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**This document does not constitute, or form part of, any offer or invitation to issue, or any solicitation of any offer to subscribe for, any Ordinary Shares.**

If you have sold or otherwise transferred all of your Ordinary Shares in Metro Baltic Horizons plc, please forward this document and the accompanying Form of Proxy at once to the purchaser or transferee or the bank, stockbroker or other agent through whom the sale or transfer was effected, for onward delivery to the purchaser or transferee. If you have sold only part of your holding of Ordinary Shares in Metro Baltic Horizons plc, please contact the bank, stockbroker or other agent through whom the sale or transfer was effected as to the actions you should take.

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## **METRO BALTIC HORIZONS PLC**

*(Incorporated and registered in the Isle of Man under the Isle of Man Companies Act 1931 to 2004  
with registered number 117760C)*

**Proposed cancellation of admission to trading of Ordinary Shares on AIM  
Proposed re-registration of the Company as a private company registered under the Isle of Man  
Companies Act 2006 and amendments to the Company's memorandum and articles of association  
Proposals for the return of capital and/or the distribution of net cash to Shareholders**

**and**

**Notice of Extraordinary General Meeting**

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You are recommended to read the whole of this document but your attention is drawn, in particular, to the letter to Shareholders from the Chairman of Metro Baltic Horizons plc which is set out in Part 1 of this document. This letter explains the background to and reasons for the cancellation of the admission of the Ordinary Shares to trading on AIM and the proposals for the distribution of net cash to Shareholders and contains recommendations that you vote in favor of the two resolutions to be proposed at the Extraordinary General Meeting.

Notice of an Extraordinary General Meeting of Metro Baltic Horizons plc, to be held at 10.00 a.m. on 2 September 2014 at 75 St Stephens Green, Dublin 2 is set out at the end of this document. Shareholders will find enclosed a Form of Proxy for use at the Extraordinary General Meeting. To be valid, the Form of Proxy must be completed and delivered, sent by post or sent by facsimile to +44 (0) 1624 681392 or to hayleyr@iomagroup.co.im together with the power of attorney or other authority (if any) under which it is signed (or a certified copy of such authority) to the Company's Administrator, IOMA Fund and Investment Management Limited, IOMA House, Hope Street, Douglas, Isle of Man IM1 1AP so as to arrive not later than 10.00 a.m. on 31 August 2014, being 48 hours before the time of the meeting.

The completion and return of a Form of Proxy will not affect your right to attend and vote in person at the Extraordinary General Meeting or any adjournment thereof, if you wish to do so. If you do not send a valid Form of Proxy or attend the Extraordinary General Meeting in person and vote, no one else may vote on your behalf.

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## DEFINITIONS

“Admission”	admission of the Ordinary Shares to trading on AIM, effective from 11 December 2006;
“AIM”	AIM, a market operated by the London Stock Exchange;
“AIM Rules”	the AIM Rules for Companies published by the London Stock Exchange from time to time;
“Board” or “Directors”	the board of Directors of the Company whose names and offices are set out on page 5 of the document;
“Cancellation” or “De-Listing”	the proposed cancellation of admission to trading on AIM of the Ordinary Shares;
“Company” or “Metro”	Metro Baltic Horizons plc;
“Existing Articles”	the Company’s current articles of association;
“Form of Proxy”	the form of proxy enclosed with this document for use by Shareholders in connection with the General Meeting;
“Extraordinary General Meeting”	the extraordinary general meeting of the Company convened for 10.00 a.m. on 2 September 2014, notice of which is set out the end of this document;
“New Articles”	the proposed new memorandum and articles of association of the Company, summarised in paragraph 6 of the Letter from the Chairman;
“Notice”	the notice of Extraordinary General Meeting set out at the end of this document;
“Ordinary Shares”	ordinary shares of €0.01 each in the capital of the Company;
“Proposals”	together the De-Listing, the Re-Registration, the adoption of the New Articles and the Proposed Return to Shareholders;
“Administrator”	IOMA Fund and Investment Management Limited, IOMA House, Hope Street, Douglas, Isle of Man IM1 1AP;
“Re-Registration”	the proposed re-registration of the Company as a company under the Isle of Man Companies Act 2006;
“Resolutions”	the special resolutions to be proposed at the Extraordinary General Meeting as set out in the Notice;
“Shareholders”	holders of Ordinary Shares;
“Shares”	Ordinary Shares in the share capital of the Company;
“Suspension”	suspension of dealings in Ordinary Shares on AIM, which took place at 7.30 a.m. on 15 July 2014; and
“Takeover Code”	the City Code on Takeovers and Mergers.

## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Publication of this document	7 August 2014
Latest time and date for receipt of Forms of Proxy	10.00 a.m. on 31 August 2014
Extraordinary General Meeting	10.00 a.m. on 2 September 2014
Cancellation of the admission of the Shares on AIM	7.00 a.m. on 10 September 2014

*All references to time in this document are to London time.*

*If any of the above times and/or dates change, the revised times and/or dates will be notified to Shareholders by announcement through The Regulatory Information Service operated by the London Stock Exchange.*

# LETTER FROM THE CHAIRMAN

## METRO BALTIC HORIZONS PLC

*(Incorporated and registered in the Isle of Man under the Isle of Man Companies Act 1931 to 2004  
with registered number 117760C)*

### **Directors**

Ronan Reid (Non-executive Chairman)  
Brendan Murphy (Non-executive Director)  
Tim Crowley (Non-executive Director)

### **Registered Office:**

IOMA House  
Hope Street  
Douglas  
Isle of Man  
IM1 1AP

7 August 2014

Dear Shareholders,

**Proposed cancellation of admission to trading of Ordinary Shares on AIM  
Proposed re-registration of Company as a company registered under the Isle of Man Companies Act  
2006 and amendments to the Company's memorandum and articles of association  
Proposals for the return of capital and/or the distribution of net cash to Shareholders**

**and**

### **Notice of Extraordinary General Meeting**

#### **1. Introduction**

The Company announced on 14 July 2014 that it intended to seek Shareholders' approval to cancel the admission of the Company's Shares to trading on AIM. The Company has announced further details in relation to the Proposals today.

This letter sets out the background and reasons for the proposed Cancellation.

As previously disclosed, the Directors have been carrying out a review of the benefit of the Shares continuing to be traded on AIM. Having completed this review, which included consultation with the Company's advisers and certain major shareholders, the Directors have agreed that they consider it is in the best interests of the Company and Shareholders as a whole to cancel admission of the Shares to trading on AIM and to make a distribution to shareholders. Pursuant to Rule 41 of the AIM Rules, the Directors have notified the London Stock Exchange of the date of the proposed Cancellation.

In order to give the Directors additional flexibility to effect the proposed distribution to shareholders and in order to introduce a corporate framework more suitable for an unlisted company the Directors are also proposing that immediately on the De-Listing becoming effective, the Company will re-register under the Isle of Man's Companies Act 2006 (it is currently registered under the Isle of Man Companies Act 1931, as amended). To do so it will be required to adopt a new set of memorandum and articles of association. A summary of the material revisions and the benefits of registering under the Companies Act 2006 are provided below. The New Articles will be available on the Company's website at <http://www.metrobaltichorizons.com/>.

Following the De-Listing and based on the Company's current financial position, the Directors propose to make a distribution to shareholders of up to £5.0m such that shareholders will be able to elect to receive the distribution as a capital or income return depending on their particular circumstances (the "Proposed Return to Shareholders"). Shareholders electing to receive the Proposed Return to Shareholders by way of a capital return will be given the option to tender a portion of their shares for buyback by the Company with the income distribution being provided by means of a dividend. In deciding the amount of monies to distribute post the De-Listing the Directors have taken appropriate advice and have determined the amount based on

the immediate solvency requirement of the Company taking cognisance of the on-going litigation and the running costs of the Company once it is de-listed.

The AIM Rules provide that the De-Listing be conditional upon the approval by not less than 75 per cent. of the votes cast, whether in person or by proxy, by Shareholders in a general meeting. The Company has received irrevocable undertakings to vote in favour of the Resolutions from shareholders representing 72.9 per cent of the issued share capital of the Company.

Following the De-Listing and the Re-Registration, in order to enable Shareholders to buy and sell Ordinary Shares, the Company plans to put in place a matched bargain trading facility to be administered by Cantor Fitzgerald Ireland or such other provider as the Board may appoint which will operate shortly after the De-Listing has been effected. Further information is provided below. This facility will be available from September 2014.

The purpose of this document is to explain why the Directors consider the Proposals to be in the best interests of the Company and its Shareholders as a whole and to recommend that you vote in favour of the Resolutions at the Extraordinary General Meeting scheduled to take place at 10.00 a.m. on 2 September 2014, notice of which is enclosed at the end of this document.

