

CIRCULAR

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. It contains a proposal relating to Eastern European Property Fund Limited on which you are being asked to vote.

When considering what action you should take, you are recommended to seek your own personal advice from your stockbroker, bank manager, solicitor, accountant or from an independent financial adviser. If you have sold or otherwise transferred all of your Shares, please send this Circular together with the accompanying Proxy Appointment, at once, to the purchaser or transferee or to the stockbroker, banker or other agent through whom the sale or transfer was effected, for onward transmission to the purchaser or transferee.

This Circular should be read as a whole. Your attention is drawn in particular to the letter from your Chairman which is set out on pages 1 to 3 of this Circular and which recommends that you vote in favour of the resolution to be proposed at the extraordinary general meeting of the Company referred to in this Circular.

EASTERN EUROPEAN PROPERTY FUND LIMITED

(a company incorporated under the laws of Guernsey with registered number 44424)

Notice of Extraordinary General Meeting

The Proposal described in this Circular is conditional on Shareholder approval at the EGM. Notice of the EGM to be held at 10:00 am on 21 December 2020 at 1st Floor, Royal Chambers, St Julian's Avenue, St Peter Port, Guernsey GY1 3JX is set out at the end of this Circular.

Shareholders are requested to return a Proxy Appointment in hard copy form by post, by courier or by hand to the Company or by email to elysium@elysiumfundman.com, not less than 48 hours (excluding weekends and public holidays) before the time at which the EGM (or any adjournment thereof) is to begin.

Completion of a Proxy Appointment will not preclude a Shareholder from attending, speaking and voting in person at the EGM. However, please note on page 3 the effect of the recommended measures put in place by the States of Guernsey.

Your attention is drawn to the letter from the Chairman of the Company which is set out in this Circular and which recommends that you vote in favour of the Resolution to be proposed at the EGM. Your attention is also drawn to the section entitled "Action to be Taken" on page 3 of this Circular.

Defined terms used in this Circular have the meanings ascribed to them in the section headed "Definitions" on page 4.

EASTERN EUROPEAN PROPERTY FUND LIMITED

(a company incorporated under the laws of Guernsey with registered number 44424)

Registered Office:
Chairman
P.O. Box 650
1st Floor Royal Chambers
St Julian's Avenue
St. Peter Port
GUERNSEY
GY1 3JX

3 December 2020

To the Shareholders

Dear Sir or Madam

NOTICE OF EXTRAORDINARY GENERAL MEETING

INTRODUCTION

Attached to this Circular is a Notice of EGM. The Board is seeking Shareholder approval for the removal of the requirement for the Company's consolidated financial statements to be audited in respect of the financial year ending 31 December 2021 and subsequent accounting periods.

BACKGROUND TO AND REASONS FOR THE PROPOSAL

The Company recently disposed of its penultimate investment property, which was located in Sofia, Bulgaria, and now holds only one large unoccupied property in a historically important location in Istanbul, last valued at 31 December 2019 at \$13.5m. It also holds approximately £1.62m in cash as at 1 December 2020, most of which is held in Guernsey, under the control of the Administrator. The investment mandate of the Company is to dispose of all properties and to distribute the sale proceeds to Shareholders, subject to retaining sufficient monies to meet ongoing operating costs and to maximise the value of its remaining investments.

Management estimates that the ongoing costs of operating the Company and its subsidiaries (together, the "Group"), while continuing to try to dispose of the Istanbul property, will be around £230,000 p.a. Included in that estimate is a Group audit fee of approximately £40,000 p.a. It has not been possible to obtain a more competitive quotation from an alternative auditor due to any prospective appointment probably being short-term in nature. At 17% of estimated annual expenditure, the audit fee has become a large relative and absolute annual cost. The Group, now comprising one currently unoccupied property and cash reserves, presently generates very little income, and has a largely contractual cost base. As in previous years, the Company will be subject to an audit for the current financial year ending 31 December 2020.

