9 April 2009

DOLPHIN CAPITAL INVESTORS LIMITED
("**DCI**" or the "**Company**")

DCI to acquire remaining 15% interest in Aristo Developers Limited and Notice of Extraordinary General Meeting

Dolphin Capital Investors Limited, the leading investor in the residential resort sector in south-east Europe and the largest real estate investment company quoted on AIM, announces that it has increased its ownership in Dolphin Capital Investors Holdings Two Limited ("**DCIH2**"), the intermediate holding company of Aristo Developers Limited ("**Aristo**"), from 85% to 100% (the "**Transaction**"). Aristo is the largest private land owner and the leading residential developer in Cyprus.

The Transaction follows the exercise by Mr. Theodoros Aristodemou, the Founder and Managing Director of Aristo, of his put option right relating to his remaining 15% shareholding in DCIH2, pursuant to the terms of the shareholders' agreement entered into in April 2007 in connection with the acquisition by DCI of a majority holding in Aristo (the "**Put Option Right**").

The Company is pleased to report that it has reached an agreement with Mr. Aristodemou to vary the terms of his Put Option Right and, subject to shareholders approval, the amount of €92.7 million payable to Mr. Aristodemou under the original terms of the Put Option Right (the "**Put Option Consideration**") will be satisfied, (i) by a €50 million cash payment, and (ii) by the issue to Mr. Aristodemou (or companies controlled by him) of 133,113,087 DCI Common Shares.

<u>Transaction Highlights:</u>

- The Put Option Consideration represents an approximate 30% discount to the proportionate value of Mr Aristodemou's 15% shareholding in DCIH2 based on DCHI2's net asset value of €876 million as at 31 December 2008.

- The Put Option Consideration will be settled through the payment of €50 million in cash, with the balance of €42.7 million paid in Common Shares (the "**Consideration Shares**") in the form of 78,673,087 newly issued DCI Common Shares and 54,440,000 existing DCI Common Shares held by the Company in treasury. The number of Consideration Shares is based on an issue price equal to 30p. Prior to the variation of the Put Option Right, the Put Option Consideration was due to be settled entirely in cash.

- The Company has also entered into a call option agreement to enable DCI to repurchase some or all of the Consideration Shares (the "**Call Option**") at the end of the six month period following the date of issuance of the Consideration Shares.

- Through the Transaction, Mr Aristodemou will increase his ownership in the Company from 18.07% to 35.44%, further aligning his interests with the DCI shareholders. Mr Aristodemou will also remain the Managing Director of Aristo for at least two years.

As the Transaction will require the issue of new Common Shares at a price below the prevailing net asset value per Common Share, it is subject to shareholder approval. An ordinary resolution (the "**Resolution**") to authorise the Directors to issue the Consideration Shares at a price below the prevailing net asset value per Common Share will be proposed at an extraordinary general meeting of the Company to be held at 1.00 pm (Cyprus time) on 24 April 2009 (the "**EGM**").

To date, the Company has obtained voting confirmations from Shareholders holding approximately 35.01% of its issued share capital to vote in favour of the Resolution, including Silver Capital Holdings Ltd, a company controlled by Mr Aristodemou. Together with the votes of the Directors who collectively hold approximately 11.9% of the Company's issued share capital, the Company's issued share capital which will vote in favour of the Resolution represents in aggregate approximately 46.91%.

A circular containing a notice convening the EGM will be posted to DCI shareholders shortly. A copy of the Chairman's letter to shareholders is included below.

Commenting on the transaction, Andreas N Papageorghiou, Chairman of Dolphin Capital Investors, said, *"We are delighted to have reached this agreement with Mr. Aristodemou. By amending the terms of the Put Option Consideration we have ensured that we will preserve cash within the Company and also provide* *senior management continuity for Aristo. Concluding the Transaction in this manner underlines Mr Aristodemou's commitment to DCI and its business model and further increases the alignment of his interests with DCI's shareholders."*

Miltos Kambourides, Managing Partner of Dolphin Capital Partners, added: "*Mr Aristodemou has overseen Aristo's impressive growth since its establishment 25 years ago, creating one of the Eastern Mediterranean's most successful development companies with a current asset base in excess of €1.3 billion. We are therefore very pleased by the further alignment of his interests with DCI demonstrated by this agreement.*

"Dolphin remains in a strong position with cash balances in excess of €100 million and no debt at the Company level, enabling us to continue to prudently progress our portfolio developments as planned."

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Notes to editors:

Dolphin is the leading investor in the residential resort sector in south-east Europe and the largest real estate investment company listed on AIM.