## **2. Reasons for the proposed Cancellation**

As disclosed in the Company's recent annual accounts, following the disposal of the Company's last property in April 2013, the Company's focus has been on maximising shareholder returns through litigation against the Company's former investment manager, advisers and related parties. The Company has already reached settlements with the members of its previous Board and with its previous auditors resulting in the Company receiving approximately £3m (net) during 2014 in settlement payments. Furthermore the conclusion of this litigation resulted in the removal or restrictions around certain cash that had previously been held as security for potential costs associated with that litigation. A trial in the proceedings against the remaining defendants is anticipated in 2015.

There are significant costs associated with maintaining a quotation on AIM, including fees payable to the London Stock Exchange, nominated adviser fees, shareholder communication time and costs, as well as other professional fees. The De-Listing will, accordingly, reduce the recurring administrative costs while still allowing the Company to pursue the continuing litigation.

Furthermore, as previously announced, trading in the Company's shares on the AIM market of London Stock Exchange plc was suspended from 7.30 a.m. on 15 July 2014 in accordance with Rule 15 of the AIM Rules for Companies. Trading in the Company's shares will only be restored if the Company makes an acquisition or acquisitions which constitute a reverse takeover under Rule 14 of the AIM Rules for Companies, or otherwise adopts and implements a revised investing policy adoption of which would require the approval of Shareholders. If the Suspension remains in force for a period of six months trading in the Company's Shares will be cancelled in accordance with Rule 41 of the AIM Rules for Companies.

As matters stand the Directors do not see any merit in adopting a revised investment policy or making any further acquisitions and therefore trading in the Company's shares is likely to cease on or around 15 January 2015 whether or not the Resolutions are passed.

The Board has therefore concluded that the costs of maintaining the admission of the Company's Shares to trading on AIM for this time is likely to outweigh the potential benefits and that, in their view, it is therefore no longer in the Company's or its Shareholders' best interests for the Company's Shares to remain publically traded.

The Company has notified the London Stock Exchange of the proposed De-Listing. Subject to obtaining the necessary approvals, it is intended that the De-Listing will occur no earlier than five clear business days after the Extraordinary General Meeting and it is expected that trading in the Ordinary Shares on AIM will cease at the close of business on 9th September 2014, with De-Listing taking effect at 7.00 a.m. on 10 September 2014.

### **3. Effect of Cancellation**

The principal effect of the proposed De-listing is that there would no longer be a formal market mechanism enabling Shareholders to trade their Shares on AIM or any other recognised market or trading exchange. The proposal for the provision of a matched bargain facility is described below.

Shareholders should also be aware that the Company will no longer be bound by the AIM Rules. Further, as the Company's place of central management and control is outside of the United Kingdom, the Channel Islands and the Isle of Man, the Company will no longer be subject to the provisions of the Takeover Code. As a consequence, certain previously prescribed corporate governance procedures may not be adhered to in the future and the Company will no longer be required to announce material events or transactions. However, following the De-Listing, the Directors:

1. will hold an Annual General Meeting and, when required, other extraordinary general meetings, in accordance with the applicable statutory requirements and the New Articles of the Company;
2. will make available to all Shareholders an annual report and the Company's annual financial statements; and
3. intend to maintain an "investors" section on the Company's website at [www.metrobaltichorizons.com](http://www.metrobaltichorizons.com) providing information on any significant events or developments in which Shareholders may be interested.

### **4. Trading in the Ordinary Shares after the De-Listing**

Immediately following the Cancellation, there will be no market facility for dealing in the Ordinary Shares, no price will be publicly quoted and the Company's CREST facility will be terminated with Ordinary Shares no longer being transferable through CREST. The Board recognises that the Cancellation will make it more difficult for Shareholders to buy and sell Ordinary Shares should they want to do so. Accordingly, the Company will make available to Shareholders an off-market trading facility for the Ordinary Shares, which will be administered by Cantor Fitzgerald Ireland or such other provider as the Board may appoint, based on matching bargains, where buyers' and sellers' price expectations match and from September 2014. More details of the facility will be made available on the Company's website at that time at [www.metrobaltichorizons.com](http://www.metrobaltichorizons.com).

### **5. Company's distribution policy following De-listing**

Following the initial Proposed Return to Shareholders the Company intends to distribute excess capital to shareholders on an ongoing basis and as determined from time to time based on the Company's outstanding litigation and solvency needs.

