

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, you are recommended to seek immediately your own personal financial advice from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser duly authorised under the Financial Services Act 1986.

This document has been prepared in accordance with the listing rules made by the London Stock Exchange pursuant to section 142 Financial Services Act 1986 and a copy of it has been delivered to the registrar of companies in England and Wales for registration as required by section 149 of that Act.

If you have sold or transferred all your Orb Shares or Albemarle Shares, please hand this document and the accompanying Offer Document and Form of Acceptance as soon as possible to the purchaser or transferee or to the stockbroker, bank or other agent through or to whom the sale or transfer was effected for transmission to the purchaser or transferee. Such documents should not be forwarded or transmitted in or into the USA, Canada or Australia however.

This document should be read in conjunction with the accompanying Form of Acceptance and Offer Document.

An application has been made to the London Stock Exchange for the New Orb Shares to be admitted to the Official List. It is expected that admission will become effective and dealings will commence in the New Orb Shares on the first business day following the day on which the Offer becomes, or is declared, unconditional in all respects.

The directors and proposed director of Orb Estates PLC, whose names appear on page 5 of this document, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the directors and proposed director, who have taken all reasonable care to ensure that such is the case, the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

The offer referred to in this document is not being made in, and neither this document nor the accompanying Offer Document and Form of Acceptance may be distributed or sent in, into or from, the USA, Canada or Australia. Further details in this regard are contained in paragraphs 6 and 7 of part B of appendix 2 of the Offer Document. Any person including, without limitation, custodians, nominees and trustees, who may have a contractual or legal obligation to forward this document, should read paragraph 7 of part B of appendix 2 of the Offer Document.

Grant Thornton, which is regulated by the Institute of Chartered Accountants in England and Wales, is acting for Orb and no one else in connection with the contents of this document and will not be responsible to anyone other than Orb for providing the protections afforded to customers of Grant Thornton or for providing advice in relation to the contents of this document.



ORB ESTATES PLC ✓

*(incorporated in England and Wales under the Companies Act 1985
with registered number 552331)* ✓

**Listing particulars relating
to the issue of
up to 13,940,928 New Orb Shares
in connection with the recommended
offer for**

ALBEMARLE PROPERTY INVESTMENTS PLC

Proposed acquisition of Poole Pottery Limited

Notice of an extraordinary general meeting of Orb to be held at 10 am on 4 August 1999 is set out at the end of this document. A form of proxy for use at the meeting is enclosed and should be completed and returned to the Company's registrars, Lloyds TSB Registrars at The Causeway, Worthing, West Sussex BN99 3UH or, by hand only, to Lloyds TSB Registrars at The Causeway, Worthing, West Sussex BN99 3UH, not later than 10.00 am on 2 August 1999.

The action to be taken by shareholders is described on page 16 of this document.

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Definitions

The following definitions apply throughout this document, unless the context otherwise requires:

Act	Companies Act 1985, as amended.
Albemarle	Albemarle Property Investments PLC.
Albemarle Acquisition	the proposed acquisition by Orb of Albemarle pursuant to the Offer.
Albemarle Deferred Shares	the existing allotted or issued fully paid deferred shares of 9p each in Albemarle.
Albemarle Group	Albemarle and its subsidiaries.
Albemarle Shares	the existing allotted, issued and fully paid ordinary shares of 1p each in Albemarle not already owned by Orb and any further such shares which are unconditionally allotted or issued after the date of this document and prior to the date on which the Offer closes.
Albemarle Shareholders	holders of Albemarle Shares.
Albemarle Warrants	the warrants in Albemarle in issue, each convertible into one ordinary share of 1p in Albemarle.
Directors	the directors of Orb.
EGM	the extraordinary general meeting of Orb, notice of which is set out on page 112 of this document.
Enlarged Group	the Orb Group as enlarged by the Albemarle Acquisition and the Poole Pottery Acquisition.
Form of Acceptance	the form of acceptance and authority relating to the Offer.
London Stock Exchange	the London Stock Exchange Limited.
New Orb Shares	the new ordinary shares of 50p each in Orb to be issued, credited as fully paid, pursuant to the Offer.
Offer	the offer by Orb to acquire the Albemarle Shares set out in the Offer Document.
Offer Document	the offer document dated 12 July 1999 accompanying this document and setting out details of the Offer.
Official List	the Official List of the London Stock Exchange.
Orb or Company	Orb Estates PLC.
Orb Group	Orb and its subsidiaries.
Orb Shares	ordinary shares of 50p each in Orb.
Orb Shareholders	holders of Orb Shares.
Poole Pottery	Poole Pottery Limited.
Poole Pottery Acquisition	the acquisition of the entire issued share capital of Poole Pottery.
Proposed Director	Simon Harcourt Johnson.
ring fencing	a legal mechanism whereby assets with borrowings secured upon them may be sold at the sole discretion of the lender. Any loss arising from the sale of such assets is incurred solely by the lender and not by the borrower.
United States or USA	the United States of America, its territories and possessions and any state of the United States and the District of Columbia.
US person	a citizen of and/or resident of the United States; any corporation, partnership or other entity organised or incorporated in or under the laws of the United States; any corporation, partnership or other entity

organised or incorporated in or under the laws of any jurisdiction other than the United States created or formed by a US person principally for the purpose of investing in securities not registered under the United States Securities Act of 1933, as amended; an estate or trust of which any executor, administrator or trustee is a US person or the income of which is subject to United States federal income taxation regardless of source; any agency or branch of a foreign entity located in the United States; any non-discretionary account or similar account held by a dealer or other fiduciary for the benefit or account of a US person; any discretionary account or similar account held by a dealer or other fiduciary organised, incorporated, or, if an individual, resident in the United States. The term US person does not include a branch or agency of a US person engaged in the banking or insurance business which is located outside of the United States and which operates for valid business reasons and which is subject to substantive banking or insurance regulation, respectively, in the jurisdiction where located.

Directors and advisers

Directors	<p>Peter Michael Ian Catto (executive chairman) Charles Osborne Helvert (finance director) Mitchell Higgins (non-executive director) Jacques Theodore Louis Delacave (non-executive director)</p> <p>whose business address is 24 Brook's Mews, London W1Y 1LF</p>
Proposed Director	<p>Simon Harcourt Johnson (property director)</p> <p>whose business address is 1 Albemarle Street, London W1X 3HF.</p>
Secretary	<p>Walgate Services Limited 25 North Row London W1R 1DJ</p>
Registered office	<p>24 Brook's Mews London W1Y 1LF</p>
Sponsor	<p>Grant Thornton Grant Thornton House Melton Street Euston Square London NW1 2EP</p>
Solicitors to the Company	<p>Fladgate Fielder 25 North Row London W1R 1DJ</p>
Auditors to the Company	<p>Deloitte & Touche Hill House 1 Little New Street London EC4A 3TR</p>
Reporting accountants	<p>Kingston Smith 60 Goswell Road London EC1M 7AD</p>
Bankers	<p>The Royal Bank of Scotland plc Drummonds 49 Charing Cross Admiralty Arch London SW1A 2DX</p>
Property valuers to the Company and Poole Pottery	<p>DTZ Debenham Thorpe Limited One Curzon Street London W1A 5PZ</p>
Property valuers to Albemarle	<p>Weatherall Green & Smith Norfolk House 31 St James London SW1Y 4JP</p>
Registrar	<p>Lloyds TSB Registrars The Causeway Worthing West Sussex BN99 3UH</p>
Receiving agent	<p>IRG plc Bourne House 34 Beckenham Road Beckenham Kent BR3 4TU</p>

