
THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, you should immediately consult your stockbroker, solicitor, accountant or other independent financial adviser. If you have transferred all of your shares in EIH PLC, you should send this document to the transferee or to the agent through whom the transfer was effected for transmission to the transferee.

EIH PLC

RECOMMENDED PROPOSALS TO RE-REGISTER EIH PLC UNDER THE ISLE OF MAN COMPANIES ACT 2006 (AS AMENDED)

Notice of an Extraordinary General Meeting of EIH PLC, to be held at Fort Anne, Douglas, Isle of Man IM1 5PD on 28th March 2011 (the "**Meeting**") is set out on page 9 of this document. Whether or not you propose to attend the Meeting, you are requested to complete and return the form of proxy to John Killip at Fort Anne, Douglas, Isle of Man IM1 5PD in accordance with the instructions printed thereon.

EIH PLC

*(incorporated and registered in the Isle of Man under the Isle of Man Companies Acts 1931 to 2004
(as amended) with registered number 118297C)*

Directors

Rhys Cathan Davies
Brett Lance Miller
Ramanan Raghavendran

Registered Office

Fort Anne
Douglas
Isle of Man
IM1 5PD

1st March 2011

Dear Shareholder,

Recommended Proposals to Re-register EIH PLC under the Isle of Man Companies Act 2006 (as amended)

Introduction

I am writing to give you details of your Board's proposal to seek the authority of shareholders to re-register EIH PLC (the "**Company**") as a company governed by the Isle of Man Companies Act 2006 (as amended) (the "**Proposal**").

Rationale for Proposing Re-Registration

The Company is currently incorporated under the Isle of Man Companies Acts 1931-2004 (as amended) (the "**1931 Act**"). As such, the Company is restricted from returning capital to shareholders except pursuant to a reduction of capital sanctioned by the Isle of Man High Court (the "**Court**"). It is the intention of your Board to make a return of capital of US\$0.10 per share to shareholders as soon as practicable after the Meeting, with possible further returns of capital to be made at later dates in accordance with the Company's investment policy. As the procedure for a company incorporated under the 1931 Act to reduce capital is fairly cumbersome because of the need to seek the sanction of the Court to each such reduction, your Board has taken legal advice on the alternative options available to the Company. Your Board has been advised that re-registration of the Company under the Companies Act 2006 (as amended) (the "**2006 Act**") would remove the need to seek Court sanction to each reduction of capital and so allow the Company to return capital to shareholders in a more efficient manner.

In the event shareholders approve the Proposal, the Company will re-register as a company governed by the 2006 Act (the "**Re-Registration**") and be subject to a new memorandum (the "**New Memorandum**") and new articles of association (the "**New Articles**"). Subsequent to this, provided the Board is able to determine that the Company is solvent and will remain so after a capital return to shareholders, it is intended that the Board will, without reference to shareholders, make an initial capital return to shareholders of US\$0.10 per share with subsequent capital returns to be made from time to time by the Board and in accordance with the Company's investment policy.

The Re-registration

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. Accordingly, subject to the Re-Registration becoming effective, it should be easier for the Company to return capital to its shareholders.

As part of the Re-Registration, the Company will 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 Appendix 1. Appendix 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 referred to below in the section entitled 'Meeting and Resolution'; in addition, copies of the New Memorandum and the New Articles will be available at the Meeting.

A return of capital, or income, by a company subject to the 2006 Act may, subject to the relevant company's solvency and its articles of association, be effected by a number of methods including a dividend distribution.

Consequences of Re-Registration

On the basis that the Re-Registration proceeds, the 2006 Act provides that the Company will be the same legal entity as exists at present and the Re-Registration 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 re-registration in respect of the Company, the Company shall cease to be a company incorporated under and subject to the 1931 Act and instead the Company shall be subject to the 2006 Act.

Meeting and Resolution

The Proposal is conditional upon the approval by special resolution of the Company's shareholders in general meeting. Shareholders will find on page 9 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 Fort Anne, Douglas, Isle of Man IM1 5PD.

For the special resolution to be passed at the Meeting, 75 per cent. of the votes cast at the Meeting must be cast in favour of the resolution to be proposed.

Costs of the Proposals

The costs and expenses relating to the Proposal are estimated to amount to approximately GBP £15,000 plus VAT.

