
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.

CIRCULAR TO SHAREHOLDERS OF

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 DISPOSE OF THE COMPANY'S
THREE ROMANIAN PROPERTIES**

Notice of an Extraordinary General Meeting (the "**Meeting**") of the Company, to be held at Jubilee Buildings, Victoria Street, Douglas, Isle of Man, IM1 2SH, British Isles on 30 August 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

*(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
British Isles

13 August 2007

To: Shareholders

Dear Sir or Madam,

Recommended proposals to dispose of the Company's three Romanian properties

Introduction

On 1 August 2007 the Company announced its proposals to dispose of its three Romanian properties (the "**Properties**") (the "**Proposals**").

The purpose of this document is to seek your approval of the Proposals, which constitute a "disposal resulting in a fundamental change of business" pursuant to Rule 15 of the AIM Rules for Companies. In addition your Board will also be seeking your approval for the future disposal by the Company of its last remaining significant asset being the Mall Veliko Turnovo in Bulgaria (the "**Future Disposal**").

The Proposals

On 31 July 2007 the Company's wholly owned subsidiary, ECPC (Cyprus) Limited, entered into conditional sale and purchase agreements with, amongst others, DEGI Deutsche Gesellschaft für Immobilienfonds m.b.H ("DEGI") the effect of which is to dispose of its three Romanian properties (the "**Disposals**"). A summary of the sale and purchase agreements is set out on page 5 below. DEGI is the real estate investment subsidiary of Allianz Group and is one of Germany's leading property managers. The Disposals take advantage of the substantial yield compression seen in the market over the past twelve months and, if they complete, will generate a substantial capital gain for the Company.

The Properties being sold are Millennium Business Centre (purchase price, €52.6m), PGV Tower (€27.4m), and Construdava (€26.5m). These are all prime office locations based in Bucharest and their yields at point of sale are approximately 6.40%, 6.55%, and 7.20% respectively.

The net consideration for the Disposals will be approximately €110.5m (after transaction costs and adjustments of €5.5m for the net current assets of the trading companies being sold). The final price payable in respect of the Disposals will be determined once completion accounts have been agreed. The Properties were acquired for a combined cost of €89.1m, and were re-valued earlier this year at €97.5m. The Disposals are expected to complete by the end of November 2007 although there can be no guarantee of this.

After repaying the external financing relating to the Properties, the Company will be left with net proceeds of approximately €49.5m (prior to any adjustments for items such as deferred tax and management fees), which includes a gain of approximately €15.9m on the initial equity investment.

The consideration for the Disposals will be payable in cash. The Company does not intend to reinvest the proceeds of the Disposals.

Financial Effects of the Disposals

Charlemagne Capital (IOM) Limited, the investment manager, estimates that the net impact of the Disposals should, on completion, lead to an increase in the Net Asset Value per share attributable to the three properties being sold of approximately €0.15 per share when compared to the NAV of 31 January 2007 announced on 21 March 2007. This figure assumes the release of related provisions for deferred taxation (net impact of approximately €0.08 per share) which were raised at the time of the 31 January 2007 revaluation, and it also includes a provision for expected performance fees due to the Investment Manager of approximately €0.04 per share.

In addition, the rental agreements for Construdava have recently risen appreciably and in line with the original sales and purchase agreement. This has triggered a further payment to the original vendor of €2.0m, representing a payment of approximately €0.03 per share.

For further information please refer to the pro forma statement of net assets of the Company following the Disposals set out in Part III of this document.

Future Disposal

If the Disposals complete, the Company will be left with one remaining investment property; Mall Veliko Turnovo in Bulgaria. It is the intention of your Board to sell this property if suitable terms can be agreed with a purchaser. Whilst your Board cannot give any indication as to when such a sale may occur, or on what terms such sale may take place, it is proposing at the Meeting to seek your authority to sell this property on such terms and in such way as the Directors may think fit. This is intended to omit the requirement to hold a further Extraordinary General Meeting and hence limit further cost to the Company.

Future Plans

Due to the substantial yield compression seen in the market, the Company does not intend to pursue any further acquisitions and the Directors are currently considering the methods for returning both the proceeds from the Disposals and uninvested cash to shareholders as soon as reasonably practicable.

Meeting and Resolution

As the Disposals represent a disposal resulting in a fundamental change of business under Rule 15 of the AIM Rules for Companies, the Disposals are conditional upon, inter alia, 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 as well as for the Future Disposal. 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 to be held at 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 ordinary resolutions will be proposed, each of which requires a simple majority of the votes cast in favour to be passed. The first ordinary resolution seeks shareholder approval for the Disposals and the second ordinary resolution seeks shareholder authority for the Future Disposal.

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.

Part II

Summary of the Sale and Purchase Agreements

1 The Millennium Agreement

By an agreement (the "**Millennium Agreement**") dated 31 July 2007, the Sellers (as defined below) agree to sell to the Buyers (as defined below) the entire issued share capital of Millennium Estate SRL ("**Millennium Estate**") for an amount equal to (i) Euro 52,567,323 and (ii) the amount of the net asset value as at completion (excluding the Property of Millennium Estate, as defined in the Millennium Agreement). At completion the Buyers shall procure that all loans made to Millennium Estate by the Sellers' group will be discharged.