Expected timetable of events

Announcement of the Offer	22 June 1999
Posting of the Offer Document	12 July 1999
Latest time and date for receipt of forms of proxy	10.00 am on 2 August 1999
EGM	10.00 am on 4 August 1999
First closing date of the Offer	3.00 pm on 9 August 1999

PART 1

1. Introduction

The board of Orb announced on 22 June 1999 two significant transactions. First, agreement had been reached between the boards of Orb and Albemarle on the terms of a recommended offer by Orb for Albemarle. Secondly, Orb has entered into an agreement to acquire all the issued share capital of Poole Pottery. This agreement is conditional only upon the recommended offer for Albemarle becoming unconditional in all respects.

Orb and Albemarle are both property development and investment companies, which together, after current contractual sales, will have substantial cash resources. Poole Pottery operates from a 1.6 acre site on the waterfront in Poole which is an exciting redevelopment opportunity. It is the view of the directors of Orb and Albemarle that the sum of the three parts is significantly more valuable than they are individually.

The Albemarle Acquisition is to be financed by the issue of one New Orb Share for every 15 Albemarle Shares. Based on the closing mid-market price of the Orb Shares on 8 July 1999, being the latest practicable date prior to the publication of this document, the terms of the Albemarle Acquisition value Albemarle at approximately £7 million on the Offer terms.

The price to be paid for Poole Pottery is £14,500,000, of which a refundable cash deposit of £3,000,000 has been paid, £7,500,000 will be left outstanding as a mortgage in favour of the seller secured on the share capital of Poole Pottery and £4,000,000 will be left outstanding and evidenced by an unsecured convertible loan note payable 15 months after completion and convertible into Orb Shares at 60p per share at any time during those 15 months. Following the completion of the acquisition, it is the intention of the directors of Orb to dispose of the manufacturing and retail businesses of Poole Pottery. Further details of the Poole Pottery acquisition agreement, the mortgage from the seller of Poole Pottery and the convertible loan are set out in paragraph 6 of part 1 and in paragraph 8(a)(vii) of part 8 of this document.

Given its size and the requirement to create the New Orb Shares, the approval of Orb Shareholders must be given for the Albemarle Acquisition.

On page 112 of this document, there is a notice convening the EGM at 10.00 am on 4 August 1999 at which the appropriate resolutions will be put to Orb Shareholders.

2. The Offer

Orb has offered to acquire, on the terms and subject to the conditions set out in paragraph 16 of part 8 of this document, all or any of the Albemarle Shares not already owned by Orb on the following basis:

For every 15 Albemarle Shares

one New Orb Share

and so on in proportion for any other number of Albemarle Shares held. No fraction of a New Orb Share will be allotted. No offer is being made for the Albemarle Deferred Shares which it is intended will be the subject of an application to the court for cancellation. The Offer is also being made to the holders of Albemarle Warrants should they be converted into Albemarle Shares while the Offer remains open for acceptance.

The New Orb Shares will be issued credited as fully paid and will rank equally in all respects with the existing issued Orb Shares.

Based on the closing mid-market price of the Orb Shares on 8 July 1999, being the latest practicable date prior to the publication of this document, the Offer:

- values each Albemarle Share at 3.13p, an increase of 14 per cent. when compared to the mid-market price on 8 July 1999;

- values Albemarle's issued ordinary share capital at approximately £7 million.

Orb has received an irrevocable undertaking from Mark Keegan to accept the Offer in respect of his beneficial shareholding in Albemarle of 33,241,523 Albemarle Shares representing 14.93 per cent. of Albemarle's issued ordinary share capital. In addition, Mr von Tarkanyi, a director of Albemarle, has agreed to accept the Offer in respect of 25,000,000 Albemarle Shares, representing 11.23 of Albemarle's issued ordinary share capital.

Orb already owns 13,509,911 Albemarle Shares and thus owns or has acceptances for an aggregate of 71,751,434 Albemarle Shares or 32.23 per cent. of its issued share capital.

3. Background to and reasons for the Offer

Like many small property companies, Orb and Albemarle have suffered from a lack of investor interest, exacerbated by the fact that they have recently concentrated on property investment, rather than property development. This has been reflected in their share prices, which recently stood at a discount of approximately 50 per cent. to their net asset value. The directors of Orb and Albemarle respectively consider that they will more easily be able to add value for shareholders by re-entering the property development field.

Whilst the Enlarged Group will remain small by stock market standards, it will have combined fixed assets of approximately £76 million, combined net assets of approximately £16.9 million and combined cash resources of approximately £1.26 million (which will be used partially to fund the acquisition of Poole Pottery), as derived from the *pro forma* statement of net assets set out in part 7 of this document. This additional critical mass should assist the Enlarged Group in general and, in particular, facilitate the financing of acquisitions of properties and property companies, either through the issue of equity or for cash, in order to increase the scale of the Enlarged Group and its activities. Shareholders should read parts 2, 3 and 7 of this document and should not rely solely on this summarised financial information on the Enlarged Group.

Furthermore, Poole Pottery represents, in the opinion of the Directors and Proposed Director, an exceptional property development opportunity for the Enlarged Group. In order to finance the development of Poole Pottery, it is the intention of the Enlarged Group to enter into joint ventures with a major commercial developer and a major residential developer which will not require the Enlarged Group to put up any of its own cash. Negotiations with appropriate developers have already commenced.

The combined experience of the Directors and Proposed Director will facilitate the development of the Enlarged Group.

Finally, the directors of Albemarle and Orb have estimated that the merger of the two companies, which the Directors intend to account for as a merger, will result in an annualised overhead saving of approximately £250,000.

4. Information on Orb

Orb's Shares are listed on the London Stock Exchange. Based on the middle market quotation of an Orb Share of 53.5p at the close of business on 21 June 1999, the last practicable day before the announcement of the Offer, Orb's market capitalisation was approximately £3.5 million.

The principal activity of Orb is investment in and development of commercial property in the United Kingdom.

Property activities

As indicated in the operating and financial review set out in the report and accounts of Orb for the year ended 30 June 1998, the commercial property market was relatively buoyant during that year and Orb took advantage of the strong market conditions to dispose of three properties. Two of the sites were debt-free and the proceeds increased Orb's cash resources by £2.27 million and produced an aggregate surplus over book value of £310,000, which was reflected in the profit and loss account of Orb for the year ended 30 June 1998. The sale of the third property realised a surplus over book value of £65,000 and net cash of £485,000, after repayment of associated borrowing.

The site owned by the Company at Percy Business Park, an industrial estate at Oldbury, West Midlands, has benefited from improved marketing and refurbishment work undertaken during 1997. In July 1998, the estate was extended by the purchase of an adjacent open storage site for £170,000, which the Directors believe provides an important additional area for future redevelopment. The site has been let on a short-term basis. The Directors are considering the possibility of changing the use and planning of the business park with a view to developing it as an out-of-town retail location.

