

THIS AGREEMENT dated

5 October

September 1999 is made BETWEEN:-

- (1) THE PERSONS whose names and addresses are set out in Schedule 1 (the "Sellers"); and
- (2) GRAINGER TRUST p.l.c. (CN 125575) whose registered office is at Chaucer Buildings, 57 Grainger Street, Newcastle upon Tyne, NE1 5LE (the "Buyer").

BACKGROUND:-

- (A) The Company (defined below) is a private company limited by shares.
- (B) The Sellers have agreed to sell and the Buyer has agreed to buy the Shares (defined below) in reliance upon the representations, warranties and undertakings in this Agreement and on the terms and subject to the conditions of this Agreement.

IT IS AGREED as follows:-

1. INTERPRETATION

1.1 In this Agreement, the following expressions have the following meanings:-

"Accounting Standards"

(except where the context otherwise requires) in relation to any period or date SSAPs, FRSS, UITF Abstracts, SORPs and all other generally accepted accounting principles applicable to a United Kingdom company in relation to such period or date;

"Accounts"

the audited balance sheet of the Company as at the Accounts Date and the audited profit and loss account for the Company for the year ended on the Accounts Date together with all directors' and auditors' reports and notes and all other documents required by law to be annexed to them;

"Accounts Date"

31 March 1999;

"Accruals"

the sum of all Overheads which are invoiced or which become due for payment on or after the Completion Date but which are referable to or which shall have accrued in respect of any period prior to (and including) the Completion Date;

"Associate"

in relation to any person, any associate or associated company of that person as such terms are construed in accordance with sections 417 and 416 of the ICTA;

"Bearer Shares"

the 1,600 "B" ordinary shares of US \$1 each in the capital of the Company and which are in the form of share warrants to bearer, constituting part of the Shares;

"Business"

the business of the Company at the date of this Agreement;

"Business Day"

a day (not being a Saturday or a Sunday) on which clearing banks are open for general banking business in the City of London;



Certified a true
copy of the original
29/10/99
Dickinson Dees

"Buyer's Accountants"	PricewaterhouseCoopers of 89 Sandyford Road, Newcastle upon Tyne, NE99 1PL;
"Buyer's Group"	the Buyer and all companies and undertakings which now or in the future are or become subsidiaries or subsidiary undertakings of the Buyer;
"Buyer's Solicitors"	Dickinson Dees of St Ann's Wharf, 112 Quayside, Newcastle upon Tyne NE99 1SB;
"CAA"	the Capital Allowances Act 1990;
"Companies Act"	the Companies Act 1985;
"Company"	Real Estate Securities Limited (CN 1829504), details of which are set out in Schedule 2;
"Completion"	completion of the sale and purchase of the Shares in accordance with this Agreement;
"Completion Accounts"	the unaudited profit and loss account of the Company and the unaudited balance sheet of the Company as at the Completion Date to be prepared in accordance with the Completion Accounts Procedure;
"Completion Accounts Procedure"	the procedure set out in clause 5 and Schedule 9 governing the preparation of the Completion Accounts and the issue of the Net Assets Statement;
"Completion Date"	the date of Completion;
"Confidential Information"	<p>all confidential information and trade secrets (howsoever stored) relating to the Company including:-</p> <ul style="list-style-type: none"> (a) all trading, financial, marketing and technical information, and information relating to current trading performance and future business strategy of the Company; (b) all information received or obtained as a result of entering into or performing or supplied by or on behalf of a party in the negotiations leading to this Agreement and which relates to:- <ul style="list-style-type: none"> (i) the Company ; or (ii) the Buyer; and (c) all information in relation to which the Company owes a duty of confidentiality to any third party; <p>but excluding information:-</p> <ul style="list-style-type: none"> (a) which comes into the public domain otherwise than by breach of clause 8 of this Agreement; or (b) disclosure of which is ordered by a court of competent

jurisdiction or is required by a regulatory body of competent jurisdiction; or

- (c) information concerning the Company which is included in any announcement made or issued by the Buyer through London Stock Exchange's regulatory news service.

"Consideration"	the price payable for the Shares as set out in clause 3;
"Consideration Shares"	50,000 Grainger Shares to be issued to the Trustee in accordance with clause 3;
"Consultancy Agreement"	the consultancy agreement in agreed form to be entered into between the Buyer and Vantown at Completion;
"Contract Rate"	four per cent over the base lending rate from time to time of Barclays Bank PLC;
"Deferred Shares"	100 deferred "A" Ordinary Shares of £1 each in the capital of the Company;
"Disclosure Bundle"	the bundle of documents in agreed form attached to the Disclosure Letter;
"Disclosure Letter"	the letter in agreed form of today's date from the Sellers to the Buyer disclosing certain matters in relation to the Warranties;
"encumbrance"	includes any option, lien, mortgage, debenture, charge, equity, rent charge, right of pre-emption, bill of sale, assignment or deposit for the purpose of security, pledge, right of set-off, retention of title or hypothecation or other encumbrance securing the repayment of monies or other obligation or liability of a person or any agreement or commitment to create any of the foregoing;
"Environment"	the natural and man-made environment including land, water and air (including air within buildings and air within other natural or man-made structures above and below ground);
"Environmental Law"	all laws, regulations, directives, statutes, subordinate legislation, common law and other national and local laws, all judgments, orders, instructions or awards of any court or competent authority and all codes of practice and guidance notes which relate to the Environment or human health or the health of animals or plants including the Environmental Protection Act 1990, the Environment Act 1995, the Planning (Hazardous Substances) Act 1990, the Water Resources Act 1991, the Water Industry Act 1991, the Control of Pollution Act 1974, the Clean Air Acts, the Control of Industrial Major Accident Hazards Regulations 1984 and the Control of Substances Hazardous to Health Regulations 1988;
"ERA"	Employment Rights Act 1996;

