
This document is important and requires your immediate attention. If you are in doubt as to the action you should take you should seek advice from your stockbroker, bank manager, solicitor, tax adviser, accountant or other independent financial adviser. If you have sold or transferred all of your shares in European Convergence Property Company PLC, please pass this document (including the form of proxy) at once to the stockbroker, bank or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee as soon as possible. Neither the Isle of Man Financial Supervision Commission nor any other regulatory body has reviewed this document.

EUROPEAN CONVERGENCE PROPERTY COMPANY PLC

*(incorporated and registered in the Isle of Man under the Isle of Man Companies Acts 1931 to 2004
with registered number 113616C)*

**RECOMMENDED PROPOSALS TO FACILITATE A RETURN OF
CAPITAL TO SHAREHOLDERS**

Notice of an Extraordinary General Meeting of the Company, to be held at Jubilee Buildings, Victoria Street, Douglas, Isle of Man, IM1 2SH, British Isles on 21 December 2007 (the "**Meeting**") is set out at the end of this document. Whether or not you propose to attend the Meeting, you are requested to complete and return the form of proxy in accordance with the instructions printed thereon as soon as possible.

Part I

EUROPEAN CONVERGENCE PROPERTY COMPANY PLC (the "Company")

*(incorporated and registered in the Isle of Man under the Isle of Man Companies Acts 1931 to 2004
with registered number 113616C)*

Directors

Erwin Brunner
James C Rosapepe
Donald C McCrickard
A Anderson Whamond

Registered Office

Jubilee Buildings
Victoria Street
Douglas
Isle of Man
IM1 2SH

26 November 2007

To: Shareholders

Dear Sir or Madam,

Recommended proposals to facilitate a return of capital to shareholders

Introduction

On 30 August 2007 shareholders approved the Company's proposals to dispose of its three Romanian properties as well as the future disposal of its last remaining significant asset being the Mall Veliko Turnovo in Bulgaria.

Since that time the Board has been consulting with its advisers to establish an efficient way to return capital to its shareholders prior to disposing of its final significant asset and then entering liquidation. It is therefore now proposed to:

- (i) re-register the Company as a company governed by the Isle of Man Companies Act 2006 (the "**2006 Act**") (it is currently incorporated under the Isle of Man Companies Acts 1931-2004) (the "**Reregistration**");
- (ii) adopt a new memorandum (the "**New Memorandum**") and new articles of association (the "**New Articles**"); and
- (iii) conditional upon the Reregistration and the adoption of the New Memorandum and the New Articles, adopt a return of capital scheme (the "**Capital Return Scheme**").

For the purposes of this document the Reregistration, the adoption of the New Memorandum and the New Articles and the Capital Return Scheme are collectively referred to as the "**Proposals**".

The Reregistration

The 2006 Act updates and modernises Isle of Man company law and, amongst other things, abolishes a number of traditional company law formalities including the requirement to maintain capital (subject to solvency). Accordingly, subject to the Reregistration becoming effective, it should be easier for the Company to return capital to its shareholders as there is no requirement to seek the approval of the Isle of Man High Court.

As part of the Reregistration, the Company proposes to adopt the New Articles, which the Company considers are appropriate for a company incorporated under the 2006 Act the shares of which are admitted to AIM. The proposed New Articles are substantially the same as the Company's existing articles of association; those changes considered significant which have been incorporated into the

New Articles are listed in Section B of Part 2 of this document. In addition, Section A of Part 2 contains a brief explanation of the key characteristics of companies incorporated under the 2006 Act. Copies of the New Memorandum and the New Articles are available for review from the Company's registered office at any time before the Meeting; in addition, copies of the New Memorandum and the New Articles will be available at the Meeting.

Consequences of Reregistration

On the basis that the Reregistration proceeds, the 2006 Act provides that the Company will be the same legal entity as exists at present and Reregistration will not serve to prejudice or affect the continuity of the Company. On the date the Registrar of Companies in the Isle of Man issues a certificate of reregistration in respect of the Company, the Company shall cease to be a company incorporated under and subject to the Companies Acts 1931-2004 (the "1931 Act"); instead the Company shall be subject to the 2006 Act.

