are let at £3.28 psf, which should have potential for some future rental growth. The current market rental values under the terms of the leases do not materially differ from the current rentals payable. (Refer to the terms in the schedule attached).
  - (v) There is nominal shortfall on the service charge, which is adequately covered by the 10% management charge.
- Investor demand is probably the highest it has been since the late 1980's and low interest rates have increased demand and reduced yields accepted by purchasers. Our yield opinion is approximately 11% for this property.
- The main access road alongside the subject property ownership requires some repair work and we understand this is the responsibility of adjoining owners GE. We understand that the Local Authority is taking action to enforce this repairing obligation.
- The accommodation, generally speaking, is adequate for the purpose to which it is being put.
- There is a schedule of condition to the Christie Tyler lease, but since the landlords have carried out works to correct many disrepairs in the schedule, the latter is in our opinion no longer of much significance to the total valuation.
- Occupier demand is reasonable but patchy, although the locality is generally acknowledged to be one of "aerospace expertise" with a number of such companies located nearby.

**APPENDIX 5**  
**TENANCY SCHEDULE**

Sq Ft	Tenant	Current Rent	Term of Lease		Break	Occupation	Comments
			From	To			
126,005	Christie Tyler	£330,000	25 years 04.04.90	04.04.15		General light industrial warehouse and assembly	See comments in report re service charge. Assignment of whole/underletting of part, latter not in more than 1 underletting & ex-LTA <sup>1</sup> . Service charge comprehensive with ability for landlord to provide and charge for additional services reasonably required.
52,708	British Airways	£152,856	2 years 07.02.02	22.01.06		B8 or other uses approved by the lessor	Assumed service charge in new documentation as above. In existing lease service charge must not include expenditure in relation to roof. Assignment or underletting of whole permissible and assumed other lease terms remain same in new lease.
1,363	Apollo Sound	£6,815	12 years 01.01.91	31.12.02		B1, B2 and B8	Assignment or underletting of whole permissible. Service charge as for Christie Tyler.
38,568	Caerphilly CBC	£126,500	10 years 01.04.01	01.04.11		Unrestricted office use	Assignment or underletting of whole permissible. Landlord may unreasonably withhold consent on good estate mgmt grounds. Comprehensive service charge.
17,344	Ambassador Park	£45,094 [£46,829]	09.02.98 10.02.03	09.02.03 09.02.04		B1, B2 and B8	Standard assignment/underletting terms as for other leases.
14,111	Nordam	£52,916	To 04.03.03			B1, B2 and B8	Assignment and underletting of whole permissible. Maximum contribution to service charge £1,730.40 will, we assume, no longer apply under new licence arrangement.
5,785	Vacant/common areas (under current leases)						
N/a	Williams Bros	£750	28.10.02	28.10.03		Garage area – storage building materials	We have not seen documents Not significant to valuation
<b>255,884</b>	<b>TOTAL</b>	<b>£714,931</b>					

*Footnotes:*

<sup>1</sup> LTA – Landlord & Tenant Act

There are other provisions in the Alienation Clauses covering assignment and sub-letting to protect the landlord's position.

## PART III

### ADDITIONAL INFORMATION

#### 1. Responsibility statement

The Directors whose names appear at the top of page 4 of Part I of this document accept responsibility 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.

#### 2. Directors' and other interests

- 2.1 As at the date of this document, the interests of the Directors in the share capital of the Company which have been notified by each Director to the Company pursuant to Sections 324 or 328 of the Companies Act 1985 ("the Act") or which are required to be entered in the register maintained pursuant to Section 325 of the Act or which are interests of a connected person of a Director (within the meaning of Section 346 of the Act) which would require to be disclosed if that person were a Director and the existence of which is known to or could, with reasonable diligence, be ascertained by that Director, all of which are beneficial interests unless otherwise stated as follows:

Director	Number of Shares Held (and capacity in which held)	% of issued ordinary share
Leonard Dovey	11,270,912 (Beneficial)	15.71
Richard Powell Morgan	4,553,057 (Beneficial)	6.35
William John Dixon	250,000 (Beneficial)	0.35

- 2.2 The following options are exercisable under the terms of the Executive Share Option Scheme 1995. The options granted may be exercised at dates before February 2010.

Director	Options Over Shares	Exercise Price
William John Dixon	250,000	15.5p
Roger Scott Atkinson	500,000	10.75p

- 2.3 As at 21 February 2003, (the latest practicable date prior to the publication of this document), the Directors were aware of the following shareholders who, other than the Directors (whose holdings are stated in 2.1 above), directly or indirectly were interested (as defined in section 208 of the Act) in 3% or more of the issued Ordinary Shares.

