

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to what action you should take, you are recommended to seek your own personal financial advice from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000.**

If you have sold or otherwise transferred all of your ordinary shares of 50p each in Oak Holdings plc (the "Company") you should deliver this document together with the accompanying form of proxy as soon as possible to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

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## Oak Holdings plc

*(Incorporated and registered in England and Wales under the Companies Act 1985 with No. 2929801)*

*Directors:*

M G Savage (*Non-executive Chairman*)

S B Lewis (*Chief Executive Officer*)

M T A Hill (*Finance*)

G Axford (*Non-executive*)

P D Collins (*Non-executive*)

*Registered office:*

35 Vine Street

London

EC3N 2AA

14 October 2008

*To the holders of ordinary shares of 50p each in the Company and, for information only, to the holders of warrants and options to subscribe ordinary shares of 50p each in the capital of the Company*

Dear Shareholder,

### **Proposed reconstruction of share capital**

I last wrote to you in April this year and, as has been announced subsequently, there have, since then, been a number of positive developments in the progress of the YES! Project. I am writing to you now to summarise those recent achievements and to propose a reconstruction of the Company's share capital for the reasons set out below.

In my statement dated 30 April 2008 accompanying the financial statements for the year ended 31 October 2007, I reported that the Directors were actively considering sources of funding for the Company. I also said that we envisaged that such funding would cover the immediate requirements of the YES! Project to take the project through to a development loan as well as meeting the Company's day-to-day working capital needs and we are still pursuing that aim. However, should that fund raising include an equity subscription, it is now obvious that it will be necessary to reconstruct the share capital of the Company as the market price has for some months been below the nominal value of the shares. Your Board has decided that, in order to facilitate any fund raising which involved an equity subscription and to avoid potential delay once terms had been agreed, the necessary enabling resolutions should be put to shareholders now.

The purpose of this letter is to describe the changes being proposed to the Company's share capital structure and to convene a general meeting of the Company to consider the necessary resolutions to implement them.

### **Recent developments**

Since the end of April 2008, the YES! Project has made significant progress and I would draw your attention in particular to the following:

**Development Agreement signed:** The Company and Rotherham Metropolitan Borough Council have signed the Development Agreement for the 327 acre site in South Yorkshire which will accommodate the 1.2 million sq ft covered fully integrated mixed-use leisure and entertainment based centre, activity and conference destination for which the Company has planning approval. The Development Agreement includes the detailed terms of the 250 year lease of the project site and the Rother Valley Country Park.

**Valuation report:** Following the signing of the Development Agreement, the Company commissioned HLL Humberts Leisure ("HLL") to undertake a formal valuation based on the RICS Valuation Standards of the Company's interests in accordance with good practice. HLL is a leading specialist firm of chartered surveyors and international advisors in the leisure business and property sectors. HLL have reported to the

Company that they consider the value of the Company's interests and qualifying criteria for the proposed Yes! concept in the site (including the adjoining 21 acres of freehold access land adjacent to the A57 which was purchased last year) to be £21 million. This compares with the carrying value in the Company's books of some £11.9 million. The Company intends to undertake regular valuations of its interests.

The Directors continue to be focused on delivering the YES! Project and it is expected that work will start on the site in 2009.

### **Reconstruction of the Company's share capital**

The Company's existing ordinary shares have a nominal value of 50p per share and it is not possible, under the Companies Acts, for the Company to allot shares at less than their nominal value. As the current market price of the ordinary shares is less than this, it is not going to be practicable to complete any share issue at or above nominal value. It is therefore necessary to create a new class of ordinary share with a lower nominal value of, it is proposed, 5p to enable an equity issue to be a practical funding option.

In order to prevent the possibility of the Company having two classes of ordinary share in issue at the same time, the Company is proposing that each existing ordinary share of 50p is subdivided into 10 shares of 5p each and that 9 of such shares are reclassified as deferred shares of 5p each with the remaining share reclassified as a new ordinary share of 5p, which is the class of share which would be issued in any funding issue.

The new ordinary share of 5p each will have the same rights as to dividends, votes and (in all practical terms) participation in any repayment of capital as those of the existing issued ordinary shares of 50p each.

