

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.** If you are in any doubt about what action you should take, you are recommended immediately to seek advice from your legal, tax and other professional advisers.

If you have sold or otherwise transferred all of your shares in Aisi Realty Public Limited (the "**Company**"), or depositary interests representing such shares, please forward this document, together with the accompanying white forms of proxy (the "**Forms of Proxy**") and blue forms of instruction (the "**Forms of Instruction**") at once to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for delivery to the purchaser or transferee.

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# AISI REALTY PUBLIC LIMITED

*(incorporated in Cyprus with registered number HE162276)*

## PROPOSED INVESTMENT, CAPITAL REORGANISATION

### AND

## NOTICE OF EXTRAORDINARY GENERAL MEETINGS

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A letter from the Chairman of the Company is set out on pages 6 to 11 of this document.

Notice of the first extraordinary general meeting of the Company (the "**First EGM**") to be held at 11 a.m. (Cyprus time) on 17 July 2011 is set out on pages 12 to 13 of this document. Notice of the second extraordinary general meeting of the Company (the "**Second EGM**") to be held at 11 a.m. (Cyprus time) on 24 July 2011 is set out on pages 14 to 16 of this document. Both the First EGM and the Second EGM (together the "**EGMs**") shall be held at Totalserve House, 17 Gr. Xenopoulou Street, Limassol 3106, Cyprus. The Forms of Proxy and Forms of Instruction for use at the EGMs accompany this document. Whether or not Shareholders propose to attend the EGMs, they should complete and return the Forms of Proxy (in the case of certificated holders not holding depositary interests representing Ordinary Shares in CREST) or the Forms of Instruction (in the case of uncertificated holders holding depositary interests representing Ordinary Shares in CREST).

The WHITE Form of Proxy marked "FIRST EGM" should be completed and returned via fax to Cymain Registrars Ltd at +357 22 662 357 so as to be received not later than 11 a.m. (Cyprus time) on 15 July 2011. The WHITE Form of Proxy marked "SECOND EGM" should be completed and returned via fax to Cymain Registrars Ltd at +357 22 662 357 so as to be received not later than 11 a.m. (Cyprus time) on 22 July 2011. Shareholders should also mail the original signed Forms of Proxy to Cymain Registrars Ltd, P.O. Box 25719, 1311 Nicosia, Cyprus, so as to be received not later than 11 a.m. (Cyprus time) on 15 July 2011 (in respect of the WHITE Form of Proxy marked "FIRST EGM") and 22 July 2011 (in respect of the WHITE Form of Proxy marked "SECOND EGM").

**Holders of uncertificated depositary interests representing Ordinary Shares ("Depositary Interests") will be invited to attend the EGMs by Computershare Company Nominees Limited in its capacity as custodian for the Depositary Interests. A holder of Depositary Interests should fill in the BLUE Form of Instruction marked "FIRST EGM" and return such Form of Instruction via fax to Computershare Investor Services PLC at +44 (0) 870 703 6116 so as to be received not later than 9 a.m. (UK time) on 14 July 2011. A holder of Depositary Interests should also fill in the BLUE Form of Instruction marked "SECOND EGM" and return such Form of Instruction via fax to Computershare Investor Services PLC at +44 (0) 870 703 6116 so as to be received not later than 9 a.m. (UK time) on 21 July 2011. Depositary Interest Holders should also mail the original signed Forms of Instruction marked to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY so as to be received not later than 9 a.m. (UK time) on 14 July 2011 (in respect of the BLUE Form of Instruction marked "FIRST EGM") and 9 a.m. (UK time) on 21 July 2011 (in respect of the BLUE Form of Instruction marked "SECOND EGM").**

The completion and return of the Forms of Instruction will not preclude a holder from attending the EGMs and voting in person if they so wish. Should the holder, or a representative of that holder, wish to attend either EGM and/or vote at either meeting a Letter of Representation will need to be issued by Computershare Company Nominees Limited as custodian. Should a Letter of Representation be required please contact the custodian in writing or by email at: [!UKALLDITeam2@computershare.co.uk](mailto:UKALLDITeam2@computershare.co.uk)

## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Announcement of EGMs and despatch of this document	1 July 2011
Latest time and date for receipt of Forms of Instruction from Depository Interest Holders for the First EGM	9 a.m. (London time) on 14 July 2011
Latest time and date for receipt of Request for Letter of Corporate Representation for the First EGM	9 a.m. (London time) on 14 July 2011
Latest time and date for receipt of completed Forms of Proxy for First EGM	11 a.m. (Cyprus time) on 15 July 2011
First EGM	11 a.m. (Cyprus time) on 17 July 2011
Completion of the Proposed Investment	18 July 2011
Latest time and date for receipt of Forms of Instruction from Depository Interest Holders for the Second EGM	9 a.m. (London time) on 21 July 2011
Latest time and date for receipt of Request for Letter of Corporate Representation for the Second EGM	9 a.m. (London time) on 21 July 2011
Latest time and date for receipt of completed Forms of Proxy for Second EGM	11 a.m. (Cyprus time) on 22 July 2011
Second EGM	11 a.m. (Cyprus time) on 24 July 2011
Record date for Capital Reorganisation	5 p.m. on 25 July 2011
Effective date for consolidation of Existing Ordinary Shares and issue of New Ordinary Shares	8 a.m. on 26 July 2011

***The above times and/or dates may be subject to change and, in the event of such change, the revised times and/or dates will be notified to Shareholders and Depository Interest Holders by an announcement through a Regulatory Information Service.***

## CAPITAL REORGANISATION STATISTICS

Number of Existing Ordinary Shares	414,272,792
Number of New Ordinary Shares in issue following completion of the Capital Reorganisation	4,142,727
Nominal value of a New Ordinary Share	€0.01

*The rate of exchange used for the purpose of this document is £1.00 = US\$1.6072*