Following discussion between the Directors and the management, the Board believes that the audit of the Group provides limited value to Shareholders, but comes at significant cost. The Istanbul property has proved difficult to sell over a number of years and there is no certainty it will be disposed of quickly. Accordingly, an audit with its associated cost could continue for some years if no action is taken. We believe that now is the time for Shareholders to consider, and if thought fit, resolve to waive the requirement for the Company's consolidated financial statements to be audited for the year ending 31 December 2021 and in subsequent accounting periods.

The Directors and management have considered alternative cost-effective independent levels of assurance that will remain, or can reasonably be put in place, should Shareholders vote in favour of the proposed exemption from annual audit.

The management of the Company has conducted discussions with KPMG Turkey ("KPMG") in relation to the Turkish subsidiary, Markiz Gayrimenkul yatırım ve ticaret anonim şirketi (the "Turkish Subsidiary"), about the implementation of a standalone audit of the Turkish Subsidiary. Since the

Company's inception, KPMG has assisted KPMG Channel Islands Limited in relation to the annual Group audit. Under such an alternative engagement, KPMG would provide an opinion in respect of the audited financial statements of the Turkish Subsidiary for the year ending 31 December 2021, which would be provided to Shareholders alongside unaudited consolidated financial statements of the Group prepared by the Administrator. It is the intention to continue to have the Turkish Subsidiary's financial statements audited on an annual basis.

The Administrator is regulated under the Protection of Investors (Bailiwick of Guernsey) Law 1987, as amended, and is licensed to act by the GFSC as a designated administrator. Elysium has administered the affairs of the Company since inception and has corporate servicing and administrative responsibilities in respect of assets valued at approximately \$2.4 billion at 30 November 2020.

The management of the Company estimates that the audit of the Turkish Subsidiary would cost approximately £10,000 for the year ending 31 December 2021 and would provide comfort for Shareholders regarding the Company's principal investment from a source independent of the Company. It would also result in a net annual saving of approximately £30,000 for the Group.

The Group employs an independent third-party valuer to assess the valuation of its properties at each year end and it intends to continue with this practice. It is estimated that the cost of this exercise in relation to the Istanbul property will be approximately €3,500 p.a. and this is believed to provide to Shareholders value for money, not only as an independent valuation, but also an independent physical inspection of the building and a check on its title.

It is a requirement of the ACEIS Rules, governed by the GFSC, to which the Company is subject, that the Company be audited. Following consultation with the GFSC, and subject to the conditions set out below, the GFSC has consented to the modification of the requirements of 5.02 of ACEIS Rules insofar as they apply to the Company, to permit the submission of un-audited financial statements to the GFSC, in place of audited financial statements for the year ending 31 December 2021 and subsequent accounting periods. These conditions are:

- 1) that Shareholders have the opportunity to vote upon the audit waiver proposal and that such proposal will not proceed unless a 90% investor approval threshold, as required by Companies Law, is achieved;
- 2) an independent third-party valuation of the Istanbul property continues to be undertaken on an annual basis and forms the basis of the valuation of this asset in the annual financial statements;
- 3) that the Company undertakes whatever steps might be necessary to ensure that the requirements of any other obligations or legislation to which the Company is subject will not be breached as a result of not preparing audited financial statements from the year ending 31 December 2021 and in subsequent accounting periods; and
- 4) that the unaudited financial statements of the Company continue to be produced to the same standard and content as currently (albeit without an audit report) and continue to be circulated to Shareholders and submitted to the GFSC in line with the normal reporting timetable.

The Company and the Administrator have undertaken to the GFSC to abide by and observe these conditions.

The EGM has been called for an audit waiver resolution to be put to a vote of Shareholders. In order for the Resolution to pass, 90% or more of the votes cast at the EGM must be in favour of the Resolution. In addition, **the Board has introduced a further requirement such that at least 50% plus one share of the issued shares must be voted at the EGM in order for the Resolution to pass. All Shareholders are therefore encouraged to vote.**

In the event that a sale of either the Turkish Subsidiary or the Istanbul property does not occur and the Board and management believe it to be in Shareholders' interests to lease or otherwise operate the Istanbul property to generate income, the Board will give due consideration to reinstating the annual audit of the Company's consolidated financial statements.