Ordinary Shareholder	Number of Ordinary Shares	% of issued ordinary share capital
Aberdeen Asset Management	6,323,014	8.82
Philip James Dovey	6,137,343	8.56

Insofar as is known, the Directors are not aware of any shareholders (other than as set out above and in paragraph 2.1) who, directly or indirectly, are interested (as defined in section 208 of the Act) in 3% or more of the issued Ordinary Shares.

- 2.4 As at 21 February, 2003 (the last practicable date prior to the publication of this document), the Directors were aware and the Company had been notified of the following persons who, directly or indirectly, were interested (as defined in section 208 of the Act) in 3% or more of the issued Preference Shares:

Preference Shareholders	Number of Preference Shares	% of issued preference share capital
State Street Nominees (Jove Investment Trust)	200,000	36.4
Co-operative Insurance Society Limited	187,448	34.2
The Investment Company Plc	67,768	12.5
Maunby Investment Managers	50,000	9.1
Union Pension Trust Limited	20,000	3.6

2.5 (i) Services have been provided in respect of electronic consultancy from a company of which Leonard Dovey is a director and shareholder. The cost of these services was £69,000 in the year to 31 December 2001 and is nil in the financial year ended 31 December 2002.

(ii) On 27 September 2002, Certikin International Limited (“Certikin”), a wholly-owned subsidiary of Hawtin, raised an unsecured loan in order to finance the initial consideration payable under a sale and purchase agreement of 95% of the issued share capital of MMC SARRL (details of which appear in paragraph 3 below). The loan comprised:

£135,000 from Leonard Dovey

£137,000 from Richard Powell Morgan

£95,000 from Patrick Thorpe (Managing Director of Certikin)

There are no fixed repayment terms, however the sums are to be repaid by Certikin as soon as reasonably practical. It is a stipulation of the company’s bankers, HBOS, that no repayment may be made without their prior consent. The loans will attract a commercial rate of interest payable on repayment of the loans. The commercial rate of interest will be calculated at 2% above the HBOS published base rate, subject to deduction of income tax.

Other than the preceding paragraphs of this section, no Director has any interest in any transactions which is or was unusual in its nature or conditions or significant to the business of the Group and which either was effected by the Company during its current or immediately preceding financial year, or which was effected by the Company during an earlier financial year and remains in any respect outstanding or unperformed.

2.6 The Company entered into a service agreement with William John Dixon to act as finance director on 25 February 1999. This contract is not for a fixed period but is terminable on 12 months notice from either party. The Company may pay salary in lieu of notice pursuant to the terms of the agreement.

William John Dixon’s current aggregate remuneration is £126,173 per annum which includes membership of the company car scheme, a pension contribution of 10% of basic salary and membership of the Company’s Executive Share Option Scheme 1995 (as amended).

Roger Scott Atkinson commenced employment with the Company as Chief Executive Officer on 1 June 2002. The Company is currently negotiating the terms of a written service contract with Mr. Atkinson. The Directors anticipate that the contract will not be for a fixed period, but will be terminable on 12 months’ notice from either party.

Mr. Atkinson’s current aggregate remuneration is £172,854 per annum, which includes membership of a private healthcare scheme, membership of a company car scheme, a pension contribution of 10% of basic salary and membership of the Company’s Executive Share Option Scheme 1995 (as amended).

Neither Leonard Dovey (Chairman) nor Richard Powell Morgan has a formal service contract with the Company.

In respect of the non-executive directors, Leonard Dovey (Chairman) has no formal letter of appointment but receives emoluments of £25,000 per annum. Richard Powell Morgan was appointed subject to a letter of appointment dated 25 March 1998 and receives emoluments of £20,000 per annum. There is no fixed term or notice period in respect of either directorships and both non-executive directors will continue to hold office until otherwise decided by the Board or their resignation or voluntary retirement, subject always to the provision of the Company’s Articles of Association which require one third of non-executive directors to retire annually.

### 3. Material contracts

The principal contents of each of the material contracts (not being contracts entered into in the ordinary course of business) entered into by Hawtin or any members of the Group within the two years immediately preceding the date of publication of this document or of any other contract (not being a contract entered into in the ordinary course of business) by any member of the Group which contains any provision under which any member of the Group has any obligation or entitlement which is material to the Group as at the date of this document; and

the principal contents of each of the material contracts (not being contracts in the ordinary course of business) entered into by Hawtin or by any member of the Group in respect of the Property within the two years immediately preceding the date of publication of this document or of any other contract (not being a contract entered into in the ordinary course of business) in respect of the Property which contains any provision under which the Group or any member of the Group, in respect of the Property, has any obligation or entitlement which is material to the Group as at the date of this document are set out below.

