

# AGUA **TERRA** LIMITED

Agua **Terra**

ADMISSION TO TRADING ON AIM

**FAIRFAX**

FAIRFAX I.S. PLC  
NOMINATED ADVISER AND BROKER

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document, you should consult an independent professional adviser authorised under the FSMA who specialises in advising on the acquisition of shares and other securities if you are taking advice in the United Kingdom (or from another appropriately authorised independent financial adviser if you are in a territory outside the United Kingdom).**

This document is an admission document prepared in accordance with the AIM Rules for Companies and does not comprise a prospectus for the purposes of the Prospectus Rules and has not been approved by or filed with the Financial Services Authority. Copies of this document will be available during the normal business hours on any day (except Saturdays, Sundays, bank and public holidays) free of charge to the public at the offices of Fairfax I.S. PLC, 46 Berkeley Square, London W1J 5AT for one month from the date of Admission, in accordance with Rule 3 of the AIM Rules for Companies.

The Company and the Directors, whose names appear on page 4 of this document, accept responsibility for the information contained in this document including individual and collective responsibility for compliance with the AIM Rules for Companies. To the best of the knowledge and belief of the Company and 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.

**Application has been made for all of the Shares to be admitted to trading on AIM, a market operated by the London Stock Exchange plc. AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the UK Listing Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Each AIM company is required pursuant to the AIM Rules for Companies to have a nominated adviser. The nominated adviser is required to make a declaration to the London Stock Exchange on admission in the form set out in Schedule Two to the AIM Rules for Nominated Advisers. The London Stock Exchange has not itself examined or approved the contents of this document.** It is expected that Admission will become effective and that trading in the Shares will commence on AIM on 3 October 2008.

Your attention is drawn in particular to the risk factors in Part 1 of this document.

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## **AGUA TERRA LIMITED**

*(a business company incorporated in the British Virgin Islands with registration no. 1490983)*

### **ADMISSION TO TRADING ON AIM**

*Nominated Adviser and Broker*

**FAIRFAX I.S. PLC**

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#### **Share capital immediately following Admission**

<i>Authorised</i>			<i>Issued and Fully Paid</i>	
<i>Amount</i>	<i>Number</i>		<i>Amount</i>	<i>Number</i>
Unlimited	Unlimited	Shares of no par value	€9,012,500	4,531,250

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Fairfax I.S. PLC (“**Fairfax**”) which is regulated by the Financial Services Authority, is acting as nominated adviser for the purposes of the AIM Rules for Companies in connection with Admission. Fairfax will not be responsible to anyone other than the Company for providing the protections afforded to customers of Fairfax or for advising any other person on the contents of this document or Admission. The responsibility of Fairfax as nominated adviser to the Company is owed solely to the London Stock Exchange. No representation or warranty, express or implied, is made by Fairfax as to the contents of this document (without limiting the statutory rights of any person to whom this document is issued). No liability whatsoever is accepted by Fairfax for the accuracy of any information or opinions contained in this document or for the omission of any material information for which it is not responsible.

This document does not constitute an offer to buy or to subscribe for, or the solicitation of an offer to buy or subscribe for, Shares in any jurisdiction in which such offer or solicitation is unlawful. In particular the Shares offered by this document have not been, and will not be, registered under the United States Securities Act of 1933 as amended (the “**Securities Act**”) or qualified for sale under the laws of any state of the United States or under the applicable laws of any of Canada, Australia, the Republic of South Africa or Japan and, subject to certain exceptions, may not be offered or sold in the United States or to, or for the account or benefit of, US persons (as such term is defined in Regulation S under the Securities Act) or to any national, resident or citizen of Canada, Australia, the Republic of South Africa or Japan. Neither this document nor any copy of it may be distributed directly or indirectly to any persons with addresses in the United States of America (or any of its territories or possessions), Canada, Australia, the Republic of South Africa or Japan, or to any corporation, partnership or other entity created or organised under the laws thereof, or in any other country outside the United Kingdom where such distribution may lead to a breach of any legal or regulatory requirement.

## **IMPORTANT NOTICE**

Prospective investors must not treat the contents of this document as advice relating to legal, taxation, investment or any other matters. Prospective investors must inform themselves as to: (i) the legal requirements within their own countries for the purchase, holding, transfer or other disposal of Shares; (ii) any foreign exchange restrictions applicable to the purchase, holding, transfer or other disposal of Shares which they might encounter; and (iii) the income and other tax consequences which may apply in their own countries as a result of the purchase, holding, transfer or other disposal of Shares. Prospective investors must rely upon their own representatives, including their own legal advisers and accountants, as to legal, tax, investment or any other related matters concerning the Company and an investment therein.

If you are in any doubt about the contents of this document you should consult your stockbroker or your financial or other professional adviser.

Investment in the Company is suitable only for financially sophisticated individuals and institutional investors who have taken appropriate professional advice, who understand and are capable of assuming the risks of an investment in the Company and who have sufficient resources to bear any losses which may result therefrom.

Statements made in this document are based on the law and practice currently in force in England and Wales and the BVI and are subject to changes therein.

This document should be read in its entirety before making any investment in the Company. All Shareholders who will hold Shares in certificated form are entitled to the benefit of, are bound by and are deemed to have notice of, the provisions of the Memorandum and Articles. All Shareholders who will hold Depositary Interests are entitled to the benefit of, are bound by, and are deemed to have notice of, the provisions of the Deed Poll and, to the extent relevant, the Memorandum and Articles.

Certain statements contained in this document, including any forecasts, any statement preceded by, followed by, or that includes the words “believes”, “expects”, “anticipates” or similar expressions and other statements contained therein regarding matters that are not historical facts are or may constitute forward-looking statements. Such statements are inherently subject to risks and uncertainties and actual results may differ materially from those expressed or implied by such forward-looking statements. Such risks and uncertainties include, but are not limited to, those detailed in this document.

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## DIRECTORS AND ADVISERS

<b>Directors</b>	Rt Hon Earl of Balfour ( <i>Non-executive Chairman</i> ) Andrew Hargreaves ( <i>Non-executive Vice-Chairman</i> ) Markos Kashiouris ( <i>Chief Executive</i> ) Peter Economides ( <i>Non-executive Director</i> ) Mehmet Önkal ( <i>Non-executive Director</i> ) Anthony Travis ( <i>Non-executive Director</i> )
<b>Registered Office</b>	c/o Totalserve Trust Company Limited 197 Main Street Road Town Tortola British Virgin Islands
<b>Website</b>	<a href="http://www.agua-terra.com">www.agua-terra.com</a>
<b>Nominated Adviser and Broker to the Company</b>	Fairfax I.S. PLC 46 Berkeley Square London W1J 5AT
<b>Solicitors to the Company as to English law</b>	Travers Smith LLP 10 Snow Hill London EC1A 2AL
<b>Solicitors to the Company as to BVI law</b>	Samuels Richardson & Co P.O. Box 3410 160 Main Street Road Town Tortola British Virgin Islands
<b>Solicitors to the Company as to Cypriot law</b>	Economides, Dionysiou & Co. Advocates & Legal Consultants 17, Gr. Xenopoulou Street CY-3730 Limassol Cyprus
<b>Solicitors to the Nominated Adviser</b>	Stephenson Harwood One St. Paul's Churchyard London EC4M 8SH
<b>Solicitors to the Company as to Greek law</b>	Panayiotakopoulos & Co Vissarionos 10 GR-106 72 Athens Greece
<b>Reporting Accountant</b>	BDO Stoy Hayward LLP 55 Baker Street London W1U 7EU
<b>Auditors</b>	PricewaterhouseCoopers Limited City House 6, Karaiskakis Street CY-3032 Limassol Cyprus

**Registrar** Capita Registrars (Guernsey) Limited  
2nd Floor  
No 1 Le Truchot  
St. Peter Port  
Guernsey GY1 1WD

**Depository** Capita IRG Trustees Limited  
The Registry  
34 Beckenham Road  
Beckenham  
Kent BR3 4TU

**Administrator** Totalserve Trust Company Limited  
197 Main Street  
Road Town  
Tortola  
British Virgin Islands

## EXPECTED TIMETABLE AND ADMISSION STATISTICS

Admission and dealings in the Shares expected to commence on AIM	3 October 2008
Number of Shares in issue	4,531,250
Number of Founder Warrants in issue	4,531,250
Number of Performance Warrants in issue	408,918
Market capitalisation on Admission*	€9,012,500
ISIN code**	VGG0136P1045
SEDOL code**	B3CGSX5

### Notes

The time and date set out above is subject to change.

\* At the subscription price of €2 per Share

\*\* The Depositary Interests will be created by the Depositary pursuant to the Deed Poll and have been assigned the same ISIN and SEDOL numbers as Shares.

## DEFINITIONS

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

<b>“Administrator”</b>	Totalserve Trust Company Limited
<b>“Admission”</b>	the admission of the Shares to trading on AIM becoming effective in accordance with the AIM Rules for Companies
<b>“Admission Document”</b>	this document
<b>“AIM”</b>	AIM, a market operated by the London Stock Exchange
<b>“AIM Rules”</b>	the AIM Rules for Companies and/or the AIM Rules for Nominated Advisers, as applicable
<b>“AIM Rules for Companies”</b>	the rules for AIM companies published by the London Stock Exchange, as amended or re-issued from time to time
<b>“AIM Rules for Nominated Advisers”</b>	the rules for nominated advisers to AIM companies published by the London Stock Exchange, as amended or re-issued from time to time
<b>“Aqua Sol Hotels Group”</b>	the largest hotel group in Cyprus and Greece combined
<b>“Articles”</b>	the articles of association of the Company
<b>“Auditors”</b>	PricewaterhouseCoopers Limited
<b>“BBCA”</b>	the BVI Business Companies Act, 2004 (as amended)
<b>“Board” or “Directors”</b>	the directors of the Company whose names are set out on page 4 of this document
<b>“BVI”</b>	the British Virgin Islands
<b>“Capita”</b>	Capita IRG Trustees Limited
<b>“City Code”</b>	the UK City Code on Takeovers and Mergers
<b>“Combined Code”</b>	the code of best practice including the principles of good governance published in June 2008 by the UK Financial Reporting Council
<b>“Companies Act”</b>	the UK Companies Act 1985 (as amended)
<b>“Company”</b>	Agua Terra Limited
<b>“CREST”</b>	the relevant system (as defined in the Uncertificated Securities Regulations 2001) in respect of which Euroclear UK & Ireland Limited is the operator (as defined in the Uncertificated Securities Regulations 2001)
<b>“Cyprus”</b>	the Republic of Cyprus
<b>“Deed Poll”</b>	the deed poll executed by the Depositary constituting the Depositary Interests
<b>“Depositary”</b>	Capita IRG Trustees Limited
<b>“Depositary Interests”</b>	dematerialised depositary interests representing underlying Shares in the ratio of 1:1, to be issued by the Depositary pursuant to the Deed Poll described in Part 6 of this document
<b>“ERISA”</b>	Employee Retirement Income Security Act of 1974 (as amended)

<b>“EU”</b>	the European Union
<b>“EU Cohesion Fund”</b>	the Cohesion Fund set up by the EU in 1994
<b>“Euro” or “€”</b>	the lawful currency of the participating members of the European Union that have adopted a single currency
<b>“Euroclear UK &amp; Ireland Limited”</b>	Euroclear UK & Ireland Limited, the operator of CREST
<b>“Fairfax” or “Nominated Adviser” or “Broker”</b>	Fairfax I.S. PLC, which is authorised and regulated by the FSA
<b>“Founder Shareholders”</b>	the Principal Shareholders, the Directors and the other shareholders of the Company as detailed in the Company’s register of members prior to Admission
<b>“Founder Warrant Instrument”</b>	means the warrant instrument dated 26 September 2008 constituting the Founder Warrants, further details of which are set out in Part 3 of this document
<b>“Founder Warrants”</b>	warrants to subscribe for Shares pursuant to the terms of the Founder Warrant Instrument, further details of which are set out in Part 3 of this document
<b>“FSA”</b>	the UK Financial Services Authority
<b>“FSMA”</b>	the UK Financial Services and Markets Act 2000 (as amended)
<b>“Greece”</b>	the Hellenic Republic
<b>“Group”</b>	the Company and its subsidiaries from time to time
<b>“Independent Directors”</b>	an independent director of the Company for the purposes of the Combined Code
<b>“Introduction Agreement”</b>	the conditional agreement dated 29 September 2008 between the Company, Markos Kashiouris and Fairfax relating to Admission, a summary of which is set out in paragraph 10(b) of Part 6 of this document
<b>“IFRS”</b>	International Financial Reporting Standards
<b>“Lock-in Agreement”</b>	means the lock-in and orderly market deed entered into between the Directors (1), Yiannis Panayi (2), Fairfax (3) and the Company (4), further details of which are set out in paragraph 10(c) of Part 6 of this document
<b>“London Stock Exchange”</b>	London Stock Exchange plc
<b>“market capitalisation”</b>	the aggregate value of all of the issued Shares at their mid-market closing price (as derived from the Daily Official List of the London Stock Exchange) on the relevant date
<b>“Memorandum”</b>	the memorandum of association of the Company
<b>“Mykonos Project”</b>	the proposed development of Mykonos Azure, in Mykonos, Greece, further details of which are set out in paragraph 2 of Part 2 of this document
<b>“Net Asset Value” or “NAV”</b>	the value of the assets of the Group less its liabilities, calculated in accordance with the accounting and valuation policies adopted by the Group from time to time

<b>“Net Asset Value per Share”</b>	an amount equal to the NAV divided by the number of Shares in issue at the relevant time
<b>“Official List”</b>	the Official List of the UK Listing Authority
<b>“Performance Warrant Instrument”</b>	the warrant instrument dated 26 September 2008, further details of which are set out in Part 3 of this document
<b>“Performance Warrants”</b>	warrants to subscribe for Shares pursuant to the terms of the Performance Warrant Instrument, further details of which are set out in Part 3 of this document
<b>“Principal Shareholders”</b>	Markos Kashiouris, Peter Economides and Yiannis Panayi
<b>“Projects”</b>	projects targeted by the Company in mixed-use leisure real estate, including the Mykonos Project, whether acquired through the acquisition of land or through real estate holding companies or other structures
<b>“Prospective Opportunities”</b>	means prospective Projects
<b>“Prospectus Rules”</b>	the prospectus rules of the FSA made under Part VI of the FSMA
<b>“Region”</b>	Greece and Cyprus
<b>“Registrar”</b>	Capita Registrars (Guernsey) Limited
<b>“Shares”</b>	common shares of no par value each in the share capital of the Company, or Depositary Interests representing such shares, as the case may be
<b>“Shareholders”</b>	holders of Shares from time to time
<b>“Sol Terra”</b>	Sol Terra Developers Limited
<b>“Southeast Europe”</b>	Greece, Cyprus and Turkey
<b>“Southwest Europe”</b>	Spain and Portugal
<b>“SPV”</b>	special purpose vehicle
<b>“subsidiary”</b>	as defined in sections 736 and 736A of the Companies Act
<b>“Totalserve”</b>	Totalserve Management Limited, a company incorporated in the British Virgin Islands
<b>“Turkey”</b>	the Republic of Turkey
<b>“UK” or “United Kingdom”</b>	the United Kingdom of Great Britain and Northern Ireland
<b>“UK Listing Authority”</b>	the FSA acting in its capacity as the competent authority for the purposes of Part VI of the FSMA and in the exercise of its functions in respect of admission to the Official List
<b>“US” or “United States”</b>	the United States of America, its territories and possessions, any state of the United States and the District of Columbia
<b>“£”</b>	the lawful currency of the United Kingdom
<b>“\$”</b>	the lawful currency of the United States

## PART 1

### RISK FACTORS

**In addition to all other information set out in this document, the following specific factors should be considered carefully in evaluating whether to make an investment in the Company. The investment offered in this document may not be suitable for all of its recipients. An investment in the Company is only suitable for investors who are capable of evaluating the risks and merits of such investment and who have sufficient resources to bear any loss which might result from such investment. If you are in any doubt about the action you should take, you should consult a professional adviser authorised under the FSMA who specialises in advising on the acquisition of shares and other securities if you are taking advice in the United Kingdom or from another appropriately authorised independent financial adviser if you are in a territory outside the United Kingdom.**

**The financial condition or operations of the Group could be materially and adversely affected by the occurrence of any of the risks described below. In such case, the market price of the Shares could decline due to any of these risks. Additional risks and uncertainties not presently known to the Directors, or that the Directors currently consider immaterial, may also have a material adverse effect on the Group. This summary of risk factors is not intended to be exhaustive.**

#### **1. Risks Relating to the Group's business**

##### *The Group has no operating history*

The Company was incorporated on 3 July 2008 and has no prior operating history. The Group is subject to all of the business risks and uncertainties associated with any new business enterprise, including the risk that the Group will not achieve its objectives, and the value of a Shareholder's investment in the Company could decline substantially.

##### *Dependence on key personnel*

The Group's future success is substantially dependent on the continued services and contributions of its Chief Executive. The loss of the services of the Chief Executive could have a material adverse effect on the Group's business.

##### *Competition for land and investments*

The business of identifying and structuring transactions of the type contemplated by the Group is competitive and involves a degree of uncertainty. In some instances, the Group may compete with wealthy local entrepreneurs and other developers. There can be no assurance that the Group will not, in the future, face competitive pressures that could have a material adverse effect on the Company's returns. Also, as a result of this competition, the Group may not be able to take advantage of attractive opportunities from time to time, and the Group can offer no assurance that it will be able to identify and execute acquisitions that are consistent with the Company's strategy, or that it will be able to fully invest its available capital.

##### *The Company may experience fluctuations in its results*

The Company may experience fluctuations in its operating results due to a number of factors, including the rate at which the Group completes acquisitions; the interest rates payable on debt capital to fund the Projects; the level of expenses; variations in, and the timing of, the recognition of realised and unrealised gains or losses; the degree to which it encounters competition in its markets; and general economic conditions. Accordingly, results for any period should not be relied upon as being indicative of performance in future periods.

##### *The Company's financial condition and results of operations will depend on its ability to manage Projects effectively*

The Company's ability to implement its strategy will depend on the Directors' ability to identify, analyse, invest in and finance Projects that meet the Company's criteria. Accomplishing this result on a cost-effective basis is largely a function of the structuring of the acquisition process and the Projects gaining access to

financing on acceptable terms. Failure by the Company to manage Projects effectively could have a material adverse effect on the Company's business, financial condition and results of operations.

***Rapid growth may strain the Group's managerial and operational resources and control systems***

The Group may experience substantial growth in a relatively short period of time. The operating complexity of the Group's business and the responsibilities of the Group's management may increase as a result of any potential rapid growth, placing additional demands and possibly, from time to time, strain on the Group's existing managerial, operational and control systems. The Group's inability to successfully manage the impact of rapid growth on its operational and managerial resources and control systems could have a material adverse effect on the Group's business, financial condition and results of operations.

***Dividends***

The payment of dividends in the Shares will rely on underlying growth in the Group's businesses and, in particular, the dividend policy mentioned in Part 2 of this document should not be construed as a dividend forecast. Any dividends will depend on, *inter alia*, the rental and other income (including realised capital gains) generated by the Projects, tax treatment of dividends or interest received by the Company. There can be no guarantee that the Company will ever pay a dividend.

***Future issues of Shares could dilute the interest of existing Shareholders and lower the price of the Shares***

The Company may issue additional Shares without limitation. The Company is not required under BVI law to offer any such Shares to Shareholders on a pre-emptive basis. Therefore, it may not be possible for Shareholders to participate in such future issues of Shares, which would dilute the Shareholders' interests in the Company. The issue of additional Shares by the Company, or the possibility of such issue, may cause the market price of the Shares to decline.