Action to be Taken

If you are unable to attend the Meeting, notice of which appears on page 9 of this document, but wish to exercise your vote, please complete the attached Form of Proxy and return it for the attention of John Killip at Fort Anne, Douglas, Isle of Man IM1 5PD (Fax No: +44 1624 638333).

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

The Directors of the Company consider that the Proposal is 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 special resolution at the Meeting.

Yours faithfully,

Rhys Cathan Davies
Chairman
for and on behalf of
EIH PLC

APPENDIX 1

The New Articles

The New Articles are based upon the Company's existing articles of association. Set out below is a non-exhaustive list of the principal changes which are proposed in relation to 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 it). However, there is no prohibition on the Company adopting such a differentiation if it chooses to do so. Accordingly, the New Articles as a general rule 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 70,000,000 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 £0.01.

Reduction of Capital

The New Articles will permit the Company to reduce its share capital, subject to the statutory solvency test being satisfied; there will be no need for the Court to sanction any reduction of capital. In the event that the resolution set out on page 9 of this document is passed, the directors of the Company (subject to the Company re-registering as a company incorporated under the 2006 Act) will be authorised to reduce the share capital of the Company by such amounts as the directors consider appropriate from time to time, provided on each occasion the directors of the Company are satisfied that the Company satisfies the solvency test set out in section 49 of the 2006 Act; no further resolution of shareholders will be required in order to reduce the capital of the Company on subsequent occasions, provided the directors are satisfied that the Company satisfies the solvency test on each occasion.

Purchase of Shares

Subject to the satisfaction of the statutory solvency test, the New Articles will permit the buy-back of shares without the restrictions which currently apply under the 1931 Act whereby such a purchase can only be funded from distributable profits or the proceeds of a fresh issue of shares made for the purpose of the repurchase.

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 Cains Fiduciaries 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

Under the New Articles the Company may have a seal but this is not obligatory; 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 income 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 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 six 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 Re-registration the New Memorandum and the New Articles may only be amended by a resolution approved by a majority of not less than three-fourths of such members as, being entitled so to do, vote in person or by proxy.

APPENDIX 2

Isle Of Man Companies Act 2006 (as amended)

The following, though not exhaustive, are some of the key characteristics of companies incorporated under the 2006 Act:-

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 Re-registration the Company will continue to have shares of £0.01 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 Re-registration to declare and pay a dividend in respect of income 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 (Cains Fiduciaries Limited will be the Company's first registered agent following Re-registration);
- there is no differentiation between public and private companies;
- there are simple share offering/prospectus 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.

EIH PLC

*(incorporated and registered in the Isle of Man under the Isle of Man Companies Acts 1931 to 2004 (as amended)
with registered number 118297C)*

NOTICE is hereby given that an Extraordinary General Meeting of EIH PLC (the "**Company**") will be held at Fort Anne, Douglas, Isle of Man IM1 5PD on 28th March 2011 at 10.00a.m for the purpose of considering and, if thought fit, passing the following resolution as a **Special Resolution**:

That:

- (i) the Company be re-registered as a company incorporated under the Companies Act 2006 (as amended) (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.

By Order of the Board
Rhys Cathan Davies
Director

Date: 1st March 2011

Registered Office

Fort Anne
Douglas
Isle of Man
IM1 5PD

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 Fort Anne, Douglas, Isle of Man IM1 5PD Attn: John Killip, Fax No: (+44 1624 638333) 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.

EIH PLC

FORM OF PROXY

To be used for the Extraordinary General Meeting of EIH PLC (the "Company") to be held at Fort Anne, Douglas, Isle of Man IM1 5PD on 28th March 2011 at 10.00a.m

I/We ¹ _____
of _____ ¹ being member(s) of the Company
hereby appoint the Chairman of the Meeting ² or _____ of
_____ on
my/our behalf at the Extraordinary General Meeting to be held on 28th March 2011 and at any adjournment thereof.

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

SPECIAL RESOLUTION

THAT:

- (i) the Company be re-registered as a company incorporated under the Companies Act 2006 (as amended) (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.

	FOR	AGAINST	ABSTAIN
(i)			
(ii)			
(iii)			

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 single "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 Fort Anne, Douglas, Isle of Man IM1 5PD Attn: John Killip, Fax No: +44 1624 638333. 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.