The new deferred shares will have no voting or dividend rights and will only have rights to a repayment of the nominal value of the shares and then only after a significant capital payment has been made to the holders of ordinary shares. The Company will have the right to transfer all such shares to a person to act as custodian of them and to acquire the entire issued class of deferred shares from time to time for a nominal consideration, both of which rights the Company intends to exercise as soon as is practicable. The deferred shares will thus, in practical terms, be valueless.

Therefore this sub-division and reclassification alone should have no impact on the number or value of a shareholder's current holding of ordinary shares.

### **Authority and power to issue shares**

In order to be able to issue new ordinary shares of 5p each the Directors need authority to allot such shares. The Directors need a further power to be able to issue them for cash on a basis other than pro rata to existing shareholders. The Board is, therefore, now seeking to renew the authority to allot the whole of the authorised but unissued ordinary share capital (other than that already committed for potential issue) and the power to issue any of such shares for cash other than by way of a pro rata issue to shareholders. This will give the Board the flexibility to include an equity issue as a part of a fund raising and will also enable an acquisition to be made for shares if a suitable beneficial opportunity were to arise. Accordingly, it is proposed that the Directors be given authority and power to allot and issue, for cash or otherwise, shares with an aggregate nominal value of up to £7,276,863.45, representing the whole of the authorised and unissued share capital of the Company other than that which is already committed for potential issue.

### **Share certificates and dealings**

If the proposed re-construction of the share capital is approved, (i) new certificates will be issued to shareholders whose current shareholding is held in certificated form in respect of their holdings of new ordinary shares of 5p each and it is expected that such certificates will be despatched by post on 17 November 2008 (and, pending despatch of the new certificates, the Company's registrar will certify transfers against the register); (ii) new ordinary shares of 5p each will be credited to the appropriate stock account with CREST on 7 November 2008 where the current shareholding is in uncertificated form; and (iii) existing certificates will cease to have any value after 6 November 2008.

Application will be made for the new ordinary shares of 5p each to be admitted to trading on the Alternative Investment Market of the London Stock Exchange and it is expected that such trading will commence on 7 November 2008.

In respect of the deferred shares, it is not intended that certificates will be issued, or admission to trading on the Alternative Investment Market of the London Stock Exchange or any other trading facility sought.

### **Holders of Warrants to subscribe shares**

The Company has outstanding a number of warrants to subscribe for ordinary shares of 50p each at a subscription price of 119p per share (which were originally issued as warrants to subscribe for 50 times the number of ordinary shares of 1p each at 2.38p per share). The rights of these outstanding warrants will be varied in accordance with their terms so that each holder of a warrant to subscribe an ordinary share of 50p at 119p will have the right to subscribe for a new ordinary share of 5p at 119p. As the deferred shares are of no value and as it is intended that the Company purchase the whole of the class of deferred shares for cancellation shortly after the reconstruction is concluded, warrant holders will not have a right to subscribe for any deferred shares and the Directors do not consider that this affects the rights of warrant holders in any practical way. The Company does not intend to issue new warrant certificates to reflect this change, although any warrant holder wishing to have a new certificate in respect of the new ordinary shares which will be created in accordance with the proposals should apply to the Company's registrar.

### **General meeting**

Notice of a general meeting of the Company, to be held at 11.00 a.m. on 6 November 2008 at the offices of Field Fisher Waterhouse LLP, 35 Vine Street, London EC3N 2AA, is attached to this document. At this meeting, two special resolutions will be proposed as described below:

1. To approve the subdivision and reclassification of the existing issued share capital as described above, to subdivide the authorised but unissued share capital of the Company and to amend the Articles of Association of the Company to incorporate the rights of the deferred shares and to restate the authorised share capital of the Company; and
2. To authorise the Directors to allot equity share capital and empower them to issue equity share capital other than on a pre-emptive basis until the conclusion of the next annual general meeting of the Company, which authority and power will be limited to the issue of shares with a maximum nominal value of £7,276,863.45 as described above.

### **Action to be taken**

Shareholders will find enclosed with this letter a form of proxy. Whether or not you intend to attend the general meeting and vote in person, all shareholders are requested to complete and return the form of proxy in accordance with the instructions printed thereon as soon as possible. To be valid, completed forms of proxy must be received by the Company's registrars, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY not later than 11.00 a.m. on 4 November 2008 being 48 hours before the time appointed for holding the general meeting. Completion of a form of proxy will not preclude you from attending the meeting and voting in person if you so wish.