***Forward-looking statements***

This document includes statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "plans", "projects", "anticipates", "expects", "intends", "may", "will" or "should" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include matters that are not historical facts and include statements regarding the Company's intentions, beliefs or current expectations.

By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. A number of factors could cause actual results and developments to differ materially from those expressed or implied by the forward-looking statements including, without limitation, the factors described in this risk factors section. Forward-looking statements may and often do differ materially from actual results. Any forward-looking statements in this document reflect the Company's view with respect to future events as at the date of this document and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Group's operations and strategy. Save as required by law, the Company has no obligation to publicly release the results of any revisions to any forward-looking statements in this document that may occur due to any change in its expectations or to reflect events or circumstances after the date of this document.

## **2. Regulatory**

***Changes in laws or regulations governing the Group's operations may adversely affect the Company's business***

The Company and its Projects will be subject to regulation and laws imposed by the countries in which they operate. These laws and regulations, as well as their interpretation, may be changed from time to time. Accordingly, any change in these laws or regulations could have a material adverse effect on the Company's business.

### ***Limited regulatory control***

The holders of the Shares will not enjoy any protections or rights other than those reflected in the Articles and those rights conferred by the AIM Rules and applicable law. Neither the Listing Rules nor the Disclosure Rules of the FSA nor the Combined Code on Corporate Governance issued by the Financial Reporting Council will apply to the Company.

### ***Shareholders will not be entitled to the takeover offer protections provided by the City Code on Takeovers and Mergers***

The City Code applies, *inter alia*, to offers for all listed public companies considered by the Panel on Takeovers and Mergers to be incorporated or resident in the United Kingdom, the Channel Islands or the Isle of Man. The Company will not be so incorporated or resident and therefore Shareholders will not receive the benefit of the takeover offer protections provided by the City Code.

### ***Legal systems and enforcement in the Region***

The relevant legal systems in the various countries in the Region may not afford to the Group the same level of certainty in relation to issues such as title to property-related rights as may be achieved in more developed markets. Enforcement of legal rights in the Region may prove expensive and difficult to achieve.

### ***Taxation***

The Company and/or Shareholders may in the future be subject to income or other tax in the jurisdictions in which the Projects are located. Additionally, withholding tax or branch tax may be imposed on earnings of the Group from investments in such jurisdictions. Local tax incurred in other jurisdictions by the Company or vehicles through which it invests may not be creditable to or deductible by Shareholders in their respective jurisdictions.

If under BVI law there were to be a change to the basis on which dividends could be paid by BVI companies, this could have a negative impact on the Company's ability to pay dividends. Any change in the Company's tax status or in taxation legislation could affect the value of the Projects and the performance of the Company. Representations in this document concerning the taxation of investors in Shares are based upon current tax law and practice which is subject to change. The taxation of an investment in the Company depends on the individual circumstances of investors.

The attention of investors is drawn to Part 5 of this document which contains further information on taxation.

### ***Enforcement of judgements in the BVI***

As a Company incorporated under the BBCA, the rights of Shareholders will be governed by BVI law and the Company's Memorandum and Articles. The rights of Shareholders under BVI law differ from the rights of Shareholders of companies incorporated in England and Wales. For example, there are very limited statutory protection rights for minority shareholders.

Any final and conclusive monetary judgement obtained against the Company in the courts of England and Wales or those countries listed in the BVI Reciprocal Enforcement of Judgements Act (Cap. 65), for a definite sum, may be registered and enforced as a judgement of the BVI court if application is made for registration of the judgement within 12 months or such longer period as the court may allow, and if the BVI court considers it just and convenient that the judgement be so enforced. Alternatively, the judgement may be treated as a cause of action in itself so that no retrial of the issues would be necessary. In either case, it will be necessary that in respect of the foreign judgement:

- the foreign court issuing the judgement had jurisdiction in the matter and the judgement debtor either submitted to such jurisdiction or was resident or carrying on business within such jurisdiction and was duly served with process;
- the judgement given by the foreign court was not in respect of penalties, taxes, fines or similar fiscal or revenue obligations of the Company;
- in obtaining judgement there was no fraud on the part of the person in whose favour judgement was given, or on the part of the foreign court;

- recognition or enforcement of the judgement in the BVI would not be contrary to public policy;
- the proceedings pursuant to which judgement was obtained were not contrary to natural justice; and
- the judgement given by the foreign court is not the subject of an appeal.

Any final and conclusive monetary judgement obtained against the Company in the courts of all countries not covered by the BVI Reciprocal Enforcements of Judgements Act (Cap. 65) or in the superior courts of a foreign country to which the Foreign Judgement (Reciprocal) Enforcement Act (Cap. 27) applies, for a definite sum, may be treated by the courts of the BVI as a cause of action in itself so that no retrial of the issues would be necessary provided that in respect of the foreign judgement:

- the foreign court issuing the judgement had jurisdiction in the matter and the Company either submitted to such jurisdiction or was resident or carrying on business within such jurisdiction and was duly served with process;
- the judgement given by the foreign court was not in respect of penalties, taxes, fines or similar fiscal or revenue obligations of the Company;
- in obtaining judgement there was no fraud on the part of the person in whose favour judgement was given or on the part of the court;
- recognition or enforcement of the judgement in the BVI would not be contrary to public policy; and
- the proceedings pursuant to which judgement was obtained were not contrary to natural justice.

### **3. Risks Relating to AIM**

#### ***AIM***

Application has been made for the Shares to be admitted to AIM, a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. An investment in shares quoted on AIM may carry a higher risk than an investment in shares quoted on the Official List. AIM has been in existence since June 1995, but its future success and liquidity in the market for the Company's securities cannot be guaranteed.

#### ***Risk attaching to the market in Shares***

Since the Shares have not previously traded, their market value is uncertain. Following Admission the market price of the Shares may be volatile and may go down as well as up, and investors may therefore be unable to recover their original investment. The Company's operating results and prospects from time to time may be below the expectations of market analysts and investors. At the same time, stock market conditions may affect the Shares regardless of the operating performance of the Company. Stock market conditions are affected by many factors, such as general economic outlook, movements in or outlook on interest rates and inflation rates, currency fluctuations, commodity prices, changes in investor sentiment towards particular market sectors and the demand and supply of capital. Accordingly, the market price of the Shares may not reflect the underlying value of the Company's net assets, and the price at which investors may dispose of their Shares at any point in time may be influenced by a number of factors, only some of which may be related to the Company while others of which may be outside the Company's control.

#### ***Lack of liquidity of the Shares***

Although the Company has applied for the Shares to be admitted to trading on AIM, no assurance can be given that at any time after Admission a liquid market for the Shares will develop. If an active trading market is not developed or maintained, the liquidity and trading price of the Shares could be adversely affected. Even if an active trading market develops, the market price for the Shares may fall below the subscription price paid for the Shares.

In the future, Shareholders who need to dispose of their Shares may be forced to do so at prices that do not fully reflect the Net Asset Value per Share.

## **4. Projects**

### ***Valuation risk***

Property assets are inherently difficult to value as there is no liquid market or pricing mechanism. As a result, valuations are subject to substantial uncertainty. There is no assurance that the estimates resulting from the valuation process will reflect the actual sales price even where such sales occur shortly after the date of the valuation.

### ***Gearing***

Some of the Project companies may utilise a leveraged capital structure, in which case a third party would be entitled to cash flow generated by such investments prior to the Company receiving a return. While such leverage may increase returns or the funds available for investment by the Project company, it also will increase the risk of loss on a leveraged investment. If the Project company defaults on secured indebtedness, the lender may foreclose and the Project company could lose its entire investment which may have been used as security for such loan.

### ***Nature of investment in the Company***

Investment in the Company requires a long term commitment, with no certainty of return. Many of the Group's Projects might be illiquid, and there can be no assurance that the Company will be able to realise financial returns on such Projects in a timely manner. There may be little or no near term cash flow available to Shareholders. Partial or completed sales, transfers, or other dispositions of Projects which may result in a return of capital or the realisation of gains, if any, are generally not expected to occur for a number of years after an acquisition is completed.

### ***Risk of limited number of Projects***

The Group may complete only a limited number of acquisitions, possibly only one, and, as a consequence, the aggregate return of the Company may be substantially adversely affected by the unfavourable performance of even a single Project. Investors have no assurance as to the degree of diversification in the Group's investments, either by geographic region or asset type. If the Company has a concentration of properties in a particular geographic area, the Company's operating results and performance are likely to be impacted by economic changes affecting the real estate markets in that area. Any investment in the Company will be subject to greater risk to the extent that the Company lacks a geographically diversified portfolio of Projects.

### ***General real estate risks***

Projects will be subject to the risks inherent in the ownership and operation of real estate and real estate related businesses and assets. Risks include those associated with general economic climate, local real estate conditions, changes in supply of, or demand for, competing properties in an area, energy and supply shortages, various uninsured or uninsurable risks, natural disasters, government regulations, changes in real property taxes and interest rates. As a result, a downturn in the real estate sector or the materialisation of any one or a combination of the aforementioned risks could materially adversely affect the Company.

### ***Development risks***

The returns on the Shares will be subject to the risks associated with the construction and development of real estate projects, which include:

- the risk the developer of a site may become insolvent and be unable to complete the Project. It is expected that developments in which the Group will invest will be financed by a mixture of equity, deposits on sales, pre-sales and bank financing within the Project company. The release of equity will be staged and conditional on milestones in the development being reached. In the event that the development does not proceed as expected (due to unexpected factors such as landslip, accident, supplier default, planning or title disputes, etc.), the bank may refuse to provide further financing. If the developer is unable to arrange alternative financing, it may not be possible to complete the development. This may result in the loss of a deposit paid by the Group;

- the risk that planning consents are not obtained for the Mykonos Project and for future Projects, or are delayed significantly, or are granted subject to uneconomic conditions;
- the risk that laws are introduced, which may be retrospective and affect existing building consents, which restrict development within the Region;
- the risk that a development is significantly delayed or costs exceed budget due to unforeseen factors. The risk of cost overrun can be mitigated through fixed price contract arrangements;
- the risk of unforeseen construction constraints (including geological and archaeological factors);
- the risk of title disputes, legal disputes with neighbouring land owners and legal disputes with architects, project managers and suppliers;
- the risk that building methods or materials prove to be defective. If a construction company used on a development becomes insolvent, it may prove impossible to recover compensation; and
- the risk of fraud on the part of service providers or suppliers used on a development.

Projects under development may generate little or no cash flow from the date of acquisition through to the date of completion of development, if completed, and may experience operating deficits after the date of completion.

#### ***Investments with third parties in joint ventures and other entities***

The Group generally intends to co-invest with third parties through SPVs and may acquire non-controlling interests. Although the Company may not have control over these investments and therefore may have a limited ability to protect its position therein, the Directors expect that appropriate rights will be negotiated to protect the Company's interests. Nevertheless, such investments may involve risks not present in investments where a third party is not involved, including the possibility that a third party partner or joint venture partner may have financial difficulties resulting in a negative impact on such investment, may have economic or business interests or goals which are inconsistent with those of the Company or may be in a position to take action contrary to the Company's investment objectives, or the possibility that its joint venture partner or partners become bankrupt or insolvent. In addition, the Company may in certain circumstances be liable for the actions of its third party partners or joint venture partner.

#### ***Developer and counterparty risk***

If projected returns on Projects are not met or if SPVs in which the Group has invested become insolvent, the Group may lose some or all of its investment. Developers may become insolvent and fail to complete a development in which the Company has an interest. Although deposit amounts will generally be held in escrow, they might not be in all cases and developer insolvency may result in loss to the Group. Counterparties to whom the Group sells properties may default on payment of the purchase price.

#### ***Controlling person liability***

The Group generally intends to have control over the Projects in which it participates or may own such Projects directly. The exercise of control over an entity (or the property itself) can impose risks of liability for environmental damage, failure to supervise management, violation of government regulations (including securities laws) or other types of liability in which the limited liability characteristic of business ownership may be ignored. If these liabilities were to arise, the Company might suffer a significant loss.

#### ***Risks associated with the Prospective Opportunities***

Although the Company has entered into an option agreement in respect of the Mykonos Project and is in advanced negotiations on other Prospective Opportunities, there can be no guarantee that the Group will ultimately be able to acquire any Projects on terms satisfactory to it or at all. Investments in any Prospective Opportunities will be conditional upon, amongst other things, the Company being able to finance its commitments to a particular Project, satisfactory completion of due diligence and the entering into of binding agreements in a form satisfactory to all the parties thereto including the Company. The Company may not

be able to obtain specific performance of the options and its ability to claim damages for breach of the options by the counterparties may be limited.

Furthermore, as the Directors have not definitively identified, other than the Mykonos Project, the Projects in which the Group's capital will be deployed, the Company is therefore generally unable to provide potential investors with information to evaluate its potential Projects prior to investment in Shares. Shareholders will need to rely on the Board to evaluate business opportunities, and Shareholders will be subject to the risk that the Board may not be able to achieve the Company's objectives, will make unwise decisions or will make decisions that are not in Shareholders' best interests.

### ***Due diligence***

The due diligence process that the Group will undertake in connection with the Group's investment in a Project may not reveal all facts that may be relevant in connection with such Project. Before investing in a Project, the Group is expected to conduct due diligence on such Project, including feasibility and valuation analyses. In most cases, the Group will rely on third parties to conduct any such due diligence. The due diligence process may at times be subjective and only limited information may be available. In addition, the Group expects that any third party due diligence, feasibility, valuation or similar analyses will be subject to a number of qualifications and may be based on assumptions that could prove to be incorrect. Accordingly, the Company cannot assure investors that the due diligence investigation that it or any third party will carry out with respect to any future development will reveal or highlight all relevant risks associated with such development. Moreover, when the Group enters into an agreement for a Project, there may be limited time to complete due diligence prior to executing the agreement. As a result, the Group may make substantially riskier investments than it intended and the Group may lose all or part of the value of such investments, which could have a material adverse effect on the Company's financial condition and results of operations.

### ***Increased costs of raw materials and labour***

The Group's ability to implement its development plan and complete its Projects could be adversely affected by the availability, cost and quality of the raw materials. The principal raw materials that the Group might use if it were involved in construction include steel and cement. The prices and supply of these and other raw materials depend on factors not under the Group's control, including general economic conditions, competition, production levels, transportation costs, energy costs and import duties. The cost of labour may also increase due to factors beyond the Group's control. Any significant increase in the costs of these raw materials or labour could have a material adverse effect on the Company's financial condition and results of operations.

### ***Local partners***

Members of the Group may enter into joint venture arrangements with local partners. Although the Company will seek only to enter into such arrangements with local partners who exercise the highest level of integrity, financial stability and skill, the Company will not have control over the day-to-day operations of the local partners. As a result, there can be no assurance that every local partner will conform its conduct to these standards. Projects may suffer from delays in timely completion, cost overruns, poor quality workmanship and/or design, the insolvency of building contractors and/or professional teams.

## **5. The Region**

### ***Regional real estate risks***

The financial operations of the Company may be adversely affected by general economic conditions, by conditions within the Region's property market or by the particular financial condition of the developers and other parties doing business with the Company. The returns that are likely to be achieved on a Project in the Region by the Company will be materially affected by the political and economic climate in the Region. In particular, changes in the rates of inflation and interest may affect the Company's income and capital value or the value of an underlying property. A deterioration in the Western European economies can be expected to have an adverse effect on the amount of money spent on tourism and accordingly on tourist/second home property prices in the Region. In certain of the countries in the Region land ownership rights may not be

appropriately registered with the respective land registry authorities and may give rise to ownership disputes for wrongful misappropriation.

#### ***Legislative changes and international initiatives***

Changes in government regulations and policies of the BVI, Greece, Turkey and Cyprus and international initiatives of organisations such as the Organisation for Economic Co-operation and Development and the Financial Action Task Force aimed at “offshore” jurisdictions may adversely affect the financial performance of the Company.

#### ***Risk of political and economic instability***

Countries in the Region have many characteristics of an emerging market and should be regarded as carrying the associated risks of political and economic instability. With any investment in a foreign country there exists the risk of adverse political or regulatory developments including, but not limited to, nationalisation, confiscation without fair compensation, terrorism, war or currency restrictions. The latter may be imposed to prevent capital flight and may make it difficult or impossible to exchange or repatriate foreign currency.

Non-EU countries may not yet have formulated clear policies or established legislative frameworks from which to regulate rapidly developing sectors. As these countries continue to develop legislation, existing laws may be changed to the detriment of the Company.

#### ***Corruption***

Corruption is perceived as a problem in a number of countries in Southeast Europe. Corrupt practices may have an adverse impact on property developments in respect of which the Company commits financing. Corruption may also affect the ability of the Company to enforce legal rights. The Group’s policy will be only to pay fees and other expenses to third parties that have acted as consultants, agents or other such parties to the Group. No payments will be made in any case other than against duly addressed invoices and no cash payments will be made.

#### ***Risks of property financing and changes in its regulation***

Returns on financing the development of property in the Region may be difficult, slow or impossible to realise. In providing equity finance to developers the Company will be subject to the general risks incidental to the ownership of real or heritable property, including changes in the supply of or demand for competing properties in an area, changes in interest rates and the availability of mortgage funds, changes in property tax rates and landlord/tenant or planning laws, credit risks of tenants and borrowers and environmental factors. The marketability and value of any properties financed by the Company will therefore depend on many factors beyond the control of the Company, and there is no assurance that there will be either a ready market for any underlying properties financed by the Company or that such properties will be sold at a profit. Changes in regulation or law relating to foreign ownership or financing of property within the Region might have an adverse effect on the net returns from the real estate developments financed by the Company or materially and adversely affect the Company’s ability to pursue its objectives.

**The foregoing factors are not exhaustive and do not purport to be a complete explanation of all the risks and significant considerations involved in investing in the Company. Accordingly and as noted above, additional risks and uncertainties not presently known to the Directors, or that the Directors currently deem immaterial, may also have an adverse effect on the Company’s business.**

## PART 2

### INFORMATION ON THE GROUP

#### 1. Introduction

The Company is a limited liability company incorporated in the BVI on 3 July 2008, which aims to establish itself as a leading developer and operator of high quality mixed-use leisure real estate projects in Greece and Cyprus. The Company's initial focus will principally be within Greece, with the intention to expand into Cyprus within the next two years, when circumstances allow. The Company may also consider expanding its operations into Turkey at a future date.

The Company has identified Greece and Cyprus as its targeted region as the Directors believe the Region demonstrates macroeconomic strength, a rising level of affluence and an imbalance of limited supply over strong demand for high quality leisure real estate facilities. In addition, in the opinion of the Directors, the Region has a significant pricing advantage over comparable products in Southwest Europe and is amongst the most popular European holiday destinations.

The Company currently has two wholly-owned, Cypriot incorporated subsidiaries, Agua Terra Alfa (Cyprus) Limited and Agua Terra Beta (Cyprus) Limited through which the Company will acquire Projects. Please refer to Part 6 of this document for further details of the Group.

#### 2. History and Development

The Company was founded by Markos Kashiouris, Peter Economides and Yiannis Panayi, who have collectively over 50 years' experience in real estate and have completed or advised on over \$3 billion of real estate projects and possess extensive local knowledge and contacts. Further details on the Principal Shareholders can be found in Part 3 of this document.

To date, Markos Kashiouris has, on behalf of the Company, performed initial due diligence and negotiated an option over a development project located in Mykonos, Greece which requires a minimum aggregate investment commitment of up to €8.3 million including related transaction costs and transfer taxes. The successful completion of the Mykonos Project would be the first step towards establishing the Company as a leading developer in the high quality mixed-use leisure real estate sector in the Region.