"Expiry Date"	31 December 2000;
"FA"	Finance Act;
"FRS"	a Financial Reporting Standard (other than merely a draft for consultation) issued by The Accounting Standards Board Limited or such other body or bodies as are prescribed for the purposes of section 256 of the Companies Act;
"General Warranty Claim"	any Warranty Claim other than a Tax Claim;
"Grainger Shares"	ordinary shares of 25p each in the share capital of the Buyer;
"guarantees"	guarantees, indemnities, securities, sureties, bonding liabilities or similar contingent liabilities given for the indebtedness or liabilities of another person;
"ICTA"	the Income and Corporation Taxes Act 1988;
"Independent Accountant"	a partner in the London office of Deloitte & Touche nominated from time to time by the senior partner resident at such office, who shall act as an expert (and not arbitrator) and whose decision on any matter referred to him or her shall be binding on the parties and whose costs shall be borne as he or she shall direct or (in the absence of any such direction) equally between the Buyer (on the one hand) and the Sellers (on the other);
"Initial Cash Payment"	the sum referred to in clause 3.2;
"Intellectual Property Right"	any patent, trade mark, trade name, registered design, know-how, or other similar industrial, intellectual or commercial right capable of legal protection in any part of the world and any application therefor and the benefit of all licences (if any) in connection with any of the foregoing;
"ITA"	the Inheritance Tax Act 1984;
"Leases"	the leases and/or underleases under which certain Properties are held brief particulars of which are set out in Schedule 3;
"Liabilities"	in relation to any matter, all actions, proceedings, costs, claims, losses, penalties, fines and demands incurred or suffered by or brought or made against a party in respect of such matter, and "Liability" shall be construed accordingly;
"London Stock Exchange"	London Stock Exchange Limited;
"Mr Sutaria"	Mr Kerry Sutaria whose details are set out in Schedule 1;

"Net Asset Statement"	the statement certifying the Net Asset Value to be issued and agreed or determined in accordance with clause 5 and Schedule 9;
"Net Asset Value"	the figure arrived at by subtracting the value of the aggregate of all the liabilities of the Company from the value of the aggregate of all its assets, in each case as at the Completion Date, and as set out in the Net Assets Statement;
"Overage"	the payment payable by the Buyer under Schedule 10;
"Overheads"	all rents, rates (including business rates), gas, water, electricity and telephone charges for which the Company is liable; all liabilities to or in respect of the employees of the Company including salaries, wages, bonuses, overtime, holiday pay (including any Liabilities in respect of accrued but untaken holiday), PAYE and National Insurance contributions; and all other outgoings, overheads and/or payments, costs and expenses payable by the Company on a periodic basis arising or accruing in the course of the Business whether invoiced before or after the Completion Date, all as referred to in Schedule 8 but excluding any such outgoings or Liabilities for which any tenant/lessee of the Company is responsible in accordance with the terms of a lease which has been disclosed to the Buyer;
"Pensions Act"	the Pensions Act 1995;
"Prepayments"	the sum of all Overheads which have been discharged by the Company prior to the Completion Date but which are referable to any period after the Completion Date, all as referred to in Schedule 9;
"Properties"	each and/or any part of the properties briefly described in Schedule 3;
"recognised investment exchange"	has the meaning given to it in section 207 of the Financial Services Act 1986;
"Scheme"	the Atherstone Pension Scheme established by a Deed of Establishment dated 19 April 1985;
"Sellers' Accountants"	BDO Stoy Hayward of 8 Baker Street, London, W1H 1DA for the attention of Peter Leach;
"Sellers' Solicitors"	Fladgate Fielder of 25 North Row, London, W1R 1DJ (ref: CB);
"Shares"	the Deferred Shares and the Bearer Shares being, together, the entire issued share capital of the Company;
"SORP"	a statement of recommended practice (other than a draft for consultation) issued by The Accounting Standards Board Limited or such other body or bodies as are prescribed for the purposes of section 256 of the Companies Act;

"SSAP"	a Statement of Standard Accounting Practice (other than a draft for consultation) published or adopted by the Consultative Committee of Accounting Bodies of England and Wales;
"Tax " and "Taxation"	has the same meaning as in the Tax Covenant;
"Taxation Authority"	any taxing or other authority, whether of the United Kingdom or elsewhere, competent to impose any liability to Taxation, including the Board of the Inland Revenue, the Commissioners of Customs & Excise and the Department of Social Security;
"Taxation Statute"	any statute (and all regulations whatsoever and other documents having the force of law under such statute howsoever made) ordnance, directive or Act providing for imposing or relating to Taxation;
"Tax Claim"	any claim made under a Warranty contained in paragraph 3 of Schedule 6;
"Tax Covenant"	the covenant in the form set out in Schedule 5;
"TCGA"	the Taxation of Chargeable Gains Act 1992;
"Tenancies"	any tenancies or other occupational arrangements (including subtenancies and licences) under which the Properties are held by third parties, particulars of which are set out in Schedule 3 ;
"TMA"	the Taxes Management Act 1970;
"Top-up Amount"	the amount by which the Net Asset Value exceeds the Initial Cash Payment provided that the Top-up Amount shall in no circumstances exceed £200,000;
"Trustee"	Guinness Flight Trustees Sarl, as trustee of the Real Estate Securities Settlement and the holder of the Bearer Shares;
"UITF Abstract"	an abstract issued by the Urgent Issues Task Force of The Accounting Standards Board Limited or such other body or bodies as are prescribed for the purposes of section 256 of the Companies Act;
"Vantown"	Vantown Limited (CRN 3839121);
"VAT"	Value Added Tax;
"VATA"	the Value Added Tax Act 1994;
"Warranties"	the warranties set out in Schedule 6; and
"Warranty Claim"	any claim made by the Buyer in respect of any breach of any of the Warranties.