### **Recommendation**

**Your Board considers that the proposed capital reconstruction is in the best interests of shareholders as a whole.**

**Accordingly your Board recommend all shareholders to vote in favour of the resolutions to be proposed at the general meeting as they intend to in respect of their beneficial holdings of, in aggregate, 4,663,131 ordinary shares, representing 30.8 per cent of the issued ordinary share capital.**

Yours faithfully

**M G Savage FRICS**  
Chairman

# Oak Holdings plc

(incorporated in England and Wales with registered number 2929801)

## Notice of General Meeting

Notice is hereby given that a general meeting of Oak Holdings plc (the "Company") will be held at the offices of Field Fisher Waterhouse LLP, 35 Vine Street, London EC3N 2AA at 11.00 a.m. on 6 November 2008 to consider and, if thought fit, pass the following resolutions which will be proposed as Special Resolutions:

### Special Resolution

**1. THAT** the share capital of the Company be subdivided and reclassified as follows:

- (i) each existing ordinary share of 50p in the capital of the Company in issue as shown in the Register of Members of the Company at the close of business on 6 November 2008 shall be subdivided into 10 shares of 5p each and 9 of such shares shall be reclassified as deferred shares of 5p each;
- (ii) the ordinary shares of 5p each and the deferred shares of 5p each arising under paragraph (i) of this resolution shall have the rights set out under the Articles of Association as amended by paragraph (iii) below;
- (iii) the existing articles of association of the Company be amended as follows:

By the insertion of a new definition of Deferred Shares as follows:

""Deferred Shares"" means the deferred shares of nominal value of 5p each in the capital of the Company collectively having the same rights and being subject to the same restrictions as set out in article 3A";

By the insertion of the following new article 3A:

"The Deferred shares shall have the following rights and shall be subject to the following restrictions:

- (1) The Deferred Shares shall:
  - (a) not entitle their holders to receive any dividend or other distribution;
  - (b) not entitle their holders to receive notice of or to attend, speak or vote at any General Meeting of the Company by virtue of or in respect of their holding of such Deferred Shares;
  - (c) entitle their holders on a return of assets on a winding-up of the Company or otherwise only to the repayment of the capital paid up on such Deferred Shares and only after repayment of the capital paid up on each Ordinary Share in the capital of the Company and the payment of a further £100,000 on each such Ordinary Share.
- (2) The holders of the Deferred Shares shall not be entitled to any further participation in the assets or profits of the Company. Notwithstanding any other provision of the Articles of Association of the Company and, unless specifically required by the provisions of the Act, the Company shall not be required to issue any certificates in respect of the Deferred Shares. The Company shall have irrevocable authority at any time:
  - (a) to appoint a person on behalf of any holder of Deferred Shares to enter into an agreement to transfer, and to execute a transfer of, the Deferred Shares, for no consideration, to such person (whether or not an officer of the Company) as the Directors may determine as the custodian thereof;
  - (b) to purchase all of the Deferred Shares then in issue in consideration of an aggregate payment of one penny for all of such shares then redeemed upon giving to the holders of Deferred Shares to be redeemed 28 days' prior notice fixing a time and place for redemption;
  - (c) in the event of any transfer, purchase or redemption to retain any share certificate relating to such shares. In the event that any Deferred Shares are purchased or

redeemed as aforesaid, the relevant amount of authorised but unissued share capital arising may be redesignated by the Directors as ordinary share capital. Neither the passing by the Company of any Special Resolution for the cancellation of the Deferred Shares for no consideration by means of a reduction of capital requiring the confirmation of the Court nor the obtaining by the Company nor the making by the Court of any Order confirming any such reduction of capital nor the becoming effective of any such Order shall constitute a variation, modification or abrogation of the rights attaching to the Deferred Shares and accordingly the Deferred Shares may at any time be cancelled for no consideration by means of a reduction of capital effected in accordance with the Act without sanction or consent on the part of the holders of the Deferred Shares.”