Completion of the Millennium Agreement is conditional upon, amongst other things, the Company complying with its obligations under the AIM Rules, which may require shareholder approval of the Millennium Agreement, by no later than 31 December 2007 (although this date may be extended by 3 months) (the "**Long Stop Date**"). The Sellers are currently the owners of the entire issued share capital of European Property Millennium Company SRL which itself is currently the owner of the entire issued share capital of Millennium Estate. Completion is conditional upon these two entities merging prior to the Long Stop Date so that the Sellers become the direct owners of the entire issued share capital of Millennium Estate. Completion is also conditional upon the completion of the Construdava SPA and the Tower SPA (each defined below). Subject thereto, completion is expressed to take place on the last business day of the month in which Millennium Estate delivers to the Sellers a pro forma balance sheet of ECPC (Cyprus) Limited as at the anticipated date for completion.

ECPC (Cyprus) Limited warrants extensive matters to the Buyers under the terms of the Millennium Agreement and the aggregate liability of ECPC (Cyprus) Limited for all relevant claims (as defined in the Millennium Agreement) shall be limited to €2,000,000, which amount shall be held in a retention account until the first anniversary of completion unless it is the subject of a relevant claim.

The Millennium Agreement is governed by Romanian law.

2 The Tower Agreement

By an agreement (the "**Tower Agreement**") dated 31 July 2007, the Sellers (as defined below) agree to sell to the Buyers (as defined below) the entire issued share capital of SC Paris Developments SRL ("**Paris Developments**") for an amount equal to (i) Euro 27,408,949 and (ii) the amount of the net asset value as at completion (excluding the Property of Paris Developments, as defined in the Tower Agreement). At completion the Buyers shall procure that all loans made to Paris Developments by the Sellers' group will be discharged.

Completion of the Tower Agreement is conditional upon, amongst other things, the Company complying with its obligations under the AIM Rules, which may require shareholder approval of the Tower Agreement, by no later than 30 September 2007. Subject thereto, completion is expressed to take place on the last business day of the month in which ECPC (Cyprus) Limited delivers to the Sellers a pro forma balance sheet of Paris Developments as at the anticipated date for completion.

ECPC (Cyprus) Limited warrants extensive matters to the Buyers under the terms of the Tower Agreement and the aggregate liability of ECPC (Cyprus) Limited for all relevant claims (as defined in the Tower Agreement) shall be limited to €1,000,000, which amount shall be held in a retention account until the first anniversary of completion unless it is the subject of a relevant claim.

The Tower Agreement also provides that in the event that the Millennium SPA (as defined below) fails to complete in accordance with its terms, the Buyers may serve notice on the Sellers purporting to terminate the Tower Agreement notwithstanding its previous completion. In such event, the Tower Agreement provides that the Buyers will return the shares of Paris Developments to the Sellers.

3 The Construdava Agreement

By an agreement (the "**Construdava Agreement**") dated 31 July 2007, the Sellers (as defined below) agree to sell to the Buyers (as defined below) the entire issued share capital of European Property Development Invest SRL ("**European Developments**") for an amount equal to (i) Euro 26,499,302 and (ii) the amount of the net asset value as at completion (excluding the Property of European Developments, as defined in the Construdava Agreement). At completion the Buyers shall procure that all loans made to European Developments by the Sellers' group will be discharged.

Completion of the Construdava Agreement is conditional upon, amongst other things, the Company complying with its obligations under the AIM Rules, which may require shareholder approval of the Construdava Agreement, by no later than 30 September 2007. Subject thereto, completion is expressed to take place on the last business day of the month in which ECPC (Cyprus) Limited delivers to the Sellers a pro forma balance sheet of European Developments as at the anticipated date for completion.

ECPC (Cyprus) Limited warrants extensive matters to the Buyers under the terms of the Construdava Agreement and the aggregate liability of ECPC (Cyprus) Limited for all relevant claims (as defined in the Construdava Agreement) shall be limited to €1,000,000, which amount shall be held in a retention account until the first anniversary of completion unless it is the subject of a relevant claim.

The Construdava Agreement also provides that in the event that the Millennium SPA (as defined below) fails to complete in accordance with its terms, the Buyers may serve notice on the Sellers purporting to terminate the Construdava Agreement notwithstanding its previous completion. In such event, the Construdava Agreement provides that the Buyers will return the shares of European Developments to the Sellers.

The Construdava Agreement is governed by Romanian law.