Orb's other investment properties comprise secondary office premises in Sheffield and Barnsley, South Yorkshire. The property in Barnsley is under offer, subject to certain conditions, for £1.6 million and the Sheffield property is being marketed at its current market value of £2.7 million.

As set out in part 4 of this document, DTZ Debenham Thorpe, Orb's valuers, valued Orb's property portfolio on the basis of open market valuation as at 17 May 1999 at an aggregate of £6,760,000.

The interim results for the six months ended 31 December 1998 show a net turnover of £414,000 compared with £687,000 for the corresponding period. Profit before taxation was £152,000, compared with £86,000, and profit attributable to shareholders after taxation was £122,000, compared with £86,000. Earnings per share were 1.8p compared with 1.3p for the corresponding period in 1997. This information is derived from the interim results set out in part 2 of this document and shareholders should read those results and should not rely solely on this summary.

Ring fenced investments

The Company underwent a financial reconstruction in 1993, which included entering into a master banking agreement with certain banks, under which the repayment of part of the bank debt was limited to the realisation proceeds and net rental receipts from certain assets over which those banks had security. Assets which were subject to these arrangements are described by the Company in its report and accounts for the year ended 30 June 1998 as "ring fenced" assets and liabilities. The debt is shown in creditors as limited recourse loans up to the value of the security held by the banks. The excess of the bank loans and value of security is shown within capital and reserves as limited recourse reserve.

The ring fenced assets and liabilities are separately distinguished in the group accounts to reflect the fact that these assets and liabilities are being held on behalf of those banks party to the master banking agreement. Those banks will receive any benefit from the ring fenced assets up to the value of their outstanding loans. The ring fencing means that the Company has no liability beyond the amount secured on a property, even if the disposal of a ring fenced asset is insufficient to cover the debt on that property.

In March 1998, the Company disposed of the last UK property which was subject to the ring fencing arrangements, an industrial estate at Avant Business Centre in Milton Keynes. The property was sold for £6.4 million and the entire proceeds from the disposal were applied to reduce ring fenced borrowing. The only ring fenced assets now held by Orb are 7/9ths of an investment in Brandywine Limited Partnerships ("Brandywine") in the USA, an equity investment in an UK financial services company, English Trust Group Limited Plc and associated working capital balances.

The Brandywine limited partnerships own 400 acres of land in Maryland, near Washington DC, in which Orb Group has a non-ring fenced interest in the 2/9ths and a ring fenced interest in the investment of 7/9ths valued at £217,000 and £760,000 respectively as at 30 June 1998. The land is zoned for residential, industrial and retail development. Work on the infrastructure for the residential land has commenced and discussions are taking place with residential developers to sell the serviced plots.

The Company's investment in English Trust Group Plc is valued at £150,000 in the balance sheet as at 30 June 1998. The Directors are pursuing opportunities to dispose of this asset, although it is unlikely that the realisation proceeds will exceed the ring fenced debt outstanding against the investment.

Financial information

As a result of increased occupancy at Percy Business Park and strong growth in commercial property values generally, the Orb Group's net asset value per share increased from 78.8p at 30 June 1997 to 89.0p at 30 June 1998, an increase of 12.9 per cent over the year. The retained profit after taxation for the year was £295,000, compared with £48,000 for the year ended 30 June 1997.

The Orb Group's investment property portfolio was revalued as at 30 June 1998 by DTZ Debenham Thorpe, producing a surplus on revaluation of £258,000, which has been credited to revaluation reserves. The retained profit for the year, together with the revaluation surplus, has increased Orb Shareholders' funds to £5.9 million, as compared with £5.22 million as at 30 June 1997.

In order to cut operating expenses, the Orb Group has reduced staff and sublet surplus office space. Funds produced by the four property disposals during the year ended 30 June 1998, together with reductions in overheads, have resulted in a positive recurring cashflow for the Orb Group.

As shown in the comparative table in part 2, the Orb Group's non-ring fenced borrowings were £4.45 million, comprising mortgage loans of £3.95 million and bank loans of £0.5 million, as compared with £3.97 million at 30 June 1997, comprising mortgage loans of £2.99 million and bank loans of £0.98 million, and its non-ring fenced cash resources were £2.42 million.

The turnover of the Orb Group from continuing operations during the last three years breaks down into the following categories:

	<i>year ended 30 June 1996 £'000</i>	<i>year ended 30 June 1997 £'000</i>	<i>year ended 30 June 1998 £'000</i>
Non-ring fenced property investments	1,841	1,248	3,121
Ring fenced property investments	2,289	1,556	6,802
Total	<u>4,130</u>	<u>2,804</u>	<u>9,923</u>

Shareholders should read the comparative table of Orb for the three years ended 30 June 1998 set out in part 2 of this document and should not rely solely on this summarised financial information, which has been extracted from that comparative table.

5. Information on Albemarle

The principal activity of Albemarle is property investment.

The Albemarle Group owns 24 freehold and leasehold properties. The portfolio totals 735,000 square feet, broken down in to 285,000 square feet of offices, 215,000 square feet of industrial space, 105,000 square feet of warehousing and 130,000 square feet of retail space, with a small element of residential. Vacant space represents approximately 5 per cent of the portfolio.

Since the year end, Albemarle has sold 11 properties for an aggregate of £16.7 million, has agreed the sale of a further property for £650,000 and is currently marketing properties worth £12.5 million. The purpose of the sales is to reduce Albemarle's gearing which has been uncomfortably high for many years. In overall terms, the Albemarle Group has realised its properties at above book value.

As set out in part 5 of this document, Weatherall Green & Smith, Albemarle's valuers, valued its property portfolio on the basis of open market valuation on 28 May 1999 at an aggregate of £52,855,000.

Financial information

The audited financial statements for the year ended 31 December 1998 show a turnover of £6,341,000 compared with £8,093,000 for the corresponding period ended 31 December 1997. Operating profit in 1998 was £3,611,000, compared with £6,508,000 in 1997 and the loss on ordinary activities after taxation was £3,119,000 in 1998 compared with £407,000 in 1997. Fixed assets decreased from £75,488,000 in 1997 to £71,348,000 in 1998, total assets less current liabilities decreased from £66,750,000 to £63,968,000 but shareholders' funds increased from £9,478,000 to £13,213,000.

Shareholders should read the comparative table on Albemarle for the three years ended 31 December 1998 set out in part 3 of this document and should not rely solely on this summarised financial information which has been extracted from that comparative table.

6. Proposed acquisition of Poole Pottery

Background on Poole Pottery

Poole Pottery was established in the late 19th century and operates from a leasehold site and a 1.6 acre freehold plot on the quay in the town centre of Poole, Dorset. The freehold plot was originally used for the pottery but changes in working practices have resulted in a large amount of manufacturing space becoming vacant.

Poole Pottery currently employs 114 people and its business is composed of two principal independent elements:

The pottery. This is a manufacturing business which designs, manufactures, markets and sells a comprehensive range of world famous earthenware gift and dining items. In particular the pottery has specialised in hand painted small runs and hand produced gift items that are sought after by collectors.

