

PARAGON ENTERTAINMENT LIMITED
(Registered in the Cayman Islands with registered no. MC-234241)

Directors

Rober Hersov (Chairman)
Mark Pyrah (Executive director)
Peter Holdsworth (Executive director)
Mark Taylor (Non-Executive director)
Mark Watts (Non-Executive director)

Registered Office

Maples Corporate Services Limited
PO Box 309
Ugland House
Grand Cayman KY1-1104
Cayman Islands

23 November 2012

To holders of Ordinary shares of 0.1p each and the holders of depository interests representing such Ordinary shares issued by the Company

Dear Shareholder

This letter gives details of the business to be transacted at the 2012 Annual General Meeting (the "AGM") of Paragon Entertainment Limited (the "Company").

Annual General Meeting

Notice of the AGM is given on page 5. Resolutions 1 to 6 set out in the Notice detail the ordinary business to be transacted at the Meeting and resolution 7 details the special business to be transacted at the Meeting. All of the resolutions to be proposed at the AGM are ordinary resolutions. Further explanation in relation to the resolutions is set out below.

Resolution 1 – Approval of annual accounts

Resolution 1 proposes the receipt and adoption of the annual accounts of the Company for the year ended 31 December 2011, together with the directors' report and auditors' report on those accounts. The annual accounts are available on the Company's website (www.paragonent.com).

Resolutions 2 to 5 - Re-election of Directors

The articles of association of the Company require certain Directors to retire by rotation at each Annual General Meeting or at the next Annual General Meeting following their appointment as a Director.

Robert Hersov has been appointed since the last AGM and as such he will retire and offer himself for re-election at the AGM. Resolution 2 proposes his re-election as a Director.

Mark Pyrah has been appointed since the last AGM and as such he will retire and offer himself for re-

election at the AGM. Resolution 3 proposes his re-election as a Director.

Peter Holdsworth has been appointed since the last AGM and as such he will retire and offer himself for re-election at the AGM. Resolution 4 proposes his re-election as a Director.

Mark Taylor has been appointed since the last AGM and as such he will retire and offer himself for re-election at the AGM. Resolution 5 proposes his re-election as a Director.

Brief biographies of the Directors being re-elected are set out below:

Robert Hersov (51) has over 20 years of experience in the global investment banking, media and private aviation sectors. Alongside his role as managing partner at merchant bank Sapinda, Rob continues to hold a number of senior executive and non-executive roles in addition to significant interests as a private investor and entrepreneur. Previously, Rob served as CEO of Marquis Jet, vice-chairman of NetJets Europe, chairman of Sportal Ltd, was CEO of Telepiu Pay TV in Milan (now Sky Italia) and ran Morgan Stanley's European media investment banking Group. Rob has an M.B.A from Harvard Business School.

Mark Pyrah (40) has 20 years of experience in the entertainment industry including film & media, theming and attractions and has spent three years as the UK director of the Themed Entertainment Association. Mark developed Paragon Creative into a market leading theming business with an extensive global client base. Prior to Paragon Creative, Mark worked with Ginger TV, Saatchi & Saatchi, the BBC and British Airways.

Peter Holdsworth (42) has over 22 years of experience in the realisation of interactive visitor attractions, themed environments and models, 20 of which were at the helm of his own company. Peter founded Paragon Creative alongside Mark Pyrah in 2003, completing over 1,000 projects in over 20 countries for a wide range of clients. Peter is involved in most elements of Paragon Creative's design, build and installation process and has a wealth of experience in costing, project management and turning concept design into practical reality.

Mark Taylor (50) has over a decade's private equity and venture capital experience. He has held a number of executive positions at LSE-listed Richemont and Venfin, and as CEO of JSE-listed Intervid where he led the successful turnaround of the group. As part of these roles, Mark managed teams in excess of 500 staff spread across four continents. Mark has spent the last five years as managing director of Global Aquariums BV, a business which develops, owns and manages aquariums in emerging markets where he successfully developed Turkey's first giant public aquarium, Turkuazoo, in Istanbul.

Resolution 6 – Re-appointment of auditors

Grant Thornton UK LLP ("GT") act as the Company's auditors. Resolution 6 proposes the approval of the re-appointment of GT as the Company's auditors and authorises the Directors to fix the auditors' remuneration.

Resolution 7 – Purchase of Shares

The Company's articles of association contain an authority for the Company to make market purchases of up to 14.99 per cent. of the Company's ordinary share capital. This authority expires on the conclusion of the 2012 AGM. Resolution 5 proposes the renewal of this repurchase authority to expire at the earlier of the next Annual General Meeting or 31 December 2013.

Action to be taken

Holders of Ordinary shares in the capital of the Company have the right to attend the AGM.

If you are a holder of Ordinary shares in the capital of the Company in certificated form, you are asked to complete the enclosed Form of Proxy and return it, together with any power of attorney or other authority under which it is signed or a notarially certified or office copy thereof, to Capita Registrars, PXS, 34 Beckenham Road, Beckenham, BR3 4TU so as to arrive no later than 48 hours before the time of the AGM.