- 3.1 On 19 October 2001, a wholly-owned subsidiary of the Company, Norfleet Properties (Holdings) Limited (“Norfleet”), entered into a contract to sell the freehold of the Company’s former head office, Ocean Buildings, Bute Crescent, Cardiff to J.R Smart (Builders) Limited for a consideration of £795,585.00 (plus VAT). The sale of Ocean Buildings was completed on 31 May 2002.
- 3.2 On 8 March 2002, Powersport International Limited (“Powersport”), a wholly-owned subsidiary of the Company, entered into an agreement to purchase from Sport Engineering Limited and Lifestyle Engineering Limited (the “Vendors”) the manufacturing, supply, sale and distribution businesses relating to fitness and related equipment carried on by the Vendors under the names “Powerjog” and “Lifestyle” (the “Business”).

The consideration for the purchase was the net assumption of certain indebtedness of the Vendors associated with the Business, in the sum of approximately £420,000.

Additional consideration is payable to Sport Engineering Limited. The additional consideration will be calculated according to the number of treadmill units sold by PIL in each of the 5 years immediately following completion of the sale, subject to a maximum of £90,000 per annum. The additional consideration is subject to certain rights of set-off in favour of PIL.

Powersport was provided with the usual warranties and indemnities by the Vendors. The maximum liability of the Vendors under the warranties is the aggregate of the value of the indebtedness assumed at completion (being approximately £420,000) and the maximum sum paid in respect of the sale of treadmill units over the 5 year period referred to above (being a maximum of £450,000).

- 3.3 On 12 September 2002, Certikin entered into an agreement to acquire 95% of the issued share capital of MMC SARL from Marc Chiron and Sylvie Soret (“the Sellers”) for a consideration of €1,219,600 (subject to agreement of the amount of the Company’s indebtedness at Completion). The agreement was amended on 30 September 2002 as a result of which additional consideration of €45,735 was payable upon Marc Chiron taking over certain liabilities from MMC SARL.

Of the total consideration, €609,800 was paid at or prior to completion, with the sum of €304,900 paid on 1 January 2003. Part of this consideration was provided by two of the Directors and by Patrick Thorpe, Managing Director of Certikin, on the terms set out in paragraph 2.5 above. The balance of €304,900 is payable on 1 January 2004. The final payment is guaranteed by Certikin.

Certikin was provided with the usual warranties and indemnities by the Sellers. The threshold for warranty claims is €76,224 with total loss payable in excess of this amount. The time limit for warranty claims is 18 months except for the following:

- (i) 15 days following the expiry of any relevant statutory time limit as regards control exercised by fiscal, customs, security and environmental bodies;
- (ii) 10 years for real property matters; and
- (iii) 99 years in respect of title to the sale shares.

- 3.4 On 19 December 2002, Norfleet entered into a contract to sell the leaseholds of Units B9, B15 and B16 Treforest Industrial Estate, Treforest to PMG Developments PLC for a consideration of £1,225,000. The contract was subject to Norfleet obtaining retrospective landlords' consent to certain alterations and additions made by Norfleet prior to the sale. Completion took place on 7 February 2003. Further details relating to this disposal are contained in Part I of this document.
- 3.5 On 9 January 2003, the Company granted a 999 year lease of a factory and offices at Hawtin Park, Blackwood, Caerphilly (details of which are more particularly set out in the valuation report of Stephenson & Alexander in Part II of this circular) ("the Lease") to two nominee companies Helical Bar (Hawtin Park No 1) Limited and Helical Bar (Hawtin Park No 2) Limited. On 9 January 2003, the Company entered into a contract to sell the beneficial interest in the Lease to Helical Bar (Hawtin Park No 3) Limited for a consideration of £6,100,000 ("the Contract"). Helical Bar (Hawtin Park No 1) Limited, Helical Bar (Hawtin Park No 2) Limited and Helical Bar (Hawtin Park No 3) Limited are all wholly-owned subsidiaries of Helical Bar.

The Contract remains conditional on the registration of the Lease at HM Land Registry, the removal from the title of the Property of an entry protecting an agreement for lease entered into between the Company and Caerphilly County Council and the passing of a resolution of the shareholders of the Company approving the Contract.

Pursuant to the terms of the Contract, the Company will use its reasonable endeavours to have the spine road within the estate, which incorporates Hawtin Park, adopted by Caerphilly County Council. Any reasonable legal fees incurred by Hawtin in connection with this spine road will be met by Helical Bar Limited.

Hawtin has also covenanted to carry out certain works required by Caerphilly County Council at Hawtin Park which the directors estimate will cost the Company approximately £3,000 (plus VAT).

Hawtin has agreed to indemnify the Purchaser in respect of:

- (i) any claims made against the Purchaser by certain tenants of the Property in respect of the collapse of a dividing wall between two tenants at the Property, if the claims are not covered by insurance; and
- (ii) any claims made against the Purchaser by employees of the Company as a result of the sale.