## DEFINITIONS

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

"Act"	the Cyprus Companies Law, Cap 113 as amended
"Adjusted Monetisable Liabilities"	the aggregate of the Company's settled and outstanding debts (excluding the current term loan facility from EBRD in relation to the Brovary warehouse project, any amounts due to the Investment Manager in connection with the Management Agreement and the Bridge Loan Facility) as at the Maturity Date and reflecting any reduction in the outstanding amount of such Monetisable Liabilities agreed by the Company
"AIM"	the market of that name operated by the London Stock Exchange
"AIM Note for Investing Companies"	the AIM Note for Investing Companies published by the London Stock Exchange from time to time
"AIM Rules for Companies"	the rules for companies applying for admission to and whose securities are traded on AIM and published by the London Stock Exchange from time to time
"Aisi Ukraine"	Limited liability company "AISI Ukraine", a legal entity organized and existing under the laws of Ukraine, identification code - 33791265, located at: 5 Prytysko-Mykylska Str., Kyiv, 04070, Ukraine
"Board" or "Directors"	the directors of the Company
"Bond Instrument"	the convertible bond instrument to be entered into by the Company as more particularly described in this document
"Bonds"	the convertible bonds of the Company to be issued pursuant to the terms of the Bond Instrument
"Bridge Loan Facility"	the US\$700,000 bridge loan facility provided by the Investor to the Group pursuant to the terms of the Bridge Loan Facility Agreement
"Bridge Loan Facility Agreement"	the bridge loan facility agreement dated 15 June 2011 entered into between Narrowpeak Consultants Limited and AISI Capital Limited
"Capital Reorganisation"	the consolidation, subdivision and reclassification of the Existing Ordinary Shares to be effected at the Second EGM
"Capital Reorganisation Resolutions"	resolutions 1 to 3 set out in the Notice of Second EGM
"Class A Warrant Instrument"	the class A warrant instrument to be entered into by the Company as more particularly described in this document
"Class B Warrant Instrument"	the class B warrant instrument to be entered into by the Company as more particularly described in this document
"Class A Warrants"	the class A warrants of the Company to be issued pursuant to the terms of the Class A Warrant Instrument
"Class B Warrants"	the class B warrants of the Company to be issued pursuant to the terms of the Class B Warrant Instrument

"CREST"	the computer based system for the transfer of uncertificated securities operated by Euroclear
"Company" or "Aisi"	Aisi Realty Public Limited
"Deferred Shares"	deferred shares of €0.99 each in the capital of the Company arising pursuant to the Capital Reorganisation
"Depository Interest"	an interest in Existing Ordinary Shares which, pursuant to a depository interest arrangement between the Company and Computershare Company Nominees Limited, is transferable within CREST by CREST members
"Depository Interest Holders"	holders of Depository Interests
"EBRD"	European Bank for Reconstruction and Development
"Euroclear"	Euroclear UK and Ireland Limited
"Existing Ordinary Shares"	the existing ordinary shares of €0.01 each in issue prior to the Capital Reorganisation and, where the context so requires, the Depository Interests representing such Existing Ordinary Shares
"Extraordinary General Meetings" or "EGMs"	the First Extraordinary General Meeting and the Second Extraordinary General Meeting
"First Extraordinary General Meeting" or "First EGM"	the first extraordinary general meeting of the Company convened for 11a.m. (Cyprus time) on 17 July 2011
"Form of Instruction"	the form of instruction for use at the First EGM or the Second EGM (as appropriate) by Depository Interest Holders
"Form of Proxy"	the form of proxy for use at the First EGM or the Second EGM (as appropriate) by Shareholders
"Group"	the Company and its subsidiaries
"Independent Director"	Roland Peeters
"Interim Accounts"	the audited interim accounts of the Company for the five month period to 31 May 2011
"Investment Manager"	Aisi Realty Capital LLC
"Investor"	Narrowpeak Consultants Limited (registered number 1640767) of Trident Chambers, PO BOX 146, Road Town, Tortola, British Virgin Islands, a member of the South East Continent Unique Real Estate (SECURE) Management group
"London Stock Exchange"	London Stock Exchange plc
"Management Agreement"	the amended and restated investment management agreement entered into on 25 July 2007 between the Investment Manager and the Company
"Maturity Date"	the date eight calendar months following the issue of the first tranche of the Bonds
"Monetisable Liabilities"	the aggregate of the Company's outstanding debts on the date of the Bond instrument (excluding the current term loan facility from EBRD in relation to the Brovary warehouse project, any

	amounts due to the Investment Manager in relation to the Management Agreement and the Bridge Loan Facility)
<b>"New Ordinary Shares"</b>	the new ordinary shares of €0.01 each in the capital of the Company arising pursuant to the Capital Reorganisation and, where the context so requires, the Depository Interests representing such New Ordinary Shares
<b>"Notice of First EGM"</b>	the notice of the First EGM set out at pages 12 to 13 of this document
<b>"Notice of Second EGM"</b>	the notice of the Second EGM set out at pages 14 to 16 of this document
<b>"Proposed Investment"</b>	the proposed investment by the Investor in the Company pursuant to the terms of the Subscription Agreement as more particularly described in this document
<b>"Proposed Investment Resolutions"</b>	resolutions 1 to 6 set out in the Notice of First EGM
<b>"Regulatory Information Service"</b>	a primary information provider which has been approved by the UK Financial Services Authority to disseminate regulatory information to the market
<b>"Request for a Letter of Corporate Representation"</b>	the request for a letter of corporate representation accompanying this document for use at the First EGM and/or the Second EGM (as appropriate) by Depository Interest Holders
<b>"Second Extraordinary General Meeting" or "Second EGM"</b>	the second extraordinary general meeting of the Company convened for 11 a.m. (Cyprus time) on 24 July 2011
<b>"Settlement Agreement"</b>	the conditional settlement agreement entered into on 1 July 2011 between the Company and the Investment Manager
<b>"Shareholders"</b>	holders of Existing Ordinary Shares and, where the context so requires, holders of New Ordinary Shares and/or Depository Interests
<b>"Subscription Agreement"</b>	the conditional subscription agreement entered into on 1 July 2011 between the Company and the Investor
<b>"United Kingdom" or "UK"</b>	the United Kingdom of Great Britain and Northern Ireland