The Mykonos Azure development comprises a premium serviced residence project of approximately 35,000 square metres over three separate locations on the island of Mykonos, Greece. Depending on the final design, the sites will allow for the development of up to 20 luxury serviced residences aimed at both the local and international luxury markets. The Project has already won a Ministry of Culture award for its design by Greek architect Vassilis Papadopoulos and will be marketed exclusively by Terra Sotheby's International Realty through its global distribution channels. The Aqua Sol Hotels Group or another recognised international hotel chain will provide the services to the residences once complete.

The sites for the Project are well located on the leeward (and hence most popular) side of the cosmopolitan island of Mykonos in Pyrgi, Agrari and Platys Gialos, which are in close proximity to the popular Super Paradise, Elia and Psarou beaches respectively. Each site offers sea views for all of the proposed villas and all are located within 15 minutes' drive from the island's international airport. The Mykonos sites do not currently have the required planning permissions necessary to start building but are in areas zoned for residential development and the necessary planning permissions would be applied for after the option has been exercised.

The Principal Shareholders have made an assessment of the financial position, business plan and projections of the Mykonos Project and have completed a full due diligence process. A detailed report setting out the results of the assessment, together with a valuation prepared by AtisReal which valued the Mykonos Project, pre-development, at €8.3 million, was submitted to the Board in order to enable it to decide whether to pursue the Project. The option over the Mykonos Project has been granted by Solterra Hotels Limited and Yiannis Panayi, each a related party of the Company pursuant to the AIM Rules for Companies. The Board are satisfied, having received the initial assessment that the terms of the option are on arms length terms for

deals of this type. Subject to the Mykonos Project proceeding, definitive legal agreements are expected to be entered into as soon as practicable after Admission.

The completion of the Mykonos Project depends, amongst other things, on the execution and delivery of definitive agreements in a form mutually satisfactory to the parties. There can be no guarantee that the Company will complete this Project. Further details of the option agreement over this Project are set out in paragraph 11(j) of Part 6 of this document.

In addition to the Mykonos Project, Markos Kashiouris has, on behalf of the Company, identified a number of other Prospective Opportunities throughout the Region for which he is at various stages of negotiation. The Company cannot guarantee that any of the potential investments will actually be entered into and it would need significant additional financial resources to complete any further Projects.

Following Admission, it is intended that the Company will continue to source its real estate projects through the Principal Shareholders’ existing relationships with, amongst others, leading regional developers, construction companies, tourist operators, architects, designers, branding and real estate brokerage companies with the view to expanding its operations throughout the Region. Where possible, the Company will utilise alliances with its strategic partners.

The Company believes that it is well positioned to successfully apply the Company’s corporate strategy in order to take advantage of the current opportunities that exist within the Region by leveraging the Group’s established network of contacts and ability to source future opportunities.

**3. Market Opportunity**

The Directors believe that the Region represents an attractive area for developing mixed-use leisure real estate projects for the following reasons:

***Rising affluence and macroeconomic strength***

The short to medium term economic outlook for the Region appears positive. This is supported by a number of macroeconomic indicators, including GDP growth, diminishing inflation, declining national debt, rising asset prices and increased personal wealth and disposable income for local citizens.

<i>Real GDP Growth</i>	<i>2004</i>	<i>2005</i>	<i>2006</i>	<i>2007</i>	<i>2008e</i>
Greece	4.0%	3.4%	4.6%	3.8%	4.2%
Cyprus	4.4%	3.7%	4.2%	3.9%	4.0%
Turkey	4.5%	4.3%	9.4%	8.4%	6.9%
EU average	2.9%	2.0%	2.5%	1.9%	3.1%
USA	2.2%	0.9%	3.6%	3.1%	2.9%

*Source: Eurostat*

***Structural improvements in the Region***

The Region has benefited from the EU Cohesion Fund and inward investment over the past 20 years. A significant percentage of this investment has been used to improve the Region’s transportation infrastructure and social and health services. The Region has also benefited from the liberalisation in air transport and the emergence of low cost carriers flying to the Region. As a result, the Directors believe the Region’s infrastructure, a core factor in real estate and tourism developments, is becoming comparable to that of other countries in Mediterranean Europe and will be a contributing factor in accelerating the development of the second home market.

***Greece, Cyprus and Turkey are amongst the most popular holiday destinations in Europe***

Greece, Cyprus and Turkey are amongst the most popular holiday destinations in Europe, and have seen tourist arrivals increase by 45.9 per cent. between 2000 to 2005, which compares to an increase of only 11.8 per cent. for Southwest Europe (*Source: UNWTO 2006*). This growth in tourism arrivals has been much more pronounced in Southeast Europe, where the compound annual growth in tourism arrivals between 1990 to 2005 for Southeast Europe has been roughly double the compound annual growth rate for Southwest Europe.

The Directors believe that the second home markets in the Region will benefit substantially from the continuing growth in tourist arrivals.

***Southeast Europe is significantly underdeveloped and undersupplied***

Southeast Europe, when compared with Southwest Europe, has highly favourable tourism metrics (*Source: UNWTO 2006, CIA 2008*), yet has a far smaller number of mixed-use leisure real estate projects. As an example, Southeast Europe has a fraction of the number of golf courses that Southwest Europe has. The Directors believe that Southeast Europe could sustain a substantial increase in the number of mixed-use leisure real estate projects.

<i>Tourism Metrics</i>	<i>Southwest Europe</i>	<i>Southeast Europe</i>
Area ('000 km)	591	911
Coastline (km)	6,757	21,524
International airports	43	75
Tourist arrivals ('000, 2005)	67,104	37,019
Growth in tourist numbers (2001–05)	11.8%	45.9%
Compound annual growth (1990–05)	3.2%	6.1%

***Pricing advantage for the Region***

Evidence shows that prices for mixed-use leisure real estate developments in the Region are currently approximately 35 per cent. lower than those for comparable products in Southwest Europe. This should ensure that in the short-to-medium term, as new developments in the region emerge, they will be absorbed quickly, due to a combination of limited supply and lower comparable pricing.

***Premium pricing should deliver above average returns***

Existing branded, mixed-use leisure real estate developments in the Region have achieved success, with sale prices at a substantial premium to the prices for the average real estate product within each country (e.g. Aphrodite Hills in Cyprus – see below). The Directors believe that the limited supply of prime developable sites for high quality, branded developments will ensure that units on such sites will continue to command premium pricing.

***Recent Developments in the Region***

The Directors believe that various recent developments further increase the attractiveness of investing in Projects in the Region including:

- In 2007, the Greek Government published its draft “Special National Tourism Zoning Plan”, in which it aims to establish areas within the country that are prioritised for tourist development. It is intended that these areas will adopt a faster planning approval mechanism, thereby enhancing development opportunities.
- The Greek Government has implemented a special grants programme, which will provide up to 50 per cent. of the construction cost for the hotel portion of developments. It is expected that this will promote the development of resort communities. The Directors anticipate that this will, in turn, promote the concept of the serviced residence and luxury villa developments throughout Greece.
- The Greek Parliament is in the final stages of adopting legislation that will allow the sale of the real estate element of leisure and hotel developments whereas up until now only leasing of such properties was allowed. This, in the opinion of the Directors, will accelerate sales of serviced residences and luxury resort developments.
- The Cyprus Government and the Cyprus Tourism Organisation began implementation in May 2004 of a seven-year strategic plan that aims to re-brand Cyprus as a high-end destination with the development of premium golf courses and marinas in order to attract the wealthier segments of the tourist market.
- The sale in May 2007 of Aphrodite Hills, a substantially completed golf course development in Cyprus, to a fund affiliated to Deutsche Bank, at an economic value of €187 million, illustrates the

attractiveness of such projects to institutional investors and further provides a comparable price point for the Company's projects.

- The accession of Cyprus into the Eurozone on 1 January 2008 evidences the strong performance of the Cypriot economy, and by removing the currency barrier may, in the opinion of the Directors, accelerate sales of holiday homes to non-UK buyers.

#### **4. Corporate Strategy and Project Criteria**

The Group's objective is to become one of the leading development and operating companies of high quality mixed-use leisure real estate throughout Greece and Cyprus.

##### ***Strategy***

The Company's strategy is to build a portfolio of mixed-use leisure real estate projects throughout the Region, with an initial focus in Greece and Cyprus. The Company intends to identify appropriate Projects and subject to due diligence, financing and Board approval, acquire such Projects. The Company may work with one or more parties on a Project and acquire a share in the Project. The Company will then develop the Project using, where appropriate, third party project managers and developers. Typically, each Project will utilise internationally acclaimed architects and designers who will work to position the Project in the luxury segment of the market, backed up by strong PR and an international marketing campaign. Once a Project has been launched, the Project will either be sold through premium distribution channels such as Terra Sotheby's International Realty or operated by the Group or recognised international operators.

The Company generally intends to have control of the Projects in which the Group participates. In circumstances where the Group will be a minority shareholder in a Project, the Company will seek to achieve minority protection rights for the Group, through appropriate provisions set out in shareholders' agreements.

##### ***Project criteria***

The Company will aim to acquire Projects which include, or are planned to include, one or more of the following elements:

- premium residential units with one or more aspects of leisure development, such as golf courses, health spas or hotels;
- senior assisted-living communities which may include technologically advanced homes, 24-hour on-site nursing care, pre-arranged access to a nearby hospital, local amenities (including restaurants, shops, etc.) and leisure facilities; or
- exclusive coastal gated communities with a leisure and/or a serviced residence element.

The Directors anticipate that all of the Projects, with the exception of those that include golf courses, will be located in coastal areas of the Region and within an hour's drive from an international airport. In the future, the Company may also consider acquiring Projects in other countries within Southeast Europe.

#### **5. The Acquisition Process**

The Company will continue to actively search for Projects which meet the Company's criteria, utilising the real estate development and advisory experience and contacts of its Principal Shareholders. When suitable Projects are identified, the Company may consider raising additional funds in order to acquire and develop such Projects.

The Company will carry out due diligence on potential Projects which will include reviewing the land zoning status, legislative framework, permit status and any environmental, forestry or archaeological issues and licensing requirements. The Company will aim to appoint leading local law firms to perform the legal due diligence and draft all investment documents and to engage leading accounting firms or consulting firms to undertake the requisite accounting and financial due diligence. A reputable international independent valuer will be appointed to value each Project. In addition, reputable distribution agents will be engaged at an early stage of a Project's development to maximise pre-sales.

The Principal Shareholders control Terra Sotheby's International Realty, the licensee for Sotheby's International Realty in the Eastern Mediterranean. It is envisaged that Terra Sotheby's International Realty will significantly assist the operations of the Company in terms of real estate branding, marketing, worldwide distribution and brokerage.

Once initial due diligence as to title to the site of any proposed Project has been completed and the Company has made an initial financial assessment of the Project, the findings will be prepared for review by the Board. Should the Board be satisfied with the initial due diligence undertaken, the Project will be approved, subject to further due diligence and a valuation prepared by an international independent third party valuer.

Once the Board has conditionally approved a proposed Project, the Company will enter definitive agreements in relation to the Project providing, where necessary, for a period of time during which full due diligence on the proposal and the Project to which it relates will take place.

When the Board is satisfied with the due diligence performed on a Project and its initial assessment of the opportunity, an in-depth report will be produced, which will include, where appropriate:

- the financial position of any target project and what funding is required;
- the business plan and projections for the Project, including sensitivity analysis of the key assumptions underpinning them; and
- the market position of the Project within the local real estate market and an analysis of its competition.

The report will also include opinions from one or more valuers, lawyers and where deemed necessary due to the specialised nature or complexity of the Project, accountants, environmental consultants, planning consultants and any other required specialist advisers so as to:

- evaluate the key risks involved in the proposed Project;
- confirm title to any securities being acquired;
- confirm that the vendor or the proposed project company has a valid interest in the underlying Project or land; and
- validate the price for the proposed Project.

All Projects will require the prior approval of the Board, which will meet to discuss the contents of such report and consider the Project.

## **6. The Development Process**

Once the Company has committed to a Project, it will appoint, if required, a suitable professional firm to act as project manager and supervise the development and construction process. It will also establish a subsidiary SPV of the Company, typically in Cyprus through which the Company will make its investment in a Project. The SPV will then be required to enter into a number of development and construction related contracts. The project manager will undertake to establish a schedule and cost control procedures with the contractors, monitor the ongoing procurement process and the quality of the development and provide regular update reports that identify any potential deviations from the pre-agreed business plan, to which the developer will be required to adhere.

When appropriate, the Company and its development partners will involve the original land owners and other local partners in the Project, particularly where this involvement strengthens the Project's ability to obtain the required local planning permits and licences, improves the lines of communication with local authorities or improves construction management. Execution risk will be minimised by the Company seeking to partner with trusted developers, established construction companies and reputable project management firms. Where appropriate, the Company will seek to improve performance by aligning the developer's economic interests with those of the Company by having payment terms conditional upon development milestones being reached, including, payment terms conditional upon certain sales targets being met.

The Company has identified its initial strategic partners with whom it may work throughout the Region as detailed in paragraph 7 of this Part 2 of this document.

By injecting funding, utilising its contacts with established developers and through the implementation of a structured planning, development, marketing and sales process, the Company expects to quickly move each Project through the development cycle and thereby maximise returns for the Company.

The Company anticipates that the residential element of each Project will primarily be pre-sold during development, while hotels or other operating elements of each Project may either be sold or leased or operated by the Company upon completion. The Company intends to build an internal property management team to manage those properties that it will continue to lease, or, if necessary, the Company will outsource management responsibility for these properties.

At the appropriate time, the Company intends to dispose of those properties that were not pre-sold during development on a piecemeal basis.

### ***Project funding***

The Company intends to commit to each Project the minimum level of capital required to purchase the land and/or to finance the Project's design, initial infrastructure (e.g. roads, utilities, landscaping and leisure components) and initial marketing and PR expenses. Funding of each Project will usually be provided in stages conditional upon planning, development and pre-sales progress.

The Company will aim to optimise the capital and tax structure of the Group's investments through efficient use of equity, bank debt and participating loans and by investing through SPVs for each Project.

It is expected that the majority of each Project's construction costs will be funded via pre-sales of the residential units and construction loans secured on the land. Each Project's debt commitments will be ring-fenced in an SPV with no recourse to the other parts of the Group or the Company. Each SPV will seek to minimise local taxes by utilising tax incentives available in each relevant jurisdiction. In addition, the Company will seek to achieve repatriation of profits through tax efficient holding company structures. The Directors do not currently anticipate that the Company itself will borrow any funds.

## **7. Strategic Partners**

In the future, the Company may develop Projects with a number of developers including Sol Terra Developers Limited ([www.solterradepvelopers.com](http://www.solterradepvelopers.com)). Sol Terra is one of the leading development companies in Cyprus and is closely affiliated with the publicly-listed Aqua Sol Hotels Public Company Limited ([www.aquasolhotels.com](http://www.aquasolhotels.com)), the largest hotel chain in Cyprus and the largest hotel chain in Greece and Cyprus combined. The Directors believe that Sol Terra and the Aqua Sol Hotels Group will provide the Company with natural operating partners for all its developments. Sol Terra and the Aqua Sol Hotels Group are both controlled by Mr Panayi, one of the Principal Shareholders.

In Greece, the Company intends to jointly develop, with Greco Sol Developers (the trading name of DAOS S.A.) serviced residences and mixed use leisure real estate projects in the future. Greco Sol Developers is controlled by members of the Aqua Sol Hotels Group and Grecotel S.A., one of the leading premium hotel chains in Greece ([www.grecotel.com](http://www.grecotel.com)). Partnering with a developer which is backed by two of the largest hotel chains in the Region provides an opportunity for the Company to capitalise on operating synergies and gain access to investment opportunities arising from within the two groups. Any such development would be conditional on the Company raising finance to fund such development.

### ***Related party arrangements***

The Company has entered into, and may enter into, arrangements with strategic partners who are also related parties of the Company for the purposes of the AIM Rules for Companies:

- The Company or the SPVs may enter into operating agreements with a member of the Aqua Sol Hotels Group to provide services to completed Projects, including the Mykonos Project. While Aqua Sol Capital Holdings Limited is a significant shareholder in the Company and members of the Aqua Sol Hotels Group are therefore related parties of the Company, any such arrangements would only be entered into having carried out a competitive quotation process from a range of reputable international operations providers, and will be subject to the approval of a majority of the Independent Directors.

- Totalserve Trust Company Limited, of whom Peter Economides is the sole shareholder, acts as Administrator for the Company. The Independent Directors believe that these arrangements are on arm's length terms and have unanimously approved the terms of the agreement pursuant to which the Administrator was appointed.
- Terra Capital Management Limited, of whom Markos Kashiouris is the sole shareholder, may act as a consultant to the Company. Any such consultancy contracts will be subject to the approval of a majority of the Independent Directors.
- The Principal Shareholders are significant property owners and developers within the Region, so there is the possibility that the Company may in the future purchase property from the Principal Shareholders. Any such decision would be subject to the Company's acquisition process as described in Part 2 of this document, which includes carrying out detailed due diligence and commissioning an independent third party valuation. The acquisition of any such property would be subject to the approval of a majority of the Independent Directors on the Board.
- It is anticipated that the Mykonos Project will be marketed by Terra Sotheby's International Realty. The Principal Shareholders control Terra Sotheby's International Realty and accordingly, it is currently a related party of the Company for the purposes of the AIM Rules for Companies. Any such arrangements would only be entered into subject to the approval of a majority of the Independent Directors.
- Terra Sotheby's International Realty may market other developments undertaken by the Company. The appointment of Terra Sotheby's International Realty in these circumstances would be subject to approval of the majority of the Independent Directors.

The decision to enter into any arrangements with a related party is subject to prior consultation with Company's nominated adviser, initially Fairfax, and will be entered into by the Company provided the Independent Directors are satisfied they are made on arm's length terms.

## **8. Proposed Group Structure**

The Group will be structured so as to create an efficient tax structure for the acquisition and management of its Projects. The Company will be the parent company of the Group, and it is intended that acquisitions will be made through or into limited liability SPVs which are to be established or acquired to hold the relevant Project. The board of directors or management team of each SPV will be appointed by the Board.

Each Greek and Cypriot project is expected to be held by a separate Cypriot holding company which will act as an intermediate holding company between the Company and the Project. The Company will continue to review optimal structures (from a tax and legal certainty perspective) on a project by project basis.

Currently, the Company has incorporated two Cypriot subsidiary SPVs, Agua Terra Alfa (Cyprus) Limited and Agua Terra Beta (Cyprus) Limited, further details of which are set out in Part 6 of this document.

## **9. Financing**

The Company has raised in excess of €9 million by way of equity subscriptions from the Founder Shareholders. The total costs, charges and expenses payable by the Company in connection with Admission are estimated to be €306,000. Pending utilisation or distribution, cash will be placed in Euro bank deposits, bonds, treasury securities, money-market funds or other near-cash investments for the purpose of protecting the capital value of the Company's cash assets. The Company does not intend to have any significant exposure to margin positions. Cash management will be undertaken by the Company, subject to cash investment policies laid down by the Board.

The Company itself does not intend to employ debt financing for the purpose of financing Projects or making investments. It is anticipated that acquisitions will be made through SPVs and that borrowing may be undertaken separately by each SPV. The precise proportion of borrowing undertaken by each SPV will depend upon the characteristics of each investment; however, the level of borrowings in any SPV in which the Group invests shall not generally exceed 75 per cent. of that SPV's net asset value at the time the borrowings are drawn down.

## **10. Dividend Policy**

The Company's objective is to provide investors with a total return, which is expected to comprise primarily capital growth, with the potential for dividends over the medium-to-long term.

Depending on the availability of distributable reserves, attractive Projects and sufficient cash resources, it is the Directors' intention to make distributions to Shareholders commencing after the third anniversary of Admission, subject to retaining sufficient cash to meet the reasonably foreseeable needs of the Group.