On 9 January 2003, the Company also entered into an option agreement with Helical Bar (Hawtin Park No 3) Limited pursuant to which the grantee of the option is entitled to purchase the freehold of Hawtin Park at any time between 9 January 2021 and 9 January 2024, for a consideration of £1 provided the purchase of the leasehold is completed.

- 3.6 Save as given above, no contracts have been entered into (other than contracts in the normal course of business) by Hawtin or any member of the Hawtin Group during the two years immediately preceding the date of this document which are, or may be, material.
- 3.7 Save as given above, no contracts have been entered into by Hawtin in respect of the Property (other than contracts entered into in the normal course of business) during the two years immediately preceding the date of this document which are, or may be material.

#### **4. Working capital**

The Directors are of the opinion that the Hawtin Group, after taking into account available bank and other facilities and the net proceeds of the Disposal, has sufficient working capital for its present requirements, that is, for at least the next 12 months from the date of this document.

#### **5. Litigation**

- 5.1 Other than as referred to in paragraph 5.3 below, there are not, nor have there been, any legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) which may have, or may have had in the past twelve months, a significant effect on the financial position of the Hawtin Group.

- 5.2 There are not, nor have there been, any legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) in respect of Hawtin Park which may have, or may have had in the past twelve months, a significant effect on the Property.
- 5.3 “At the Beach Tanning”, a customer of Ultrabronz Inc, (a wholly owned subsidiary of the Company, incorporated in the United States) has threatened to sue Ultrabronz Inc in the United States, in respect of the sale of sunbeds which it is alleged were of unmerchantable quality. The claimant has indicated through its Attorney that it believes the value of its claim to be \$100,000. The claimant’s attorney has stated that he intends to act on behalf of other purchasers of Ultrabronz sunbeds and is seeking further information from Ultrabronz Inc’s attorneys relating to the number of other customers of the product. As far as the Directors are aware, no action has actually been commenced against Ultrabronz Inc. It is the view of the Directors, having taken legal advice in the United States on the claims, that based upon the information that is currently available there does not exist any material liability in relation to the threatened action.

## **6. Significant changes**

- 6.1 Save as described in the trading statement issued on 5 November 2002 and as set out in full on pages 6 and 7 of this document, there have been no significant changes in the financial or trading position of the Hawtin Group which have occurred since 30 June 2002, the date to which the unaudited interim accounts of the Group were prepared.
- 6.2 There have been no significant changes in the financial or trading position of Hawtin Park since 21 January 2003, the effective date of the Valuation Report set out in Part II of this document.

## **7. Miscellaneous**

- 7.1 Stephenson & Alexander have given and not withdrawn their written consent to the inclusion in this document of their letter and their name and the references thereto in the form and context in which they appear.

## **8. Documents on display**

The following documents or copies thereof may be inspected at the offices of Eversheds, Senator House, 85 Queen Victoria Street, London EC4V 4JL, during normal business hours on any weekday (Saturdays and public holidays excepted) up to and including 24 March 2003 and at the Extraordinary General Meeting:

- 8.1 the Memorandum and Articles of Association of the Company;
- 8.2 the audited consolidated accounts of the Company and its subsidiary undertakings for the periods ended 31 December 2000 and 31 December 2001 and the unaudited interim results for the period ended 30 June 2002;
- 8.3 the Valuation Report as set out as Part II of this document;
- 8.4 the service contracts as referred to in paragraph 2.6 of Part III above;
- 8.5 the material contracts referred to in paragraph 3 of Part III above;
- 8.6 the letter from Stephenson & Alexander in respect of the written consent referred to in paragraph 7 of Part III above;
- 8.7 the rules of the Executive Share Option Scheme 1995; and
- 8.8 this document.

25 February 2003.

# 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 1 Callaghan Square, Cardiff, CF10 5BT on 24 March 2003 at 9.30 a.m. for the purpose of considering and, if thought fit, passing the following resolution which will be proposed as an ordinary resolution:

### ORDINARY RESOLUTION

THAT the Disposal of the Property which is the subject of the conditional agreement between Hawtin PLC and Helical Bar (Hawtin Park No 3) Limited dated 9 January 2003, details of which are contained in the circular to shareholders dated 25 February 2003 (copies of the said circular and agreement having been produced to the meeting and initialled by the Chairman for the purpose of identification) be and is hereby approved AND THAT the directors of Hawtin PLC be and are hereby authorised to do all acts and things which they may consider necessary or desirable to complete the same insofar as such acts and things are not material.

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

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

### Notes:

1. Only persons entered on the register of members of the Company at close of business on 20 March 2003 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 section 41 of the Uncertificated Securities Regulations 2001.
2. A holder of ordinary 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 and optionholders are not entitled to attend or vote at the meeting convened by this notice.