By the renumbering of the existing article 3 as article 3B and its amendment to read as follows: “The authorised share capital of the Company at the date these articles were last amended is £15,000,000 divided into 163,828,803 Ordinary Shares of 5p each and 136,171,197 Deferred Shares of 5p each.”

## **Special Resolution**

**2. THAT**, subject to the passing of the resolution numbered 1 in the notice of this meeting:

- (i) in substitution for any existing authority subsisting at the date of this resolution (save for such powers granted by statute), the Directors be and they are hereby authorised, generally and unconditionally for the purposes of section 80 of the Companies Act 1985 (“the Act”), to allot relevant securities (as defined in section 80(2) of the Act) up to a maximum aggregate nominal amount of £7,276,863.45 provided that:
  - (a) this authority shall expire at the commencement of the Annual General Meeting next held after the date of the passing of this resolution or, if earlier, fifteen months from the date of the passing of this resolution; and
  - (b) the Company may before such expiry make an offer, agreement or other arrangement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities pursuant to any such offer, agreement or other arrangement as if the authority hereby conferred had not so expired; and
- (ii) in substitution for any existing power subsisting at the date of this resolution (save for any such powers granted by statute), the Directors be and they are hereby empowered, pursuant to section 95 of the Act to allot equity securities (as defined in section 94(2) of the Act) out of any relevant securities (as defined in section 80(2) of the Act) which they are from time to time authorised to allot as if section 89(1) of the Act did not apply to such allotment up to a maximum nominal amount of £7,276,863.45;  
provided that:
  - (1) this authority shall expire at the commencement of the Annual General Meeting next held after the date of the passing of this resolution or, if earlier, fifteen months from the date of the passing of this resolution; and
  - (2) the Company may before such expiry make an offer, agreement or other arrangement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities pursuant to any such offer, agreement or other arrangement as if the authority hereby conferred had not so expired.

*Registered office*  
35 Vine Street  
London EC3N 2AA

*By order of the Board*  
**M T A Hill**  
Secretary

14 October 2008

**Notes:**

- (1) A member entitled to attend and vote at the above meeting is entitled to appoint a proxy or proxies to attend and vote instead of him. A proxy need not be a member of the Company. Only shareholders, proxies and authorised representatives of corporations which are members are entitled to attend the Meeting.
- (2) In the case of joint holders, the vote of the senior member who tenders a vote whether in person or by proxy will be accepted to the exclusion of the vote of other joint holders. For this purpose, seniority is determined by the order in which the names stand in the register of shareholders in respect of the shareholding.
- (3) In the case of a corporation, the form of proxy must be executed under its common seal or signed on its behalf by a duly authorised attorney or a duly authorised officer of the corporation.
- (4) A form of proxy is enclosed for your use, if desired. To be effective, the form of proxy together with any power of attorney or other authority under which it is signed (or a copy thereof certified notarially or in accordance with the Power of Attorney Act 1971 or as the Directors shall accept) must be sent to the Company's registrar, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY so as to arrive not less than 48 hours before the time of holding of the meeting.
- (5) Any alterations to the form of proxy should be initialled.
- (6) Completion of a form of proxy will not affect the right of a member to attend and vote at the meeting.
- (7) Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those shareholders of the Company registered on the register of members at the close of business on the day which is two days before the day of the meeting shall be entitled to attend or vote at the General Meeting in respect of the number of shares registered in their name at that time. Changes to the register of members after that time will be disregarded in determining the rights of any person to attend or vote at the meeting.
- (8) In order to facilitate voting by corporate representatives at the meeting, arrangements will be put in place at the meeting so that (i) if a corporate shareholder has appointed the Chairman of the meeting as its corporate representative with instructions to vote on a poll in accordance with the directions of all of the other corporate representatives for that shareholder at the meeting, then on a poll those corporate representatives will give voting directions to the Chairman and the Chairman will vote (or withhold a vote) as corporate representative in accordance with those directions; and (ii) if more than one corporate representative for the same corporate shareholder attends the meeting but the corporate shareholder has not appointed the Chairman of the meeting as its corporate representative, a designated corporate representative will be nominated, from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative. Corporate shareholders are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives – [www.icsa.org.uk](http://www.icsa.org.uk) – for further details of this procedure. The guidance includes a sample form of representation letter if the Chairman is being appointed as described in (i) above.