# AISI REALTY PUBLIC LIMITED

*Directors:*

Paul Ensor (*Chairman*)  
Antonios Achilleoudis  
Dr. Franz Hoerhager  
Roland Peeters  
Besik ("Beso") Sikharulidze

*(all non-executive and together the "Board")*

*Registered Office:*

Totalserve House  
17 Gr. Xenopoulou Street  
Limassol 3106  
Cyprus

1 July 2011

Dear Shareholders,

## 1. PROPOSED INVESTMENT AND SHAREHOLDER APPROVAL

On 15 March 2011, the Company announced that the Board was in discussions with (i) certain existing Shareholders; and (ii) an independent third party investor group to provide a working capital facility, or other cash injection, to meet the short term funding requirements of the Group. Due to these discussions taking longer than anticipated, on 1 June 2011 the Company made a further announcement that it had requested that trading in the Existing Ordinary Shares on AIM be suspended until such time that it had secured all necessary funding to enable it to carry on as a going concern.

The above mentioned discussions with an independent third party investor group, namely South East Continent Unique Real Estate (SECURE) Management ("**Secure Management**"), have now been concluded and the Board is pleased to announce that the Company has entered into a Subscription Agreement with Narrowpeak Consultants Limited (the "**Investor**"), a member of the Secure Management group, conditional on, *inter alia*, the Proposed Investment Resolutions (as set out in the Notice of First EGM) being passed by Shareholders at the First EGM and completion of due diligence to the satisfaction of the Investor, following which the Investor proposes to make a substantial investment in the Company on the terms set out below.

The Board is also convening the Second EGM to put forward the Capital Reorganisation Resolutions for Shareholder approval. The Capital Reorganisation Resolutions will enable the Company to restructure its share capital from Existing Ordinary Shares to New Ordinary Shares for the reasons set out at paragraph 4 below. The requisite notice period under the Act for the Capital Reorganisation Resolutions is longer than the Proposed Investment Resolutions. Accordingly, the Company is proposing the Capital Reorganisation Resolutions at the Second EGM rather than the First EGM so that the Proposed Investment Resolutions are put to Shareholders without delay.

**The Directors would like to take this opportunity to highlight that, as previously announced, the Company has experienced difficult trading conditions to date and therefore they believe that unless the Proposed Investment is completed (which is conditional on the Proposed Investment Resolutions being proposed at the First EGM) the Company is likely to be wound up.**

## 2. DETAILS OF THE PROPOSED INVESTMENT

### 2.1 The Bridge Loan Facility

On 15 June 2011, the Investor entered into the Bridge Loan Facility Agreement with the Company pursuant to which it provided US\$700,000 by way of bridge finance to the Group. The purpose of the Bridge Loan Facility was to provide the Group with funds to enable it to meet certain identified liabilities arising in the period before completion of the Proposed Investment and is repayable on 31 December 2011. The Bridge Loan Facility is secured by means of a mortgage granted by Aisi Ukraine.

## 2.2 The Proposed Investment

Pursuant to the Subscription Agreement, the Investor (i) has conditionally agreed to subscribe for Bonds from the Company with an aggregate capital value of US\$8 million which shall be convertible, in certain circumstances, into 513,500,000 Existing Ordinary Shares or, following completion of the Capital Reorganisation, 5,135,000 New Ordinary Shares; and (ii) will be issued with Class B Warrants to subscribe for up to 109,100,000 Existing Ordinary Shares or, following completion of the Capital Reorganisation, 1,091,000 New Ordinary Shares.

The Bonds and the Class B Warrants will be subscribed for and issued to the Investor in two tranches.

The subscription for the first tranche of (i) Bonds with an aggregate capital value of US\$4 million; and (ii) Class B Warrants to subscribe for up to 109,100,000 Existing Ordinary Shares or, following completion of the Capital Reorganisation, 1,091,000 New Ordinary Shares is conditional upon a number of conditions including, *inter alia*, the passing of the Proposed Investment Resolutions, receipt by the Investor of the Interim Accounts, the Investor being satisfied that any Ukrainian anti-monopoly provisions have been complied with or are capable of being complied with respect to the first tranche of the Bonds and the Class B Warrants and the satisfactory outcome of the Investor's due diligence review of the Group. The outstanding balance under the Bridge Loan Facility will be offset against the subscription price for the first tranche of Bonds.

The subscription for the second tranche of Bonds with an aggregate capital value of US\$4 million is conditional upon the first tranche of Bonds and Class B Warrants having been issued, there having been no occurrence of any of the material adverse change events described in the Subscription Agreement, no breach of the warranties contained in the Subscription Agreement and the security described in the Bond Instrument having been entered into in a form satisfactory to the Investor.

With effect from completion of subscription for the first tranche of the Bonds and for so long as it holds or is entitled to hold on a fully diluted basis more than 40 per cent. of the issued share capital of the Company, the Investor shall be entitled to nominate such number of Directors as will constitute a majority in number of the Directors.

As part of their future employment, the Company has agreed to issue to the principals of the Investment Manager Class B Warrants entitling the holder to subscribe for up to 27,300,000 Existing Ordinary Shares or, following completion of the Capital Reorganisation, 273,000 New Ordinary Shares (of which Besik Sikharulidze will receive 75 per cent. and Nugzar Kachukhashvili will receive 25 per cent.).

## 2.3 The Bonds

The principal term of the Bonds will be eight months and the annual interest accruing during this eight month period will be 1 per cent.. On the date eight calendar months following the issue of the first tranche of Bonds (the "**Maturity Date**"), if the Adjusted Monetisable Liabilities are equal to or less than US\$6.4 million, the Bonds will automatically convert into 513,500,000 Existing Ordinary Shares or, following completion of the Capital Reorganisation, 5,135,000 New Ordinary Shares. The deemed conversion price of the Bonds will be £0.0095 (or £0.95 per New Ordinary Share following completion of the Capital Reorganisation).

