

PATHFINDER PROPERTIES PLC  
("Pathfinder" or the "Company")

Posting of Shareholder Circular and Notice of EGM

The Company announces today that it has sent a Circular to Shareholders setting out the proposals to dispose of the Ilford development site for £3,500,000 in cash and the Victorian Brewery at the Newark development site for £500,000 in cash plus an undertaking to complete the brewery development to acquisition vehicle(s) of Gerard Lee, a director and 16.6% shareholder of the Company. The Ilford site has recently been independently valued at £2,500,000 and the Victorian Brewery has recently been independently valued at £513,000.

The Disposals will constitute "related party transactions" under AIM Rule 13 and "disposals resulting in a fundamental change of business" under AIM Rule 15, although the Company will continue as a property development company holding its remaining sites. In addition, the Disposals will also constitute "substantial property transactions" requiring shareholder approval under section 190 Companies Act 2006.

As stated above, the Disposals are classified as "related party transactions" under AIM Rule 13. Accordingly, the Directors, other than Mr Lee who is interested in the transaction, (the "Independent Directors"), have consulted with Beaumont Cornish Limited and consider the terms of the transaction to be fair and reasonable insofar as the shareholders of the Company are concerned.

If shareholder consent is obtained at the EGM it is proposed that the Company intends to enter into legal agreements with Gerard Lee's acquisition vehicle(s) to complete the Disposals. The Company intends to use the proceeds of the Disposals to repay the entire amount of the bank debt on the Ilford development site (being £2,230,000 owed to The Royal Bank of Scotland) and to help finance the River Edge and Road Frontage developments at the Newark site.

Gerard Lee proposes to undertake that he will complete the Brewery development thus allowing the Company to retain the planning consent for 99 flats on the River Edge. The bond, amounting to £900,000, which was paid to the council by way of a S106 agreement and for which there is £786,043 still outstanding, will remain payable to the Company under these arrangements, subject to the completion of the milestones.

The Company plans to continue as a property development company with the remaining two phases of the Newark development, being the River Edge and Road Frontage sites.. As a result of the Disposals the Company will have net cash resources of £600,000 (after allowing for next year's estimated annual running costs of £200,000 and assuming the repayment of the bond as detailed above) and a three year term loan of £2,900,000 on the Newark site (against a valuation of £5,800,000 as reported in August 2008).

The purpose of the Circular, which will be available from the offices of the Company and on its website [www.pathfinderplc.co.uk](http://www.pathfinderplc.co.uk), is to provide Shareholders with the background to the Disposals and to seek their approval for the Disposals at the Extraordinary General Meeting ("EGM") to be held at Avenue House, East End Road, Finchley, London N3 3QE on 15 September 2008 at 11.00am.

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