The level of dividends will depend on, *inter alia*, rental and other income (including realised capital gains) generated by the Group's assets. The timing and amount of rental or any other income cannot be predicted.

## **11. Further Issues of Shares by the Company**

Except where authorised by an ordinary resolution of the Shareholders, any share issue representing more than 10 per cent. of the existing issued share capital, must be made on a pre-emptive basis. An ordinary resolution has been passed authorising the issue of any Shares on the exercise of the Performance Warrants and the Founder Warrants on a non pre-emptive basis. There is no limit on the number of Shares that the Directors may allot.

## **12. Financial Information and Reports**

The Company's annual report and accounts will be made up to 31 December in each year. The Company's audited annual accounts will be sent to Shareholders within four months of the year to which they relate. Shareholders will also receive an unaudited interim report covering the six months to 30 June each year, which will be dispatched to Shareholders within three months of that date. The first unaudited interim report and accounts will be in respect of the period from incorporation to 31 December 2008 which will be dispatched to Shareholders by 30 March 2009. The first audited interim report and accounts will be in respect of the period from 31 December 2008 to 30 June 2009 and will be dispatched to Shareholders by 30 September 2009. The first annual accounts and report to Shareholders will be in respect of the period from incorporation to 31 December 2009 and will be dispatched to shareholders by 31 March 2010. The Company's accounts will be drawn up in Euros and in compliance with IFRS.

## **13. Taxation**

General information relating to UK and BVI taxation with regard to the Shares is summarised in Part 6 of this document. **Any person who is in any doubt as to his or her tax position, or is subject to tax in a jurisdiction other than that of the UK or BVI, should consult his or her professional advisers.**

## **14. Admission and Dealings**

Application has been made to the London Stock Exchange for the Shares to be admitted to trading on AIM. Admission is expected to take place and dealings in the Shares are expected to commence on AIM at 8.00 a.m. on 3 October 2008. All such Shares will, when issued, be in certificated form. The Registrar will be responsible for the maintenance of the register of Shareholders.

## **15. CREST**

Application is being made for Depositary Interests representing the Shares to be admitted to CREST. Accordingly, Depositary Interests representing Shares, when such shares are issued and fully paid, may be held and transferred by means of CREST.

CREST is a UK computerised paperless settlement system enabling securities, including depositary interests, to be held in electronic form without a certificate and transferred otherwise than by written instrument. CREST is a voluntary system and holders of Shares who wish to receive and retain share certificates will be able to do so.

## **16. Further Information**

Your attention is drawn to the additional information in Parts 3 to 6 of this document.

## PART 3

# DIRECTORS, PRINCIPAL SHAREHOLDERS AND CORPORATE GOVERNANCE

### 1. The Directors of the Board

The Board will consist of six members, five of whom are non-executive and Markos Kashiouris, who is the Chief Executive. Lord Balfour, Andrew Hargreaves, Mehmet Önkal and Anthony Travis are Independent Directors for the purposes of the Combined Code. The Board will be responsible for the overall operation of the Company and is constituted as follows:

**The Rt. Hon. Roderick Francis Arthur, Earl of Balfour**, *aged 59, Non-executive Chairman*

Lord Balfour is co-founder and director of Virtus Trust, which assists family offices and corporations worldwide in a variety of matters. Prior to that he was a Director of Rothschild Trust Corporation (1990–2005); Union Discount Company of London (1983–1990); Jessel Toynbee & Gillett (1981–1983); and a Partner at Grieseson Grant Stockbrokers (1972–1981). He is currently a non-executive director of Bateman Engineering NV which is an AIM-traded company.

**Andrew Raikes Hargreaves**, *aged 53, Non-executive Vice Chairman*

Mr Hargreaves is currently Senior Adviser and Group Director, Government Affairs, EADS. He is also an International Compliance officer for EADS Group. Previously he was UK Chairman, EADS and before the merger which formed EADS, he was UK Managing Director of Daimler-Benz Aerospace AG. Prior to that Mr Hargreaves was Member of Parliament for Birmingham Hall Green and Parliamentary Private Secretary to four Ministers of State at the Foreign Office. Before entering Parliament he was an Assistant Director at Schroders Plc and at Sanwa Bank of Japan. He has also been a fine art auctioneer and valuer at Christie's.

**Markos Andreas Kashiouris**, *aged 35, Chief Executive*

Mr Kashiouris has been a property investor and developer through the Terra Group since 2000 and has extensive real estate experience across several European countries, including the UK, emerging Europe, Greece and Cyprus. He owns and manages a specialised housing portfolio in London. Leading an international consortium, Mr Kashiouris has recently acquired the 25-year rights for Sotheby's Realty in the eastern Mediterranean with marketing capabilities across Southeast Europe, Russia and the Middle East. Terra Investments, Mr Kashiouris' primary investment vehicle, was founded in 2003 and has advised on c. €280 million of real estate projects in the UK, France and Southeast Europe. Additionally, Mr Kashiouris is currently an investor in €130 million of mixed-use developments in Cyprus and an advisor in a €130 million mixed-use resort project in Greece. Mr Kashiouris is a UK-qualified Chartered Accountant (ACA), an Associate of the Chartered Institute of Marketing (ACIM) and a Member of the Securities Institute (MSI). He worked for JP Morgan and Commerzbank Securities in London where he was top-rated in the 2001 and the 2002 Extel Surveys.

**Peter George Economides**, *aged 57, Non-executive Director*

Mr Economides founded Totalserve Group in 1972, one of the largest regional tax and trust consultancies in Southeast Mediterranean with a primary focus in Eastern and Southeastern Europe. Mr Economides is a member of the International Tax Planning Association, a member of the international committee of the Society of Trust and Estate Practitioners (STEP), the Founder and Chairman of STEP Cyprus and a member in various other international accounting, tax and trust associations. He is currently a board member of Guardian Land, a €300 million property fund and is an adviser to the board of the Dragon Property Group, a €150 million broad-based property investment operation.

**Mehmet Nejat Önkal**, *aged 64, Non-executive Director*

Mr Önkal founded the Istanbul office of Arthur Andersen in 1975. In 1978 he joined the Sheraton Hotel Group and held various senior management positions with the company until 1992, including regional manager for Europe, the Middle East and Africa and Vice President for Asia Pacific. Between 1992 and 1997 he held various senior managerial positions, including General Manager of the Princess Hotel Group, one of

the largest hotel groups in Turkey. Since 1997, he has been a Senior Manager of BDO Tourism Consultancy Turkey, covering the East Mediterranean, including Cyprus and Turkey, Middle East and Central Asia. Mr Önkal is currently an executive board member of Ceylan InterContinental Istanbul. He was previously a director of TRI Hospitality Consulting, Turkey.

**Anthony William Travis, aged 60, Non-executive Director**

Mr Travis is a member of the board of L'Observatoire de la Finance, Geneva and of The International Peacebuilding Alliance – “Interpeace”, Geneva. He is a former Senior Partner of PricewaterhouseCoopers in Geneva, and until his retirement from the PwC partnership in 2005, he led a number of major international banking and other client audit engagements, including the audit of The Bank for International Settlements. He is an ICAEW qualified Chartered Accountant (FCA), has been a technical consultant on risk management issues to the Islamic Financial Services Board and is an adviser to The Aga Khan Foundation on corporate governance and auditing issues. He is board member and Chairman of the Group Audit Committee of EFG European Financial Group, Geneva (one of Switzerland’s largest banking groups and Greece’s second largest bank) and chairs the Group Audit Committee of La Compagnie Financière Holding Rothschild, a large privately owned international banking group. He is a business associate of the Centre for International Business & Management at the Judge Management Institute at the University of Cambridge and member of the Executive Council of the Organisation Mondiale Contre La Torture. He is a Fellow of the Forum Suisse de la Politique Internationale, Geneva. Published works include “*Debt and the legitimacy of demands for its recovery*”, “*International Transfer Pricing*” and “*The Auditing Profession after Enron*”.

The Company intends to hire a chief financial officer and chief operating officer (possibly combining the role) in due course, following Admission.

## **2. Corporate Governance and Internal Controls**

There is no corporate governance regime with which the Company must comply in the BVI. However, the Directors recognise the importance of sound corporate governance and intend to comply with the Quoted Companies Alliance’s Corporate Governance Guidelines for AIM Companies. In particular, the Directors are responsible for overseeing the effectiveness of the internal controls of the Company designed to ensure that proper accounting records are maintained, that the financial information on which business decisions are made and which is issued for publication is reliable and that the assets of the Company are safeguarded. To this end, the Board has established audit, remuneration and nomination committees. The Board will hold at least four board meetings throughout the year, but in the initial investment phase, board meetings are expected to take place monthly.

### ***Audit Committee***

The audit committee will be chaired by Andrew Hargreaves and will consist of the whole Board other than the Chief Executive and the Chairman. It will meet whenever there is business to discuss and at least twice each year. The audit committee is responsible for ensuring that the financial performance of the Group is properly monitored, controlled and reported on. It will also meet the auditors and review reports from the auditors relating to accounts and internal control systems. The inclusion of Peter Economides is not in compliance with the QCA Guidance that the Audit Committee should be constituted only of independent non-executive directors, however, the Board believe that Peter Economides’ considerable experience will be a valuable addition to the committee.

### ***Remuneration Committee***

The remuneration committee will be chaired by Lord Balfour and its other members are Anthony Travis and Andrew Hargreaves. It is expected to meet not less than twice a year.

The remuneration committee has responsibility for determining, within the agreed terms of reference, the Group’s policy on the remuneration of senior executives and specific remuneration packages for Executive Directors, including pension rights and compensation payments. The remuneration of Non-Executive Directors is a matter for the Board. No Director may be involved in any discussion as to his own remuneration.

### ***Nomination Committee***

The nomination committee will be chaired by Peter Economides and will consist of Mehmet Önkal and Lord Balfour. It will consider appointments to the Board and is responsible for nominating candidates to fill Board vacancies and for making recommendations on Board composition.

### ***Insurance***

The Company will purchase and maintain directors' and officers' indemnity insurance in relation to any person who is or was a Director, an officer, or who at the Company's request is or was a serving Director, an officer or a liquidator of, or in any other capacity is or was acting for, another body corporate or a partnership, joint venture, trust or other enterprise, against any liability asserted against the person and incurred by the person in that capacity, whether or not the Company has, or would have had the power to indemnify the person against the liability under the Memorandum and Articles.

The Company will also purchase and maintain "key man" insurance in respect of the Chief Executive.

### **3. Principal Shareholders**

The Company was initially capitalised with approximately €9 million in September 2008 by the Founding Shareholders which include Messrs. Markos Kashiouris, Peter Economides and Yiannis Panayi, the Principal Shareholders of the Company. The Principal Shareholders, through their respective wholly-owned investment vehicles, hold approximately 54 per cent. of the issued share capital of the Company.

#### ***Yiannis Efstathios Panayi, aged 54***

Mr Panayi is an accomplished real estate developer and hotelier in Greece and Cyprus. In the early 1990s and already an experienced commercial lawyer, he diverted his attentions to the hospitality industry and later into real estate in Cyprus, Greece and the UK, initially through the Aqua Sol Hotels Group and subsequently through Sol Terra Developers Limited and the Iliad Group. By 2000, the Aqua Sol Hotels Group became the largest hotel chain in Cyprus and was rapidly establishing its presence in Greece. Through the Aqua Sol Hotels Group, Mr Panayi is the owner of 29 hotels in Greece and Cyprus and employs more than 1,350 staff (including Sol Terra Developers Limited). The Aqua Sol Hotels Group is the largest hotel group in Greece and Cyprus combined. Mr Panayi moved into real estate development in 2002, with the establishment of Sol Terra Developers Limited. By 2003, the first development project was well in progress under the Sol Terra Developers brand name. Since then, Mr Panayi has launched several innovative and successful development projects and he began to look for larger development projects whilst expanding his business in Greece in partnership with Grecotel S.A., one of the largest hotel chains in Greece. He also moved into the residential retirement market, taking an example from the senior assisted-living communities in the US. Mr Panayi also has a real estate presence in the United Kingdom and is an investor in more than \$400 million of projects under development. He is also President for the Special Olympics Committee of Cyprus.

Details on Markos Kashiouris and Peter Economides are set out above in paragraph 1 of this Part 3.

### **4. Lock-in Agreement**

In accordance with Rule 7 of the AIM Rules for Companies, the Directors and Yiannis Panayi have undertaken, save in limited circumstances, not to dispose of any of their interests in Shares for a period of one year from the date of Admission, and thereafter to consult with Fairfax prior to any sale so as to ensure an orderly market in the Shares is maintained. The Directors and Yiannis Panayi have agreed that the lock-in period will be automatically extended for one year following the date upon which the Company raises additional capital by way of a placing, open offer or rights issue of Shares during the initial one year lock-in period.

In aggregate, 2,485,000 Shares, representing 54.84 per cent. of the issued share capital of the Company immediately following Admission, are subject to the lock-in arrangements referred to above. Further details of the lock-in arrangements are set out in paragraph 10 of Part 6 of this document.

## **5. Founder Warrants**

The Company has issued Founder Warrants to each of the Shareholders as at the date of this document on a 1:1 basis for each Share that they hold. There are currently 4,531,250 Founder Warrants in issue. The Founder Warrants have an exercise price of €2 per Founder Warrant (subject to adjustment in the event of, *inter alia*, any consolidation or sub-division of Shares or a further issue out of reserves), and a holder of Founder Warrants will receive one Share for each Founder Warrant exercised. The Founder Warrants are exercisable at any time from issue until 26 September 2018 and are non-transferable save with the prior consent of the Board.

Further details of the Founder Warrants are set out paragraph 11(f) of Part 6 of this document.

## **6. Performance Warrants**

On 26 September 2008 the Company issued, in aggregate, 408,918 Performance Warrants to the Principal Shareholders. Each of the Performance Warrants entitles the holder to acquire one Share for an initial exercise price of €2.59 per Share. In the period after 3 October 2011, if the Company's Share price is trading at more than a 20 per cent. discount to the Company's then net asset value, then a holder of Performance Warrants may elect for the exercise price to be 1.295 times the closing Share price on the date falling three years before the date of exercise. Shares issued on the exercise of Performance Warrants are subject to a three year lock-in, other than those Shares issued following the election to exercise at a price of 1.295 times the closing Share price, in which case the Shares issued will be subject to a five year lock-in. The Performance Warrants are exercisable at any time from issue until 26 September 2018 and are non-transferable except with the prior consent of the Board.

On Admission, Markos Kashiouris (through Terra Holdings Group Limited) will hold 39.02 per cent. of the Performance Warrants, Yiannis Panayi (through Aqua Sol Capital Holdings Limited) will hold 27.77 per cent. of the Performance Warrants and Peter Economides (through Totalserve Investments Limited) will hold 23.45 per cent. of the Performance Warrants. The balance has been retained to incentivise senior employees of the Company.

The Performance Warrants are subject to standard adjustments in the event of, *inter alia*, any consolidation or sub-division of shares or a further issue out of reserves. The Performance Warrants contain anti-dilution provisions that are triggered on any future capital raises, such that the Performance Warrant holders will in aggregate retain Performance Warrants over 10 per cent. of the Shares then in issue following such capital raise. The Performance Warrants are divided into four classes, which have identical rights save that the number of new warrants issued on an anti-dilution event vary dependent on the class of Performance Warrant held.

Further details of the Performance Warrants are set out paragraph 11(g) of Part 6 of this document.

## **7. Expenses**

The Company will bear all of its own expenses in relation to the central management and control of the Group. The SPVs will bear all of the expenses of acquiring, managing and developing the Projects which they hold. Costs in relation to sourcing Projects and investigating Prospective Opportunities will be borne by the Company to the extent that no SPV is set up to acquire the Prospective Opportunities.

Projects in which the Group will invest may require the provision of certain additional services including operational, technical, financial and sales and marketing advisory services. Such services may be provided by the Principal Shareholders or their affiliates, for which the relevant investee SPV will be charged on an arm's length basis on terms approved by the Independent Directors as set out in paragraph 7 of Part 2 of this document.

## **PART 4**

### **LETTER FROM ECONOMICS RESEARCH ASSOCIATES**

**28 July 2008**

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#### **RESORT DEVELOPMENT TRENDS EXECUTIVE SUMMARY**

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##### **INTRODUCTION**

In the following pages we provide a short summary of selected key trends that are shaping the international market for resort development. Our commentary has been shaped to include those issues of particular relevance to the potential for high end resort real estate development in Greece, Cyprus and Turkey.

##### ***ERA BACKGROUND***

By way of background, Economics Research Associates is the world's oldest and largest leisure and tourism industry consulting firm. ERA has conducted over 17,000 studies for public and private sector clients around the world. The firm is an Anglo-American company with the European headquarters in London, and offices throughout the U.S.

During its 49-year history, ERA has acquired a depth of consulting experience in leisure and tourism that is unmatched within the industry. The firm has been instrumental in the planning, development and operational phases of many of the most well known recreation, entertainment, cultural, educational and tourist attractions in the world. ERA's services include market research, economic feasibility studies, concept development, repositioning and market adjustment strategies, valuations, operational consulting, expansion planning, economic impact analyses, and marketing programs.

We have been involved in numerous high profile resort developments in the Eastern Mediterranean region including Aphrodite Hills in Cyprus, Lanitis Farm in Limassol, Kilada Hills in the Peloponnese, The TEMES development in Messenia, the Merlin Estate in Corfu, the Belek golf destination in Antalya and the Halikarnas Resort in Bodrum.

Our clients include Equity Funds and Financial Institutions including Jupiter Real Estate, Apollo Real Estate, Dolphin Capital, Royal Bank of Scotland and Bank of America.

Our resort clients include such prestigious resort developers and operators as The Gleneagles Group, The Lanitis Group, Leptos Estates, Ritz-Carlton, Four Seasons, Campbell Gray Hotels and others.

This report was prepared by Muriel Muirden, Managing Director of ERA. Her resumé is attached to this document.

##### ***GEOGRAPHIC ISSUES***

Based on our experience, there can be no doubt that the resort market is set to become increasingly competitive over the coming decade and beyond. Whilst the more established resort areas of the Western Mediterranean are seeing growth in second-tier hinterland development, due largely to the limited remaining availability of attractive coastal sites, emerging destinations including Turkey, Greece, Croatia, Montenegro, Bulgaria, Brazil, Egypt, Tunisia and Morocco are all attracting increasing developer interest. In addition, a number of large-scale resort projects are planned for Southern and Eastern Africa, Cape Verde and several major schemes are on the drawing board in the lesser-known Emirates of the UAE, following in the footsteps of Dubai.

It is ERA's view that success in the resort sector in the future will be determined by the quality and location of new developments. Thoughtfully master planned resorts that take into account the environmental sensitivities and indigenous architectural styles of their host destinations will succeed over high density developments that lack a sense of place.

The relationship between price and quality will be heightened and developers will need to offer potential buyers a lifestyle product at a realistic price point and not simply sell real estate off-plan in an unstructured way. We see more sophisticated marketing strategies entering the resort arena and a need for more defined market positioning.

High quality coastal sites with good access and attractive beaches remain the number one choice for resort development and, given the somewhat restrictive planning regime in Greece over the last few decades, there remain opportunities for high-end resort development both on the mainland and on the islands. Areas of particular opportunity in Greece are coastal areas close to Athens and in the Peloponnese, the islands of Crete, Rhodes and Corfu as well as smaller scale boutique resorts on some of the smaller islands. We observe frustrated demand for holiday homes in high quality integrated environments in Greece and the torturous planning regime in the country that has constrained development appears to be forming a more workable framework. A particularly favourable legislative change, and part of the new development law, relates to the provision of grants of up to 50 per cent. for hotel and amenity development. This bodes well for integrated resorts and is likely to incentivise developers.