If, on the Maturity Date, the Adjusted Monetisable Liabilities are greater than US\$6.4 million, the Bonds will convert into 513,500,000 Existing Ordinary Shares or, following completion of the Capital Reorganisation, 5,135,000 New Ordinary Shares only at the sole discretion of the Investor. In such circumstances, from the Maturity Date until such conversion, the Bonds will bear annual interest of 10 per cent.. Where the Bonds have not been converted into Existing Ordinary Shares or New Ordinary Shares by 31 December 2013 (as appropriate), the right of the Investor to convert the Bonds will lapse. Notwithstanding the above, the Bonds will be able to be converted into Existing Ordinary Shares or New Ordinary Shares (as appropriate) at the Investor's discretion at any time between the date of the Bond Instrument and 31 December 2013.

Under the terms of the Bond Instrument, there are anti-dilution provisions in favour of the Investor, such that the number of Existing Ordinary Shares or New Ordinary Shares (as appropriate) to be issued on conversion will be adjusted in certain events including further equity issuances by the Company, so that the Investor is entitled to receive the same percentage of Existing Ordinary Shares or New Ordinary

Shares (as appropriate) carrying the same percentage of voting rights as it would have done if the event had not occurred.

The Bonds will be secured against the Company's interests in its various Ukrainian assets. The Bonds will be issued free of any pre-emption rights and the proceeds raised from their issue will be used to settle the Monetisable Liabilities and the Bridge Loan Facility and to fund the Group's on-going working capital requirements for a period of at least twelve months from the date of the First EGM.

## **2.4 The Class B Warrants**

Each Class B Warrant will entitle the holder thereof to receive one Existing Ordinary Share. The Class B Warrants may be exercised at any time from the earlier of the Maturity Date and exercise of not less than 75 per cent. of the Bonds to the third anniversary of the date of the Class B Warrant Instrument. The exercise price of the Class B Warrants will be the nominal value per Existing Ordinary Shares or New Ordinary Shares as at the date of exercise.

The Class B Warrant Instrument will have anti-dilution protections so that, in the event of further share issuances by the Company, the number of Existing Ordinary Shares or New Ordinary Shares (as appropriate) to which the holder is entitled will be adjusted so that the holder receives the same percentage of the issued share capital of the Company (as nearly as practicable), as would have been the case had the issuances not occurred. This anti-dilution protection will lapse on the earlier of (i) the expiration of the Class B Warrants; and (ii) capital increase(s) undertaken by the Company generating cumulative gross proceeds in excess of US\$100,000,000.

## **3. THE SETTLEMENT AGREEMENT**

The Company and the Investment Manager together with Mr. Achilleoudis and Grafton Properties Limited in their capacity as lenders to the Investment Manager (as described below), have also entered into the Settlement Agreement pursuant to which the existing Management Agreement will upon completion of the Proposed Investment be terminated. Following the termination of the Management Agreement, the principals of the Investment Manager will be engaged directly by the Company on an ongoing basis.

Pursuant to the Settlement Agreement, the Investment Manager agrees to release the Company from all claims and liabilities that have arisen under the Management Agreement which are owing by the Company to the Investment Manager conditional on, and with effect from, completion of the Proposed Investment. In consideration for this release, the Investment Manager will receive (i) cash payment of US\$300,000; and (ii) Class A Warrants to subscribe for up to 27,300,000 Existing Ordinary Shares or, following completion of the Capital Reorganisation, 273,000 New Ordinary Shares.

The Class A Warrants will have substantially the same terms as the Class B Warrants but will not benefit from the anti-dilution protection granted to the Class B Warrants.

In addition, certain loans of US \$700,000 in aggregate from Mr. Achilleoudis and Grafton Properties Limited to the Investment Manager have been forgiven in exchange for payment by the Company to the lenders of staged payments of up to US\$450,000, with US\$150,000 of such payments conditional on the Company successfully undertaking future fundraisings to raise US\$50,000,000.

The Settlement Agreement constitutes a related party transaction under Rule 13 of the AIM Rules for Companies. The Independent Director, having consulted with the Company's nominated adviser, considers that the terms of the transaction are fair and reasonable insofar as Shareholders are concerned.

Shareholders should also note that, following completion of the Settlement Agreement, the Company will no longer be considered an 'investing company' for the purposes of the AIM Rules for Companies. Accordingly, from such time, the provisions of the AIM Rules for Companies (including the AIM Note for Investing Companies) will no longer be applicable to the Company although the provisions of the AIM Rules relating to trading companies will continue to apply.



#### 4. CAPITAL REORGANISATION

The Board feels there are currently too many Existing Ordinary Shares in circulation given the size of the Company and that, because of this, the Existing Ordinary Shares are trading at a value lower than it is hoped would otherwise be the case. Accordingly, the Company also proposes to implement the Capital Reorganisation at the Second EGM. **The interests of existing Shareholders and Depositary Interest Holders (both in terms of their economic interest and proportionate voting rights) will not be diluted by the implementation of the Capital Reorganisation.**

The first step of the Capital Reorganisation will be to consolidate the Existing Ordinary Shares on a 100 for 1 basis. Where such consolidation results in any Shareholder being entitled to a fraction of a consolidated ordinary share, such fraction shall be aggregated with the fractions of a consolidated ordinary share to which other Shareholders of the Company may be entitled on the same basis as above (provided that any consolidated fraction remaining after such aggregation shall itself be designated as a consolidated ordinary share) and sold on behalf of the relevant shareholders in the market on behalf of the Shareholders so entitled.

Following the consolidation, the Company shall sub-divide each of the consolidated ordinary shares into one New Ordinary Shares of €0.01 and one Deferred Share of €0.99 each. The New Ordinary Shares will have the same rights and benefits as the Existing Ordinary Shares. The Deferred Shares, which will not be listed, will be valueless, non-transferable and have no effect on the economic interest of the Shareholders. No share certificates will be issued for the Deferred Shares. Instead it is intended that, in due course, all the Deferred Shares will be repurchased by the Company for an aggregate of €0.01 and cancelled.

Application will be made for the New Ordinary Shares to be admitted to trading on AIM. Dealings in the Existing Ordinary Shares will cease at 5pm on 25 July 2011 and dealings in the New Ordinary Shares are expected to commence at 8 a.m. on 26 July 2011. New share certificates will be issued for the New Ordinary Shares.