The purpose of this Circular is to provide Shareholders with details of, and to seek Shareholder approval for the Proposal. This Circular includes a notice in respect of the EGM to be held at 10:00

am on 21 December 2020 at 1st Floor, Royal Chambers, St Julian's Avenue, St Peter Port, Guernsey GY1 3JX.

The Board recommends that you vote in favour of the Resolution at the EGM. You are therefore urged to complete and return your Proxy Appointment without delay. **The States of Guernsey have recommended measures to reduce the transmission of COVID-19 and have introduced testing and self-isolation measures for travellers to Guernsey. The Board respects these measures to protect public health and safety and requests that Shareholders do not attend the EGM in person but instead appoint the Chairman as proxy and provide voting instructions in advance of the EGM. Arrangements will be made by the Company to ensure that the minimum number of Shareholders required under the Articles of Incorporation to form a quorum will attend the EGM so that it may proceed.**

RESOLUTION

You will find set out at the end of this Circular, a notice convening an EGM to be held at 10:00 am on 21 December 2020. The Resolution to be proposed at the EGM will be proposed as a waiver resolution.

A waiver resolution is a type of shareholder resolution provided under the Companies Law. In order for a waiver resolution to be passed, the resolution must receive the support of 90% of the total number of votes cast. Although not a requirement of the Companies Law or the Articles of Incorporation, the Board has determined that a minimum of 7,775,626 shares, being 50% plus one share of the Shares currently in issue, must have voted in order for the Resolution to pass.

All persons holding Shares at 10:00 am on 17 December 2020, or if the EGM is adjourned, on the register of Shareholders of the Company 48 hours (excluding weekends and public holidays) before the time of any adjourned EGM, shall be entitled to attend, speak and vote at the EGM and shall be entitled on a poll to one vote per Share held.

ACTION TO BE TAKEN

Appointment of proxy

Whether or not you intend to attend the EGM, you should ensure that your Proxy Appointment is returned to the Company, which must be lodged at the registered office of the Company or emailed to elysium@elysiumfundman.com.

In each case, the Proxy Appointment must be received by the Company not less than 48 hours (excluding weekends and public holidays) before the time for holding the EGM. To be valid, the relevant Proxy Appointment should be completed in accordance with the instructions accompanying it and lodged with the Company, by the relevant time.

Completion and return of the Proxy Appointment will not affect a Shareholder's right to attend, speak and vote at the EGM.

A quorum consisting of two Shareholders present in person or by proxy or a duly authorised representative of a corporation, which is a Shareholder, is required for the EGM.

RECOMMENDATION

The Directors are of the opinion that the Proposal is in the best interests of the Company and its Shareholders as a whole and the Directors recommend that Shareholders vote in favour of the Resolution to be proposed at the EGM. The Directors who hold Shares intend to vote in favour of the Resolution in respect of their entire shareholdings of 200,000 Shares, representing 1.29% of the total number of issued Shares as at 1 December 2020 (the latest practicable date prior to publication of this Circular).

Yours faithfully

For and on behalf of the Board

Martin M Adams
Chairman

DEFINITIONS

Abbreviation	Meaning
"ACEIS Rules"	The Authorised Closed-Ended Investment Schemes Rules 2008;
"Administrator" or "Elysium"	Elysium Fund Management Limited;
"Articles of Incorporation"	the articles of incorporation of the Company as amended from time to time;
"Board" or "Directors"	the board of directors of the Company;
"Business Days"	any day except a Saturday, Sunday or public holiday in Guernsey;
"Circular"	this document;
"Companies Law"	The Companies (Guernsey) Law, 2008 as amended;
"Company"	Eastern European Property Fund Limited;
"EGM"	the extraordinary general meeting convened for 10:00 am on 21 December 2020 (or any adjournment thereof) notice of which is set out at the end of this Circular;
"GFSC"	The Guernsey Financial Services Commission
"Proposal"	the items of business to be proposed at the EGM;
"Proxy Appointment"	the appointment of a proxy/proxies on behalf of a Shareholder in accordance with the procedures described in this Circular;
"Resolution"	the waiver resolution to be proposed at the EGM and contained in the notice of EGM in this Circular;
"Shareholder"	means a registered holder of Shares; and
"Shares"	means ordinary shares of £0.01 in the issued share capital of the Company and the term " Share " shall be construed accordingly.