The Government of Cyprus has acknowledged that its tourism product is now of a standard and content below the expectations of today's more sophisticated travellers. The mid-market 'fly and flop' market is low yielding and highly seasonal in nature and is the dominant market in Cyprus. To counteract stagnancy in the tourism market, The Government of Cyprus has initiated two new development strategies. The first is the issuing of seven outline permits for seven new golf resorts on the island. The success of Aphrodite Hills has led them to consider the evolution of Cyprus into a golf destination. A successful golf destination requires critical mass and the Government have stated their determination to establish the requisite amount of courses required to compete with other emerging golf destinations.

Golf has helped to extend seasonality in destinations like Belek in Turkey and Mallorca in the Balearics, as well as the well documented success of The Algarve and Southern Spain in this regard.

The second strategy in Cyprus is the issuing of invitations to tender for the development of new marina destinations in Larnaca, Limassol and Paphos. Although based on a build-operate-transfer ("BOT") structure, this will still serve to create some animated waterfront communities and a series of more sophisticated retail and residential environments. Beyond golf and marina tourism, ERA see few additional opportunities on Cyprus other than for piecemeal upgrading and repositioning of existing tourism infrastructure and for more modestly proportioned retirement villages, close to high quality medical facilities.

Turkey remains largely untouched by sophisticated integrated resort development. Belek near Antalya now boasts a critical mass of golf courses, but lacks the sophisticated hotels, residences and village centres to truly emerge as a cutting edge and sustainable destination. However, we know of plans elsewhere along the Turkish coastline to develop more sophisticated, integrated product and this includes mixed-use resorts in and around Bodrum, Marmaris and the Cesme Peninsula, as well as Antalya.

Despite some recent political uncertainty, Turkey has pent up demand from its domestic and expatriate market, as well as high levels of interest from international buyers for quality holiday homes in sophisticated resort environments. With construction costs still well below the EU member states and a growing wealthy professional class, we see potential for growth and development. The introduction of easily accessible mortgage finance earlier in 2007 is another positive indicator of both domestic and international market demand. Although over building in some geographic areas is a concern, those developers who can create outstanding resort environments in coastal locations, should find a deep market for innovative product.

### ***BUYER TRENDS***

Any new resort at the conceptual stage of development needs to be designed with a view to future travel trends and behaviour. In the following paragraphs we comment on emerging trends and characteristics impacting the industry.

The dominant source markets for residential real estate in Mediterranean resorts has long been the British, the Irish, the Germans, the French, the Dutch and the Scandinavians, along with domestic buyers (particularly in

Greece and Turkey where second and even third home ownership is not uncommon amongst the elite). Although the UK and Irish markets have slowed, we are seeing strong growth from the Russian market primarily focused in Cyprus, Egypt and Montenegro, as well as more established European resort destinations from elite buyers. Russian buyers show little interest in golf, but seek out animated coastal resorts.

The Baby Boomer generation, born between 1946 and 1964, is a core market shaping demand for resort properties and holiday travel. These are people who were brought up in a consumer society, with diverse experiences, addicted to travel and eager to spend their hard earned cash. As a group they seek high levels of service and quality venues, and will pay accordingly. Resorts offering multiple amenities and quality environments will benefit. They are strongly focussed on family and often seek out larger second and semi-retirement homes for multi-generational holidays.

The pattern of life for those aged over 60 years has changed significantly over the last two decades. Life expectancy is increasing dramatically and people are healthier for longer. In many respects, 60' is the new 40' in terms of health and lifestyle (one in five over-60s takes more than three holiday trips per annum). Within the design, development and operation of resorts, consideration must be given to the growing importance of the senior market. As mentioned earlier we see potential in destinations with quality medical facilities, to develop active lifestyle communities targeting the 65 plus age group.

Increasing property values around the world fuelled strengthening demand for second home ownership or emigration, particularly from those downsizing their primary home or inheriting sizable sums from the sale of properties belonging to their parents. An increased openness to the concept of second home ownership, growing understanding of foreign cultures and lifestyles through personal experience whilst holidaying abroad, and a wave of media coverage on the subject of relocation are contributing to a rise in the number of people considering a property abroad. The market has currently slowed, but this is felt to be a relatively short term manifestation, with demographics and the emerging economies indicating positive signals for a return to more robust times in the medium term.

Resettlement within the European Union is easier now than it has been in the past: advances in technology making international communications for both professional and private reasons more reliable, as well as cost effective; and reciprocal healthcare arrangements going some way to relieving concerns relating to medical emergencies and elective treatment. An illustrative review of the UK market indicates that levels of emigration increased from 266,000 in 1993 to 359,000 in 2002, and a study undertaken by a leading UK bank suggests that by 2020 as many as six million UK nationals will have emigrated.

## ***PRODUCT TRENDS***

In what is an increasing competitive market place, the most successful resort destinations are those that create a 'sense of place', making them immediately recognisable and memorable, with an ambience that attracts tourists and makes the community a place that people want to visit. A sense of place comes from a unique combination of architectural and landscape design, atmosphere and animation. Incorporating a definable town or village centre within a resort is one of the most effective techniques used to reinforce a development's sense of community. Increasingly this is seen as a prerequisite for home-buyers.

Increasing sophistication within the lodging sector is seeing the emergence of diverse concepts including: 'lifestyle hotels', such as the Aman Resorts and Como properties where informality, a relaxed ambience and a flexible approach to service are key elements of the concept; 'themed master planned resorts', such as the Miraval Resort in Tuscon, which focus on a particular activity (golf, life in balance, life-long learning); 'family resort concepts', which offer a range of amenities designed to draw families together for 'quality time'; 'all inclusive resorts' which are attracting an increasingly broad mix of demand; 'eco-chic hotels' championing green values often in high quality natural environments; and, 'serviced apartments and villas' that offer guests additional privacy and luxury. Resorts now need to have a clear and defined market positioning and identity in order to succeed and multiple, rather than single amenity destinations are likely to be the winners.

Over the last few years a plethora of new hybrid second home products have entered the residential real estate market, with varying degrees of success. The traditional purchase of a second home has been diluted

by the desire of buyers to find investment vehicles beyond faltering stock market and pension fund investments. The cash rich/time poor generation wants a property that is 'low hassle' and has strong hospitality elements to it. The investor hotel model has evolved in response and this hybrid has potential in all three geographic markets under consideration.

Fractional ownership and Private Residence Clubs targets buyers looking to acquire the benefits of a wholly-owned second home at a reduced cost and without the time requirements associated with maintenance. The buyer purchases a stake in the bricks and mortar of a property with a proportionate period of use each year. A second generation real estate product, this has potential in the Eastern Mediterranean in the longer term, once aspirational destinations have established themselves in the market.

Within the competitive international market, resorts are increasingly turning to amenity provision in order to differentiate their offer. Previously, golf and beach were perceived as the two amenities to anchor a resort development. Increasingly we are seeing wellness and holistic pursuits as well as 'eco-chic' as new amenity anchors. Lifelong learning facilities along with a myriad of outdoor pursuits for all the family are important amenities for resorts.

### ***IMPLICATIONS FOR RESORT DEVELOPMENT IN GREECE, CYPRUS AND TURKEY***

As indicated on the first page of this summary, the restrictive planning framework in Greece over the last few decades has hindered the development of high quality resort communities. There are clearly many beautiful sites that could be developed, some with beach-frontage of a quality that far surpasses those remnants being planned for development in the Western Mediterranean. However, buyers are becoming more sophisticated and demanding within an increasingly competitive international market; and those projects that will capture their imagination will be the ones that benefit from a strong 'sense of place', that are sensitive to the environment and offer a range of real estate product options and targeted hotel products, complemented by a comprehensive amenity portfolio. 'Less is truly more' and the lower density, more intimate destinations will succeed over more intensive and bland resort environments. This is particularly true of Cyprus and Turkey, already characterised by piecemeal, organic resort and residential development of a mixed quality.

Research undertaken by ERA across high-end resorts in the Mediterranean suggests that a well-conceived development that represents a comprehensive product offer and is professionally marketed should be able to achieve annual sales of between 50 and 100 units per annum. There is, however, a strong relationship between price and sales velocity. At the lower price point, developments draw a high level of speculative buyers looking to buy off-plan and resell the property within a short time-frame. As the resort matures prices inflate, and at the upper end of the market this sector is less in evidence. Indeed, residential real estate sales within high quality resorts tend to be driven much more by lifestyle buyers than speculative investors and this in turn creates a more animated and sustainable resort environment.

A coherent product pricing schedule must be prepared at the outset that is in balance with the profile of the product offer, is appropriate to the market context, allows for price uplifts as the resort becomes better established and is acceptable in terms of its impact on the consolidated economic performance of the project. Rigorous pre-development market and financial feasibility work can play a useful role in this regard, particularly in countries such as Greece, Cyprus and Turkey, where relatively little integrated resort development has been undertaken to date.

#### **Economics Research Associates**

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#### **Muriel Muirden, Managing Director**

##### ***Qualifications in Golf and Resort Economics***

Ms. Muirden has extensive experience in the tourism and leisure industries through both operational and consultancy roles. Her particular areas of expertise are in the fields of development strategy, concept evaluation and business planning for major golf, hotel and resort enterprises.

Ms. Muirden has conducted consultancy assignments for both the public and private sector, and clients have ranged from government organisations, national and regional tourist boards, property development companies, major multinational hotel and operators, urban regeneration development corporations and local authorities. Major clients include American Golf, The Aga Khan Development Network, Soros Real Estate, Hyatt Hotels and Resorts, Ritz-Carlton, The Gleneagles Group, Landmark Land, and Scottish Enterprise.

International assignments have included golf and resort development studies throughout the Southern and Eastern Mediterranean, the Middle East, Africa, Caribbean and UK and Ireland.

In Cyprus she project-managed a study that incorporated a review of tourism dynamics in the Eastern Mediterranean, hotel and residential real estate market conditions and golf and leisure patterns in Northern Europe. From this research a development programme was developed and Muriel worked with the land planners to develop the optimum master plan – the resort, Aphrodite Hills, is now operating and enjoying strong real estate sales.

For Soros Real Estate, she managed a golf and resort development strategy project for the Spanish coastline – identifying areas for potential from the French border to the Portuguese border. Several projects have since been developed.

Muriel is retained by Gleneagles for various research and strategic assignments. She worked on the pricing and absorption strategy for Gleneagles Shared Ownership project. This is now operational and has enjoyed robust sales absorption.

Prior to joining ERA, Ms. Muirden was a project manager with Guinness Enterprises, the leisure development division of Guinness plc. Her role included development strategy, site appraisal and business planning for new golf and real estate developments worldwide. Ms. Muirden was born in London, brought up in the Far East and educated in the United Kingdom. She has a BSc Honours Degree from Surrey University and an MSc in Tourism Economics from Strathclyde University. Muriel writes and speaks regularly on trends and developments in the international resort and golf market. Muriel is an Instructor in the Office of Executive Education at Harvard University lecturing on economic master planning for resorts and large land-use projects.

## **PART 5**

### **TAXATION**

**The following statements on taxation are based on advice received by the Directors regarding the law and practice in force in the relevant jurisdiction at the date of this Admission Document. The summary is general in nature and does not constitute legal or tax advice. As is the case with any investment there can be no guarantee that the tax position or proposed tax position at the time of an investment in the Company will endure indefinitely. Investors should note that tax law and interpretation can change and that, in particular, the levels and bases of, and reliefs from, taxation may change and that changes may alter the benefits of investment in the Company.**

#### **1. BVI**

##### *The Company*

The Company will be exempt in the British Virgin Islands from any tax or duty to be levied on income, profits, gains or appreciation, and no such tax or any tax in the nature of estate duty or inheritance tax shall be payable on or in respect of the shares, debentures or other obligations of the Company or by way of withholding in whole or in part of any payment of dividend or other distribution of income or of capital by the Company to its Shareholders or any payment of principal or interest or other sums due under a debenture or other obligation of the Company. Under current British Virgin Islands law, no tax would be charged in the British Virgin Islands on profits or gains of the Company and dividends of the Company would be payable to Shareholders resident in or outside the British Virgin Islands without deduction of tax. No stamp duty is levied in the British Virgin Islands on the transfer or redemption of Shares. An annual registration fee will be payable by the Company in the British Virgin Islands which will be US\$1,100.

##### *Shareholders*

Shareholders will not be subject to British Virgin Islands taxation in respect of capital gains and income derived from the Shares.

Generally, the tax consequences of acquiring, holding, converting, repurchasing or disposing of the Shares will depend on the relevant laws of the jurisdiction to which the Shareholder is subject. These consequences will vary with the law and practice of the country of residence, domicile or incorporation of the Shareholder and with his own personal circumstances. A potential Shareholder is advised to consult professional advisers in this regard.

Investors should consult their professional advisers on the possible tax or other consequences of buying, holding, transferring, selling or redeeming any of the Shares under the laws of their countries of citizenship, residence or domicile.

As with any investment, there can be no guarantee that the tax position or proposed tax position prevailing at the time an investment in the Company is made will endure indefinitely.

Prospective investors should familiarise themselves with, and where appropriate, take advice on the laws and regulations (such as those relating to taxation and exchange controls) applicable to the subscription for and the holding and realisation of Shares in the places of their citizenship, residence and domicile.

#### **2. United Kingdom**

##### *The Company*

The Company intends to conduct its affairs so that, for United Kingdom corporation tax purposes, it will not be regarded as resident within the United Kingdom nor as carrying on a trade through a permanent establishment located in the United Kingdom. On that basis and on the assumption that it has no United Kingdom source income the Company will have no liability in respect of United Kingdom corporation tax on its income or capital gains.

### *United Kingdom Resident Investors*

The following statements are intended only as a general guide to current UK tax legislation and to the current practice of HM Revenue & Customs (“**HMRC**”) and may not apply to certain Shareholders such as dealers in securities, insurance companies and collective investment schemes. They relate (except where stated) to persons who are resident and ordinarily resident in the UK for UK tax purposes, who are the beneficial owners of Shares and who hold their Shares as an investment. Any person who is in doubt as to his or her tax position, or who is subject to taxation in any jurisdiction other than that of the UK should consult his or her professional tax advisers immediately.

#### (a) *Dividends*

Individuals who are resident and ordinarily resident in the UK and UK domiciled receiving a dividend from a company not resident in the UK for corporation tax purposes will be subject to UK income taxation on that dividend.

From 6 April 2008, individuals who hold less than 10 per cent. of the total share capital of an overseas company are entitled to a tax credit equal to one-ninth of the dividend received. An individual shareholder’s liability to income tax will be calculated on the sum of the dividend received and the tax credit noted above (the “**gross dividend**”). This will be regarded as the top slice of the individual’s income and will be subject to UK income tax at the rates described below. The tax credit equals 10 per cent. of the gross dividend and will be available to set against a shareholder’s liability (if any) to income tax on that gross dividend.

Individual shareholders liable to income tax at the basic rate will be liable to income tax on dividend income received at the rate of 10 per cent. of the gross dividend. This means that the tax credit will satisfy in full the individual shareholder’s liability to income tax on the dividend received.

The rate of income tax applying to dividends received by a UK resident individual liable to income tax at the higher rate will be 32.5 per cent. of the gross dividend. After taking into account the 10 per cent. tax credit, a higher rate taxpayer will be liable to income tax of 22.5 per cent. of the gross dividend which is equal to 25 per cent. of the cash dividend received.

Individual shareholders who are resident in the UK cannot claim payment of the tax credit from HMRC, even if the tax credit exceeds the liability of the shareholders to pay income tax on the dividend in question.

HMRC have announced that the Finance Bill 2009 will contain legislation to further extend the eligibility for the tax credit to individuals in receipt of dividends from non-UK resident companies where the individual owns a 10 per cent. or greater shareholding in the distributing non-UK resident company.

Individuals who are resident and ordinarily resident in the UK but are not considered to be domiciled for UK tax purposes may be subject to different rules from those described above and should seek professional advice on their personal tax position.

A corporate shareholder which is resident for tax purposes in the UK and which is not a dealer in securities will be subject to UK corporation tax on dividends received from an investment in an overseas entity. This will be taxed at the prevailing rate of UK corporation tax, which is currently 28 per cent. Where the corporate shareholder owns at least 10 per cent. of the share capital of the overseas company it may be possible for the corporate shareholder to claim relief for taxes suffered overseas on income from which that dividend is ultimately declared. This double tax relief is not available where the corporate shareholder holds less than 10 per cent. of the share capital of the overseas company.

HMRC is currently reviewing the tax treatment of dividends received by corporate shareholders and the treatment outlined above may be subject to change.

United Kingdom pension funds and charities are generally exempt from tax on dividends which they receive but they are not entitled to claim repayment of the tax credit.

(b) *Chargeable gains*

Shareholders who are resident or ordinarily resident in the UK for tax purposes and who dispose of their shares at a gain will ordinarily be liable to UK taxation on chargeable gains, subject to any available exemptions or reliefs. The gain will be calculated as the difference between the sales proceeds and any allowable costs and expenses, including the original acquisition cost of the shares.

Shareholders who are not resident or ordinarily resident in the UK for tax purposes but who carry on a trade, profession or vocation in the UK through a branch or agency or fixed place of business in the UK may be liable to UK taxation on chargeable gains on any gain on a disposal of their shares, if those shares are or have been held, used, or acquired for the purposes of that trade, profession or vocation or for the purposes of that branch, agency or fixed place of business.

If an individual shareholder ceases to be resident or ordinarily resident in the UK and subsequently disposes of shares, in certain circumstances any gain on that disposal may be liable to UK capital gains tax upon that shareholder becoming once again resident or ordinarily resident in the UK.

Individual shareholders may be able to reduce any capital gain arising through the application of Entrepreneur's relief. Corporate shareholders should be able to reduce or eliminate any capital gain through the application of indexation allowance and other reliefs.

***Stamp Duty and Stamp Duty Reserve Tax ("SDRT")***

The statements below are intended as a general guide to the current position. They do not apply to certain intermediaries who are not liable to stamp duty or SDRT, or to persons connected with depositary arrangements or clearance services, to whom special rules apply.

No stamp duty or SDRT will generally be payable on the allocation or issue of the Shares. UK stamp duty (at the rate of 0.5 per cent., rounded up where necessary to the nearest £5, of the amount or value of the consideration for the transfer) is payable on any instrument of transfer of shares executed within, or in certain cases brought into, the United Kingdom. Provided that the Shares are not registered in any register kept in the United Kingdom by or on behalf of the Company, any agreement to transfer Shares should not be subject to SDRT.

The issue of Shares to the Depositary and the creation and issue of Depositary Interests by the Depositary in favour of the holders of the Depositary Interests will not give rise to stamp duty or SDRT. The surrender of Depositary Interests to the Depositary will also not give rise to stamp duty or SDRT.

SDRT at the rate of 0.5 per cent. will generally be payable on an agreement to transfer Depositary Interests for consideration within CREST.

***Transfer of assets abroad legislation***

Individual investors ordinarily resident in the UK for tax purposes should note that Chapter 2 of Part 13 of the Income and Tax Act 2007 (the "**UK Taxes Act**") may render them liable to income tax in respect of undistributed income or profits of the Company. These provisions are aimed at preventing the avoidance of income tax by individuals through a transaction resulting in the transfer of assets or income to persons (including companies) resident or domiciled abroad. However, these provisions will not apply if the investor can satisfy HM Revenue and Customs that either:

- (1) the purpose of avoiding liability to United Kingdom taxation was not the purpose or one of the purposes of his investment in the Company; or
- (2) the investment was a genuine commercial transaction and was not designed for the purpose of avoiding United Kingdom taxation.