The Capital Return Scheme

Under the Capital Return Scheme, returns of capital can to be made on an ad hoc basis whenever the Company has sufficient cash available for the purpose. On each occasion on which returns of capital will be made under the Capital Return Scheme, Ordinary Shareholders will be entitled to receive a return of capital per Ordinary Share calculated in accordance with the following formula (rounded down to the nearest whole penny or cent):

$$\frac{A}{B}$$

Where:

"A" is the maximum cash proposed to be returned under the Capital Return Scheme on the relevant occasion; and

"B" is the aggregate number of Ordinary Shares in issue at the latest practicable date prior to the announcement of the proposed return of capital.

The decision to pay any such returns of capital will be at the sole discretion of the Board.

The Company will make returns of capital to shareholders under the Capital Return Scheme out of its capital. If the Return of Capital Scheme is approved, it is intended that an initial return of capital of EUR 0.94 per share will be made to shareholders on or around 31 January 2008.

Meeting and Resolutions

The Proposals are conditional upon the approval of the Company's shareholders at the Meeting.

The Meeting has accordingly been convened for the purposes of seeking shareholder approval for the Proposals. Shareholders will find at the end of this document a Notice convening the Meeting and a Form of Proxy for use at the Meeting. The Meeting is convened for the date and time set out in the Notice and will be held at Jubilee Buildings, Victoria Street, Douglas, Isle of Man IM1 2SH, British Isles.

At the Meeting, two special resolutions will be proposed, each of which requires a majority of 75 per cent. of the votes cast in respect of the resolution to be cast in favour in order for the resolution to be passed. The first resolution seeks shareholder approval for the Reregistration and the adoption of the New Memorandum and the New Articles and the second resolution seeks shareholder authority for the implementation of the Capital Return Scheme.

Costs of the Proposals

The costs and expenses relating to the Proposals to be incurred by the Company are estimated to amount to approximately EUR 20,000.

Taxation

A summary of the tax consequences of the Proposals is set out in Part 3 of this document. If you are in any doubt as to your tax position or the impact of the Proposals on you, you are recommended to consult your professional adviser.

Action to be taken

If you are unable to attend the Meeting but wish to exercise your vote, please complete the attached Form of Proxy and return for the attention of Ian Dungate, Galileo Fund Services Limited, Victoria Street, Douglas, Isle of Man IM1 2SH, British Isles (Fax No: +44 1624 692601).

To be valid the Form of Proxy must be received at the above address or fax number not later than 48 hours before the time fixed for the holding of the Meeting.

Recommendation and voting intentions

The Directors of the Company consider that the Proposals are in the best interests of the Company and the shareholders as a whole. Accordingly, the Directors of the Company unanimously recommend all shareholders to vote in favour of the resolutions at the Meeting.

An entity associated with Charlemagne Capital (IOM) Limited, the investment manager appointed by the Company, holding 97,478 Ordinary Shares representing 0.15 per cent of the Company's issued share capital, will be voting in favour of the resolutions at the Meeting.

Yours faithfully,

Erwin Brunner
Chairman
for and on behalf of
EUROPEAN CONVERGENCE PROPERTY COMPANY PLC

Part 2

Isle of Man Companies Act 2006

Section A

KEY CHARACTERISTICS

The following are some of the key characteristics of companies incorporated under the 2006 Act. It should be noted that the following does not constitute an exhaustive list of the differences between the statutory regimes to which companies incorporated under the 1931 Act and companies incorporated under the 2006 Act are subject.

Share Capital

Under the 2006 Act, there is no longer the concept of authorised share capital. Therefore, shares may be issued with or without par value. It should be noted that post Reregistration the Company will continue to have shares of €1.00 par value.

Dividends, Redemptions and Buy-backs of Shares

Subject to compliance with its memorandum and articles of association, the 2006 Act will allow the Company post Reregistration to declare and pay a dividend and to purchase, redeem or otherwise acquire its own shares subject only to meeting a statutory solvency test.

Capacity and Powers

Companies incorporated under the 2006 Act have separate legal personality and perpetual existence. In addition, such companies have unlimited capacity to carry on or undertake any business or activity; this is so notwithstanding the matter of corporate benefit. The 2006 Act specifically states that no corporate act is beyond the capacity of a company incorporated under the 2006 Act by reason only of the fact that the relevant company has purported to restrict its capacity in any way in its memorandum or articles or otherwise. A person who deals in good faith with a company incorporated under the 2006 Act is entitled to assume that the directors of the company are acting without limitation.