### **6. Reregistration and New Articles**

A 2006 Act company is a corporate vehicle which follows the international business company model available in a number of offshore jurisdictions. This form of company is commonly used in the Isle of Man, is suitable for listing and may take advantage of a more flexible corporate regime. Of particular advantage is the fact that there are no capital maintenance requirements under the 2006 Act and instead, the Company is subject to satisfaction of a statutory solvency test; as well as benefitting from reduced compulsory registry filings and less prescriptive accountancy requirements. There is no distinction between public and private companies under the 2006 Act.

The 2006 Act permits the directors of a company to authorise a distribution to its members at such time and of such amount as they think fit if they are satisfied, on reasonable grounds, that the company will, immediately after the distribution, satisfy the solvency test. A company satisfies the "solvency test" if (i) it is able to pay its debts as they become due in the normal course of its business; and (ii) the value of its assets exceeds the value of its liabilities. The test replaces the traditional capital maintenance requirements which apply to companies established under the Companies Act 1931.

As mentioned earlier, notwithstanding that the Company will, following re-registration, be subject to a more flexible corporate regime, the Company intends to adopt the New Articles that are substantially the same as the existing memorandum and articles of association. However, the following material changes have been made:

#### *Memorandum of Association*

The Company is required to appoint a registered agent under the 2006 Act. It is intended that this role will be performed by the Company's administrator, IOMA Fund and Investment Management Limited. There is no requirement for a company secretary to be appointed, although the Company may appoint one should it wish. The memorandum states that the directors may pass a resolution to amend the New Articles but that they have no power to amend the New Articles to restrict the rights or powers of shareholders to amend the New Articles, or to change the majority of the voting rights of shareholders to be exercised in order to pass a resolution to amend the New Articles.

#### *Articles of Association*

- All provisions relating to the holding of uncertificated shares have been removed as following De-listing and Re-registration, it is intended that shares will be available only in certificated form, and share certificates will be issued to shareholders upon request.
- All provisions relating to the issue of C Shares and Deferred Shares have been removed as these are no longer required.
- The Company no longer has an authorised share capital and the Directors simply need to pass a resolution if it wishes to create new shares. The new memorandum contains a limit on the maximum number of shares that may be issued by the Company, identical to the amount available for issue under the existing articles, with the exception of the C Shares, which will no longer be in existence following re-registration. However, shareholder rights may not be varied without shareholder approval, as previously.
- The provisions permitting the Company to convert paid up shares into stock have been removed, as these are not required for use.
- The ability of the Company to hold shareholder meetings simultaneously in more than one place has been removed as this is not required by the Company.
- The Company's lien on shares now also applies to fully paid shares, and is in respect of all moneys or liabilities owed to the Company or which may become due at a future date or which are or may become due subject to a condition or contingency. The lien takes priority over any third party's interest in the shares subject to the lien.
- The relevant provisions relating to the buyback of shares by the Company contained in the 2006 Act are now set out in more detail the New Articles. This will simplify the share buyback process and avoids the need for court approval, provided that the statutory process is adhered to.
- The New Articles contain almost identical provisions relating to disenfranchisement to those in the existing Articles. However, the New Articles contain an additional provision permitting a shareholder who is subject to a disenfranchisement notice, to make an "approved transfer" An "***approved transfer***" of shares is a transfer (i) made in consequence of a *bona fide* sale of the whole of the beneficial interest in the shares to a person who is unconnected with any shareholder and with any other person appearing to be interested in the shares, (ii) considered by the Board to be in the best interests of the Company and its shareholders as a whole and (iii) approved by the Board, in its absolute discretion. ("**Connected person**" is given the meaning set out in by sections 252 to 254 of the UK 2006 Companies Act).
- The Board has absolute discretion to refuse to register a share transfer and may do so where a member is indebted to the Company.

- In relation to dividends and distributions due to members, the Company may deduct monies due from that member to the Company on account of calls or otherwise.
- As the Company's shareholders will vote on a resolution that the Company shall continue in existence at the forthcoming 2014 annual general meeting of the Company, the previous article relating to continuation of the Company, has now been deleted, along with the requirement to propose a similar resolution at every third annual general meeting thereafter if the resolution is successfully passed.
- In a winding up, the liquidator may divide the Company's assets between members *in specie* with the sanction of an ordinary resolution, rather than a special resolution, as previously.

## **7. Resolutions**

The Resolutions described below will be proposed at the Extraordinary General Meeting:

1. Special resolution to approve the De-Listing; and
2. Special resolution to approve the Re-Registration and the adoption of the New Articles.