The factory outlet. This sells factory produced items and sublets additional space to concessionaires, which sell a range of complementary products.

Additionally Poole Pottery organises a factory tour and various family orientated "have a go" areas that enhance the attractiveness of the site as a visitor and tourist destination centre. Poole Pottery attracts in excess of one million visitors a year and is considered by the Dorset tourist office to be one of the most significant tourist attractions in Dorset.

Reasons for the acquisition

The seller of Poole Pottery, a venture capital fund, has been negotiating with the local council to relocate the pottery elements of the business on leased space within the borough of Poole and comprehensively to redevelop the site as a mixture of residential and factory outlet space.

Orb intends to use its property expertise to complete the planning process and redevelop the site.

The site currently has planning consent for 55,000 square feet of retail outlet space. Orb intends to submit a further application to build 96 flats and an additional 30,000 square feet of factory outlet retail space.

DTZ Debenham Thorpe has valued Poole Pottery's property on a current open market basis at £14,500,000. DTZ Debenham Thorpe has also, however, valued the property at £18,600,000 on the assumption that the revised planning application is submitted to Poole Borough Council and is granted. A copy of the former valuation is set out in part 6 of this document and a copy of the latter valuation is available for inspection, as stated in paragraph 18 of part 8 of this document.

Orb has commenced negotiations with a major national house builder to sell the residential elements of the scheme once planning has been obtained.

Orb intends to sell the pottery business as soon as possible but to retain a model pottery and small visitors' centre in the redevelopment.

Poole Pottery acquisition agreement

Orb has signed an agreement to acquire all the issued share capital of Poole Pottery for £14,500,000, which is conditional only upon the Offer becoming unconditional in all respects. Of the purchase price, £10,500,000 is payable in cash and £4,000,000 will remain outstanding as an unsecured loan note repayable within 15 months of completion with a coupon of 7.5 per cent. per annum and convertible into Orb Shares at 60p per share at the option of the seller at any time during those 15 months. The loan note will be escrowed for 15 months against warranty claims. £7,500,000 of the purchase price will be lent to the Company by the seller and secured by a mortgage on Poole Pottery's shares. The Company paid the seller a refundable deposit of £3,000,000 in the aggregate on 26 March 1999 and 26 May 1999, which is held to the Company's order.

The mortgage of £7,500,000 will be repayable within 12 months of completion at an interest rate of one per cent. over base and secured on Poole Pottery's share capital. The mortgage may be repaid by substituting Poole Pottery's property assets for property owned by the Albemarle Group and charged to The Law Debenture Trust Corporation p.l.c. under two trust deeds which secure £35,000,000 10¼ per cent. first mortgage debenture stock 2012 issued by Albemarle, so that other properties can be released from the debenture to raise cash. This cash is intended to be used to repay the £7,500,000 mortgage referred to above. The substitution will be subject to compliance with the financial assistance provisions of the Companies Act 1985.

A summary of the Poole Pottery acquisition agreement, the mortgage in favour of the seller of Poole Pottery and the convertible loan note is set out in paragraph 8(a)(vii) in part 8 of this document.

7. Management and employees

Orb has given assurances to the board of Albemarle that the existing employment rights, including pension rights, of management and employees of Albemarle will be fully safeguarded.

8. Directors and Proposed Director

Biographical details of the Directors and Proposed Director are as follows:

Peter Catto (aged 56) is a chartered accountant and the non-executive chairman of the Company. He joined Casson Beckman, now part of Baker Tilly, chartered accountants, in 1970 and retired as a senior partner in 1994. He now acts as a corporate finance consultant and is a non-executive director of several private and public companies. He is a vice president of World ORT Union, one of the largest charities in the world, providing educational and technical training to students throughout the world.

Jacques Delacave (aged 65) has had a long career in banking and corporate finance with Citibank and Banque Bruxelles Lambert. Since 1984, he has been involved in a private capacity in corporate finance and private banking in Geneva and London. In the UK, he is currently chairman of Chesham Lyall

Holdings plc, a medical insurance company, of Stock Page Stock, a property company and of Visual Corporation Limited, a media company.

Charles Helvert (aged 43) is a director of a number of private companies and is finance director of the Company. He has spent several years as a director and manager of metal distribution and trading businesses, as well as the development and funding of international projects. He presently manages a number of investments for a private venture capital business, across a range of industries and is part time finance director of a company whose shares are admitted to trading on the Alternative Investment Market.

Mitchell Higgins (aged 55) is a chartered quantity surveyor and a non-executive director of the Company. After working as a quantity surveyor in London and overseas, he started his own construction company, operating in the Aberdeen area, which he sold in 1993. Since 1994 he has also run his own private property company. He is chairman of the remuneration committee of Orb and a member of its audit committee. He is the senior independent non-executive director.

Simon Johnson (aged 51) is the property director of Albemarle and has a wide experience of the UK property market, having been involved at senior level in the sector for most of his working career. He is an associate of the Royal Institute of Chartered Surveyors. He has been responsible, with Mark Keegan, for the management of Albemarle's property portfolio and will continue in this role following the merger and, in particular, will continue with the programme of disposal of the Albemarle Group's properties.

9. Year 2000 compliance

The Directors and Proposed Director are aware of the risks and uncertainties associated with the programming code in computer systems arising from the year 2000 but, given the nature of the property investment and development business, do not consider Orb or Albemarle to be particularly dependent on information technology. The computer hardware and software owned and used by both companies is year 2000 compliant, however.

Neither the Company nor Albemarle has investigated the possible year 2000 problems of their suppliers but again, given the nature of the business in which they both operate, the Directors and the Proposed Director do not consider that their relationship with their suppliers and other relevant parties regarding the year 2000 problems are likely to have a material impact on either the Company or Albemarle.

Neither the Company nor Albemarle has taken steps to ascertain the efficacy of their respective year 2000 readiness programmes by carrying out an external review of them but the Directors and Proposed Director believe that they are taking reasonable steps to minimise the risk of year 2000 related failures disrupting business.

The year 2000 readiness programmes of the Company and Albemarle are ongoing and the costs to date have been absorbed within the normal running costs of the businesses. It is not expected that any material, separately identifiable costs relating to year 2000 issues will be incurred in the future.

There can be no assurance, however, that either the Company or Albemarle will be able to take all the necessary steps to ensure year 2000 compliance in good time or that, if problems occur, costs will not exceed those estimated by the Directors or Proposed Director or that they will not have a material adverse effect on their operations and financial position.

10. Issue of New Orb Shares

Full acceptance of the Offer would result in the issue of approximately 13.9 million New Orb Shares, representing approximately 67.8 per cent. of the enlarged issued ordinary share capital of Orb.

Application has been made for the New Orb Shares to be admitted to the Official List of the London Stock Exchange.

The offer document will be posted to Albemarle Shareholders who are on the register of members at close of business on 9 July 1999.

If the Offer becomes or is declared unconditional in all respects and, subject to a satisfactory level of acceptances, it is Orb's intention to seek to have the Albemarle Shares delisted.