Other Points

In addition to the foregoing, the following other points should be noted in relation to companies incorporated under the 2006 Act:

- there are no prohibitions in relation to the Company providing financial assistance for the purchase of its own shares;
- there is a requirement for a registered agent appropriately licensed in the Isle of Man (Galileo Fund Services Limited will be the Company's first registered agent following Reregistration);
- there is no differentiation between public and private companies;
- there are simple share offer document requirements;
- there are reduced compulsory registry filings;
- there is no statutory requirement for a company incorporated under the 2006 Act to have an annual general meeting (although this requirement has been inserted into the New Articles which may be adopted at the Meeting); and
- the statutory accounting requirements are simplified.

Section B

THE NEW ARTICLES

The New Articles are based upon the Company's existing articles of association. Set out below is a list of the principal changes which are proposed to be made to the Company's existing articles of association and which will be incorporated into the New Articles.

Resolutions

The 2006 Act does not differentiate between ordinary resolutions (passed by a simple majority of votes cast in relation to the relevant resolution) and special resolutions (passed by a majority of three-quarters of votes cast in relation to). However, there is no prohibition on the Company adopting such a differentiation if it chooses to do so. Accordingly, the New Articles retain the requirements for ordinary resolutions and special resolutions in the circumstances where these are required under the current articles.

Authorised Share Capital

Companies incorporated under the 2006 Act are not required to have authorised share capital. However, the New Articles state that, unless increased by ordinary resolution, the maximum number of ordinary shares in the Company's capital available for issue is 300,000,000 shares, which reflects the Company's present authorised share capital.

The 2006 Act permits companies incorporated under that Act to have shares with no par value; in respect of the Company, the New Articles require shares to be issued with a par value of €1.00.

Reduction of Capital

The New Articles will permit the Company to reduce its share capital, subject to the statutory solvency test being satisfied, with the sanction of a special resolution; there will be no need for the Isle of Man High Court to sanction any reduction of capital.

The New Articles permit the directors of the Company to implement the Capital Return Scheme, subject to the statutory solvency test.

Purchase of Shares

Subject to the satisfaction of the statutory solvency test, the New Articles will permit the buy-back of shares on the same basis as the current articles.

Restricted Shareholders

The provisions of the Company's existing articles of association precluding, inter alia, Manx residents from holding shares in the capital of the Company have been deleted from the New Articles as, due to Isle of Man statutory changes, they are no longer appropriate or necessary.

Sanction to Variation

The existing articles of association of the Company permit, in the event the share capital is divided into shares of different classes, the variation of the rights attached to a class of shares with the consent in writing of the holders of not less than three quarters in nominal value of the issued shares of the class or with the sanction of an extraordinary resolution. The New Articles contain a similar provision except that the reference to approval by extraordinary general meeting has been deleted, as the 2006 Act does not recognise the concept of such resolutions, and reference to a special resolution inserted.

Transfer of Shares

The New Articles require that share transfers are delivered to the registered agent for the time being of the Company. (The first registered agent of the Company is anticipated to be Galileo Fund Services Limited, the registered office of which is the same as that of the Company.)

Annual General Meetings

Because the 2006 Act does not require companies incorporated pursuant to its provisions to convene annual general meetings, the New Articles impose an obligation upon the directors of the Company to convene general meetings on an annual basis.

Overseas Registers

Reference in the existing articles of association to overseas registers has been deleted as the 2006 Act does not make mention of them.

The Seal

There is an obligation contained in the New Articles for the Company to have a seal; the 2006 Act does not require companies incorporated under such Act to have seals, but they may if they wish. References to an official seal for use abroad has been deleted as the 2006 Act contains no provision in this regard.

Secretary

The 2006 Act does not require the appointment of a company secretary as it requires each company subject to its provisions to appoint a registered agent which will fulfil similar duties. The New Articles, however, permit the board of the Company to continue to appoint a secretary.

Dividends

The New Articles contain provisions relating to dividends and distributions which are substantially the same in effect to those which are contained in the Company's existing articles of association.

Reserves

References to income and capital reserves have been deleted from the New Articles as the 2006 Act does not require the same to be maintained.

Capitalisation of Reserves

The provisions in relation to capitalisation of reserves contained in the existing articles of association have been largely retained except that the capitalisation will only be permitted in terms of the New Articles to the extent that the statutory solvency test is satisfied and the amounts utilised to capitalise an issue of new shares are required to be deducted from the Company's profits as opposed to any reserve fund.