1.2 In this Agreement:-

- 1.2.1 any gender includes any other gender;
- 1.2.2 the singular includes the plural and vice versa;
- 1.2.3 references to persons include bodies corporate, unincorporated associations, governments, states, partnerships and trusts (in each case, whether or not having separate legal personality);
- 1.2.4 references to clauses, paragraphs, recitals and Schedules are to clauses and paragraphs of and recitals and Schedules to this Agreement;
- 1.2.5 the recitals and the Schedules (including the Tax Covenant) form part of this Agreement and the expression "**this Agreement**" includes the recitals and the Schedules;
- 1.2.6 the headings in this Agreement are for convenience only and shall not affect the interpretation of this Agreement;
- 1.2.7 any reference to a statutory provision includes a reference to any modification, consolidation or re-enactment of the provision from time to time in force and all subordinate instruments, orders or regulations made under it;
- 1.2.8 a reference to any of the Sellers includes, where appropriate, persons deriving title under any of them;
- 1.2.9 any document referred to as being "**in agreed form**" is one which is in a form agreed by or on behalf of the parties and which has been signed or initialled for identification purposes by or on behalf of the parties;
- 1.2.10 the *cuiusdem generis* rule shall not apply, so that general words shall not be given a restrictive interpretation by reason of their being preceded or followed by words indicating a particular class of acts, matters or things;
- 1.2.11 all covenants, undertakings, indemnities, warranties, representations and obligations of the Sellers contained in this Agreement and the Tax Covenant are, unless specifically stated otherwise, given severally;
- 1.2.12 "**subsidiary**" and "**holding company**" shall have the meanings given to them by section 736 and section 736A of the Companies Act 1985 and "**subsidiary undertaking**" shall be construed in accordance with section 258 of the Companies Act 1985;
- 1.2.13 references to any document (including this Agreement) or a provision thereof shall be construed as a reference to that document or provision as from time to time supplemented, varied or replaced;
- 1.2.14 references to writing include facsimiles and include any method of reproducing words in a legible and non-transitory form; and
- 1.2.15 where any Warranty or other statement is qualified by a reference (howsoever expressed) to the awareness, knowledge, information or belief of the Sellers, Mr Sutaria (but not the Trustee) shall be deemed to have given an additional warranty to

the effect that he has made full and diligent enquiries of the Company's managing agents, Messrs Hartnell Taylor Cook and UK Investments Limited (but of no other person) regarding all facts and circumstances relevant to such Warranty or other statement.

2. SALE AND PURCHASE

- 2.1 Mr Sutaria shall sell with full title guarantee and the Buyer shall buy the Deferred Shares held by him free from any encumbrance and all other rights exercisable by third parties and with the benefit of all rights attaching or accruing to such Deferred Shares with effect from Completion.
- 2.2 The Trustee shall sell with limited title guarantee and the Buyer shall buy the Bearer Shares free from any encumbrance and all other rights exercisable by third parties and with the benefit of all rights attaching or accruing to the Bearer Shares with effect from Completion.
- 2.3 Each of the Sellers waives any pre-emption rights or other rights he may have in relation to any of the Shares under the articles of association of the Company or otherwise.
- 2.4 The Buyer shall be entitled to receive all dividends and distributions declared, paid or made on or after Completion.

3. CONSIDERATION, CONSIDERATION SHARES AND OVERAGE

- 3.1 The Consideration for the sale of the Shares shall be the Net Asset Value (subject to the further provisions of this Agreement) and the issue of the Consideration Shares to the Trustee.
- 3.2 £5,845,550 (the Initial Cash Payment) shall be payable on account of the Consideration by the Buyer in cash at Completion in accordance with clause 4.3.2.
- 3.3 The Sellers shall be entitled to the Consideration and the Consideration Shares as specified in Schedule 1.
- 3.4 The Buyer undertakes, warrants and represents to the Trustee that:-
 - 3.4.1 all Consideration Shares to be issued to the Trustee pursuant to this Agreement shall be properly and effectively allotted and issued to the Trustee in accordance with (a) the Buyer's articles of association, (b) the Listing Rules of London Stock Exchange Limited and (c) any other applicable law, regulation, document or obligation, and that as soon as practicable after the issue of such Consideration Shares the Trustee's name shall be entered in the Register of Members of the Buyer in respect thereof;
 - 3.4.2 it shall use all reasonable endeavours (excluding taking legal proceedings of any type) to ensure that all Consideration Shares issued pursuant to this Agreement are admitted to the Official List of London Stock Exchange Limited as soon as reasonably practicable after Completion, and in any event within 21 days of such date;
 - 3.4.3 all Consideration Shares issued to the Trustee pursuant to this Agreement shall be issued credited as fully paid;
 - 3.4.4 it will use all reasonable endeavours to procure that its registrars shall issue share certificates to the Trustee in respect of all Consideration Shares issued to it pursuant to this Agreement within 10 business days of Completion;