### ***Controlled foreign companies legislation***

The attention of companies resident in the United Kingdom is drawn to the fact that the “controlled foreign companies” provisions contained in Sections 747 to 756 of the UK Taxes Act could be material to any company so resident that has an interest in the Company such that 25 per cent. or more of the Company’s profits for an accounting period could be apportioned to them, if at the same time the Company is controlled by companies or other persons who are resident in the United Kingdom for taxation purposes. The effect of such provisions could be to render such companies liable to United Kingdom corporation tax in respect of their share of the undistributed income and profits of the Company.

### ***Section 13 Taxation of Chargeable Gains Act 1992 (“TCGA”)***

The attention of United Kingdom investors resident or ordinarily resident and, if an individual, domiciled in the United Kingdom is drawn to the provisions of Section 13 TCGA under which, in certain circumstances, a portion of capital gains made by the Company can be attributed to an investor who holds, alone or together with associated persons, more than 10 per cent. of the Shares. The capital gains attributed to the investor may (in certain circumstances) be liable to United Kingdom tax on capital gains in the hands of the investor.

### **3. Other Jurisdictions**

Potential purchasers of Shares should consult their own professional tax advisers as to the tax consequences of the purchase, ownership and disposition of Shares. Any person who is in any doubt as to his tax position or requires more detailed information than the general outline above should consult his professional advisers.

## PART 6

### ADDITIONAL INFORMATION

#### 1. Incorporation and status of the Company

- (a) The Company was incorporated in the British Virgin Islands under the BBICA on 3 July 2008 with registered number 1490983 as a business company limited by shares with the legal and commercial name Sol Terra Limited and changed its name to Agua Terra Limited on 12 August 2008. The Company is domiciled in the British Virgin Islands.
- (b) The principal legislation under which the Company operates is the BBICA and regulations made thereunder.
- (c) The Company's main activity is that of property acquisition and development. The Company is not regulated in its place of incorporation. When the Shares are admitted to trading on AIM the Company will be subject to the AIM Rules for Companies.
- (d) The registered office of the Company is c/o Totalserve Trust Company Limited, 197 Main Street, Road Town, Tortola, British Virgin Islands (Telephone Number: +1 284 4946900).
- (e) The liability of the Shareholders is limited.
- (f) Save for its entry into the material contracts summarised in paragraph 11 of this Part 6 and certain non-material contracts, the Company has not carried on business nor incurred borrowings since its incorporation and no accounts for the Company have been made up.

#### 2. Unaudited Balance sheet of the Company

##### Unaudited Balance Sheet as at 3 July 2008

	€
<b>Current assets</b>	
Shareholder account	900
<b>Net assets</b>	<u>900</u>
<b>Share capital and reserves</b>	
Called up share capital	<u>900</u>
<b>Shareholders' funds – equity</b>	<u>900</u>

Note: Following the date of this balance sheet:

- (a) the Company has entered into an option agreement to purchase the Mykonos Project, further details of which are set out in paragraph 11(j) of this Part 6;
- (b) the Company has issued 408,918 Performance Warrants in aggregate to the Principal Shareholders, further details of which are set out in paragraph 11(g) of this Part 6;
- (c) the Company has issued 4,531,250 Founder Warrants in aggregate to the Founder Shareholders, further details of which are set out in paragraph 11(f) of this Part 6;
- (d) the Company has issued 4,530,800 Shares, for aggregate consideration of €9,011,600; and
- (e) save for those matters set out in paragraphs 2(a) to (d) of this Part 6, there has been no significant change in the financial or trading position of the Company since 3 July 2008, being the date to which the financial information contained in paragraph 2 of this Part 6 was prepared.

### 3. Share capital of the Company

- (a) The Company has an unlimited authorised share capital.
- (b) Changes in the amount of the issued share capital of the Company from its incorporation to 3 October 2008 are as follows:

<i>Date of Issue</i>	<i>Number of Shares Issued (at €2 per Share)</i>	<i>Consideration</i>	<i>Nature of issue</i>
3 July 2008	450	€900	Initial share capital issued to Sara Alpha Ltd*
26 September 2008	4,530,800	€9,011,600	Founders' Shares subscription and issue of Shares to Non-executive Directors

\* Sara Alpha Ltd is beneficially owned by Peter Economides.

- (c) The Company's issued share capital at the date of this document and as it is expected to be immediately following Admission is as follows:

	<i>Amount</i>	<i>Number of Shares</i>
Issued and fully paid	€9,012,500	4,531,250

- (d) At a meeting of the Board held on 18 August 2008, the Directors passed a resolution allotting the 4,530,800 Shares to the Founder Shareholders.
- (e) Save as disclosed in this Part 6, no commissions, discounts, brokerages or other special terms have been granted by the Company or any of its subsidiaries in connection with the issue or sale of any share or loan capital of the Company or any of its subsidiaries in the three years immediately preceding the date of this document.
- (f) Application has been made for the Shares to be admitted to trading on AIM. The Shares are not listed or traded on and no application has been or is being made for the admission of the Shares to listing or trading on any other stock exchange or securities market. No application has been or will be made for the Founder Warrants or the Performance Warrants to be admitted to listing or trading on AIM or any other stock exchange or securities market.
- (g) With effect from Admission, all of the Shares will be in registered form and, subject to depositary interests representing the Shares being admitted to and accordingly enabled for settlement in CREST, the Shares (through the Depositary Interests) will be capable of being held in uncertificated form. No temporary documents of title will be issued.
- (h) No expenses are being charged to any subscriber or purchaser.
- (i) Save in connection with the Founder Warrants, the Performance Warrants and a future capital raising, there is no present intention to issue any share or loan capital in the company following Admission. No decision has been taken on the structure of a future capital raising. There is no guarantee that the proposed future capital raising will occur or that it will be successful.
- (j) Save as set out in this document, no shares in the capital of the Company are under option or have been agreed, conditionally or unconditionally, to be put under option.

### 4. Memorandum and articles of association

- (a) The memorandum of association of the Company provides that subject to the BBCA, the Company has, *inter alia*, full capacity to carry on or undertake any business or activity, do any act or enter into any transaction, and, for the purposes of section 9(4) of the BBCA, there are no limitations on the business that the Company may carry on.

(b) The Memorandum contains provisions, *inter alia*, to the following effect:

(i) ***Voting rights***

Subject to any special terms as to voting upon which any Shares may be issued, or may for the time being be held and any restriction on voting referred to below, every Shareholder present in person at a general meeting of the Company shall have one vote on a show of hands and, on a poll, every Shareholder present in person or by proxy shall have one vote for every Share of which he is the holder.

The duly authorised representative of a corporate Shareholder may exercise the same powers on behalf of that corporation as it could exercise if it were an individual Shareholder.

A Shareholder is not entitled to vote unless all calls due from him have been paid.

A Shareholder is also not entitled to attend or vote at meetings of the Company in respect of any Shares held by him in relation to which he or any other person appearing to be interested in such Shares has been duly served with a declaration of beneficial interest notice, and having failed to comply with such notice is served with a disenfranchisement notice. Such disenfranchisement will apply only for so long as the notice from the Company has not been complied with or until the Company has withdrawn the disenfranchisement notice, whichever is the earlier.

(ii) ***Variation of rights***

Subject to the BBCA, all or any of the rights attached to any class of share may (unless otherwise provided by the terms of issue of shares of that class) be varied (whether or not the Company is being wound up) either with the written consent of the holders of not less than three-quarters in nominal value of the issued shares of that class or with the sanction of a resolution of such holders passed at a separate general meeting of such holders. The quorum at any such general meeting is two persons holding or representing by proxy at least one-third in nominal value of the issued shares of that class and at an adjourned meeting the quorum is one holder present in person or by proxy, whatever the amount of his shareholding. Any holder of shares of the class in question present in person or by proxy may demand a poll. Every holder of shares of the class shall be entitled, on a poll, to one vote for every share of the class held by him. Except as mentioned above, such rights shall not be varied.

The special rights conferred upon the holders of any Shares or class of shares shall not, unless otherwise expressly provided in the Articles or the conditions of issue of such shares, be deemed to be varied by the creation or issue of new shares ranking *pari passu* therewith or subsequent thereto.

(iii) ***Share capital, changes in capital and pre-emption rights***

Without prejudice to any special rights previously conferred on the holders of any existing Shares, any Share may be issued with such rights or such restrictions as determined by resolution of the Directors (although the Directors are not permitted to issue redeemable Shares).

Subject to the provisions of the Memorandum and the BBCA, the power of the Company to offer, allot and issue any unissued Shares and any Shares lawfully held by the Company or on its behalf (such as Shares held in treasury) shall be exercised by the Board at such time and for such consideration and upon such terms and conditions as the Board shall determine. The Articles require, save where authorised by an ordinary resolution of Shareholders, that any Share issue representing more than 10 per cent. of the existing issued Share capital, should be first made to existing Shareholders *pro rata* (as near as may be) to their existing holdings of Shares.

The Company has an unlimited authorised share capital. The Company may consolidate and divide its share capital into Shares of a larger amount and sub-divide its Shares or any of them

into Shares of a smaller amount than is fixed by its memorandum of association (and so that the resolution may determine that, as between the holders of Shares resulting from the subdivision, any of the Shares may have any preference or advantage or be subject to any restriction as compared with the others), cancel any Shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person.

Subject to the BBCA, the Company may by resolution reduce its share capital, any capital redemption reserve or any share premium account in any way.

Subject to the BBCA, the Company may purchase all or any of its own shares of any class.

(iv) ***Disclosure of interests in Shares***

The Company has the power under the Memorandum to send a disclosure notice to any Shareholder at any time to ascertain the persons who are, or have within the last three years been, interested in its Shares and the nature of such interests. When a Shareholder receives a notice of this nature (a “**declaration of beneficial interest notice**”), he or she has 14 days to comply with it, failing which the Company may decide to restrict the rights relating to the relevant Shares and send out a further notice to the holder (known as a “**disenfranchisement notice**”). The disenfranchisement notice will state that the identified Shares no longer give the Shareholder any right to attend or vote at a Shareholders’ meeting or to exercise any other right in relation to Shareholders’ meetings.

Once the disenfranchisement notice has been given, if the Directors are satisfied that all the information required by any declaration of beneficial interest notice has been supplied, the Company shall, within not more than seven days, withdraw the disenfranchisement notice.

Shareholders holding three per cent. or more of the issued Shares of the Company at any time (or depositary interests representing such Shares) shall be required to notify the Company of such fact and of any increase or decrease of their holding which changes their percentage holding when rounded down by a whole percentage point above three per cent.

(v) ***Non-UK or BVI Shareholders***

Shareholders with addresses outside the United Kingdom or BVI are not entitled to receive notices from the Company unless they have given the Company an address within the United Kingdom or BVI at which such notices shall be served.

(vi) ***Untraced Shareholders***

Subject to various notice requirements, the Company may sell any of a Shareholder’s Shares in the Company if, during a period of 12 years, at least three dividends on such Shares have become payable and no dividend has been claimed during that period in respect of such Shares and the Company has received no communication from such Shareholder.

(c) As the Shares cannot be directly traded through CREST, depositary instruments representing the Shares will be issued by the Depositary for Shareholders wishing to hold their share interests in uncertificated form. Save where specified otherwise, references in this summary to Shareholders shall include references to holders of depositary instruments.

(i) ***General meetings***

The Company must hold an annual general meeting each year in addition to any other general meetings held in the year. The Directors can call an extraordinary general meeting at any time.

At least 21 clear days’ written notice must be given for every annual general meeting. For all other general meetings, not less than 14 days’ written notice must be given. The notice for any general meeting must state: (i) whether the meeting is an annual general meeting or an extraordinary general meeting; (ii) the date, time and place of the meeting and (iii) the general

nature of the business of the meeting. All members who are entitled to receive notice under the Articles must be given notice.

Before a general meeting starts, there must be a quorum, being two members present in person or by proxy.

Each Director can attend and speak at any general meeting.

(ii) ***Dividends***

Subject to the BBCA, the Company may, by ordinary resolution, declare dividends to be paid to members of the Company according to their rights and interests in the profits of the Company available for distribution, but no dividend shall be declared in excess of the amount recommended by the Board.

Subject to the BBCA, the Board may from time to time pay to the Shareholders of the Company such interim dividends as appear to the Board to be justified by the profits available for distribution and the position of the Company, on such dates and in respect of such periods as it thinks fit.

Except insofar as the rights attaching to, or the terms of issue of, any Share otherwise provide (no such Shares presently being in issue), all dividends shall be apportioned and paid *pro rata* according to the amounts paid or credited as paid up (other than in advance of calls) on the Shares during any portion or portions of the period in respect of which the dividend is paid. Any dividend unclaimed after a period of 12 years from the date of declaration shall be forfeited and shall revert to the Company.

The Board may, if authorised by an ordinary resolution, offer the holders of Shares the right to elect to receive additional Shares, credited as fully paid, instead of cash in respect of any dividend or any part of any dividend.

The Board may withhold dividends payable on Shares representing not less than 0.25 per cent. by number of the issued Shares of any class after there has been a failure to comply with any declaration of beneficial interest notice under clause 11 of the Memorandum requiring the disclosure of information relating to interests in the Shares concerned as referred to in paragraph (b)(iv) above.

(iii) ***Return of capital***

On a voluntary winding-up of the Company the liquidator may, with the sanction of an extraordinary resolution of the Company and subject to the BBCA, divide amongst the Shareholders of the Company *in specie* the whole or any part of the assets of the Company, or vest the whole or any part of the assets in trustees upon such trusts for the benefit of the members as the liquidator, with the like sanction, shall determine.

(iv) ***Transfer of Shares***

The Shares are in certificated form.

The Articles provide for depositary interests representing Shares to be issued by the Depositary and held in CREST accounts, or through another system for holding depositary interests in uncertificated form, such depositary interests being referred to as “**Participating Securities**”. Subject to such of the restrictions in the Articles as shall be applicable, any member may transfer all or any of his Depositary Interests or Shares. In the case of Shares represented by a certificate (“**Certificated Shares**”) the transfer shall be made by an instrument of transfer in the usual form or in any other form which the Board may approve. A transfer of a Participating Security need not be in writing, but shall comply with such rules as the Board may make in relation to the transfer of such depositary interests, a CREST transfer being acceptable under the current rules.

The instrument of transfer of a Certificated Share shall be executed by or on behalf of the transferor and (in the case of a partly paid Share) by or on behalf of the transferee and the transferor is deemed to remain the holder of the Share until the name of the transferee is entered in the register of members.

The Board may, in its absolute discretion and without assigning any reason therefor, refuse to register any instrument of transfer of Shares, all or any of which are not fully paid.

The Board may also refuse to register a transfer unless:

- (a) in the case of a Certificated Share, the instrument of transfer is lodged at the registered office of the Company or at some other place as the Board may appoint accompanied by the relevant Share certificate and such other evidence of the right to transfer as the Board may reasonably require;
- (b) in the case of a Certificated Share, the instrument of transfer is in respect of only one class of Share; and
- (c) in the case of a transfer to joint holders of a Certificated Share, the transfer is in favour of not more than four such transferees.

In the case of Participating Securities, the Board may refuse to register a transfer if the Uncertificated Securities Regulations 2001 (as amended) allow it to do so, and must do so where such regulations so require.

(v) ***Borrowing powers***

The Board may exercise all the powers of the Company to borrow money and to mortgage or charge all or any of its undertaking, property and assets (present and future) and uncalled capital and subject to any relevant statutes, to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligations of the Company or any third party provided that the Board shall restrict the borrowings of the Company, and exercise all powers of control exercisable by the Company in relation to its subsidiaries, so as to secure (in relation to its subsidiaries so far as the Board is able) that the aggregate amount for the time being of all borrowings by the Group (excluding any money owed between members of the Group) shall not at any time without the previous sanction of an ordinary resolution of the Company exceed an amount equal to 50 per cent. of the adjusted capital and reserves of the Company.

These borrowing powers may be varied by an alteration to the Articles which would require a special resolution of the Shareholders.

(vi) ***Directors***

Save as mentioned below, a Director shall not vote in respect of any matter in which he has, directly or indirectly, any material interest (otherwise than by virtue of his interests in Shares or debentures or other securities of, or otherwise in or through, the Company) or a duty which conflicts or may conflict with the interests of the Company. A Director shall not be counted in the quorum at a meeting in relation to any resolution on which he is debarred from voting.

A Director shall (in the absence of material interests other than those indicated below) be entitled to vote (and be counted in the quorum) in respect of any resolution concerning any of the following matters:

- (a) the giving of any guarantee, security or indemnity to him or any other person in respect of money lent to, or an obligation incurred by him or any other person at the request of or for the benefit of, the Company or any of its subsidiaries;
- (b) the giving of any guarantee, security or indemnity to a third party in respect of an obligation of the Company or any of its subsidiaries for which he himself has assumed

any responsibility in whole or in part alone or jointly under a guarantee or indemnity or by the giving of security;

- (c) any proposal concerning his being a participant in the underwriting or sub-underwriting of an offer of Shares, debentures or other securities by the Company or any of its subsidiaries;
- (d) any proposal concerning any other company in which he is interested, directly or indirectly, and whether as an officer or shareholder or otherwise, provided that he is not the holder of or beneficially interested in one per cent. or more of any class of the equity share capital of such company (or of any corporate third party through which his interest is derived) or of the voting rights available to members of the relevant company (any such interest being deemed to be a material interest in all circumstances);
- (e) any arrangement for the benefit of employees of the Company or any of its subsidiaries which does not accord to any Director any privilege or advantage not generally accorded to the employees to which such arrangement relates; and
- (f) any proposal concerning any insurance which the Company is empowered to purchase and/or maintain for the benefit of any of the Directors or for persons who include Directors, provided that for that purpose "insurance" means only insurance against liability incurred by a Director in respect of any act or omission by him in the execution of the duties of his office or otherwise in relation thereto or any other insurance which the Company is empowered to purchase and/or maintain for, or for the benefit of, any groups of persons consisting of or including, Directors.

The Directors shall be paid such remuneration by way of fees for their services as may be determined by the Board. The Directors shall also be entitled to be repaid by the Company all hotel expenses and other expenses of travelling to and from board meetings, committee meetings, general meetings or otherwise incurred while engaged in the business of the Company. Any Director who by request of the Board performs special services or goes or resides abroad for any purposes of the Company may be paid such extra remuneration by way of salary, percentage of profits or otherwise as the Board may determine.

The Company may provide benefits, whether by the payment of gratuities or pensions or by insurance or otherwise, to or for the benefit of past directors who held executive office or employment with the Company or any of its subsidiaries or a predecessor in business of any of them or to or for the benefit of persons who are or were related to or dependants of any such Directors.

The Directors and officers of the Company are entitled to be indemnified against all losses and liabilities which they may sustain in the execution of the duties of their office. The Company may provide a Director with funds to meet his expenditure in defending any civil or criminal proceedings brought or threatened against him in relation to the Company.

The Directors are obliged to retire by rotation and are eligible for re-election at the third Annual General Meeting after the Annual General Meeting at which they were elected. Any non-executive Director who has held office for nine years or more is subject to re-election annually. Any Director appointed by the Board holds office only until the next Annual General Meeting, when he is eligible for re-election.

There is no age limit for Directors.

Unless and until otherwise determined by ordinary resolution of the Company, the Directors (other than alternate Directors) shall not be less than three nor more than seven in number.

(vii) ***Redemption***

The Shares are not redeemable.