Completion of the Form of Proxy does not prevent a shareholder from attending and voting in person.

If you are a holder of depository interests representing Ordinary shares in the capital of the Company, you are asked to complete the enclosed Form of Direction and return it, together with any power of attorney or other authority under which it is signed or a notarially certified or office copy thereof, to Capita Registrars, PXS, 34 Beckenham Road, Beckenham, BR3 4TU so as to arrive no later than 72 hours before the time of the AGM. Alternatively, if you are a holder of depository interests representing Ordinary shares in the capital of the Company, depository interests may be voted through the CREST Proxy Voting Service in accordance with the procedures set out in the CREST Manual. Instructions should be transmitted so as to be received by the Company's agent Capita Registrars, (RA10) not less than 72 hours before the time appointed for holding the AGM or adjournment as the case may be.

Location of meeting

The Annual General Meeting will be held at 3 Noble Street, London, EC2V 7EE.

Recommendation

The Board believes that the resolutions to be put to the Annual General Meeting are in the best interests of shareholders as a whole and, accordingly, recommends that shareholders vote in favour of the resolutions.

Yours sincerely


Chairman

**NOTICE OF ANNUAL GENERAL MEETING
PARAGON ENTERTAINMENT LIMITED
(Registered in the Cayman Islands with registered no. MC-234241)**

NOTICE is hereby given that the Annual General Meeting of Paragon Entertainment Limited (the "**Company**") will be held at 3 Noble Street, London EC2V 7EE at 12.00 p.m. on 18 December 2012 for the transaction of the following business:

ORDINARY BUSINESS

As ordinary business to consider and, if thought fit, to pass the following resolutions as ordinary resolutions:

1. That the Company's annual accounts for the year ended 31 December 2011, together with the directors' report and the auditors' report on those accounts, be received and adopted.
2. That Robert Hersov be re-elected as a Director.
3. That Mark Pyrah be re-elected as a Director.
4. That Peter Holdsworth be re-elected as a Director.
5. That Mark Taylor be re-elected as a Director.
6. That the re-appointment of Grant Thornton UK LLP as the auditors of the Company be approved and the Directors be authorised to fix the auditors' remuneration until the conclusion of the next Annual General Meeting of the Company.

SPECIAL BUSINESS

As special business to consider and, if thought fit, to pass the following resolution as an ordinary resolution:

7. That the Company be and is hereby generally and unconditionally authorised to make market purchases of its own shares including out of capital of up to 14.99 per cent. of the share capital in issue at the date of this resolution provided that:
 - 7.1 the minimum price (excluding expenses) which may be paid for an Ordinary Share is 0.1 pence per Ordinary Share; and
 - 7.2 the maximum price (excluding expenses) which may be paid for an Ordinary Share is an amount equal to five per cent. above the average of the middle market quotations for such Ordinary Share as derived from the Daily Official List of the London Stock Exchange plc for the five business days immediately preceding the day on which the purchase is to be made,

and (unless previously revoked, varied or renewed) this authority shall expire on the date falling 18 months after the date of the passing of this resolution or, if earlier, on the conclusion of the next Annual General Meeting of the Company, save that the Company may enter into a contract to purchase its shares before this authority expires under which such purchase will or may be completed or executed wholly or partly after this authority expires and may make a purchase of its shares pursuant to any such contract as if this authority had not expired.

BY ORDER OF THE BOARD

Date 23 November 2012

Registered Office

Maples Corporate Services Limited

PO Box 309

Ugland House

Grand Cayman KY1-1104

Cayman Islands

Notes:

- (i) A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to exercise all or any of the rights of the member to attend and speak and vote on his behalf. A proxy need not be a member of the Company.
- (ii) A member can appoint more than one proxy in relation to the Annual General Meeting provided that each proxy is appointed to exercise the rights attaching to different shares held by him. In order to be valid an appointment of proxy (together with any authority under which it is executed or a copy of the authority certified notarially) must be returned in hard copy form by post, by courier or by hand to the Company's registrars, Capita Registrars, PXS, 34 Beckenham Road, Beckenham, BR3 4TU.

Completion of the Form of Proxy will not prevent a member from attending and voting in person.

- (iii) Holders of Ordinary shares in certificated form in the capital of the Company registered in the register of members of the Company as at 6.00 p.m. on 16 December 2012 shall be entitled to attend the Annual General Meeting. Only holders of Ordinary shares in certificated form in the capital of the Company registered in the register of members of the Company as at 6.00 p.m. on 16 December 2012 shall be entitled to vote at the Annual General Meeting. Holders of Depository Interest Shares representing Ordinary shares must be registered in the register of members by 12.00 p.m. on 15 December 2012 in order to attend the meeting. If the meeting is adjourned, the time by which a person must be entered on the register of members of the Company in order to have such rights at the adjourned meeting is 48 hours before the time fixed for the adjourned meeting. Changes to the register of members after the relevant times shall be disregarded in determining the rights of any person to attend and vote at the meeting.
- (iv) In the case of joint holders, the vote of the senior holder who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the votes of the other joint holders and, for this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the relevant joint holding.