- 3.4.5 all Consideration Shares issued to the Trustee pursuant to this Agreement shall rank *pari passu* in all respects with the existing issued shares of the Buyer as from Completion.
- 3.5 The Trustee covenants with the Buyer in respect of Consideration Shares that it will not sell, transfer or otherwise dispose of or agree to sell, transfer or otherwise dispose of any of the Consideration Shares or any interest in the Consideration Shares during the period from Completion until 30 September 2000 and that it will not sell, transfer or dispose of (or agree to sell, transfer or dispose of) any more than one-third of the Consideration Shares issued to or otherwise held by it in each of the three following years, and as a further and separate covenant the Trustee undertakes to the Buyer that any sale, transfer or disposal of Consideration Shares will be effected only through the stockbrokers for the time being of the Buyer. In the event of any sale of any of the Consideration Shares prior to 31 January 2003, the Trustee shall retain the proceeds of sale in accordance with Schedule 8.
- 3.6 The restrictions contained in clause 3.5 shall not apply to the sale, transfer or disposal of any Consideration Shares or of any interest therein:-
- 3.6.1 effected in order to raise sufficient funds for the Sellers to pay any sum due to the Buyer under the Warranties, the Tax Covenant or under any other provision of this Agreement;
- 3.6.2 pursuant to the acceptance of an offer made to all holders of Grainger Shares (or to all such shareholders other than the offeror and/or any body corporate controlled by the offeror and/or any persons acting in concert with the offeror) to acquire all the Grainger Shares not held by such persons and which offer has been declared unconditional as to acceptances. For the avoidance of doubt:-
- (a) the publication of a scheme of arrangement under section 425 of the Companies Act providing for the acquisition of all of the issued Grainger Shares shall be deemed to be the making of an offer for the purposes of this clause 3.6.2;
- (b) an offer which would result in the offeror and/or any body corporate controlled by the offeror and/or any persons acting in concert with the offeror together holding or being interested (as defined for the purposes of section 198 of the Companies Act) in less than 50% of the issued Grainger Shares shall not constitute an offer for the purposes of this clause 3.6.2(b).
- 3.7 In addition to the Consideration, the Buyer shall pay (or procure to be paid) to the Sellers the Overage. Schedule 10 shall have effect as if set out here.

4. COMPLETION

- 4.1 Completion shall take place at the offices of the Seller's Solicitors immediately after this Agreement has been executed by the parties and exchanged.
- 4.2 At Completion:-
- 4.2.1 the Sellers shall deliver or procure to be delivered to the Buyer those items set out in Schedule 4;

- 4.2.2 Mr Sutaria shall purchase for cash a Jeep, a Triumph Motorbike, an Apple Mac computer and two other personal computers from the Company at their tax written down value;
- 4.2.3 the Sellers shall (and shall procure that their Associates shall) repay all monies (if any) then owing by them to the Company (whether due for payment or not) and in particular the loans listed below and shall procure that all guarantees, or other obligations given by any of the Company for the benefit of or on behalf of any of the Sellers and/or their Associates are cancelled without liability on the part of the Company (and Mr Sutaria shall indemnify the Buyer and the Company against all Liabilities relating to such loans, guarantees and obligations);
- (a) £122,101.00 due from the Scheme to the Company;
- (b) £555,968.00 due from UK Investments Limited to the Company;
- 4.2.4 the Sellers shall procure that the Company repays to the Sellers or their Associates (net of all monies owing by the Sellers to any Group Company) the loans detailed below made by the Sellers or their Associates to the Company (in full satisfaction of all loans made by the Sellers or their Associates to the Company):-
- (a) £375,000.00 due from the Company to the Scheme;
- (b) £60,281.00 due from the Company to Mr Sutaria;
- 4.2.5 the Sellers shall procure that a meeting of the board of directors of the Company shall be held at which:-
- (a) the directors shall vote in favour of the registration of the Buyer or such person as the Buyer shall specify as members of the Company in respect of the Deferred Shares (subject to the production of duly stamped transfers);
- (b) all existing mandates for the operation of bank accounts shall be revoked and new mandates issued giving authority to persons nominated by the Buyer;
- (c) the registered office of the Company shall be changed to Chaucer Buildings, 57 Grainger Street, Newcastle upon Tyne, NE1 5LE;
- (d) the accounting reference date of the Company shall be changed to 30 September in each year;
- (e) Stephen Dickinson, Andrew Cunningham, Geoffrey Davis and Rupert Dickinson shall be appointed as directors of the Company with immediate effect;
- (f) Geoffrey Davis shall be appointed as secretary of the Company with immediate effect;
- (g) PricewaterhouseCoopers shall be appointed as auditors of the Company with immediate effect;
- (h) the resignations referred to in paragraphs 6 and 7 of Schedule 4 shall be submitted and accepted.

- 4.2.6 as soon as possible after Completion Mr Sutaria will deliver to the Buyer computer disks containing all the data previously held on the personal computers referred to in clause 4.2.2;
- 4.3 Upon and subject to completion of the matters referred to in clause 4.2 the Buyer shall:-
- 4.3.1 deliver to the Sellers a receipted copy of the Disclosure Letter;
 - 4.3.2 procure that its bank telegraphically transfers £5,845,550 to the Sellers' Solicitors' bank, The Royal Bank of Scotland PLC at Drummond's Branch, 49 Charing Cross, London, SW1A 2DX sort code 16-00-38 to be credited to account number 00707004 on the day of Completion; and
 - 4.3.3 issue and allot (credited as fully paid) the Consideration Shares to the Trustee;
 - 4.3.4 procure that an extraordinary General Meeting of the Company shall be convened within 28 days of Completion at which a resolution will be passed that the name of the Company will be changed to a name which does not include the names "Real" or "Estate" and the Buyer's Solicitors will forward such resolution to the Sellers' Solicitors together with the Company Seal of the Company to arrange for filing at Companies House.
- 4.4 The Buyer may in its absolute discretion waive any obligation of the Sellers contained in this clause 4 and vice versa.
- 4.5 Neither the Buyer nor the Seller shall be obliged to complete the purchase of any of the Shares unless the other party complies fully with its obligations under this clause 4 (other than clause 4.3.4) and unless the purchase of all Shares is completed simultaneously.
- 4.6 The receipt in the Sellers' Solicitors' bank account of any cash comprised in the Consideration shall be a full and sufficient discharge for such payment and the Buyer shall not be concerned with the distribution of the Consideration amongst the Sellers.
- 4.7 Each of the Sellers hereby declares that, for so long as he remains the registered holder of any of the Shares after the Completion Date, he will:-
- 4.7.1 stand possessed of the Shares and any dividends or other distributions of profits or surplus or other assets in respect thereof and all rights arising out of or in connection therewith in trust for the Buyer;
 - 4.7.2 at all times thereafter deal with and dispose of the Shares and all such dividends, distributions and rights as the Buyer may direct.
- 4.8 Each of the Sellers by his execution of this Agreement appoints the Buyer to be his attorney (the "Attorney") from and after Completion until such time as the Buyer is registered as the holder of the Shares which the Buyer will arrange as soon as reasonably practicable after Completion granting to the Attorney full power on his behalf to exercise all voting and other related rights attaching to the Shares sold by that Seller including power:-
- 4.8.1 to execute a form of proxy in favour of such person or persons as the Attorney may think fit to attend and vote as that Seller's proxy at any general meeting of the members, or separate class meeting of any class of members, of the Company in respect of such Shares in such manner as the Attorney may decide;