(viii) ***Compulsory Transfer and Redemption of Shares***

Where, in the opinion of the Directors, Shares are being held, directly or indirectly, by any Shareholder (a “**Non-Qualifying Person**”):

- (a) whose ownership of Shares may cause the Company’s assets to be deemed “plan assets” for the purposes of ERISA or the US Internal Revenue Code; or
- (b) whose ownership of Shares may cause the Company to be required to register as an “investment company” under the Investment Company Act of 1940 (as amended); or
- (c) whose ownership of Shares may cause the Company to be “controlled foreign corporation” for the purposes of the US Internal Revenue Code, or may cause the Company to suffer any pecuniary disadvantage (including any excise tax, penalties or liabilities under ERISA); or
- (d) whose ownership of Shares may cause the Company to be required to comply with any registration or filing requirements in any jurisdiction with which the Company would not otherwise be required to comply;

the Company may, at its option, direct the Non-Qualifying Person (or if more than one, the Shareholder or Shareholders whose act of coming to hold Shares) to transfer his Shares to a person who is qualified to hold the Shares and would not by reason of such transfer become a Non-Qualifying Person. Notwithstanding any provisions to the contrary in the Articles, until such transfer is effected, the holder of such Shares shall not be entitled to any rights or privileges attaching to such Shares. If the required transfer is not effected within twenty (20) days after service of a notice to do so and the Shareholder directed to transfer his Shares has not established to the reasonable satisfaction of the Board that he is not a Non-Qualifying Person, the Company may instruct the Depositary to arrange for the Shares to be re-certificated. At any time following the recertification of the relevant Shares having taken place, any or all of such Shares may be redeemed or sold by the Company on behalf of the said Shareholder. The Shareholder will receive the proceeds of the re-certification, and the consent of such Shareholder for the recertification or redemption of his Shares by the Company is not required.

**5. Information on the Directors**

- (a) The names and functions of the Directors are as follows:

<i>Name</i>	<i>Function</i>
Lord Balfour	<i>Non-executive Chairman</i>
Andrew Hargreaves	<i>Non-executive Vice-Chairman</i>
Markos Kashiouris	<i>Chief Executive</i>
Peter Economides	<i>Non-executive Director</i>
Mehmet Önkal	<i>Non-executive Director</i>
Anthony Travis	<i>Non-executive Director</i>

The business address of all of the directors is c/o Totalserve Trust Company Limited, 197 Main Street, Road Town, Tortola, BVI.

- (b) In addition to any directorship of a member of the Group, the Directors hold or have held the following directorships or have been partners in the following partnerships within the five years prior to the date of this document:

<i>Director</i>	<i>Current directorships and Partnerships</i>	<i>Past directorships and partnerships</i>
Lord Balfour	Bateman Engineering NV Virtus Directors Limited Virtus Investment Services Limited Virtus Management Limited Virtus Trust Corporation Limited Virtus Trust Limited Virtus Trust NZ Limited	Rothschild Trust Corporation Limited and the following associated entities Berthaine Limited Bonita Limited Botafogo Limited Detroit Lakes Limited E & R Global Dairy Edcast Limited Embarcadero Limited Galileo (2000) Limited Guilford Limited Lothian Fifty (718) Limited Lothian Fifty (735) Limited Lothian Fifty (620) Limited Lothian Fifty (621) Limited Lothian Fifty (622) Limited Lotyne Limited Mill Valley Limited Mizar Limited Navarino (2000) Limited Nikanor PLC PFP1 Limited Pinta Limited Platoon Limited Princeton Limited Rothschild Corporate Fiduciary Services Limited Rothschild Trust Corporation Limited Rothschild Trust Guernsey Limited Rothschild Trust New Zealand Limited Rothschild Trustee Services (Ireland) Limited Rotrust Nominees Limited Tektite Limited Waccabuc Limited Watchung Limited Waterfence Limited Way Back Limited Yale Limited
Andrew Hargreaves	European Aeronautic Defence and Space Company	Daimler Benz Aerospace AG Daimler Chrysler Aerospace EADS Defence Systems and Electronics (UK) Limited EADS UK Limited

<i>Director</i>	<i>Current directorships and Partnerships</i>	<i>Past directorships and partnerships</i>
Markos Kashouris	Terra Investments (GB) Limited Terra Investments (GB) II Limited Terra Holdings Group Limited Terra Investments Group Limited Terra Capital Management Limited Glota Investments Limited Terra Capital Partners Limited	Terra Investments (Southeast) Limited Terra Finance Group Limited
Peter Economides	Alpha Managers Limited Atlas Alpha Services Limited Bismore Holdings Limited Carmenia Limited Cyshare Financial Services Limited Graystoke Enterprises Limited Intelisoft Ltd Landscape Developments Ltd Landslope Developments Ltd Omsa Trading Ltd P.G. Economides & Co Limited P.G. Economides Holdings Ltd P.G.E. Trust Limited P.G. Economides (Consultants) Ltd Pavemar Hotel And Tourist Enterprises Potassa Holdings Limited Reliable Management Limited Tillandsia Ltd Total Trust Co Ltd Totalnet Media Services Limited Totalserve Asset Management Ltd Totalserve Consultants Ltd Totalserve Escrow Services Limited Totalserve Financial Services Ltd Totalserve Holdings Limited Totalserve Investments Limited Totalserve Management (Hellas) Ltd Totalserve Management (UK) Ltd Totalserve Management Limited Totalserve Trustees Ltd Totaltrust Management Limited Tudor Management Limited Tudor Trustees Limited	A.W.B. Consulting Services Limited Aevitaste Holdings Limited Alacre Trading Limited Alias Trust Management Limited Antiste Holdings Limited Atlas Project Management Limited Avraam Odysseos Properties Limited Balham Trading Limited Betica Investments Limited Biarchos Limited Bitcon Trademark Company Limited Camiar Investments Limited Charing Investments Limited Clpf Investments Limited Delma Media Management Ltd. Dilmon Investments Limited Dymink Holdings Limited Eindhoven Holdings Limited Everdream Clothing Limited Fanello Properties Limited Firthlion Limited Fmc Realtors Holding Inc. Foranca Holdings Limited Fotinos Holdings Limited Gastone Investments Limited Gifex Limited Gindel Investments Limited Greencare Investments Limited Greenpeak Consulting Limited Grotonia Investments Limited Gumley Properties Limited Hak Refining Company Limited Interfin Trade (Overseas) Limited Jetwan Llp Kadeyn Properties Limited Kingery Investments Limited Kopesco Limited Lamitube Technologies (Cyprus) Limited Lanka Trading Limited Llondenium Trading Limited Lomond Trading (Overseas) Ltd Maritrade Investments Limited

<i>Director</i>	<i>Current directorships and Partnerships</i>	<i>Past directorships and partnerships</i>
Peter Economides		Migrata U.K. Limited Milford Holdings Limited Outbreak Consulting Limited Paraspeed Link Trade Limited Perevo Investments Limited Portland Developments Limited Principe Limited Rimsa Holdings Limited Ryg Investments Limited Scotia Property Inc. Sharescope Financial Services Limited Sharescope Investments Limited St. Basil's Trust Co. Ltd Tartarus Holdings Limited Tendernote Limited Tolino Holdings Limited Treetop Properties Limited Tuvaestel Trading Limited Utila Limited Wallach Holdings Limited
Mehmet Önkal	BDO Tourism Consultancy Turkey Ceylan InterContinental Istanbul	TRI Hospitality Consulting Turkey
Anthony Travis	EFG European Financial Group SA, Geneva Compagnie Financière Benjamin de Rothschild SA, Geneva LCF Holding Benjamin and Edmond de Rothschild SA, Geneva UF Holdings SA Univalor SA Forvest SA Regent Financial Holdings SA, BVI Regent Trust SA, Geneva L'Observatoire de la Finance, Geneva International Peacebuilding Alliance L'Organisation Mondiale Contre la Torture College des Liquidateurs du Fondation de Valorisation des Actifs de la Banque cantonale de Genève, Geneva	PricewaterhouseCoopers SA, Switzerland VRB Holding SA, Geneva Family Business Network International, Lausanne Aylesford International SA Geneva

- (c) Save as set out in paragraph 5(b) above, none of the Directors has any business interests or activities outside the Group which are significant with respect to the Group.
- (d) None of the Directors:
- (i) has any unspent convictions in relation to indictable offences;
  - (ii) has been made bankrupt or has made an individual voluntary arrangement with creditors or suffered the appointment of a receiver over any of his assets;

- (iii) has been a director of any company which, whilst he was such a director or within 12 months after his ceasing to be such a director, was put into receivership, compulsory liquidation, creditors' voluntary liquidation, administration, company voluntary arrangement or any composition or arrangement with the company's creditors generally or with any class of creditors of any company or had an administrator or an administrative or other receiver appointed;
- (iv) has been a partner in any partnership which, whilst he was a partner, or within 12 months after his ceasing to be a partner, was put into compulsory liquidation or had an administrator or an administrative or other receiver appointed or entered into any partnership voluntary arrangement;
- (v) has had an administrative or other receiver appointed in respect of any asset belonging either to him or to a partnership of which he was a partner at the time of such appointment or within the 12 months preceding such appointment; or
- (vi) has received any public criticisms by statutory or regulatory authorities (including recognised professional bodies) or has ever been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company.

## 6. Directors' and other interests

- (a) Each of the Non-executive Directors has been issued 5,000 Shares and 5,000 Founders Warrants. Such Non-executive Directors are subject to a twelve month lock-up from the date of Admission, and thereafter to consult with Fairfax prior to any sale so as to ensure an orderly market in Shares is maintained. If the Director concerned ceases to be a director of the Company during the 12 month period following Admission, such Shares and Founder Warrants may be acquired by the Company for a nominal consideration of €2 in aggregate.
- (b) Save as disclosed in paragraph 6(a) above and 6(c), no Director, nor any person connected with a Director within the meaning of section 346 of the Companies Act has at the date of this document, or will have immediately following Admission, any interest, whether beneficial or non-beneficial, in the share or loan capital of the Company or any of its subsidiaries or any related financial product referenced to the Shares.
- (c) The Company is aware of the following existing Shareholders who are at the date of this document and will be upon Admission, interested, directly or indirectly, in 3 per cent. or more of the issued share capital of the Company:

<i>Shareholder</i>	<i>Number of Shares held</i>	<i>Percentage of issued share capital held</i>
Aqua Sol Capital Holdings Limited <sup>1</sup>	900,000	19.86%
Terra Holdings Group Limited <sup>2</sup>	800,000	17.66%
Totalserve Investments Limited <sup>3</sup>	760,000	16.77%
Silver Rock Holdings Limited	380,000	8.39%
Biscayne Emerging Capital Limited	340,000	7.50%

### Notes

- 1 Holding vehicle for Yiannis Panayi
- 2 Holding vehicle for Markos Kashiouris
- 3 Holding vehicle for Peter Economides

- (d) The Shareholders listed in (c) above do not have different voting rights.
- (e) Save as disclosed in paragraph (c) above, the Company is not aware of any person or entity who, directly or indirectly, jointly or severally, will or could exercise control over the Company immediately following Admission and there are no arrangements the operation of which could result in a change of control of the Company.

- (f) Save as disclosed in paragraph 6(g) below, no Director has or has had any interest in any transaction which is or was unusual in its nature or conditions or significant to the business of the Group and was effected during the current or immediately preceding financial year or was effected during any earlier financial year which remains outstanding and unperformed in any respect.
- (g) Mehmet Önkal is the Managing Director of BDO Tourism Consultancy Turkey which is a member of the worldwide network of public accounting and professional services firms called BDO International. BDO Stoy Hayward LLP was appointed as reporting accountants to the Company on the instructions of the Founder Shareholders and without direct reference to Mr Önkal. Peter Economides is the founder and owner of Totalserve Management Limited which is the offshore and tax adviser and Cypriot solicitor to the Company. Totalserve Trust Company Limited will also be appointed as the administrator of all the Company's subsidiary undertakings in Cyprus and Greece following their incorporation. Mr Economides has an interest in 100 per cent. of the fees paid by the Company to Totalserve Management Limited and Totalserve Trust Company Limited.
- (h) There are no loans or guarantees granted or provided by the Company and/or any of its subsidiaries to or for the benefit of any of the Directors which are now outstanding.

## **7. Service agreements and remuneration of the Directors**

- (a) On 29 September 2008, Markos Kashiouris entered into a service agreement with the Company. Mr Kashiouris' agreement is terminable by either him or the Company on not less than 12 months' prior written notice. Under the agreement Mr Kashiouris is entitled to receive an annual salary of €300,000 starting from 1 July 2008, a company car, business class travel expenses and an executive performance cash bonus of up to 5 per cent. of the EBITDA of the Group in each year. The salary payable under the agreement is subject to an automatic increase (subject to an overall cap of €1 million) to €600,000 per annum once the market capitalisation of the Company exceeds €50 million for 25 trading days or there has been additional incremental capital raising of €50 million in aggregate, a further increase of €300,000 once there is an increase to €100 million and a further increase of €100,000 on an increase to €150 million in market capitalisation, or additional incremental capital raising. In addition Mr Kashiouris will be entitled to receive an annual cash bonus and an annual Share bonus, subject to hitting certain performance targets. The annual cash bonus is of up to 5 per cent. of the EBITDA of the Group, which declines on a stepped basis to 3 per cent. when certain cash raised and market capitalisation milestones are reached. Once the market capitalisation of the Company exceeds €100 million for 25 trading days or there has been additional incremental capital raising of €100 million in aggregate, Mr Kashiouris is entitled to a Share bonus of 0.5 per cent. of EBITDA increasing on a stepped basis to 4 per cent. of EBITDA once the market capitalisation of the Company exceeds €400 million for 25 trading days or there has been additional incremental capital raising of €400 million in aggregate. The performance targets for the cash and Share bonuses are set by comparison of the EBITDA per €1 of market capitalisation to a basket of Central Eastern European and South Eastern European AIM-listed real estate stocks. If the Company achieves 60 to 80 per cent. of the target, Mr Kashiouris will be entitled to 60 to 80 per cent. of the cash and Share bonus available, at the discretion of the Remuneration Committee, such percentage not to be less than the actual percentage of the target achieved, or if the Company achieves 80 to 100 per cent. of the target, 80 to 100 per cent. of the cash and Share bonus is available at the discretion of the Remuneration Committee, such percentage not to be less than the actual percentage of the target achieved. In addition, Mr Kashiouris will be issued €500,000 of Shares (calculated by reference to the closing mid market price on the day prior to issue) once the market capitalisation of the Company exceeds €20 million for 25 trading days in lieu of expenses not paid or capitalised.

The non-executive Directors have entered into the following letters of appointment with the Company, conditional upon Admission:

Lord Balfour's letter of appointment provides for him to act as non-executive Chairman of the Company and receive an annual fee of €20,000 for such role, such fee to be paid directly to Virtus Management Limited (a company through which Lord Balfour's services are being provided to the Company).

Andrew Hargreaves' letter of appointment provides for him to act as non-executive Vice Chairman of the Company and receive an annual fee of €20,000 for such role.

Mehmet Önkal's letter of appointment provides for him to act as non-executive director of the Company and receive an annual fee of €20,000 for such role.

Peter Economides' letter of appointment provides for him to act as non-executive director of the Company and receive an annual fee of €20,000 for such role.

Anthony Travis' letter of appointment provides for him to act as non-executive director of the Company and receive an annual fee of €20,000 for such role.

All of the non-executive directors have been appointed for an initial term of two years from Admission, other than Lord Balfour and Andrew Hargreaves who have each been appointed for an initial three year term and such appointments are terminable by three months' notice in writing by either party at any time. Each of the letters of appointment contains provisions pursuant to which the annual fee payable is to be increased upon the Company either raising €100 million or more by way of equity issue or having a market capitalisation of €100 million. In such circumstances all the non-executive Directors' annual fees will increase to €75,000.

- (b) Save as set out in paragraph (a) above, on Admission there will be no existing or proposed service agreements between the Directors and the Company providing for benefits upon termination of employment. Furthermore, save as set out at paragraph (a) above, there are no commissions or profit-sharing arrangements with any of the Directors.
- (c) There is no arrangement under which any Director has waived or agreed to waive future emoluments nor has there been any waiver of emoluments during the financial year immediately preceding the date of this document.

## **8. Employees and Pensions**

The Company has one employee but operates no pension arrangements.

## **9. Subsidiaries**

The Company has the following subsidiaries in which it has an interest on a long-term basis. Details are shown below:

<i>Name</i>	<i>Registered Office and country of incorporation/ residence</i>	<i>Proportion of share capital held</i>
Agua Terra Alfa (Cyprus) Limited	17, Gr. Xenopoulou street, CY-3106 Limassol, Cyprus	100 %
Agua Terra Beta (Cyprus) Limited	17, Gr. Xenopoulou street, CY-3106 Limassol, Cyprus	100 %

## **10. Arrangements relating to Admission**

- (a) On 28 August 2008, the Company (1) and Fairfax (2) entered into an engagement letter pursuant to which Fairfax has agreed to act as the nominated adviser and broker to the Company with effect from Admission and will receive an annual fee of £70,000 per annum from 1 January 2009. If Fairfax's appointment as Nominated Adviser is terminated prior to 31 December 2011, then the Company will be required to pay Fairfax £100,000 less half of any annual fees paid or due at that date.
- (b) On 29 September 2008, the Company (1), Fairfax (2) and Markos Kashiouris (3) entered into the Introduction Agreement pursuant to which Fairfax has agreed to act as the nominated adviser and broker to the Company in connection with Admission.

Pursuant to the Introduction Agreement Fairfax will receive (exclusive of VAT) a corporate finance fee of £150,000.

The Introduction Agreement contains certain warranties, undertakings and indemnities by the Company and Markos Kashiouris in each case in favour of Fairfax and is conditional on, *inter alia*, (i) Admission occurring not later than 31 October 2008 and (ii) none of the warranties given to Fairfax prior to Admission being untrue, inaccurate or misleading in any material respect.

Fairfax may terminate the Introduction Agreement in specified circumstances, including for material breach of warranty at any time prior to Admission. The Agreement is governed by English law.

- (c) Pursuant to the Lock-in Agreement between the Directors (1), Yiannis Panayi (2), (together the “**Covenantors**”) Fairfax (3) and the Company (4), the Covenantors (holding 2,485,000 Shares in aggregate, representing 54.84 per cent. of the Shares in issue upon Admission) have agreed (subject to certain limited exceptions) not to, and to procure that their “associates” within the meaning of the AIM Rules for Companies do not dispose of any Shares in which they are interested following Admission or in which they become interested in the 12-month period following Admission (the “**Lock-in Period**”), and thereafter to consult with Fairfax prior to any sale so as to ensure an orderly market in the Shares is maintained. The Covenantors have also agreed that during the Lock-in Period, the Lock-in Period will be automatically extended for one year following the date upon which the Company raises additional capital by way of a placing, open offer or rights issue of Shares.

## 11. Material contracts

The following are the only contracts (not being contracts entered into in the ordinary course of business) which have been entered into by the Company since its date of incorporation and which are, or may be, material to the Company or have been entered into by the Company at any time and contain a provision under which the Company has any obligation or entitlement which is material to the Company at the date of this document:

- (a) The Introduction Agreement.
- (b) The Lock-in Agreement.
- (c) The engagement letter between the Company and Fairfax, details of which are set out in paragraph 10 of Part 6 of this Document.
- (d) The Administration Agreement dated 26 September 2008, between the Company and Totalserve Trust Company Limited pursuant to the terms of which the Totalserve Trust Company Limited is appointed to act as administrator to the Company.

The Administrator will be entitled to receive a fee based on time costs, subject to a maximum yearly fee of €120,000 payable monthly in arrears.