Accounts

Because the 2006 Act is not unduly prescriptive in terms of accounting, the New Articles require a printed copy of the directors' and auditors' reports accompanied by printed copies of the annual accounts (comprising a profit and loss account and a balance sheet) to be laid before the Company in general meeting within nine months of the date of the balance sheet comprised in such accounts.

Amendment to Constitutional Documents

It should be noted that, unlike companies incorporated under the 1931 Act, the 2006 Act does not require a company subject to its provisions to amend its memorandum or articles of association by special resolution. However, following the Reregistration the New Memorandum and the New Articles may only be amended by special resolution.

Part 3

TAXATION

The information in this Part 3, which is intended as a general guide only, is based on current legislation and practice regarding United Kingdom and Isle of Man taxation and may be subject to change, summarises advice received by the Directors as to the position of shareholders who are resident or ordinarily resident in the United Kingdom for tax purposes and who hold their Ordinary Shares as an investment. The information in this Part 3 does not constitute legal or tax advice to any shareholders. Accordingly, shareholders who are in any doubt as to their tax position, or who are subject to tax in a jurisdiction other than the United Kingdom or the Isle of Man or who hold their Shares otherwise than as an investment, are strongly recommended to consult their professional adviser.

1. Capital Return Scheme

Provided that under Isle of Man law payments made by the Company to shareholders under the Capital Return Scheme are regarded as returns of capital and not as income distributions, such payments will fall to be taxed in accordance with the rules relating to the taxation of chargeable gains, rather than income.

In relation to individual and corporate shareholders who are UK resident, other than dealers in securities, the capital returns will be treated, subject to the following paragraph, as the proceeds of a part disposal of the holding of Ordinary Shares.

If sums paid by way of a capital return to shareholders are “small”, that is to say less than £3,000 or less than 5% of the value of the relevant shareholding, the receipt by a shareholder of a capital return which is “small” will not be treated as a disposal, or part disposal, of an asset and no UK tax will be due on receipt of the capital return. Instead, an amount equal to the amount received is deducted from the tax base cost of the shareholder’s holding of Ordinary Shares. This treatment will only apply where, and to the extent that, the holding of Ordinary Shares from which the capital return is derived has a positive base cost against which to offset the capital receipt. Where this is not the case, the receipt of a capital return may fall to be treated as a part disposal. A capital return treated as “small” is not required to be included on any self-assessment tax return. An individual shareholder’s annual exempt amount for capital gains tax purposes will not be affected by this treatment.

No tax credit will be available for individual shareholders on the receipt of a capital return.

2. Isle of Man Taxation

The Company will not incur any liability to Isle of Man taxation as a result of implementation of the Proposals, and there will be no Isle of Man withholding tax suffered on payments made to shareholders.

It is expected that Isle of Man resident shareholders will not be taxed on any receipt from the Capital Return Scheme as such receipts will be considered capital.

3. Stamp Duty

There are no UK or Isle of Man stamp duty implications.

EUROPEAN CONVERGENCE PROPERTY COMPANY PLC

*(incorporated and registered in the Isle of Man under the Isle of Man Companies Acts 1931 to 2004
with registered number 113616C)*

NOTICE is hereby given that an Extraordinary General Meeting of European Convergence Property Company PLC (the "**Company**") will be held at Jubilee Buildings, Victoria Street, Douglas, Isle of Man IM1 2SH, British Isles on 21 December 2007 at 10.30 a.m. or, if later, ten minutes after the termination of the Annual General Meeting of the Company convened for the same day for the purpose of considering and, if thought fit, passing the following resolutions as **Special Resolutions**:

1. That:
 - (i) the Company be re-registered as a company incorporated under the Companies Act 2006 (the "2006 Act");
 - (ii) the Company adopts the memorandum of association complying with s.149(2) of the 2006 Act in the form initialled by the Chairman of the Meeting; and
 - (iii) the Company adopts the articles of association in the form initialled by the Chairman of the meeting.

2. That, subject to the passing of resolution 1 set out in this notice of meeting, and the Registrar issuing a certificate of re-registration in respect of the Company pursuant to s.146 of the 2006 Act, the Capital Return Scheme (as defined and referred to in the circular to shareholders of which this Notice forms part be and is hereby approved.