Dolphin seeks to generate strong capital growth for its shareholders by acquiring large seafront sites of striking natural beauty primarily, in the eastern Mediterranean region, and establishing sophisticated leisure-integrated residential resorts.

Since its inception in 2005, Dolphin has raised €859 million, has become one of the largest private seafront landowners in Greece and Cyprus and has partnered with some of the world's most recognised architects, golf course designers and hotel operators.

In April 2007, Dolphin acquired Aristo, one of the largest holiday home developers in south-east Europe. This enabled the enlarged Company to combine real estate private equity investment expertise with leading development experience and local market knowledge.

Dolphin's portfolio is currently spread over 65 million m² of prime coastal developable land and comprises 15 large-scale, leisure-integrated residential resorts under development in Greece, Cyprus, Croatia, Turkey, Panama and the Dominican Republic and more than 60 smaller holiday home projects through Aristo Developers in Cyprus.

Dolphin is managed by Dolphin Capital Partners ("DCP" or the "Investment Manager"), an independent private equity management firm that specialises in real estate investments

The letter to DCI shareholders from the Company's chairman is laid out below:

Introduction

On 5 April 2007, Dolphin Capital Investors Limited ("**Dolphin**", the "**Company**" and together with its subsidiaries the "**Group**") through its special purpose vehicle Dolphin Capital Investors Holdings One Limited purchased an initial 59.5% shareholding in Aristo Developers Limited ("**Aristo**") from Mr Theodoros

Aristodemou ("**Mr Aristodemou**") the principal shareholder and founder of Aristo. The consideration for this purchase of shares in Aristo from Mr Aristodemou involved a cash payment of €128.7 million and a 15% shareholding in Dolphin Capital Investors Holdings Two Limited ("**DCIH2**") the intermediate holding company of Aristo. DCIH2, through its wholly owned subsidiary company Dolphin Capital Atlantis proceeded with further share acquisitions and a formal public tender offer and subsequently completed the acquisition of 100% of Aristo on 15 May 2008. The Company currently owns 85% of DCIH2 and Mr Aristodemou owns the remaining 15%.

Pursuant to the terms of a shareholders agreement dated 5 April 2007 entered into between the Company and Mr Aristodemou relating to Mr Aristodemou's shareholding in DCIH2, Mr Aristodemou was subject to a two-year lockup period (the "**Lockup Period**") in relation to his shareholding in DCIH2, after which put and call options could be exercised between the parties for Mr Aristodemou's shareholding in DCIH2.

The Lockup Period ended on 5 April 2009 and Mr Aristodemou has expressed his intention to exercise his put option right (the "**Put Option Right**") for his 15% shareholding in DCIH2 with effect from 8 April 2009. The exercise of this Put Option Right by Mr Aristodemou will result in the Company holding 100% of the shares in DCIH2 and thereby indirectly 100% of the issued shares in Aristo. The cash amount payable to Mr Aristodemou under the terms of the Put Option Right is €92.7 million (the "**Put Option Consideration**") which represents an approximate 30% discount to his proportionate shareholding in DCIH2 based on DCIH2's net asset value ("**NAV**") of €876 million as at 31 December 2008.

Background

Since September 2008, when the economic environment and credit markets significantly deteriorated, the Board and Dolphin Capital Partners Limited (the "**Investment Manager**") have been reviewing the Company's business plan, its working capital position and its cash requirements to ensure that Dolphin continues to progress successfully through the downturn and be in a position potentially to realise the expected returns once the markets stabilise.

As set out in the Company's 30 June 2008 interim results, the Group decelerated its investment activity and turned its focus on to its existing portfolio. Also, as set out in the Company's 31 December 2008 annual results, the Investment Manager has initiated value engineering and cost reduction measures for certain projects and rationalised the permitting and design process, to minimise future cash outflows and maximise potential profitability.

In addition, the Investment Manager, together with Mr Aristodemou and the Aristo management team, has also reviewed the operations of Aristo and proceeded with (i) the restructuring of its various loan agreements by extending their maturity and principal repayment schedules, (ii) the implementation of wide-ranging cost cutting measures including reducing overheads by approximately 30%, (iii) the freezing of new investments, and (iv) the halting of non-pre-sold construction activity. This has resulted in a new Aristo budget and business plan that the Investment Manager believes should allow Aristo to remain cashflow positive over the next two years even if the current market conditions persist.