The quorum for the Extraordinary General Meeting is two persons entitled to attend and to vote on the business to be transacted, each being a member or a proxy for a member or a duly authorised representative of a corporation which is a member. On a show of hands, each holder who is present in person or (being a corporation) by a duly authorised representative has one vote. On a poll, each holder who is present in person or by proxy or (being a corporation) by a duly authorised representative has one vote for every Ordinary Share held. In order to be passed, both resolutions, as special resolutions, will require approval by not less than 75 per cent. of the votes cast, whether in person or by proxy.

## **8. Irrevocable undertakings**

Irrevocable undertakings to vote in favour of the Resolutions have been received from the Directors and certain other shareholders in respect of their respective beneficial holdings of, in aggregate, 19,119,848 Ordinary Shares, representing approximately 72.9 per cent. of the total issued share capital of the Company.

## **9. Action to be taken**

A Form of Proxy for use in connection with the Extraordinary General Meeting is enclosed with this document. Whether or not you intend to be present at the Extraordinary General Meeting in person, it is important that you duly complete, execute and return the Form of Proxy, by hand or by post, to the Registrar in accordance with the instructions printed thereon.

To be valid, a completed Form of Proxy must be executed in accordance with the instructions printed thereon and returned as soon as possible and, in any event, so as to be received by the Registrar not later than 10:00a.m. on 31 August 2014. Completion and return of a Form of Proxy will not prevent you from attending and voting at the Extraordinary General Meeting in person should you wish to do so.

## **10. Recommendation**

The Directors consider the Resolutions to be proposed at the Extraordinary General Meeting to be in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend Shareholders to vote in favour of the Resolutions to be proposed at the Extraordinary General Meeting.

Yours faithfully

Ronan Reid  
Chairman

# NOTICE OF EXTRAORDINARY GENERAL MEETING

## Metro Baltic Horizons plc

*(Incorporated and registered in the Isle of Man under the Isle of Man Companies Act 1931 to 2004  
with registered number 117760C)*

Notice is hereby given that an Extraordinary General Meeting of Metro Baltic Horizons PLC (the “**Company**”) will be held at 75 St Stephens Green, Dublin 2 on 2 September 2014 at 10.00 a.m. for the following purposes

### SPECIAL BUSINESS

To consider and if thought fit pass the following resolutions which will be proposed as special resolutions:

#### Resolution 1.

To approve the cancellation of the admission to trading of the Company’s ordinary shares of €0.01 each on AIM, a market operated by the London Stock Exchange plc (the “**De-listing**”) and to authorise the Directors to take all action reasonable or necessary to effect the De-listing.

#### Resolution 2.

Conditional on the passing of resolution 1 above and immediately on the De-listing becoming effective, to:

- (a) authorise the Directors to re-register the Company as a private company under the Isle of Man Companies Act 2006; and
- (b) adopt the memorandum and articles of association produced to the meeting and initialled by the Chairman for identification purposes (the “**New Articles**”) upon re-registration as the memorandum and articles of association of the Company in substitution for, and to the exclusion of, the Company’s existing memorandum and articles of association;

By order of the Board

Philip Scales  
*Company Secretary*

7 August 2014

#### Notes:

1. A member of the Company who is entitled to attend and vote at the abovementioned extraordinary general meeting is entitled to appoint a proxy or proxies to attend and, on a poll, vote instead of him or her in respect of such shares. A proxy need not be a member of the Company.
2. A Form of Proxy is enclosed which, to be valid, must be completed and delivered, sent by post or sent by facsimile to +44 (0) 1624 681392 or to hayleyr@iomagroup.co.im together with the power of attorney or other authority (if any) under which it is signed (or a certified copy of such authority) to the Company’s Administrator, IOMA Fund and Investment Management Limited, IOMA House, Hope Street, Douglas, Isle of Man IM1 1AP so as to arrive not later than 10.00 a.m. on 31 August 2014, being 48 hours before the time of the meeting.
3. Completion and return of a Form of Proxy does not preclude a member from attending and voting in person should they wish to do so.
4. The Company, pursuant to Regulation 22 of the Uncertificated Securities Regulations 2005 (Isle of Man), specifies that only those members registered in the register of members as at 10.00 a.m. on 31 August 2014 shall be entitled to attend or vote at the meeting in respect of the ordinary shares registered in their name at that time. Changes to entries on the register of members after 10.00 a.m. on 31 August 2014 shall be disregarded in determining the rights of any person to attend or vote at the meeting.