By Order of the Board
Ian Dungate
Company Secretary

Date: 26 November 2007

Registered Office
Jubilee Buildings
Victoria Street
Douglas
Isle of Man
IM1 2SH

NOTES:

- 1 A member entitled to attend and vote is entitled to appoint a proxy or proxies to attend and, on a poll, to vote instead of him; a proxy need not be a member of the Company. In the case of joint holders, if more than one of such joint holders is present, only the person whose name stands first in the Register of Members in respect of the relevant joint holding will be entitled to vote, whether in person or by proxy.
- 2 A form of proxy accompanies this Notice. Completion and return of the form of proxy will not preclude a member from attending and voting at the Meeting if he so wishes. In the event that a member who has lodged a form of proxy attends the Meeting, his form of proxy will be deemed to have been revoked.
- 3 In order to be valid the form of proxy should be completed and deposited at Galileo Fund Services Limited, Jubilee Buildings, Victoria Street, Douglas, Isle of Man, IM1 2SH, British Isles Attn: Mr Ian Dungate, Fax No: (+44 1624 692601) not later than 48 hours before the time fixed for the meeting together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority.

EUROPEAN CONVERGENCE PROPERTY COMPANY PLC
(the "Company")

FORM OF PROXY

To be used for the Extraordinary General Meeting of the Company to be held at the offices of Galileo Fund Services Limited, Jubilee Buildings, Victoria Street, Douglas, Isle of Man, IM1 2SH, British Isles on 21 December 2007 at 10.30 a.m. or, if later, ten minutes after the termination of the Annual General Meeting of the Company convened for the same day.

I/We ¹ _____
of _____ ¹ being member(s) of
the Company, hereby appoint the Chairman of the Meeting ² or _____
of _____ or Ian Dungate or
failing him, Kirree Callow as my/our proxy to vote on my/our behalf at the Extraordinary General Meeting of the Company to be held on 21 December 2007 and at any adjournment thereof.

I/We direct my/our proxy to vote in respect of the Resolutions to be proposed at such Extraordinary General Meeting in the following manner ³:-

SPECIAL RESOLUTIONS

- 1 THAT:
- (i) the Company be re-registered as a company incorporated under the Companies Act 2006 (the "2006 Act");
 - (ii) the Company adopts the memorandum of association complying with s.149(2) of the 2006 Act in the form initialled by the Chairman of the Meeting; and
 - (iii) the Company adopts the articles of association in the form initialled by the Chairman of the meeting.
- 2 THAT:
- Subject to the passing of resolution 1 set out in the notice of meeting, and the Registrar issuing a certificate of re-registration in respect of the Company pursuant to s.146 of the 2006 Act, the Capital Return Scheme (as defined and referred to in the Circular) be and is hereby approved.

FOR	AGAINST	ABSTAIN

Signed by: _____

Date: _____

NOTES:

- 1 Full name(s) and address(es) to be inserted in BLOCK CAPITALS. The name of all joint holders should be stated.
- 2 If you wish to appoint a person other than the Chairman of the Meeting as your proxy please delete the words "the Chairman of the Meeting" and "or Ian Dungate, or failing him, Kirree Callow" and print the name and address of the person you wish to appoint in the space provided.
- 3 Please indicate with a "X" in the appropriate space beside the appropriate resolution how you wish your proxy to vote on your behalf on a poll. Except as otherwise instructed, your proxy will exercise his discretion as to how he votes or whether he abstains from voting.
- 4 This form of proxy must be signed by the member or his attorney duly authorised in writing, or if the appointer is a corporation the form of proxy must be executed under its common seal or under the hand of an officer of the corporation duly authorised on their behalf.
- 5 A member entitled to attend and vote is entitled to appoint one or more parties to attend and, on a poll, to vote instead of him. A proxy need not also be a member. In the case of joint holders, if more than one such joint holder is present, only the person whose name stands first in the Register of Members in respect of the relevant joint holding will be entitled to vote, whether in person or by proxy.
- 6 This form of proxy should be completed and deposited at Galileo Fund Services Limited, Jubilee Buildings, Victoria Street, Douglas, Isle of Man, IM1 2SH, British Isles Attn: Mr Ian Dungate, Fax No: (+44 1624 692601). To be valid the form of proxy must be received at the above address or fax number, not later than 48 hours before the time fixed for the meeting together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority.