The Company also proposes to increase its authorised share capital from €8,750,000 to €14,000,000 at the First EGM. This will provide the Company with the required authorised capital to satisfy its obligations under the Class A Warrants, Class B Warrants and the Bonds and provide head room when issuing shares and as such grant the Board the required flexibility needed to raise funds as and when required. Rights of pre-emption will be waived with respect to these future capital increases.

#### 5. FUTURE ADDITIONAL CAPITAL INCREASE

The Board is also seeking authority from Shareholders at the First EGM to allot up to 261,978,989 Existing Ordinary Shares (or 2,619,790 New Ordinary Shares following completion of the Capital Reorganisation) at a price of £0.0095 per Existing Ordinary Share (or £0.95 per New Ordinary Share following completion of the Capital Reorganisation) and a waiver of pre-emption rights in respect of these issues. This authority will expire on the date of the first anniversary of conversion of the Bonds.

The additional authority will enable the Company to raise up to US\$4 million by means of an issue of Existing Ordinary Shares or New Ordinary Shares (as appropriate) at the conversion price of the Bonds (being £0.0095 per Existing Ordinary Share or £0.95 per New Ordinary Share (as appropriate)). It is anticipated that the Board will only need to utilise this authority in the event that, following completion of the Proposed Investment, the Company has a need for more working capital before the first anniversary of conversion of the Bonds.

#### 6. APPOINTMENT OF ROLAND PEETERS TO THE BOARD

The Company is also pleased to announce the appointment of Roland Philippe de Hauke Peeters, aged 44, as a non-executive director with immediate effect. Roland is or has been a director or partner of the following companies or partnerships during the previous five years:

<i>Current</i>	<i>Previous</i>
Blachford Limited	Siroyan Limited
Belmont Villas Management Company Limited	

The Company confirms that there are no other matters which are required to be announced with regard to this appointment under paragraph (g) of Schedule 2 of the AIM Rules.

## 7. FIRST EGM

The Proposed Investment is conditional on the Proposed Investment Resolutions being passed by Shareholders and accordingly the Board is convening the First EGM to put forward the Proposed Investment Resolutions for Shareholder approval. The Proposed Investment Resolutions will grant the Board the required flexibility over the issuance of the Company's share capital to satisfy the requirements of the Bonds, the Class A Warrants and the Class B Warrants and to authorise the Board to make further issues of New Ordinary Shares up to \$4m to meet additional capital requirements.

The Proposed Investment Resolutions will be proposed at the First EGM to be held at 11 a.m. (Cyprus time) on 17 July 2011 at Totalserve House, 17 Gr. Xenopoulou Street, Limassol 3106, Cyprus. The Notice of First EGM is set out at pages 12 to 13 of this document.

## 8. SECOND EGM

The Board is convening the Second EGM to put forward the Capital Reorganisation Resolutions for Shareholder approval. The Capital Reorganisation Resolutions will enable the Company to restructure its share capital from Existing Ordinary Shares to New Ordinary Shares for the reasons set out at paragraph 4 above. The requisite notice period under the Act for the Capital Reorganisation Resolutions is longer than the Proposed Investment Resolutions. Accordingly, the Company is proposing the Capital Reorganisation Resolutions at the Second EGM rather than the First EGM so that Shareholders can vote on the Proposed Investment Resolutions without delay.

The Capital Reorganisation Resolutions will be proposed at the Second EGM to be held at 11 a.m. (Cyprus time) on 24 July 2011 at Totalserve House, 17 Gr. Xenopoulou Street, Limassol 3106, Cyprus. The Notice of Second EGM is set out at pages 14 to 16 of this document.

For the avoidance of doubt, the Proposed Investment is not conditional on the passing of the Capital Reorganisation Resolutions.

## 9. ACTION TO BE TAKEN

Whether or not Shareholders propose to attend the EGMs, they should complete and return the Forms of Proxy or Forms of Instruction (as appropriate) in accordance with the instructions below.

### ***Existing Ordinary Shares held in certificated form (i.e. Existing Ordinary Shares NOT held in uncertificated Depositary Interest form in CREST)***

The WHITE Form of Proxy marked "FIRST EGM" should be completed and returned via fax to Cymain Registrars Ltd at +357 22 662 357 so as to be received not later than 11 a.m. (Cyprus time) on 15 July 2011. The WHITE Form of Proxy marked "SECOND EGM" should be completed and returned via fax to Cymain Registrars Ltd at +357 22 662 357 so as to be received not later than 11 a.m. (Cyprus time) on 22 July 2011. Shareholders should also mail the original signed Forms of Proxy to Cymain Registrars Ltd, P.O. Box 25719, 1311 Nicosia, Cyprus, so as to be received not later than 11 a.m. (Cyprus time) on 15 July 2011 (in respect of the WHITE Form of Proxy marked "First EGM") and 11a.m. on 22 July 2011 (in respect of the WHITE Form of Proxy marked "Second EGM").

The completion and return of Forms of Proxy will not preclude a Shareholder from attending either of the EGMs and voting in person if they subsequently wish to do so. A proxy does not need to be member of the Company.

### ***Existing Ordinary Shares held in uncertificated form (i.e. Existing Ordinary Shares held in uncertificated Depositary Interest form in CREST)***

Depositary Interest Holders will be invited to attend the EGMs by Computershare Company Nominees Limited in its capacity as custodian for the Depositary Interests. A holder of Depositary Interests should fill

in the BLUE Form of Instruction marked "FIRST EGM" and return such Form of Instruction via fax to Computershare Investor Services PLC at +44 (0) 870 703 6116 so as to be received not later than 9 a.m. (UK time) on 14 July 2011. A holder of Depositary Interests should also fill in the BLUE Form of Instruction marked "SECOND EGM" and return such Form of Instruction via fax to Computershare Investor Services PLC at +44 (0) 870 703 6116 so as to be received not later than 9 a.m. (UK time) on 21 July 2011. Depositary Interest Holders should also mail the original signed Forms of Instruction marked to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY so as to be received not later than 9 a.m. (UK time) 14 July 2011 (in respect of the BLUE Form of Instruction marked "First EGM") and 9 a.m. (UK time) on 21 July 2011 (in respect of the BLUE Form of Instruction marked "Second EGM").