The Group's net consolidated annual operational and debt service cash outflow following these actions is currently estimated to be in the range of €40 million to €50 million. This estimate is consistent with the actual cash spending rate since August 2008. For the avoidance of doubt, these figures assume no further land purchases, and do not include additional cash injections towards the construction of projects.

As at 31 March 2009, the Group's cash balances were approximately €159 million. The Company has no financial debt or bank liabilities as all of the Group loans are held in the Company's subsidiaries and are non-recourse to the Company. The Company's subsidiary loans as at 31 December 2008 represented only 19% of total assets of €2.2 billion.

To allow for even more operational spending flexibility, the Investment Manager has been exploring, (i) joint venture opportunities for the development of the Group's most advanced projects, and (ii) a number of asset realisation opportunities for non-core and core assets. However, given the challenging economic environment and lack of debt finance available to potential purchasers to fund acquisitions, the timing of the conclusion of any potential transactions is uncertain.

Variation of the Put Option Right

Given the challenging economic environment, it is not possible to determine the timing of the inflow of further cash proceeds to the Company from sources such as sales of core or non-core assets, bank financings, re-financings, investments by joint venture partners or dividends from Aristo. Therefore, in order to further preserve the Company's cash balance, the Investment Manager has agreed with Mr Aristodemou to vary the payment terms of the Put Option Right so that the cash amount payable can be settled in a combination of cash and Dolphin Common Shares. More specifically, €50 million of the Put Option Consideration will be paid in cash (the "**Cash Consideration**"), with the remaining €42.7 million to be satisfied, subject to Shareholder approval, by the issue to Mr Aristodemou (or companies controlled by him) of 133,113,087 fully paid Common Shares (the "**Consideration Shares**") in the form of 78,673,087 newly issued Common Shares and 54,440,000 existing Common Shares held by the Company in treasury.

Subject to Shareholder approval, the Consideration Shares are to be issued at a price of 30p per Common Share which represents a 2.19% premium on the weighted average closing middle market price of the Common Shares since the release of the annual results on 17 March 2009 (the Sterling/Euro exchange rate assumed is £1.00/€1.07).

As part of the variation of the terms of the Put Option Right, and subject to Shareholder approval, the Company has entered into a call option agreement to have the ability to repurchase some or all of the Consideration Shares from Mr Aristodemou (the "**Call Option**") at the end of the six month period following the date of issuance of the Consideration Shares (the "**Call Option Lock-up Period**"), which will be on or around 24 October 2009, at a price per Common Share which will be equal to the higher of, (a) 33p per Common Share, or (b) the Common Shares' five-day weighted average closing middle market price at the end of the Call Option Lock-up Period, capped at 50p (the "**Call Option Price**").

In addition, a further put option agreement has been entered into between the Company and Mr Aristodemou in relation to the Consideration Shares (the "**Further Put Option**") which may be exercised by Mr Aristodemou in the following two circumstances only:

(i) if during the Call Option Lock-up Period the Company issues further Common Shares at an issue price below 33p per Common Share, Mr Aristodemou will be entitled to exercise the Further Put Option, and be paid at the end of Call Option Lock-up Period, at a price equal to the higher of, (a) 33p per Common Share, or (b) the Common Shares' weighted average closing middle market price for the five trading days prior to the date such exercise is notified, capped at 50p or (c) the Common Shares' five-day weighted average closing middle market price at the end of the Call Option Lock-up Period, capped at 50p; and

(ii) if the Company undertakes only a partial exercise of the Call Option, Mr Aristodemou will be entitled to exercise the Further Put Option, and be paid, on the date being one month after the expiration of the Call Option Lock-up Period in relation to the remaining Consideration Shares not repurchased by the Company, at a price equal to the Call Option Price. In the event that the Company does not exercise the Call Option at all, Mr Aristodemou will not be entitled to exercise the Further Put Option.

The Company will only use new funds generated from asset disposals made during the Call Option Lock-up Period for the exercise of the Call Option.

The purpose of the Call Option is to give the Board the ability to repurchase the Consideration Shares and partially or wholly reverse the dilution effect from the proposed issue of the Consideration Shares at a price below the Company's prevailing net asset value per Common Share ("**NAV per Common Share**"). The purpose of the Further Put Option is mainly to protect Mr Aristodemou from dilution during the Call Option Lock-up Period when he is not allowed to sell the Consideration Shares.

Mr Aristodemou has agreed to remain Managing Director of Aristo for at least two more years from the exercise of his Put Option Right. He will have no interest in any Group company other than his share interest in Dolphin.