- 4.8.2 to consent to the convening and holding of any such meeting and the passing of the resolutions to be submitted at any such meeting on short notice;
 - 4.8.3 to execute written resolutions; and
 - 4.8.4 to settle the terms of such resolutions and generally to procure that the Buyer or its nominees are duly registered as the holders of all the Shares.
- 4.9 Each Seller hereby ratifies and confirms and hereby agrees to ratify and confirm all and whatsoever the Attorney shall lawfully do or cause to be done in pursuance of the power of attorney granted by this clause 4.
- 4.10 Each Seller hereby declares that the power of attorney in this clause 4 shall be irrevocable.
- 4.11 Mr Sutaria undertakes to indemnify the Buyer against any and all Liabilities which may be suffered or incurred by the Company in relation to any person who resigns at Completion as a director under clause 4.2.5 whose claim arises out of his resignation or the termination of his employment and against all Liabilities incurred by the Company which are incidental to such claim.
- 4.12 The Buyer and the Seller agree that BDO Stoy Hayward shall be instructed by the Company to prepare all outstanding documentation and deal with all matters (including correspondence) relating to the corporation tax affairs of the Company for the accounting period ended on or before 31 March 1999.
- 4.13 The Buyer agrees that if it receives any enquiry or communication relating to UK Investments Limited it will refer as soon as reasonably practicable the enquiry or communication to the Seller's Accountants who will be entitled to respond. The Buyer will not respond to any such enquiry or communication (other than a simple acknowledgement) without the consent of the Sellers.

5. COMPLETION ACCOUNTS

- 5.1 The Sellers shall procure that the Sellers' Accountants prepare draft Completion Accounts showing their estimate of the Net Asset Value and deliver the same to the Buyer (with a copy to the Buyer's Accountants, marked for the attention of Frank Beckett) and the Sellers for their agreement within 25 Business Days of the Completion Date.
- 5.2 The Completion Accounts shall be prepared in accordance with the Completion Accounts Procedure.
- 5.3 The Net Asset Value shown in the draft Completion Accounts shall be final and binding on the Buyer and the Sellers unless the Buyer has notified the Sellers' Accountants (on behalf of the Sellers) within 20 business days of the delivery of the draft Completion Accounts to the Buyer that the estimated Net Asset Value is not agreed, giving particulars of the amount disputed. The Sellers shall procure that the Buyer and the Buyer's Accountants shall be given full access (within normal working hours and upon reasonable request) to all working and supporting papers relating to the draft Completion Accounts.
- 5.4 In the event that notice pursuant to clause 5.3 is given, and such dispute is not resolved within 28 days of that notice, then either the Sellers or the Buyer may refer any matter in dispute for determination to an Independent Accountant.

5.5 If, following the agreement or determination of the Net Asset Value under this clause 5:-

5.5.1 the Net Asset Value exceeds the Initial Cash Payment, then the Buyer shall (within such five Business Day period) pay the Top-up Amount by cheque to the Seller's Solicitors, whose receipt of such sum (subject to cheque clearance) shall be a full discharge of the Buyer's obligations to pay the Top-up Amount;

5.5.2 the Net Asset Value is less than £5,835,550 then, within five Business Days of the agreement or determination of the Net Asset Value, the Sellers shall procure that an amount equal to such deficit shall be paid by or on behalf of the Sellers in cash into the Buyer's account at Barclays Bank PLC, Percy Street, Newcastle upon Tyne (account name: Grainger Trust p.l.c.; account no. 10426296, sort code 20-59-61) (such amount to be deemed for all purposes to be a repayment of part of the Consideration under this Agreement).

5.6 For the avoidance of doubt, any payment due to be made under clause 5.5 by the Buyer shall be subject to the set-off provisions set out in clause 7.

6. WARRANTIES

6.1 Each Seller warrants that it has full power and authority to enter into and perform this Agreement, which when executed will constitute, binding obligations on each Seller in accordance with their respective terms.

6.2 Each Seller warrants that it is entitled to transfer (or procure to be transferred) the full legal and beneficial ownership of the Shares held by such Seller to the Buyer on the terms of this Agreement without the consent of any third party.

6.3 Mr Sutaria warrants that he is the legal and beneficial owner of the Deferred Shares.

6.4 Each of the Sellers warrants that the Trustee is the legal owner of the Bearer Shares.

6.5 Each of the Sellers warrants that the Shares are fully paid or are credited as fully paid and constitute the whole of the issued and allotted share capital of the Company.

6.6 Each of the Sellers warrants that save for the Bearer Shares, all shares in the capital of the Company are in registered form.

6.7 Each of the Sellers warrants that there is no encumbrance or other equities of any nature whatsoever on, over or affecting the Bearer Shares, nor any agreement or arrangement to give or create any such equities or encumbrances and no claim has been made or will be made by any person to be entitled to any of the foregoing.

6.8 Mr Sutaria warrants that there is no encumbrance or other equities of any nature whatsoever on, over or affecting the Deferred Shares, nor any agreement or arrangement to give or create any such equities or encumbrances and no claim has been made or will be made by any person to be entitled to any of the foregoing.