The completion and return of the Forms of Instruction will not preclude a holder from attending the EGMs and voting in person if they so wish. Should the holder, or a representative of that holder, wish to attend either EGM and/or vote at either meeting a Letter of Representation will need to be issued by Computershare Company Nominees Limited as custodian. Should a Letter of Representation be required please contact the custodian in writing or by email at: !UKALLDITeam2@computershare.co.uk.

### **General**

The quorum for the EGMs is four Shareholders present in person or by proxy representing not less than 20 per cent. of the votes of the Existing Ordinary Shares entitled to vote at the EGMs. In the event that a quorum is not achieved the EGM in question will be adjourned until the same time on 24 July 2011 (in respect of the First EGM) and/or 31 July 2011 (in respect of the Second EGM), and the adjourned EGM will be held at the same place as the original meeting. The quorum for such adjourned meeting is four Shareholders present in person or by proxy representing not less than 20 per cent. of the votes of the Existing Ordinary Shares entitled to vote at the meeting, and if such quorum is not present the Shareholders present shall be a quorum.

If you have any queries regarding the EGMs please contact Computershare Investor Services PLC during normal business hours on +44 (0)870 702 0003. Please note that Computershare Investor Services PLC can only give procedural advice in relation to the EGMs and is not authorised to provide investment advice.

## **10. RECOMMENDATION**

The Board of Directors recommend that Shareholders vote in favour of the Proposed Investment Resolutions at the First EGM and the Capital Reorganisation Resolutions at the Second EGM.

**The Board of Directors would like to take this opportunity to highlight that, as previously announced, the Company has experienced difficult trading conditions to date and therefore they believe that unless the Proposed Investment is completed (which is conditional on the Proposed Investment Resolutions being proposed at the First EGM) the Company is likely to be wound up.**

In view of the above, the Board of Directors are of the opinion that:

- (1) it is in the best interests of the Company and the shareholders that the shareholders consent and vote in favour of disapplying their respective pre-emption rights in respect of the issue of the Bonds, the Class A Warrants and the Class B Warrants and the shares to be issued on conversion of the Bonds and/or the Class A Warrants and/or the Class B Warrants; and**
- (2) the issue price for the shares to be issued on conversion of the Bonds, the Class A Warrants and the Class B Warrants is justified.**

Yours faithfully,

**Paul Ensor**  
Chairman

## AISI REALTY PUBLIC LIMITED

## NOTICE OF FIRST EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that an Extraordinary General Meeting of the Company will be held at Totalserve House, 17 Gr. Xenopoulou Street, Limassol 3106, Cyprus at 11 a.m. (Cyprus time) on 17 July 2011 for the purpose of considering and, if thought fit, passing the following resolutions as ordinary resolutions (requiring a majority in excess of 50 per cent. of shareholders present if shareholders holding more than half of the Company's issued share capital are present and vote at the Extraordinary General Meeting, or a two-thirds majority of shareholders present in all other cases):

## RESOLUTIONS

1. That the directors of the Company (the "**Board**") be and are hereby authorised and empowered to issue the Bonds (as defined in the Company's circular sent to Shareholders and dated 1 July 2011 (the "**Circular**") which accompanies the notice convening this meeting) under the terms and conditions attached thereto or as may otherwise be determined by the Board having due regard to any change of circumstances which may warrant a change to any of the terms of the Bonds and for such purpose any rights of pre-emption that may be afforded to the issue of such Bonds and/or any resulting Existing Ordinary Shares or New Ordinary Shares (as appropriate and as defined in the Circular) that may be issued as a result of conversion of Bonds be and are hereby waived.
2. That the Board be and is hereby authorised and empowered to issue the Class A Warrants (as defined in the Circular) under the terms and conditions attached thereto or as may otherwise be determined by the Board having due regard to any change of circumstances which may warrant a change to any of the terms of the Class A Warrants and for such purpose any rights of pre-emption that may be afforded to the issue of such Class A Warrants and/or any resulting Existing Ordinary Shares or New Ordinary Shares (as appropriate) that may be issued as a result of conversion of such Class A Warrants be and are hereby waived.
3. That the Board be and is hereby authorised and empowered to issue the Class B Warrants (as defined in the Circular) under the terms and conditions attached thereto or as may otherwise be determined by the Board having due regard to any change of circumstances which may warrant a change to any of the terms of the Class B Warrants and for such purpose any rights of pre-emption that may be afforded to the issue of such Class B Warrants and/or any resulting Existing Ordinary Shares or New Ordinary Shares (as appropriate) that may be issued as a result of conversion of such Class B Warrants be and are hereby waived.
4. That the Board be and is hereby authorised and empowered to issue up to 261,978,989 Existing Ordinary Shares or, following completion of the Capital Reorganisation (as defined in the Circular), 2,619,790 New Ordinary Shares (and for such purpose any rights of pre-emption that may be afforded to the issue of such Existing Ordinary Shares or New Ordinary Shares (as appropriate) be and are hereby waived) as well as to issue share warrants, convertible bonds, options or other convertible instruments entitling the holders thereof to exchange them for 704,500,000 Existing Ordinary Shares or, following completion of the Capital Reorganisation, 7,045,000 New Ordinary Shares and to determine the terms and conditions of such share warrants, convertible bonds, options or other convertible instruments. The authority conferred by this resolution shall be for a period expiring on 30 June 2016; with the exception that the Company may before the end of the said period make any offer of agreement which would or might require 704,500,000 Existing Ordinary Shares or, following completion of the Capital Reorganisation, 7,045,000 New Ordinary Shares to be issued after the expiration of the period, and in that specific case the Board is hereby authorised to issue Existing Ordinary Shares or New Ordinary Shares (as appropriate) and/or share warrants, convertible bonds, options or other convertible instruments in pursuance of any such offer or agreement despite the expiration of the above mentioned period. This resolution shall not preclude the application and effect of any previous or other resolutions of the Company.
5. Subject to and conditionally upon the passing of Resolutions 1 to 4 above, the authorised share capital of the Company be and is hereby increased from €8,750,000 to €14,000,000 by the creation of 525,000,000 Existing Ordinary Shares (or 5,250,000 New Ordinary Shares following completion of the Capital Reorganisation).