EASTERN EUROPEAN PROPERTY FUND LIMITED

(a company incorporated under the laws of Guernsey with registered number 44424)

(the "**Company**")

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE is hereby given that an extraordinary general meeting of the Company ("**EGM**") will be held on 21 December 2020 at 10:00 am to consider and, if thought fit, to pass the following resolution which is proposed as a waiver resolution:

WAIVER RESOLUTION:

THAT:

- 1.** Conditional upon the receipt of votes representing more than 50% of the Shares currently in issue, and subject to the approval of at least 90% of the Shares voting, the Company waive the requirement to appoint an auditor with effect from 1 January 2021, such waiver to remain in place until otherwise rescinded by the Company.

By order of the Board

EASTERN EUROPEAN PROPERTY FUND LIMITED

Date: 3 December 2020

Registered Office:

P.O. Box 650

1st Floor Royal
Chambers

St Julian's Avenue

St. Peter Port

GUERNSEY

GY1 3JX

Notes:

- (i) A form of appointment of proxy (the **Proxy Appointment**) is enclosed with this notice. A Shareholder entitled to attend, speak and vote is entitled to appoint one or more proxies to exercise all or any of his/her/its rights to attend, speak and vote at the EGM. A proxy need not be a Shareholder of the Company. If you wish to appoint a person other than the Chairman of the EGM, please insert the name of your chosen proxy holder in the space provided on the enclosed Proxy Appointment.
- (ii) In the case of joint holders such persons shall not have the right to vote individually in respect of a Share but shall elect one person to represent them and vote in person or by proxy in their name. In default of such an election, the vote of the person first named in the register of members of the Company tendering a vote will be accepted to the exclusion of the votes of the other joint holders.
- (iii) You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different Shares. You may not appoint more than one proxy to exercise rights attached to any one Share. To appoint more than one proxy you may photocopy the enclosed Proxy Appointment. Please indicate the proxy holder's name and the number of Shares in relation to which they are authorised to act as your proxy (which, in aggregate, should not exceed the number of Shares held by you). Please also indicate if the proxy instruction is one of a multiple of instructions given by you. All hard copy Proxy Appointments must be signed and should be returned together in the same envelope.
- (iv) In order to be valid, a Proxy Appointment must be emailed to elysium@elysiumfundman.com or returned in hard copy form by post, by courier or by hand to:

Eastern European Property Fund Limited (FAO the Company Secretary) at 1st Floor, Royal Chambers, St Julian's Avenue, St Peter Port, Guernsey GY1 3JX.

In each case, the Proxy Appointment must be received by the Company not less than 48 hours (excluding weekends and public holidays) before the time for holding the EGM.
- (v) In the case of a Shareholder which is a company, a hard copy Proxy Appointment must be executed under its common seal or under the hand of an officer or attorney duly authorised.
- (vi) Any corporation which is a Shareholder may by a resolution of its directors or other governing body authorise such persons as it thinks fit to act as its representative at any meeting of the Company or of any class of Shareholders of the Company or to approve a resolution submitted in writing and the person so authorised shall be entitled to exercise on behalf of the corporation which he represents the same powers (other than to appoint a proxy) as that corporation could exercise if it were an individual Shareholder.
- (vii) Completion and return of the Proxy Appointment will not preclude a holder of Shares from subsequently attending, speaking and voting in person at the EGM, should they wish. If a Shareholder attends the EGM in person, any Proxy Appointment will automatically be terminated.
- (viii) By attending the EGM, a holder of Shares expressly agrees they are requesting and willing to receive any communications made at the EGM.
- (ix) If you submit more than one valid Proxy Appointment, the Proxy Appointment received last before the latest time for the receipt of proxies will take precedence. If the Company is unable to determine which Proxy Appointment was last validly received, none of them shall be treated as valid in respect of the same.
- (x) To have the right to attend, speak and to vote at the EGM (and also for the purpose of how many votes a holder of Shares casts), a holder of Shares must first have his or her name entered in the register of holders of Shares by no later than 10:00 am on 17 December 2020. Changes to entries on the register of holders of Shares after that time shall be disregarded in determining the right of any holder of Shares to attend, speak and vote at the EGM.