6.9 Mr Sutaria warrants in relation to all the Sellers and their Associates and the Trustee warrants in relation to itself and its Associates that subject to the transactions contemplated by clauses 4.2.3 and 4.2.4 there are and at Completion there will be no loans or guarantees given by the Company or any Associate of the Company in favour of any one or more of the Sellers or any their Associates and vice versa.

- 6.10 Each of the Sellers undertakes to indemnify the Buyer against any Liabilities incurred or suffered by the Buyer and/or the Company as a result of or in relation to any circumstances which constitute a breach of any warranty such Seller has given in clauses 6.1 to 6.9 above.
- 6.11 Mr Sutaria warrants to the Buyer that:-
- 6.11.1 the Warranties are true and accurate and are not misleading;
 - 6.11.2 the disclosures contained in the Disclosure Letter fully and fairly disclose every matter to which they relate and are not misleading; and
 - 6.11.3 insofar as the disclosures contained in the Disclosure Letter contain statements of opinion, such opinions are reasonably and honestly held.
- 6.12 The Trustee, while having made no enquiry as to whether the Warranties are true and accurate and not misleading, agrees with the Buyer that in the event that there shall be a breach of clause 6.11, the Trustee shall be liable as if it had entered into a warranty in the terms of clause 6.11, subject always to the limitations upon the liability of the Trustee contained in Schedule 8 and the other provisions of this Agreement.
- 6.13 The Sellers acknowledge that they have made warranties to the Buyer in the terms of the warranties in clauses 6.1 to 6.9 and the Warranties with the intention of inducing the Buyer to enter into this Agreement, and acknowledge that the Buyer has relied on such warranties.
- 6.14 The Warranties shall be qualified by matters fully and fairly disclosed in the Disclosure Letter. For the avoidance of doubt, the Disclosure Letter shall not qualify the warranties in clauses 6.1 to 6.9.
- 6.15 In addition, the following matters shall be deemed to be fairly disclosed for all purposes of this Agreement and the Disclosure Letter (but, for the avoidance of doubt, not the Tax Covenant):-
- 6.15.1 all information reasonably apparent from, and contained in, the Disclosure Bundle;
 - 6.15.2 all matters and information filed with the Registrar of Companies in relation to the Company as at 23 August 1999;
 - 6.15.3 any matter which is specifically disclosed, specifically provided for or specifically noted in the Accounts;
 - 6.15.4 all matters and other information which are reasonably apparent from the deeds and other documents relating to the Properties as made available to the Buyer's Solicitors for the purpose of investigating title, including the Sellers' Solicitors replies to the preliminary enquiries made by the Buyer's Solicitors and all further written information supplied by the Sellers' Solicitors to the Buyer's Solicitors;
 - 6.15.5 all matters disclosed or which ought to have been disclosed by searches (whether or not made) in relation to the Properties of the relevant local authority with the usual enquiries including, but not limited to, all enquiries of the planning departments and all planning and other statutory or regulatory notices filed at any relevant local authority in relation to any of the Properties and at HM Land Registry, HM Land Charges Registry, the National Coal Board and by a commons search or by a search with London Transport.

- 6.16 No information (other than that referred to in clause 6.15 or disclosed in the Disclosure Letter in accordance with clause 6.14) of which the Buyer has or hereafter acquires knowledge (whether actual, implied or constructive) shall prejudice any Warranty Claim or operate to reduce any amount recoverable thereunder.
- 6.17 The rights and remedies of the Buyer in relation to the Warranties, this Agreement and the Tax Covenant shall not be affected by Completion or by any investigation made or to be made by or on behalf of the Buyer in relation to the business or affairs of the Company (and for the avoidance of doubt other than as set out in the Disclosure Letter) or by the Buyer rescinding or failing to rescind this Agreement or delaying the exercise of any of its rights or remedies or by any other event or matter whatsoever.
- 6.18 None of the information supplied by the Company or its officers or employees prior to the date of this Agreement to any of the Sellers or their agents, representatives or advisers or to the Buyer or the Company in connection with this Agreement, the Tax Covenant, the Warranties, the contents of the Disclosure Letter or otherwise in relation to the Business or affairs of the Company shall be deemed a representation, warranty or guarantee of its accuracy by the Company or its employees or officers to the Sellers. The Sellers waive any and all claims which they might otherwise have against the Company and its respective officers and employees.
- 6.19 Each of the Warranties shall be construed as being separate from and independent of any other Warranty and shall not be limited or restricted by reference to or inference from any other Warranty or provision of this Agreement.
- 6.20 Without restricting the rights of the Buyer to claim damages on any basis available to it or them in the event of any breach or non-fulfilment of any warranty in clauses 6.1 to 6.9 or any Warranty, the Sellers undertake to pay to the Buyer an amount equal to the greater of:-
- 6.20.1 any overall diminution in the value of the assets of the Company as a result of or in connection with any act, omission or thing constituting a breach or non-fulfilment of any warranty in clauses 6.1 to 6.9 or any Warranty; and
- 6.20.2 the amount necessary to put the Buyer into a position no worse (including the effect of Taxation) than that which would have existed if the representations and warranties in clauses 6.1 to 6.9 and the Warranties had all been true and accurate and had not been breached provided that any amount so payable shall be increased so as to ensure that the net amount received by the Buyer or any such successor shall after Taxation be equal to that which would have been received had the payment and any increased payment not been subject to Taxation.
- 6.21 Notwithstanding any rule of law or equity to the contrary, any release, waiver or compromise or any other arrangement of any kind whatsoever to which the Buyer may agree or effect in relation to one of the Sellers in connection with this Agreement or the Tax Covenant, and in particular in connection with any of the Warranties, shall not affect the rights and remedies of the Buyer as regards any other of the Sellers.
- 6.22 The provisions of Schedule 7 shall operate to exclude or limit the liability of the Sellers under or in connection with the Warranties but, for the avoidance of doubt, shall not apply to clauses 6.1 to 6.9. The provisions of Schedule 8 shall also apply in relation to (and limit) the Trustee's liability under this Agreement, but shall not affect the liability of Mr Sutaria.