6. The Board be and is hereby authorised to issue Existing Ordinary Shares and/or New Ordinary Shares at an issue price being a price per Existing Ordinary Share or New Ordinary Share (as appropriate) which is below the Company's prevailing net asset value per Existing Ordinary Share or New Ordinary Share (as appropriate) at the time of issue.

Dated: 1 July 2011

Registered Office:

By Order of the Board

Totalserve House  
17 Gr. Xenopoulou Street  
Limassol 3106  
Cyprus

#### NOTES

1. *If any other proxy in the Form of Proxy is preferred, strike out the words 'Chairman of the Meeting' and add the name and address of the proxy you wish to appoint and initial the alteration. The proxy need not be a member.*
2. *Pursuant to Regulation 41 of the UK Uncertificated Securities Regulations 2001 the Company specifies that only those holders of Ordinary Shares registered in the register of members of the Company, or Depository Interests registered in the register of Depository Interest holders as at 9 a.m. (UK time) on 15 July 2011 (or, if the EGM is adjourned, Shareholders entered on the Company's register of members or Depository Interest holders registered in the register of Depository Interest holders not later than 48 hours before the time fixed for the adjourned meeting) shall be entitled to attend and vote at the EGM in respect of the number of Ordinary Shares or Depository Interests (as appropriate) registered in their name at that time. Changes to entries on the registers after 9 a.m. (UK time) on 15 July 2011 shall be disregarded in determining the right of any person to attend or vote at the EGM.*
3. *An abstention is not a vote in law and will not be counted in the calculation of the proportion of the votes for and against any resolution. If no voting indication is given in the case of the Form of Proxy, your proxy will vote or abstain from voting at his or her discretion.*
4. *If the appointer is a corporation the Form of Proxy or the Form of Instruction must be completed under its common seal or under the hand of its duly authorised officer or attorney of other person or persons authorised to sign.*
5. *The signature on a Form of Proxy or Form of Instruction by any one of joint holders will be sufficient, but the names of all the joint holders should be stated.*
6. *To be valid, the Form of Proxy and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power, must reach Cymain Registrars Ltd, P.O. Box 25719, 1311 Nicosia, Cyprus (during normal business hours) not less than 48 hours before the appointed time for holding the EGM or adjournment (as the case may be).*
7. *To be valid, the Form of Instruction and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power must reach Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY, not less than 72 hours before the appointed time for holding the EGM or adjournment (as the case may be).*
8. *The completion of the Form of Proxy will not preclude a Shareholder from attending the EGM and voting in person. If you have appointed a proxy and attend the EGM in person, your proxy appointment will automatically be terminated.*
9. *The completion of the Form of Instruction will not preclude a holder from attending the EGM and voting in person. Should the holder, or a representative of that holder, wish to attend the EGM and/or vote at the meeting a Letter of Representation will need to be issued by Computershare Company Nominees Limited as custodian. Should a Letter of Representation be required please contact the custodian in writing or by email at: [!UKALLDITeam2@computershare.co.uk](mailto:UKALLDITeam2@computershare.co.uk)*
10. *Any alteration of the Form of Proxy or the Form of Instruction must be initialled.*
11. *Please indicate how you wish your votes to be cast by placing 'X' in the box provided on the Form of Proxy or the Form of Instruction (as appropriate). On receipt of a Form of Instruction duly signed, you will be deemed to have authorised Computershare Company Nominees Limited in its capacity as custodian to vote, or to abstain from voting, as per your instructions.*

## AISI REALTY PUBLIC LIMITED

### NOTICE OF SECOND EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that an Extraordinary General Meeting of the Company will be held at Totalserve House, 17 Gr. Xenopoulou Street, Limassol 3106, Cyprus at 11 a.m. (Cyprus time) on 24 July 2011 for the purpose of considering and, if thought fit, passing the following resolutions, in the case of resolutions 1 and 2 as ordinary resolutions (requiring a majority in excess of 50 per cent. if shareholders holding more than half of the Company's issued share capital are present and vote at the Extraordinary General Meeting, or a two-thirds majority in all other cases) and in the case of resolution 3 as a special resolution:

#### RESOLUTIONS

1. That with effect from 8 a.m. on 26 July 2011 (or such other date as the board of directors may decide) and pursuant to Article 13.2.1 of the Company's articles of association (the "**Articles**"), all the existing ordinary shares of €0.01 (the "**Existing Ordinary Shares**") on the register of the Company as at 5 p.m. on 25 July 2011 (or such other date as the board of directors may decide) be consolidated into consolidated ordinary shares of €1.00 each (the "**Consolidated Ordinary Shares**") on the basis of 100 Existing Ordinary Shares being consolidated into one Consolidated Ordinary Share, each Consolidated Ordinary Share having the same rights as each Existing Ordinary Share and the Company secretary (or registrar) be authorised to amend the register of shareholders in order to record each shareholder's holding of Consolidated Ordinary Shares **PROVIDED THAT**, where such consolidation results in any shareholder being entitled to a fraction of a Consolidated Ordinary Share, such fraction shall be aggregated with the fractions of a Consolidated Ordinary Share to which other shareholders of the Company may be entitled on the same basis as above (provided that any consolidated fraction remaining after such aggregation shall itself be designated as a Consolidated Ordinary Share) and the directors be and are hereby authorised to sell (or appoint any other person to sell) to any person on behalf of the relevant shareholders, all the Consolidated Ordinary Shares representing such fractions in the market on behalf of the shareholders so entitled) per entitled shareholder then the net proceeds of such sale will be retained for the benefit of the Company. Any director (or any person appointed by the directors) shall be and is hereby authorised to execute an instrument of transfer in respect of such shares on behalf of shareholders and to do all acts and things as the directors consider necessary or expedient to effect the transfer of such shares to, or in accordance with the directions of, any buyer of any such shares.
  