- (xi) A quorum consisting of two Shareholders being entitled to vote and attending in person or by proxy is required for the EGM. If within half an hour after the time appointed for the meeting a quorum is not present, the EGM shall be adjourned for 7 (seven) days at the same time and place or to such other day and at such other time and place as the Board may determine and no notice of adjournment need be given at any such adjourned meeting. Those Shareholders present in person or by proxy shall constitute the quorum at any such adjourned meeting.
- (xii) The resolution to be proposed at the EGM will be proposed as a waiver resolution which, to be passed, must receive the support of 90 (ninety) per cent. of the total number of votes cast.
- (xiii) Defined terms used but not defined in this notice shall have the same meaning given to them in the Circular of the Company dated 3 December 2020.

**EASTERN EUROPEAN PROPERTY FUND LIMITED
FORM OF PROXY**

For use at the EXTRAORDINARY GENERAL MEETING (Block capitals please)

I/We, the undersigned.....

Of.....

being a member / members of Eastern European Property Fund Limited, hereby appoint the Chairman of the meeting/

.....
as my/our proxy to vote for me/us on my/our behalf at 1st Floor, Royal Chambers, St Julian's Avenue, St Peter Port, Guernsey, GY1 3JX on 21 December 2020 at 10:00am and at any adjournment thereof and at his discretion on any other matter arising at such meeting.

Signature..... Dated.....

Please indicate with an X in the spaces below how you wish your votes to be cast.

Special business:		For	Against	Abstain
Waiver Resolution 1	That the Company waive the requirement to appoint an auditor with effect from 1 January 2021, such waiver to remain in place until otherwise rescinded by the Company.			

Notes

1. If you wish to appoint as a proxy a person other than the Chairman of the meeting, please delete the words "the Chairman of the meeting" and insert the name of the other person. All alterations made to this Form of Proxy must be initialled by the signatory.
2. The completion and return of the Form of Proxy will not prevent you from attending in person and voting at the meeting should you subsequently decide to do so. If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.
3. A Shareholder may appoint more than one proxy to attend. You may appoint more than one proxy, provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. When two or more valid but differing instruments of proxy are delivered in respect of the same share for use at the same meeting and in respect of the same matter, the one which is lastly delivered (regardless of its date or of the date of its execution) shall be treated as replacing and revoking the other or others as regards that share. If the Company is unable to determine which instrument was lastly delivered, none of them shall be treated as valid in respect of that share.
4. If you wish your proxy to cast all of your votes for or against a resolution, you should insert an "X" in the appropriate box. If you wish your proxy to cast only certain votes for and certain votes against, insert the relevant number of shares in the appropriate box. In the absence of instructions, your proxy may vote or abstain from voting as he or she thinks fit on the specified resolutions and, unless instructed otherwise, may also vote or abstain from voting as he or she thinks fit on any other business (including on a motion to amend a resolution, to propose a new resolution or to adjourn the meeting), which may properly come before the meeting. A vote withheld is not a vote in law. If instruction is given to withhold from voting in respect of any resolution, this instruction will be deemed to be neither a vote for or against the resolution and will not be counted.
5. This Form of Proxy must be signed by the Shareholder or his/her attorney. Where the Shareholder is a corporation, the signature must be under seal or signed by a duly authorised representative. In the case of joint Shareholders, any one Shareholder may sign this Form of Proxy. The vote of the senior joint Shareholder (whether in person or by proxy) will be taken to the exclusion of all others, seniority being determined by the order in which the names stand in the register of members in respect of the joint shareholding.

6. To be valid, this Form of Proxy (together with any power of attorney or other authority under which it is signed or a copy of such authority certified notarially or in some other way approved by the Board of Directors) must be deposited at the registered office of the Company, as soon as possible but, in any event, so as to arrive not later than 48 hours prior to the time appointed for the meeting.
7. To change your proxy instructions, you should simply submit a new Form of Proxy using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see note 6 above) also applies in relation to amended instructions; any amended Form of Proxy received after the time being 48 hours prior to the time appointed for the meeting will be disregarded.