Assuming the payment of the Cash Consideration and the issue of the Consideration Shares, the Company's pro forma cash balance as at 31 March 2009 would be approximately €109 million. Should the variation to the Put Option Right not be approved by Shareholders, the Company's pro forma cash balance at 31 March 2009 would be reduced by an additional €42.7 million and be approximately €66.3 million. In this case, the Board and the Investment Manager would consider delaying the advancement of the permitting and development of some of the projects until the Company generated additional cash proceeds, which could consequently potentially delay the realisation of those projects.

Effect on NAV per Common Share

The NAV of DCIH2 (the intermediate holding company of Aristo) as at 31 December 2008 was €876 million. Consequently, the 15% shareholding held by Mr Aristodemou in DCIH2 (which represents an indirect 15% shareholding in Aristo) is valued by the Company as at 31 December 2008 at €131 million. As a result, the acquisition of the 15% shareholding in DCIH2 by the Company will increase the pro forma net asset value of the Company as at 31 December 2008 by €81 million to a total of €1.58 billion, after adjusting for the payment of the Cash Consideration. The issue of the Consideration Shares at 30p per Common Share would result in a 17% dilution to the NAV per Common Share as at 31 December 2008. Specifically, the Company's reported NAV per Common Share before and after deferred income tax liabilities would decrease from 294p and 265p respectively, as at 31 December 2008, to 242p and 219p respectively (using the same Sterling/Euro exchange rate as at 31 December 2008 of £1.00/€1.0272).

Consequences of the Issue of Consideration Shares

Mr Aristodemou currently holds approximately 18.07% of the Company's issued share capital, through Silver Capital Holdings Ltd, a company controlled by him. The issue of the Consideration Shares would result in Mr Aristodemou (and companies controlled by him) controlling approximately 35.44% of the Company's issued share capital.

As a company incorporated in the British Virgin Islands, it should be emphasised that Dolphin is not subject to the UK City Code on Takeovers and Mergers so the acquisition by Mr Aristodemou of a holding in excess of 30% of the Company's issued share capital will not result in any obligation to make a mandatory offer for the Company's remaining issued share capital. There is no takeover code or similar regulations governing takeover offers applicable in the British Virgin Islands. Consequently, Mr Aristodemou will have the ability to acquire further Common Shares in the Company without incurring an obligation to make a mandatory offer for the Company's remaining issued share capital.

Shareholder Approval

In the Company's AIM admission document dated 6 December 2005, the Board undertook to exercise its general authority to allot new authorised but unissued Common Shares at a price which is not less than the then prevailing NAV per Common Share. The Board believes the variation of the Put Option Right, the entering into of the Call Option and the Further Put Option and the issue of the Consideration Shares to Mr Aristodemou to be in the best interests of the Company and is therefore convening the EGM to propose an ordinary resolution (the "**Resolution**") to approve a derogation from this undertaking in order to authorise the Board to issue the Consideration Shares to Mr Aristodemou at a price below the prevailing NAV per Common Share. The variation of the Put Option Right is therefore subject to a positive vote at the EGM and, in the event that the Resolution is not passed by a simple majority, the Company will be obliged to settle the Put Option Consideration in full in cash.

At the date of this document, the Company has obtained voting confirmations from Shareholders, including Silver Capital Holdings Ltd, holding approximately 35.01% of the Company's issued share capital to vote in favour of the Resolution, which, together with the votes of the Directors who collectively hold or control approximately 11.9% of the Company's issued share capital, represents in aggregate approximately 46.91% of the Company's issued share capital which will be voted in favour of the Resolution.

Recommendation

Due to the fact that Mr Aristodemou holds more than 10% of the Company's issued share capital, the variation of the Put Option Right, the entering into of the Call Option and the Further Put Option and the proposed issue of the Consideration Shares to Mr Aristodemou would represent a related party transaction for the purposes of the AIM Rules for Companies (the "**AIM Rules**"). In accordance with the AIM Rules, the Board, having consulted with the Company's nominated adviser, Grant Thornton UK LLP, believe the proposed amendment to the Put Option Right, the entering into of the Call Option and the Further Put Option and the proposed issue of the Consideration Shares to Mr Aristodemou are fair and reasonable insofar as the Shareholders are concerned.

The Directors, whose beneficial or controlled holdings collectively total 58,879,449 Common Shares, representing approximately 11.9% of the Company's issued share capital, will be voting in favour of the Resolution. The Directors consider the Resolution to be in the best interests of the Company and recommend that Shareholders vote in favour of the Resolution to be proposed at the EGM.

Andreas Papageorghiou
Chairman