2. That conditionally upon the passing of Resolution 1 above and pursuant to Article 13.2.1 of the Company's articles of association, each of the Consolidated Ordinary Shares be immediately subdivided into one new ordinary share of €0.01 each (the "**New Ordinary Shares**") having the same rights and ranking *pari passu* in all respects with the Existing Ordinary Shares and one deferred share of €0.99 each (the "**Deferred Shares**") having the rights and restrictions set out in the Company's amended articles of association as set out in the resolution 3 below.

#### SPECIAL RESOLUTION

3. THAT, conditionally upon the passing of Resolution 2 above, the Articles are amended to include the following new provisions in respect of the creation of Deferred Shares:
  - "1. "**Deferred Shares**" means the deferred shares of €0.99 each in the capital of the Company;"
  
  - "3.10 Notwithstanding any other provision of these Articles to the contrary, Deferred Shares:
    - (i) carry no right to payment of any dividend or to receive notice of or to attend, speak or vote at any general meeting of the Company or on a return of capital (whether on a winding up or otherwise) to the repayment of the amount paid up on such Deferred Shares until after the repayment in full of the amount paid up on the Ordinary Shares together with the payment of €100,000,000 on each such Ordinary Share whereupon the Deferred Shares shall carry the right to repayment of the nominal capital paid up thereon and no more; and (ii) shall not be transferable without the consent of the Company.

3.10.1 Each holder of Deferred Shares shall be deemed to have conferred irrevocable authority on the Company at any time to appoint any person, for and on behalf of such holder, to:

- (a) receive notice of, attend and vote at any meeting of the class of Deferred Shares and sign any written resolution of such class;
- (b) agree and execute any transfer of (and any agreement to re-purchase transfer or otherwise dispose of) some or all of the Deferred Shares to such persons as the Company may determine (including, without limitation, the Company itself);
- (c) agree to sell or cancel all of the Deferred Shares then in issue for not more than one Euro cent for all such Deferred Shares; and/or
- (d) receive any consideration payable upon a transfer or re-purchase made pursuant to (b) or (c) above, in each case without obtaining the sanction of the holders, of such Deferred Shares, and in respect of any transfer and/or purchase; and to retain the certificate(s) for such Deferred Shares.

3.10.2 The Company may at its option re-purchase all of the Deferred Shares then in issue, at a price not exceeding one Euro cent (in aggregate) for all such Deferred Shares purchased at any one time.

3.10.3 Notwithstanding any other provisions of these Articles, entering into a contract to purchase, and the purchase of, Deferred Shares shall not require the sanction of a resolution passed at a meeting of the holders of the Deferred Shares or any other consent of such holders.

In the event of any conflict or inconsistency between this Article and any other provision of these Articles, this Article 3.10 shall prevail in respect of any matter relating to the Deferred Shares."

Dated: 1 July 2011

Registered Office:

By Order of the Board

Totalserve House  
17 Gr. Xenopoulou Street  
Limassol 3106  
Cyprus

#### NOTES

1. *If any other proxy in the Form of Proxy is preferred, strike out the words 'Chairman of the Meeting' and add the name and address of the proxy you wish to appoint and initial the alteration. The proxy need not be a member.*
2. *Pursuant to Regulation 41 of the UK Uncertificated Securities Regulations 2001 the Company specifies that only those holders of Ordinary Shares registered in the register of members of the Company, or Depository Interests registered in the register of Depository Interest holders as at 9 a.m. (UK time) on 22 July 2011 (or, if the EGM is adjourned, Shareholders entered on the Company's register of members or Depository Interest holders registered in the register of Depository Interest holders not later than 48 hours before the time fixed for the adjourned meeting) shall be entitled to attend and vote at the EGM in respect of the number of Ordinary Shares or Depository Interests (as appropriate) registered in their name at that time. Changes to entries on the registers after 9 a.m. (UK time) on 22 July 2011 shall be disregarded in determining the right of any person to attend or vote at the EGM.*
3. *An abstention is not a vote in law and will not be counted in the calculation of the proportion of the votes for and against any resolution. If no voting indication is given in the case of the Form of Proxy, your proxy will vote or abstain from voting at his or her discretion.*
4. *If the appointer is a corporation the Form of Proxy or the Form of Instruction must be completed under its common seal or under the hand of its duly authorised officer or attorney of other person or persons authorised to sign.*
5. *The signature on a Form of Proxy or Form of Instruction by any one of joint holders will be sufficient, but the names of all the joint holders should be stated.*
6. *To be valid, the Form of Proxy and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power, must reach Cymain Registrars Ltd, P.O. Box 25719, 1311 Nicosia, Cyprus (during normal*

*business hours) not less than 48 hours before the appointed time for holding the EGM or adjournment (as the case may be).*

7. *To be valid, the Form of Instruction and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power must reach Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY, not less than 72 hours before the appointed time for holding the EGM or adjournment (as the case may be).*
8. *The completion of the Form of Proxy will not preclude a Shareholder from attending the EGM and voting in person. If you have appointed a proxy and attend the EGM in person, your proxy appointment will automatically be terminated.*
9. *The completion of the Form of Instruction will not preclude a holder from attending the EGM and voting in person. Should the holder, or a representative of that holder, wish to attend the EGM and/or vote at the meeting a Letter of Representation will need to be issued by Computershare Company Nominees Limited as custodian. Should a Letter of Representation be required please contact the custodian in writing or by email at: [!UKALLDIteam2@computershare.co.uk](mailto:UKALLDIteam2@computershare.co.uk)*
10. *Any alteration of the Form of Proxy or the Form of Instruction must be initialled.*
11. *Please indicate how you wish your votes to be cast by placing 'X' in the box provided on the Form of Proxy or the Form of Instruction (as appropriate). On receipt of a Form of Instruction duly signed, you will be deemed to have authorised Computershare Company Nominees Limited in its capacity as custodian to vote, or to abstain from voting, as per your instructions.*