11. Settlement, listing and dealings

Subject to the Offer becoming or being declared unconditional in all respects:

- (i) share certificates for the New Orb Shares will be despatched by first class post to accepting holders of Albemarle Shares or their appointed agents, but not in or to the USA, Canada or Australia, not later than 14 days after the Offer becomes or is declared unconditional in all respects or 14 days after receipt of a valid and complete acceptance, whichever is the later. Fractional entitlements will not be allotted;
- (ii) where acceptance relates to Albemarle Shares in uncertificated form, CRESTCo will be instructed to credit the appropriate stock account in CREST with any entitlement to New Orb Shares.

It is expected that listing of the New Orb Shares will become effective and that dealings, for normal settlement in the New Orb Shares, will commence on the London Stock Exchange on the first business day following the day on which the Offer becomes or is declared unconditional in all respects. Dealings will be for normal settlement.

Pending the issue of definitive certificates for New Orb Shares, transfers will be certified against the register held by IRG plc.

12. Overseas shareholders

The availability of the Offer to persons outside the UK may be affected by the law of the relevant jurisdiction. Persons who are subject to the law of any jurisdiction other than the UK should inform themselves about and observe any applicable requirements.

13. Conditions and further terms of the Offer

The Offer is conditional on the approval by the shareholders of Orb, which will be sought at an extraordinary general meeting of Orb convened for 4 August 1999, details of which are set out in paragraph 14 of this part, and on the other conditions described in paragraph 16 of part 8 of this document.

The New Orb Shares will be issued free from all liens, equities, charges, encumbrances and other interests. The New Orb Shares will be issued credited as fully paid and will rank equally in all respects with the existing Orb Shares, including the right to all dividends and other distributions declared, made or paid.

The Albemarle Shares which are the subject of the Offer will be acquired free from all liens, equities, charges and encumbrances and together with all rights attaching to them now or after the date of this document, including the right to all dividends and other distributions if any, declared, made or paid after the date of the announcement of the Offer, 22 June 1999.

Fractions of New Orb Shares will not be allotted or issued to accepting Albemarle Shareholders.

The New Orb Shares have not been, and will not be, registered under the United States Securities Act of 1933, as amended, and accordingly will not be directly or indirectly offered, sold, resold or delivered in the United States or to or for the account or benefit of any US person. Any New Orb Shares to which accepting Albemarle Shareholders, who are US persons or located in the United States, would otherwise become entitled on acceptance of the Offer will be sold in the market by Orb and/or its agents, acting as agent(s) for such holders and the net cash proceeds will be distributed to them. Further details in this regard are contained in paragraphs 6 and 7 of part B of appendix 2 of the Offer Document.

The conditions and further terms of the Offer are set out in paragraph 16 of part 8 of this document, in appendix 2 of the Offer Document and in the Form of Acceptance.

14. Extraordinary general meeting

On page 112 of this document is a notice convening an extraordinary general meeting of Orb to be held at the offices of Fladgate Fielder, 25 North Row, London W1R 1DJ at 10.00 am, on 4 August 1999 at which resolutions will be proposed to:

- (i) approve the Acquisition;

Shareholder approval for the Acquisition is required by the listing rules of the London Stock Exchange. This resolution is subject to the passing of the resolutions described in paragraphs (ii), (iii) and (iv) below.

- (ii) increase the authorised share capital of the Company from £4,750,000 to £25,000,000, an increase of 426 per cent., to create the New Orb Shares to be issued pursuant to the Albemarle Acquisition;

Assuming that the Offer becomes unconditional and is accepted in full and conversion of the loan note pursuant to completion of the Poole Pottery Acquisition, there will be 22,765,976 unissued Orb Shares, representing 83.6 per cent. of the then issued ordinary share capital;

- (iii) authorise the Directors to allot £21,686,786 in nominal value of the new share capital under section 80 of the Act;

Shareholders need to authorise the Directors to allot new shares, in this case the New Orb Shares to Albemarle Shareholders and any Orb Shares issued to the seller of Poole Pottery following conversion of the loan note described in paragraph 6 of this part 1. This resolution will give the Directors the power to allot up to 43,373,572 Orb shares, representing approximately 655 per cent. of Orb's total ordinary share capital in issue on the date of this document.

- (iv) disapply the provisions of section 89 of the Act to empower the Directors to allot unissued shares for cash otherwise than *pro rata* to existing shareholders in certain cases;

Resolution 4.1 allows the directors to issue the New Orb Shares to Albemarle Shareholders without first offering them to Orb shareholders on a pre-emptive basis.

Resolution 4.2 allows the directors to issue Orb Shares to the seller of Poole Pottery pursuant to the conversion of its convertible loan note.

The laws of some countries make it difficult to include shareholders in those countries in a rights issue. The power given by resolution 4.3 allows the directors to make alternative arrangements for those shareholders. The Directors are also authorised to add together any fractions of shares which are left over and sell these in the market.

Resolution 4.4 also allows the directors to issue up to 1,361,701 Orb Shares for cash without first having to offer the shares to existing shareholders. This is five per cent. of the company's

issued share capital after the acquisitions of Albemarle and Poole Pottery and is in line with the guidelines laid down by the Investment Committee of the Association Of British Insurers. There are no current plans to use this power.

Resolution 4.5 allows the directors to issue shares pursuant to any share option scheme adopted by the Company.

- (vi) change the name of the Company to Orb plc.

15. Action to be taken

You will find enclosed with this document a form of proxy for use at the EGM or at any adjournment of it. You are requested to complete the form of proxy in accordance with the instructions printed on it and to return it as soon as possible, but in any event so as to received no later than 48 hours before the time fixed for the EGM. The return of the form of proxy will not preclude you from attending and voting at the meeting in person if you wish.

16. Recommendation

The Directors and the Proposed Director believe that the Albemarle Acquisition is in the best interests of the Company and its shareholders and have been so advised by Grant Thornton as independent financial adviser. Accordingly, they strongly recommend shareholders to vote in favour of the resolutions at the EGM as they intend to do so in respect of their own beneficial shareholdings of 2,188,713 Orb Shares representing 33.03 per cent. of the total Orb Shares. In providing advice to the Directors, Grant Thornton have taken into account the Directors' commercial assessment of the Albemarle Acquisition.

PART 2

FINANCIAL INFORMATION ON ORB COMPARATIVE TABLE

Financial information

This comparative table summarises the consolidated financial statements of Orb Estates PLC for the three years ended 30 June 1996, 30 June 1997 and 30 June 1998. All financial data in this comparative table is extracted from the published audited accounts for those years without material adjustment. Copies of the accounts for the three years ended 30 June 1998 have been delivered to the registrar of companies in England and Wales. The auditors of the Company for the three financial years ended 30 June 1998 were Deloitte & Touche, of Hill House, 1 Little New Street, London EC4A 3TR. The auditors of the Company made unqualified reports in respect of the accounts for these financial years and such reports did not contain a statement in the form referred to in section 237(2) or (3) of the Act.

Group profit and loss account of Orb Estates PLC

The following table sets out the consolidated income statements of Orb Estates PLC for the three years ended 30 June 1996, 30 June 1997 and 30 June 1998, as derived, without material adjustment, from the published audited consolidated accounts for those years.