7. **BUYER'S PROTECTION**

If at any time any amount becomes payable by the Buyer in respect of the Overage, and at that time there are subsisting any unsatisfied claims by the Buyer against the Sellers under this Agreement which have not been settled, then the Buyer shall, for the avoidance of doubt, be entitled to retain the amount of the claims from any Overage payable and Mr Sutaria (for himself and on behalf of Vantown agrees that if at any time at which a payment is due to be made by the Buyer under the Consultancy Agreement, there are subsisting any unsatisfied claims by the Buyer against the Sellers under this Agreement which have not been settled, then the Buyer shall, for the avoidance of doubt, be entitled to retain the amount of the claims from any amount so payable.

8. **CONFIDENTIAL INFORMATION**

For the purpose of assuring to the Buyer and its successors in title the full benefit of the business and goodwill of the Company, the Trustee and Mr Sutaria each undertakes as separate and independent agreements that:-

- 8.1 neither of them (nor any of their Associates) will after Completion disclose to any person, or itself use for any purpose, any Confidential Information; and
- 8.2 they shall use their best endeavours to prevent the publication or disclosure to any third party of any Confidential Information.

9. **TAX COVENANT**

The terms of Schedule 5 shall have effect as if set out here.

10. **PENSIONS**

The terms of Schedule 11 shall have effect as if set out here.

11. **FEES AND EXPENSES**

Each of the parties to this Agreement shall pay and bear its own costs of and incidental to the negotiation, preparation, execution and enforcement of this Agreement or any document executed or to be delivered pursuant to it and the Company shall not have any liability in respect of them.

12. **TIME OF THE ESSENCE**

Time shall be of the essence of this Agreement, both as regards the dates and periods mentioned and as regards any dates and periods which may be substituted for them in accordance with this Agreement or by agreement in writing by the parties.

NOTICES

Any communication given under this Agreement shall be in writing in the English language delivered personally or recorded, special delivery or first class post (or air mail post if to a place outside the United Kingdom) or sent by facsimile transmission to the address or facsimile number of the party who is to receive such communication as set out in this Agreement or to such other address or facsimile number in the United Kingdom as may from time to time be specified in writing by the relevant party as its address for the purpose of this Agreement.

13.2 A communication shall be deemed to have been received:-

- 13.2.1 if delivered personally, at the time of delivery;
- 13.2.2 if sent by prepaid recorded, special delivery or first class post, on the second Business Day after the date of posting;
- 13.2.3 if sent by prepaid air mail post, on the fifth Business Day from the date of posting; and
- 13.2.4 if sent by facsimile, on the date of completed transmission or if not Business Day or after 5pm on a Business Day at 10am on the following Business Day.

13.3 In proving service:-

- 13.3.1 by personal delivery, it shall be necessary only to produce a receipt for the communication signed by or on behalf of the party due to receive it; and
- 13.3.2 by post, it shall be necessary only to prove that the communication was contained in an envelope which was duly addressed and posted in accordance with this clause 13; and
- 13.3.3 by facsimile, it shall be necessary only to produce a transmission report from the machine from which the facsimile was sent indicating that the facsimile was sent in its entirety to the facsimile number of the recipient.

13.4 Any communication will be deemed to have been given to the personal representative of a deceased Seller, notwithstanding that no grant of representation has been made in respect of such Seller's estate, if the communication is addressed either:-

- 13.4.1 to the deceased Seller by name; or
- 13.4.2 to such Seller's personal representatives by title at the party's address as specified by clause 13.1

and is otherwise served in accordance with the provisions of this Agreement.

14. WAIVER

- 14.1 No failure to exercise or any delay in exercising any right or remedy by the Buyer under this Agreement shall operate as a waiver of them or of any other right or remedy under it. No single or partial exercise by the Buyer of any such right or remedy shall prevent any further or other exercise of them or the exercise of any other right or remedy.
- 14.2 The rights and remedies provided by this Agreement are cumulative and (unless otherwise provided in this Agreement) are not exclusive of any rights or remedies provided by law.

15. SURVIVAL OF CERTAIN PROVISIONS

This Agreement shall remain in full force and effect after Completion in respect of any matters, covenants or conditions which shall not have been done, observed or performed prior to Completion and all representations, warranties and obligations of the parties shall (except for any obligations fully performed on Completion) continue in full force and effect notwithstanding Completion.

16. ANNOUNCEMENTS

- 16.1 Except as required by law or by any regulatory body of competent jurisdiction (in respect of which the relevant party will endeavour to consult with the other parties before any announcement is made), no announcement or communication concerning the transactions referred to in this Agreement or its terms shall be made or despatched by any of the parties to this Agreement without the prior written consent of the other parties.
- 16.2 The parties agree that all promotional marketing in respect of the development of the Properties shall be advertised as being "in conjunction with Real Estates Securities Limited [or such other name as Vantown may have during the relevant period]" so long as the Consultancy Agreement remains in force.

17. FURTHER ASSURANCE

The Sellers shall upon demand and at their own expense execute and register or procure to be executed and registered all further deeds and documents and do or procure to be done all acts and things as may be necessary or desirable to give effect to this Agreement.

18. ENTIRE AGREEMENT

This Agreement and the documents referred to in it, constitute the entire agreement and understanding of the parties in respect of the Agreement's subject matter and supersede any previous agreement between the parties relating to the subject matter of this Agreement but without prejudice to the rights and liabilities of the parties accrued before the date of this Agreement.