The Administrator shall be entitled to receive reimbursement of reasonable expenses on an ongoing basis. The Company has agreed to indemnify the Administrator in respect of losses it may suffer in connection with the performance of its duties under the agreement save to the extent that such losses are due to fraud, wilful default or negligence on the part of the Administrator. The Administrator has agreed to indemnify the Company in respect of losses it may suffer as a result of the fraud, wilful default or negligence of the Administrator in the performance of its duties under the agreement. The agreement may be terminated on not less than 90 calendar days’ written notice by either party, provided that termination may be made immediately in certain specified circumstances. The agreement is governed by the law of the BVI. Totalserve Trust Company Limited will be appointed as the administrator of all of the Company’s subsidiary undertakings in Cyprus and the BVI following their incorporation. Totalserve is owned by Peter Economides who, as a Director, will not have any role in the supervision or continued appointment of Totalserve.

- (e) The depositary agreement dated 25 September 2008 between the Company and the Depositary. CREST does not provide for the direct holding and settlement of foreign securities such as shares in the Company. To enable Shares to be indirectly held and traded through CREST, under the terms of

this agreement and a separate deed of trust, the Depositary agrees to hold securities in the Company and issue depositary interests in the ratio of one for one for each such security. These depositary interests, representing securities in the Company, can be held and traded through CREST. The depositary services provided by the Depositary also include maintaining a register of holders of the depositary interest, issuing the depositary interests in uncertificated form and other related registry services. The custody services provided by the Depositary also include executing instructions received from CREST members. The agreement may be terminated by either party on 45 days' notice. The Company is to pay certain fees and charges including a set-up fee of £5,000, a registration fee of £2.00 per Shareholder subject to a minimum of £3,000 per annum payable monthly in arrears and a fee of £2.00 per deposit, transfer or cancellation of depositary interests.

- (f) On 26 September 2008 the Company executed the Founder Warrant Instrument pursuant to which the Company may issue 4,531,250 warrants to subscribe for Shares of the Company at an exercise price of €2 per Founder Warrant (subject to adjustment in the event of, *inter alia*, any consolidation or sub-division of shares or a further issue out of reserves). The Founder Warrants are exercisable at any time from issue until 26 September 2018 and are non-transferable, except with the prior consent of the Board. As at the date of this document, 4,531,250 Founder Warrants have been issued to the Founder Shareholders on a 1:1 basis with their Shares.
- (g) On 26 September 2008 the Company executed the Performance Warrant Instrument pursuant to which the Company may issue 453,125 warrants to subscribe for Shares of the Company at an exercise price of €2.59 per Share. After 3 October 2011 if the Company's Share price is trading at more than a 20 per cent. discount to the Company's then net asset value (as reflected in the Company last audited accounts), then the holder of Performance Warrants may elect to exercise his Performance Warrant at a of 1.295 times the closing Share price on the date falling three years before the date of exercise. Each Performance Warrant entitles the holder to acquire one Share.

Shares issued on the exercise of Performance Warrants are subject to a three year lock-in, other than those Shares issued following the election to exercise at a price of 1.295 times the closing Share price, in which case the Shares issued will be subject to a five year lock-in. The Performance Warrants are exercisable at any time from issue until 26 September 2018 and are non-transferable except with the prior consent of the Board.

The Performance Warrants are subject to standard adjustment in the event of, *inter alia*, any consolidation or sub-division of shares or a further issue out of reserves. The Performance Warrants are divided into four classes, which have identical rights save in respect of anti dilution provisions in the event of any future capital raises, which are as follows:

A holder of Class A Performance Warrants will be entitled to additional warrants on the basis of X Class A Performance Warrants for every 100 Shares issued (or such whole number as is their *pro-rata* entitlement), where X is as set out below:

If the market capitalisation and the share capital of the Company at the time of issue are both less than €100 million taking into account the Shares being issued, 2.777. If the market capitalisation or share capital of the Company at the time of issue is more than €100 million but less than €200 million taking into account the Shares being issued, 1.895. If the market capitalisation of the Company at the time of issue is more than €200 million but less than €300 million, taking into account the Shares being issued, 1.014. If the market capitalisation of the Company at the time of issue is more than €300 million taking into account the Shares being issued, it will be 0.600. As at the date of this document, Yiannis Panayi through Aqua Sol Holdings Limited holds 125,831 Class A Performance Warrants.

A holder of Class B Performance Warrants will be entitled to additional warrants on the basis of X Class B Performance Warrants for every 100 Shares issued (or such whole number as is their *pro-rata* entitlement), where X is as set out below:

If the market capitalisation and the share capital of the Company at the time of issue are both less than €100 million taking into account the Shares being issued, 3.902. If the market capitalisation or share capital of the Company at the time of issue is more than €100 million but less than €200 million taking

into account the Shares being issued, 5.203. If the market capitalisation of the Company at the time of issue is more than €200 million but less than €300 million, taking into account the Shares being issued, 6.504. If the market capitalisation of the Company at the time of issue is more than €300 million taking into account the Shares being issued, it will be 7.040. As at the date of this agreement, Markos Kashiouris through Terra Holdings Group Limited holds 176,829 Class B Performance Warrants.

A holder of Class C Performance Warrants will be entitled to additional warrants on the basis of X Class C Performance Warrants for every 100 Shares issued (or such whole number as is their *pro-rata* entitlement), where X is as set out below:

If the market capitalisation and the share capital of the Company at the time of issue are both less than €100 million taking into account the Shares being issued, 2.345. If the market capitalisation or share capital of the Company at the time of issue is more than €100 million but less than €200 million taking into account the Shares being issued, 1.601. If the market capitalisation of the Company at the time of issue is more than €200 million but less than €300 million, taking into account the Shares being issued, 0.856. If the market capitalisation of the Company at the time of issue is more than €300 million taking into account the Shares being issued, it will be 0.600. As at the date of this agreement, Peter Economides through Totalserve Investments Limited holds 106,258 Class C Performance Warrants.

A holder of Class D Performance Warrants will be entitled to additional warrants on the basis of X Class D Performance Warrants for every 100 Shares issued (or such whole number as is their *pro-rata* entitlement), where X is as set out below:

If the market capitalisation and the share capital of the Company at the time of issue are both less than €100 million taking into account the Shares being issued, 0.976. If the market capitalisation or share capital of the Company at the time of issue is more than €100 million but less than €200 million taking into account the Shares being issued, 1.301. If the market capitalisation of the Company at the time of issue is more than €200 million but less than €300 million, taking into account the Shares being issued, 1.626. If the market capitalisation of the Company at the time of issue is more than €300 million taking into account the Shares being issued, it will be 1.760. As at the date of this agreement, no Class D Performance Warrants have been issued.

- (h) On 24 September 2008 the Company and the Registrar entered into a registrar's agreement (the "**Registrar Agreement**") whereby the Registrar was appointed to act as registrar of the Company. The Registrar Agreement specifies the various fees which the Registrar will charge for performing its duties as registrar. The Registrar Agreement may be terminated by either the Company or the Registrar giving not less than three months' notice in writing, with such notice not to expire before the first anniversary of the Registrar Agreement coming into effect, or otherwise in circumstances where the Company or the Registrar goes into liquidation or where either party commits and fails to make good a material breach of the Registrar Agreement. The Registrar Agreement will also terminate if the Registrar ceases to hold a required licence, consent, permit or registration. The Registrar Agreement contains an indemnity in favour of the Registrar against claims by third parties except to the extent that the claim arises from the fraud, negligence or wilful default of the Registrar or a breach by the Registrar of the Registrar Agreement or various laws or rules as set out in the agreement.
- (i) On 26 September 2008 the Company, as borrower (1) and Terra Holdings Group Limited, Aqua Sol Capital Holdings Limited and Totalserve Investments Limited, as lenders (2) entered into a loan agreement pursuant to which, the lenders have agreed to make available the aggregate sum of €1,000,000 to the Company. The loan may be drawn down at any time until the earlier of 1 January 2010 and such time as the Company raises €1,000,000 by way of capital. Interest is five per cent. per annum, payable on the earlier of the end of the term or on early prepayment. The loan may be drawn down in minimum amounts of €10,000, and may be terminated by the lenders in the event of, *inter alia*, non payment, material breach of representation or warranty, or breach of agreement by the Company or upon certain insolvency events affecting the Company.
- (j) On 13 August 2008 the Company (as buyer) entered into an option agreement with Solterra Hotels Limited and Yiannis Panayi (as sellers), pursuant to which the Company was granted the option to

purchase three properties in Pyrgi, Agrari and Platys Gialos (all of which are in Mykonos) for aggregate consideration of €8 million, excluding VAT and other expenses. The option is exercisable by the Company at any time prior to 1 November 2008. Entry into a sale and purchase agreement to effect the option is subject to (i) the Company having carried out satisfactory, legal, financial and environmental due diligence on the properties and (ii) agreement by Company and the sellers on the final terms and conditions of the sale and purchase agreement (together, the “**Conditions**”). If the Conditions have not been satisfied before 1 November 2008, the period for exercise of the option may be extended by the shorter of 60 days, or the date on which a sale and purchase agreement is executed (the “**Extended Longstop Date**”). The option will terminate if either the Company does not exercise the option before the Extended Longstop Date or if the Company chooses to terminate because it does not think the Conditions will be satisfied prior to the Extended Longstop Date.

## **12. Working capital**

Having made due and careful enquiry, the Directors are of the opinion that the Group has sufficient working capital available for its present requirements, that is, for at least the 12 months following the date of Admission.

## **13. Litigation and arbitration**

The Company has not been involved in any governmental, legal or arbitration proceedings which may have, or have had during the 12 months preceding the date of this document, a significant effect on the Company’s financial position or profitability, nor are there any such proceedings pending or threatened against the Company of which the Company is aware.

## **14. Depositary Interests**

Shares of certain non-UK companies, such as the Company, cannot be held and transferred directly into the CREST system. Shareholders who wish to hold and transfer Shares in uncertificated form may do so pursuant to the Depositary Interest arrangement to be established by the Company.

The Shares will not themselves be admitted to CREST. Instead, Capita will issue Depositary Interests in respect of the Shares. The Depositary Interests will be independent securities constituted under English law that may be held and transferred through the CREST system.

Where Shares have been requested to be issued in uncertificated form, the Company will arrange for CREST to be instructed to credit the appropriate stock accounts in CREST of the applicants concerned with their respective entitlements to Depositary Interests. Shares initially issued in certificated form may subsequently be deposited into CREST by depositing them with the Depositary in return for Depositary Interests which may be admitted into CREST in accordance with normal CREST procedures.

The Depositary Interests will have the same security code (ISIN) as the underlying Shares. The Depositary Interests will be created and issued pursuant to a deed poll entered into by Capita on 25 September 2008, which will govern the relationship between Capita and the holders of Depositary Interests.

Shares represented by Depositary Interests will be held on bare trust for the holders of the Depositary Interests.

To the fullest extent permitted by BVI law, each Depositary Interest will be treated as one Share for the purposes of determining eligibility for dividends, issues of bonus stock and voting entitlements. In respect of dividends, the Company will put Capita (or its custodian if appointed) in funds for the payment and Capita will transfer the money to the holders of the Depositary Interests. In respect of any bonus stock, the Company will allot any bonus stock to Capita and will issue such bonus stock to the holder of the Depositary Interests (or as such holder may have directed) in registered form. In respect of voting, Capita will cast votes in respect of the Shares as directed by the holders of the Depositary Interests which the relevant Shares represent. Application has been made for the Depositary Interests in respect of the underlying Shares to be admitted to CREST with effect from Admission.

Further information regarding the depositary arrangements and the holding of Shares in the form of Depositary Interests is available from the Depositary. The Depositary may be contacted at Capita IRG Trustees Limited, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU.

### ***Terms of the Depositary Deed Poll***

In summary, the Deed Poll contains, amongst other things, provisions to the following effect, which are binding upon holders of Depositary Interests:

Holders of Depositary Interests warrant, amongst other matters, that Shares transferred or issued to the Depositary or the custodian (on behalf of the Depositary) are free and clear of all liens, charges, encumbrances or third party interests and that such transfers or issues are not in contravention of the Company's constitutional documents or any contractual obligation, law or regulation. Holders of Depositary Interests agree to indemnify Capita in respect of any costs or liabilities which it may suffer by reason of any breach of any such warranty.

It should be noted that holders of Depositary Interests may not have the opportunity to exercise all of the rights and entitlements available to holders of Shares including, for example, the ability to vote on a show of hands. In relation to voting, it will be important for holders of Depositary Interests to give prompt instructions to the Depositary or its nominated custodian, in accordance with any voting arrangements made available to them, to vote the underlying Shares on their behalf or, to the extent possible, to take advantage of any arrangements enabling holders of Depositary Interests to vote such Shares as a proxy of the Depositary or its nominated custodian.

The Depositary will be entitled to cancel Depositary Interests and withdraw the underlying Shares in certain circumstances including where a holder of Depositary Interests has failed to perform any obligation under the Deed Poll or any other agreement or instrument with respect to the Depositary Interests.

The Deed Poll contains provisions excluding and limiting the Depositary's liability. For example, the Depositary shall not be liable to any holder of Depositary Interests or any other person for liabilities in connection with the performance or non-performance of obligations under the Deed Poll or otherwise except as may result from its negligence or wilful default or the fraud of any custodian or agent which is not a member of its group unless it has failed to exercise reasonable care in the appointment and continued use and supervision of such custodian or agent. Furthermore, except in the case of personal injury or death, the Depositary's liability to a holder of Depositary Interests will be limited to the lesser of: (i) the value of the Shares and other deposited property properly attributable to the Depositary Interests to which the liability relates; and (ii) that proportion of £10 million which corresponds to the portion which the amount the Depositary would otherwise be liable to pay to the holder of Depositary Interests bears to the aggregate of the amounts the Depositary would otherwise be liable to pay to all such holders in respect of the same act, omission or event which gave rise to such liability or, if there are no such amounts, £10 million.

The Depositary is entitled to charge fees and expenses for the provision of its services under the Deed Poll without passing any profit from such fees to holders of Depositary Interests. Each holder of Depositary Interests is liable to indemnify the Depositary and any custodian (and their agents, officers and employees) against all costs and liabilities arising from or incurred in connection with, or arising from any act related to, the Deed Poll so far as they relate to the property held for the account of Depositary Interests held by that holder, other than those resulting from the wilful default, negligence or fraud of the Depositary, or the custodian or any agent, if such custodian or agent is a member of the Depositary's group or, if not being a member of the same group, the Depositary shall have failed to exercise reasonable care in the appointment and continued use and supervision of such custodian or agent.

The Depositary may terminate the Deed Poll by giving not less than 30 days' prior notice. During such notice period holders may cancel their Depositary Interests and withdraw their deposited property and, if any Depositary Interests remain outstanding after the Deed Poll has terminated, the Depositary must, among other things, deliver the deposited property in respect of the Depositary Interests to the relevant holders of Depositary Interests or, at its discretion, sell all or part of such deposited property. It shall, as soon as reasonably practicable, deliver the net proceeds of any such sale, after deducting any sums due to the

Depository, together with any other cash held by it under the Deed Poll *pro rata* to holders of Depository Interests in respect of the Depository Interests.

The Depository may require from any holder, or former or prospective holder of Depository Interests, information as to the capacity in which such Depository Interests are, were, or are to be owned or held and the identity of any other person with any interest of any kind in such Depository Interests for the underlying Shares and holders are bound to provide such information requested. Furthermore, to the extent that, amongst other requirements, the Company's constitutional documents require disclosure to the Company of, or limitations in relation to, beneficial or other ownership of, or interests of any kind whatsoever, in the Shares, the holders of Depository Interests are to comply with such provisions and with the Company's instructions with respect thereto.

## **15. General**

- (a) The total costs and expenses relating to Admission are approximately €306,000 (including VAT).
- (b) The Administrator is a business company in the BVI, incorporated on 30 October 2003, with registered number 10267. The registered office of the Administrator is at Trust Offices, 197 Main Street, Road Town, Tortola, BVI, Tel: + 1 284 4946900, Fax: + 1 284 4946990. The Administrator is a holder of a General Trust License and regulated by the Financial Services Commission of the BVI.
- (c) Where information has been sourced from a third party, the Company confirms that this information has been accurately reproduced and as far as the Company is aware and is able to ascertain from the information published by that third party, that no facts have been omitted which would render the reproduced information inaccurate or misleading.
- (d) The Company's auditors are PricewaterhouseCoopers Limited, a private company registered in Cyprus under registration number 143594. They were appointed as auditors to the Company on 18 September 2008. PricewaterhouseCoopers Limited is a member of the Institute of Certified Public Accountants of Cyprus (ICPAC).
- (e) The Directors undertake to propose a resolution for the winding-up of the Company if no investments have been made within two years of Admission.
- (f) Fairfax has given and has not withdrawn its written consent to the issue of this document with the inclusion herein of its name in the form and context in which it is included.
- (g) Economic Research Associates has given and has not withdrawn its written consent to the inclusion of the report in Part 4 of this document in the form and context in which it is included.
- (h) There is no requirement under the BBICA for the Company to prepare statutory accounts, and the financial information set out in this document relating to the Company does not therefore constitute statutory accounts within the meaning of the BBICA. However, in accordance with Rule 19 of the AIM Rules for Companies, the Company will produce and present its accounts in accordance with IFRS.
- (i) There are no arrangements in place under which future dividends are to be waived or agreed to be waived.
- (j) Other than the current application for Admission, the Shares have not been admitted to dealings on any recognised investment exchange nor has any application for such admission been made or refused nor are there intended to be any other arrangements for dealings in the Shares.
- (k) The Directors are not aware of any exceptional factors which have influenced the Company's activities.
- (l) The Directors are not aware of any patents or other intellectual property rights, licences or particular contracts or new manufacturing processes which are or may be of fundamental importance to the Company's business.
- (m) As at the date of this document, the following persons constitute related parties with whom the Company is involved (as disclosed in this document) or may become involved:

Aqua Sol Hotels Public Company Limited  
Glota Investments Limited  
Sol Terra Developers Limited  
Solterra Hotels Limited  
Terra Capital Management Limited  
Terra Capital Partners Limited  
Terra Holdings Group Limited  
Terra Investments Group Limited  
Terra SIR Services Limited  
Totalserve Management Limited  
Totalserve Trust Company Limited

- (n) Save as disclosed in this document, no person (excluding the Company's professional advisers to the extent disclosed elsewhere in this document and trade suppliers) in the 12 months preceding the Company's application for Admission received, directly or indirectly, from the Company or has entered into any contractual arrangements to receive, directly or indirectly, from the Company on or after Admission any of the following:
- (i) fees totalling £10,000 or more;
  - (ii) securities in the Company with a value of £10,000 or more calculated by reference to the issue price; or
  - (iii) any other benefit with a value of £10,000 or more at the date of Admission.
- (o) The Shares have not been sold, nor are they available, in whole or in part, to the public in conjunction with the application for Admission.
- (p) The Company has not granted any mortgages or charges, has given no guarantees and has no contingent liabilities (other than per the material contracts referred to herein).
- (q) Any suspension in trading in the Shares shall be notified to AIM.
- (r) The Directors have applied for the Depositary Interests to be admitted to trading on CREST with effect from Admission. Accordingly, it is expected that the Depositary Interests will be enabled for settlement in CREST following Admission.
- (s) The ISIN number of the Shares is VGG0136P1045. The SEDOL code of the Shares is B3CGSX5.
- (t) The City Code on Takeovers and Mergers does not apply to the Company and there are no rules or provisions relating to mandatory takeover bids in relation to the Shares. There are no rules or provisions relating to squeeze-out and/or sell-out rules, save as provided by section 176 of the BBCA (as amended), relating to the Shares.
- (u) The Company expects a typical investor in the Company will be an institutional investor or high net worth individual with a large portfolio of investments.

Dated: 29 September 2008

# Agua Terra

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c/o Totalserve Trust Company Limited  
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Tortola  
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