		<i>Non ring fenced 1996</i>	<i>Ring fenced 1996</i>	<i>Total 1996</i>	<i>Non ring fenced 1997</i>	<i>Ring fenced 1997</i>	<i>Total 1997</i>	<i>Non ring fenced 1998</i>	<i>Ring fenced 1998</i>	<i>Total 1998</i>
	<i>Notes</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Turnover from continuing operations	3	1,841	2,289	4,130	1,248	1,556	2,804	3,121	6,802	9,923
Cost of sales and property outgoings		(2,926)	(1,162)	(4,088)	(81)	(533)	(614)	(2,067)	(6,331)	(8,398)
Gross (loss)/profit		(1,085)	1,127	42	1,167	1,023	2,190	1,054	471	1,525
Administrative expenses		(1,319)	(60)	(1,379)	(590)	(51)	(641)	(545)	(47)	(592)
Operating (loss)/profit from continuing operations		(2,404)	1,067	(1,337)	577	972	1,549	509	424	933
Share of loss in associated undertaking		(65)	—	(65)	(77)	—	(77)	—	—	—
Amounts written off investments		(394)	(287)	(681)	—	—	—	—	—	—
Profit on sale of investments and investment properties		(68)	(55)	(123)	106	535	641	65	—	65
Exceptional item – financial reconstruction	4	(18)	3,276	3,258	(5)	—	(5)	—	—	—
(Loss)/profit on ordinary activities before interest and taxation		(2,949)	4,001	1,052	601	1,507	2,108	574	424	998
Net interest payable and similar charges	5	(633)	(1,957)	(2,590)	(573)	(1,172)	(1,745)	(279)	(423)	(702)
(Loss)/profit on ordinary activities before taxation		(3,582)	2,044	(1,538)	28	335	363	295	1	296
Taxation on (loss)/profit on ordinary activities	8	(2)	—	(2)	18	(333)	(315)	—	(1)	(1)
Retained (loss)/profit for the financial year	16	(3,584)	2,044	(1,540)	46	2	48	295	—	295
(Loss)/earnings per share	9	(54.1)p		(23.2)p	0.7p		0.7p	4.4p		4.4p

Assets and liabilities of Orb Estates PLC

The following sets out the consolidated assets and liabilities of Orb Estates PLC as at 30 June 1996, 30 June 1997 and 30 June 1998 extracted from the published audited consolidated balance sheets at those dates.

	Notes	1996 £'000	1997 £'000	1998 £'000
Fixed assets				
Tangible assets	10	14,584	6,755	6,264
Investments	11	1,816	1,296	1,323
		<u>16,400</u>	<u>8,051</u>	<u>7,587</u>
Current assets				
Trading properties		6,864	6,750	—
Debtors	12	580	1,046	2,036
Cash at bank and in hand		1,390	1,759	2,973
		<u>8,834</u>	<u>9,555</u>	<u>5,009</u>
Creditors due within one year				
Limited recourse loans	13	(6,474)	(7,006)	(1,406)
Other creditors	13	(2,324)	(2,387)	(1,340)
Convertible limited recourse loans	13	(1,701)	—	—
		<u>(10,499)</u>	<u>(9,393)</u>	<u>(2,746)</u>
Net current (liabilities)/assets		(1,665)	162	2,263
Total assets less current liabilities		14,735	8,213	9,850
Creditors due after more than one year				
Mortgage loans repayable	14	(11,594)	(2,989)	(3,950)
Total net assets		<u>3,141</u>	<u>5,224</u>	<u>5,900</u>
Capital and reserves				
Share capital	15	3,313	3,313	3,313
Revaluation reserve	16	(1,925)	(806)	(482)
Special reserve	16	2,381	2,381	2,381
Profit and loss account	16	(2,591)	(2,655)	(1,145)
Limited recourse reserve	16	1,963	2,991	1,833
Equity shareholders' funds		<u>3,141</u>	<u>5,224</u>	<u>5,900</u>

Cash flow statements of Orb Estates PLC

The following table sets out the consolidated cash flow statements of Orb Estates PLC for the three years ended 30 June 1996, 30 June 1997 and 30 June 1998 as derived from the published audited consolidated accounts for those years:

	Notes	1996 £'000	1997 £'000	1998 £'000
Net cash inflow from operating activities	21	852	513	7,691
Returns on investment and servicing of finance		(2,940)	(1,778)	(676)
Taxation		(37)	28	(298)
Capital expenditure and financial investment				
Expenditure on investment properties		(206)	(8)	(7)
Contribution towards capital expenditure of earlier accounting period		—	62	—
Expenditure on investment in US Partnership		—	(58)	(29)
Purchase of other fixed assets		(47)	(1)	(1)
Disposal of investment properties		1,747	8,317	805
Disposal of investments		17	439	—
Disposal of other fixed assets		13	—	—
Management of liquid resources		(500)	—	(1,752)
Financing				
Decrease in convertible loan		—	(450)	—
(Decrease)/increase in mortgage loans		(117)	(7,437)	485
Increase/(decrease) in limited resource loans		102	781	(6,756)
(Decrease)/increase in cash	23	<u>(1,116)</u>	<u>408</u>	<u>(538)</u>

Other primary statements

	1996 £'000	1997 £'000	1998 £'000
Statement of total recognised gains and losses for the three years ended 30 June 1998			
Retained (loss)/profit for the year	(1,540)	48	295
Unrealised (deficit)/surplus on revaluation of investments and investment properties	(1,770)	370	258
Currency translation differences on foreign currency net investments	5	105	5
Increase in limited recourse loan shortfall	1,493	1,028	118
Total gains and losses recognised since last annual report	<u>(1,812)</u>	<u>1,551</u>	<u>676</u>

	1996 £'000	1997 £'000	1998 £'000
Movement in equity shareholders' funds for the three years ended 30 June 1998			
Opening equity shareholders' funds	5,495	3,141	5,224
Total recognised gains and losses for the year	(1,812)	1,551	676
De-consolidated subsidiary	(542)	532	—
Closing equity shareholders' funds	<u>3,141</u>	<u>5,224</u>	<u>5,900</u>

	1996 £'000	1997 £'000	1998 £'000
Note of historical cost profits and losses for the three years ended 30 June 1998			
Reported (loss)/profit on ordinary activities before taxation	(1,538)	363	296
Realisation of revaluation gains and losses of previous years on assets sold in the year	(2,893)	(494)	(65)
Historical cost (loss)/profit on ordinary activities before taxation	<u>(4,431)</u>	<u>(131)</u>	<u>231</u>
Historical cost (loss)/profit for the year retained after taxation	<u>(4,433)</u>	<u>(446)</u>	<u>230</u>

There is no difference between historical cost depreciation and depreciation calculated on revalued amounts because fixed assets held at valuation are not depreciated, as explained in the accounting policy note on investment properties.

Accounting policies

The financial statements have been prepared under the historical cost convention modified by the revaluation of properties and in accordance with applicable accounting standards in the UK. The significant accounting policies adopted by the Group, which have been applied consistently, are set out below:

Basis of consolidation

The consolidated financial statements of the Group include the financial statements of the Company and its subsidiary undertakings. Subsidiary undertakings which are in receivership or liquidation are not consolidated. The results of acquisitions and disposals of subsidiary undertakings during the year are consolidated from or up to the date effective control passes. Investments in limited partnerships in the USA and associated undertakings are consolidated such that the Group's share of pre-tax profits and losses and attributable taxation are included in the Group profit and loss account and the Group balance sheet reflects the Group's share of the underlying net assets, excluding goodwill in investments. As permitted by section 230 of the Companies Act 1985, the profit and loss account for the Company has not been presented in the financial statements.