19. VARIATION

No amendment or variation of the terms of this Agreement or any documents entered into or delivered in accordance with its provisions shall be effective unless made or confirmed in writing and signed by all the parties to this Agreement or such document.

20. ASSIGNMENT

- 20.1 The successors in title of the parties (including where appropriate, their personal representatives) shall have the benefit of and be subject to this Agreement and the Tax Covenant.
- 20.2 The Sellers may not assign, transfer, charge or deal in any other manner with this Agreement or any of its rights under it, nor purport to do any of the same, nor sub-contract any or all of its obligations under this Agreement without having obtained the prior written consent of the Buyer.
- 20.3 The Buyer shall be entitled to assign any or all of its rights under this Agreement or the Tax Covenant to any member of the Buyer's Group.

21. COUNTERPARTS

This Agreement may be executed in any number of counterparts each in the like form, all of which taken together shall constitute one and the same document, and any party may execute this Agreement by signing any one or more of such counterparts.

22. DEFAULT INTEREST

If any party defaults in the payment when due of any sum payable under this Agreement (whether payable under this Agreement (whether payable by agreement or by order of a court or otherwise), the liability of that party shall be increased to include interest on that sum from the date when such payment was due until the date of actual payment at the Contract Rate. Such interest shall accrue from day to day and shall be compounded annually.

23. INDEMNITY

The Sellers shall indemnify the Buyer against any Liabilities which the Buyer or the Buyer's Group or the Company may suffer or incur in respect of any current or former employee of the Company or in respect of any pension-related liabilities of any the Company in relation to any period prior to Completion or the continued existence after Completion of any such rights which exist or relate to a period at or prior to Completion.

24. GOVERNING LAW, JURISDICTION AND SERVICE OF PROCESS

24.1 This Agreement is governed by and shall be construed in accordance with the laws of England and Wales.

24.2 Each party irrevocably agrees that the courts of England and Wales shall have exclusive jurisdiction to hear and determine any suit, action or proceedings, and to settle any disputes, which may arise out of or in connection with this Agreement (or any documents entered into in accordance with its provisions) in this clause, "Proceedings") and, for such purposes, irrevocably submits to the exclusive jurisdiction of the courts of England and Wales.

24.3 Each party irrevocably waives any objection which he or it might at any time have to the courts of England and Wales being nominated as a forum to hear and determine any Proceedings and agrees not to claim that the courts of England and Wales are not a convenient or appropriate forum.

24.4 Each party agrees that the process by which any Proceedings are begun or any document relating to Proceedings may be served in accordance with clause 13. Each party undertakes to maintain such an address for service at all times in the United Kingdom and to notify the other parties in advance of any change from time to time of the details of such address in accordance with the manner prescribed for service of communications under clause 13. Nothing contained in this clause 24 shall affect the right to serve process in any other manner permitted by law.

24.5 The submission to the jurisdiction of the courts of England and Wales shall not limit the right of the Buyer to take Proceedings against any other party in any other court of competent jurisdiction and the taking of Proceedings in one or more jurisdictions shall not preclude the taking of the proceedings in any other jurisdiction, whether concurrently or not.

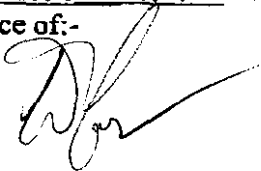
24.6 Each party irrevocably and unconditionally agrees not to claim in any jurisdiction for itself or in respect of its assets immunity from suit, execution, attachment (whether in aid of execution, before judgment or otherwise) or other legal process and to the extent that in any such jurisdiction there may be attributed to itself or its assets such immunity (whether or not claimed), irrevocably waives such immunity to the full extent permitted by the laws of such jurisdiction.

24.7 The Sellers irrevocably nominates the Sellers' Solicitors as the person on whom any Proceedings should properly be served.

THIS AGREEMENT has been executed and delivered as a deed on the date specified on page 1.

SIGNED AS A DEED by KERRY SUTARIA in the presence of:-

THE COMMON SEAL OF GUINNESS FLIGHT TRUSTEES, Sarl was affixed in the presence of:-



Authorised Signatory

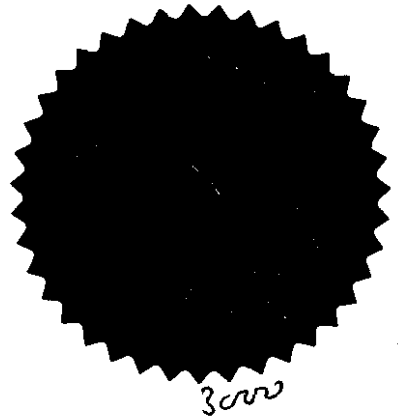


Authorised Signatory

EXECUTED AS A DEED by GRAINGER TRUST p.l.c. acting by:-

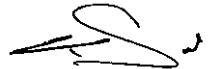
Director

Director/Secretary

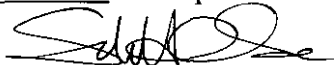


SIGNED AS A DEED by KERRY
SUTARIA in the presence of:-

)



)



S. HANDSCOMBE
25 NORTH ROW
LONDON W1
SE1 1702

THE COMMON SEAL OF GUINNESS
FLIGHT TRUSTEES, Sarl was affixed in
the presence of:-

)

)

EXECUTED AS A DEED by GRAINGER
TRUST p.l.c. acting by:-

)

)

Director

Director/Secretary

SIGNED AS A DEED by KERRY
SUTARIA in the presence of:-

)

)

THE COMMON SEAL OF GUINNESS
FLIGHT TRUSTEES, Sarl was affixed in
the presence of:-

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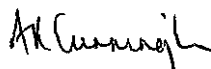
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EXECUTED AS A DEED by GRAINGER
TRUST p.l.c. acting by:-

)

)

Director



Director/Secretary