For the purposes of the summaries above:

- (i) The "**Sellers**" means ECPC (Cyprus) Limited, a wholly owned subsidiary of the Company and Mr. James Charles Houghton, a nominee of the Company;
- (ii) The "**Buyers**" means DEGI Deutsche Gesellschaft für Immobilienfonds m.b.H and DEGI Beteiligungs G.m.b.H;

- (iii) **"Construdava SPA"** means the agreement dated on or around the date of the Millennium Agreement contemplating the purchase by the Buyers of the entire issued share capital of European Property Development Invest SRL;
- (iii) **"Tower SPA"** means the agreement dated on or around the date of the Millennium Agreement contemplating the purchase by the Buyers of the entire issued share capital of SC Paris Developments SRL; and
- (iv) **"Millennium SPA"** means the agreement dated on or around the date of the Construdava Agreement contemplating the purchase by the Buyers of the entire issued share capital of Millennium Estate SRL.

Part III – Pro forma financial information

Unaudited pro forma statement of the net assets of the Company and its subsidiaries (the "Group") following the Disposals

The unaudited pro forma statement of net assets of the Group illustrating the effects of the Disposals as if it had taken place on 31 December 2006, on the Group's net assets is set out below. This statement has been prepared, on the basis of the notes set out below, for illustrative purposes only and because of its nature, may not give a true picture of the financial position of the Group following the Disposals.

	Group as at 31/12/2006	Adjustment I	Adjustment II	Adjustment III	Adjustment IV	Adjustment V	Pro Forma Continuing Group
	€,000	€,000	€,000	€,000	€,000	€,000	€,000
	(Note 1)	(Note 2)	(Note 3)	(Note 4)	(Note 5)	(Note 6)	
Investment Property	80,217	36,658	1,960	(24,522)	(22,035)	(42,524)	29,754
Total non-current assets	80,217	36,658	1,960	(24,522)	(22,035)	(42,524)	29,754
Trade and other receivables	5,208	(5,112)	-	-	-	-	96
Cash and cash equivalents	25,132	(1,450)	(1,960)	9,183	13,120	21,718	65,743
Total current assets	30,340	(6,562)	(1,960)	9,183	13,120	21,718	65,839
Trade and other payables	1,125	-	-	-	-	-	1,125
Total current liabilities	1,125	-	-	-	-	-	1,125
Total assets less current liabilities	109,432	30,096	(1,960)	(15,339)	(6,955)	(20,806)	94,468
Interest-bearing loans and borrowings	50,008	30,096	-	(17,833)	(13,000)	(30,096)	19,175
Total non-current liabilities	50,008	30,096	-	(17,833)	(13,000)	(30,096)	19,175
Net Assets	59,424	-	-	2,494	4,085	9,290	75,293

Notes

1. The net assets of the Group as at 31 December 2006 have been extracted without material adjustment from the unaudited interim financial statements for the six months ended 31 December 2006.
2. This represents the completion of the acquisition of Millennium Business Centre as noted in the notes to the unaudited interim financial statements for the six months ended 31 December 2006.

3. An increase in rental income triggered an additional payment of purchase consideration to the original vendor of Construdava as per the price adjustment schedule in the original sales and purchase agreement. The increase in value had not been quantified prior to the disposal, although it is reflected in the disposal price.
4. The impact of the sale of PGV Towers for €27.4 million.
5. The impact of the sale of Construdava for €26.5 million.
6. The impact of the sale of Millennium Business Centre for €52.6 million.
7. No account has been taken of any trading results during the period.
8. This analysis does not include the revaluation of the properties which was announced to shareholders in March 2007.

Recommendation and voting intentions

The Directors of the Company consider that the Proposals and the Future Disposal 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 Extraordinary General Meeting of the Company.

Yours faithfully,

Erwin Brunner
Chairman
for and on behalf of

EUROPEAN CONVERGENCE PROPERTY COMPANY PLC

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 30 August 2007 at 10.00 a.m. for the purpose of considering and, if thought fit, passing the following resolutions as **Ordinary Resolutions**:

1. **THAT** the Disposals (as defined and referred to in the circular to shareholders of which this Notice forms part (the "**Circular**")) be and are hereby approved and, without prejudice to the generality of the foregoing, the entry into and implementation by the Company of the Millennium Agreement, the Tower Agreement and the Construdava Agreement (in each case as defined and referred to in the Circular) be and is hereby approved.
2. **THAT** the directors of the Company be and are hereby authorised to take such steps as they think fit for the purposes of disposing of the property known as Mall Veliko Turnovo in Bulgaria including, without limit, agreeing such terms and conditions of sale as they think fit.

By Order of the Board
Ian Dungate
Secretary

Date: 13 August 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

FORM OF PROXY

To be used for the Extraordinary General Meeting of the above named 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 Thursday 30 August 2007 at 10.00 a.m.

I/We ¹ _____
of _____ ¹ being member(s) of
the above-named Company, hereby appoint the Chairman of the Meeting ² or _____
of _____ or Ian Dungate or failing him
Suzanne McSheffery or failing her Kirree Callow as my / our proxy to vote on my/our behalf at the Extraordinary General Meeting of the Company to be held on Thursday 30 August 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:-

ORDINARY RESOLUTIONS

1. THAT the agreements as set out in the Notice be approved
2. THAT the Future Disposal is 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 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 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.