Investment properties

Non ring fenced investment properties are revalued annually by independent professional valuers. The aggregate surplus or deficit is transferred to revaluation reserve except for permanent diminutions in value below cost, which are written off to profit and loss account. No depreciation is provided in respect of investment properties. The requirement in the Companies Act 1985 that all properties should be depreciated conflicts with the generally accepted accounting principle set out in Statement of Standard Accounting Practice No. 19. In the opinion of the Directors, to depreciate investment properties would not give a true and fair view and accordingly investment properties are included in the financial statements at open market value. The effect of depreciation of value is already reflected annually in the valuation of properties, and the amount attributable to this factor cannot reasonably be separately identified or quantified. Had the provisions of the Act been followed, net assets would not have been affected but revenue profits would have been reduced for this and earlier years.

Other tangible fixed assets

The cost of other fixed assets is their purchase cost together with any incidental costs of acquisition. They are depreciated at rates ranging from 15 to 25% per annum, calculated to write off, on the straight line basis, the cost to their residual value over their estimated useful lives.

Investments

Investments in subsidiary and associated undertakings in the parent company balance sheet are stated at cost less provisions to reduce the carrying value to book value of underlying net assets, where that is less than cost and there has been a permanent diminution in value. Investments in limited partnerships are stated at cost less provisions to reduce the carrying value to the Group's share of net assets at current valuation.

Trading properties

Trading properties are stated at the lower of cost and net realisable value.

Accounting policies (continued)

Limited recourse loans

The Group undertook a financial reconstruction in December 1993 which involved an agreement with various banks (**Master Banking Agreement** or **MBA**) to limit the recourse of those banks to the realisation proceeds and rental receipts from the assets over which those banks have security. The excess, if any, of the loan amount over the open market value of the relevant security is referred to as the Shortfall. The amounts due under the MBA are stated within creditors at an amount which is equal to the open market value of the relevant security. The unrealised Shortfalls relating to these loans have been credited to the Limited Recourse Reserves. When all the security held by an individual bank has been disposed of, any Shortfall becomes crystallised. Crystallised Shortfalls are credited to profit and loss account reserves.

Deferred taxation

Deferred taxation is provided using the liability method in respect of the taxation effect of all material timing differences to the extent that it is probable that liabilities will arise in the foreseeable future.

Turnover

Turnover represents the sales of trading properties and rental and service charge income excluding value added tax. Sales of properties are reflected in the accounts if an unconditional contract is exchanged by the balance sheet date and the sale is completed before the date of approval of the accounts.

Foreign exchange translation

Trading results and assets and liabilities of overseas subsidiaries which are denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Unrealised exchange differences arising on retranslation of opening net assets are taken directly to reserves. Where investments in overseas subsidiaries are financed by loans in matching currencies both are translated at rates of exchange ruling at the balance sheet date and the net exchange difference is taken directly to reserves.

Notes to the accounts

1. Analysis of consolidated profit and loss accounts

Turnover and profit/loss for the three years ended 30 June 1998

	<i>Non ring fenced 1996 £'000</i>	<i>Ring fenced 1996 £'000</i>	<i>Total 1996 £'000</i>	<i>Non ring fenced 1997 £'000</i>	<i>Ring fenced 1997 £'000</i>	<i>Total 1997 £'000</i>	<i>Non ring fenced 1998 £'000</i>	<i>Ring fenced 1998 £'000</i>	<i>Total 1998 £'000</i>
Gross rentals	1,205	2,150	3,355	1,112	1,555	2,667	834	402	1,236
Property outgoings	(211)	(738)	(949)	(125)	(533)	(658)	(102)	(205)	(307)
Net rental income	994	1,412	2,406	987	1,022	2,009	732	197	929
Trading turnover	595	90	685	—	—	—	2,275	6,400	8,675
Cost of sales	(756)	(87)	(843)	—	—	—	(1,965)	(4,850)	(6,815)
Provisions (created)/released	(1,959)	(337)	(2,296)	44	—	44	—	(1,276)	(1,276)
Trading (loss)/profit	(2,120)	(334)	(2,454)	44	—	44	310	274	584
Other turnover	41	49	90	136	1	137	12	—	12
Gross (loss)/profit	(1,085)	1,127	42	1,167	1,023	2,190	1,054	471	1,525
Administrative expenses	(1,319)	(60)	(1,379)	(590)	(51)	(641)	(545)	(47)	(592)
Operating (loss)/profit	(2,404)	1,067	(1,337)	577	972	1,549	509	424	933
Sale of investments and investment properties									
Sale proceeds	907	962	1,869	3,200	6,407	9,607	822	—	822
Cost of sales	(975)	(1,017)	(1,992)	(3,094)	(5,872)	(8,966)	(757)	—	(757)
(Loss)/profit on sale of investments and investment properties	(68)	(55)	(123)	106	535	641	65	—	65

2. Analysis of consolidated balance sheets

	<i>Non ring fenced 1996 £'000</i>	<i>Ring fenced 1996 £'000</i>	<i>Total 1996 £'000</i>	<i>Non ring fenced 1997 £'000</i>	<i>Ring fenced 1997 £'000</i>	<i>Total 1997 £'000</i>	<i>Non ring fenced 1998 £'000</i>	<i>Ring fenced 1998 £'000</i>	<i>Total 1998 £'000</i>
Fixed assets									
Tangible assets	9,147	5,437	14,584	6,755	—	6,755	6,264	—	6,264
Investments	922	894	1,816	409	887	1,296	414	909	1,323
	10,069	6,331	16,400	7,164	887	8,051	6,678	909	7,587
Current assets									
Trading properties	1,812	5,052	6,864	1,900	4,850	6,750	—	—	—
Debtors	402	178	580	235	811	1,046	2,036	—	2,036
Cash at bank and in hand	784	606	1,390	767	992	1,759	2,415	558	2,973
	2,998	5,836	8,834	2,902	6,653	9,555	4,451	558	5,009
Creditors: amounts falling due within one year									
Limited recourse loans	—	(6,474)	(6,474)	—	(7,006)	(7,006)	—	(1,406)	(1,406)
Convertible limited recourse loans	—	(1,701)	(1,701)	—	—	—	—	—	—
Other creditors	(1,822)	(502)	(2,324)	(1,853)	(534)	(2,387)	(1,279)	(61)	(1,340)
	(1,822)	(8,677)	(10,499)	(1,853)	(7,540)	(9,393)	(1,279)	(1,467)	(2,746)
Net current (liabilities)/assets	1,176	(2,841)	(1,665)	1,049	(887)	162	3,172	(909)	2,263
Total assets less current liabilities	11,245	3,490	14,375	8,213	—	8,213	9,850	—	9,850
Creditors: amounts falling due after more than one year	(6,403)	(5,191)	(11,594)	(2,989)	—	(2,989)	(3,950)	—	(3,950)
Net assets/(liabilities)	4,842	(1,701)	3,141	5,224	—	5,224	5,900	—	5,900
Net asset value per share	73.1p		47.4p	78.8p		78.8p	89.0p		89.0p

3. Segmental information

	1996 £'000	1997 £'000	1998 £'000
Turnover			
United Kingdom	3,228	1,845	9,923
USA	902	959	—
Continuing operations	<u>4,130</u>	<u>2,804</u>	<u>9,923</u>
(Loss)/profit before taxation			
United Kingdom	(1,205)	(183)	296
USA	(333)	596	—
Canada	—	(50)	—
Continuing operations	<u>(1,538)</u>	<u>363</u>	<u>296</u>

The directors consider that the group's activities represent one class of business only.

4. Exceptional items – final reconstruction

	1996 £'000	1997 £'000	1998 £'000
Crystallised shortfalls on convertible limited recourse loans not converted	3,276	—	—
Payment in lieu of share conversion entitlement under Master Banking Agreement	(18)	(5)	—
	<u>3,258</u>	<u>(5)</u>	<u>—</u>

The Company was previously known as Ossory Estates PLC which, because of exposure to high levels of bank debt undertook a financial reconstruction in December 1993. A key element in refinancing was an agreement with its bankers to ring fence the Group's bank borrowings.

5. Net interest payable and similar charges

	1996 £'000	1997 £'000	1998 £'000
Interest payable on bank loans and overdrafts	2,705	1,783	825
Interest receivable	(115)	(38)	(123)
	<u>2,590</u>	<u>1,745</u>	<u>702</u>

6. (Loss)/profit on ordinary activities before taxation

	1996 £'000	1997 £'000	1998 £'000
Profit on ordinary activities before taxation has been stated after charging the following:			
Depreciation	89	74	17
Auditors remuneration			
— group and company fees for audit work: Current year	52	26	31
— group and company fees for audit work: Under provision in previous year	3	—	4
— fees for other work	15	6	—
— fees relating to proposed acquisition	96	—	—
Operating lease rentals: land and buildings	—	37	35

7. Staff numbers and costs

	1996 Number	1997 Number	1998 Number
The weekly average number of personnel employed full time by the Group was:			
Full time executive directors	2	1	1
Administration and managerial staff	4	4	3
On site property managers	2	2	2
On site security guards	—	4	3
	8	11	9

The number of personnel employed by the Group, including full time directors, at 30th June 1998 was eight (30th June 1997: ten; 30th June 1996 seven)

The aggregate remuneration of all employees comprised:

	1996 £'000	1997 £'000	1998 £'000
Wages and salaries	274	255	225
Redundancy and compensation for loss of office	191	—	23
Social security costs	28	24	22
	493	279	270

7. Staff numbers and costs (continued)

Directors' remuneration

	Salary and fees £'000	Compensation for loss of office £'000	Benefits £'000	Total 1996 £'000	Salary and fees £'000	Benefits £'000	Total 1997 £'000	Salary and fees £'000	Benefits £'000	Total 1998 £'000
Denys Cole	—	—	—	—	—	—	—	5	—	5
Philip Ridal	80	—	3	83	88	6	94	89	7	96
Nigel Turnbull	24	—	—	24	40	—	40	7	—	7
Mitchell Higgins	19	—	—	19	10	—	10	5	—	5
Roger Maddock	—	—	—	—	—	—	—	1	—	1
Michael Hawkes	6	—	—	6	10	—	10	3	—	3
David Sebire	23	52	—	75	—	—	—	—	—	—
William Higgins	113	128	3	244	—	—	—	—	—	—
	<u>265</u>	<u>180</u>	<u>6</u>	<u>451</u>	<u>148</u>	<u>6</u>	<u>154</u>	<u>110</u>	<u>7</u>	<u>117</u>

Included in the above figures are amounts of £21,375 (1997: £60,000; 1996: £361,240) paid by the Company to companies beneficially owned by certain Directors in respect of their services. No remuneration was received by Peter Gyllenhammar and Johan Claesson who both held office during the year ended 30 June 1998.

8. Taxation

	1996 £'000	1997 £'000	1998 £'000
Tax on (loss)/profit on ordinary activities	(2)	—	—
Corporation tax at 31% (1997 and 1996 33%)	—	—	—
Overseas tax	—	333	1
Taxation on Group's share of profits of associated undertaking	4	12	—
Current year charge	<u>2</u>	<u>345</u>	<u>1</u>
Adjustments to prior years' tax provisions			
Corporation tax	—	(30)	—
	—	(30)	—
	<u>2</u>	<u>315</u>	<u>1</u>

The UK tax charge is disproportionately low during the three year period due to tax losses from prior periods being utilised against current year taxable profits.

The £333,000 US state taxation for 1997 relates to a gain on disposal of ring fenced properties in Pennsylvania.

9. Earnings per share

	1996 £'000	1997 £'000	1998 £'000
Total (loss)/profit attributable to shareholders	(1,540)	48	295
Weighted average number of ordinary shares in issue	<u>6,626,429</u>	<u>6,626,429</u>	<u>6,626,429</u>
(Loss)/earnings per share	<u>(23.2p)</u>	<u>0.7p</u>	<u>4.4p</u>

10. Tangible fixed assets

	Freehold £'000	Leasehold long £'000	Total investment properties £'000	Fixtures, fittings and equipment £'000	Motor vehicles £'000	Total £'000
Cost or valuation						
At 1 July 1995	21,842	6,755	28,597	671	38	29,306
Additions	206	—	206	47	—	253
Movement on exchange	238	—	238	12	—	250
Disposals	(7,865)	(5,980)	(13,845)	(4)	(18)	(13,867)
Net deficit on revaluation	(665)	(75)	(740)	—	—	(740)
At 30 June 1996	13,756	700	14,456	726	20	15,202
Additions	8	—	8	1	—	9
Movement on exchange	(371)	—	(371)	(21)	—	(392)
Disposals	(5,000)	—	(5,000)	(290)	—	(5,290)
Contribution towards capital expenditure	(62)	—	(62)	—	—	(62)
On disposal of subsidiary	(2,650)	—	(2,650)	—	—	(2,650)
Net surplus on revaluation	304	40	344	—	—	344
At 30 June 1997	5,985	740	6,725	416	20	7,161
Additions	7	—	7	1	—	8
Disposals	—	(740)	(740)	(4)	—	(744)
Net surplus on revaluation	258	—	258	—	—	258
At 30 June 1998	6,250	—	6,250	413	20	6,683
Accumulated depreciation						
At 1 July 1995	—	—	—	516	14	530
Movement on exchange	—	—	—	9	—	9
Charge for the year	—	—	—	84	5	89
Disposals	—	—	—	—	(10)	(10)
At 30 June 1996	—	—	—	609	9	618
Movement on exchange	—	—	—	(12)	—	(12)
Charge for the year	—	—	—	69	5	74
Disposals	—	—	—	(274)	—	(274)
At 30 June 1997	—	—	—	392	14	406
Charge for the year	—	—	—	11	6	17
Disposals	—	—	—	(4)	—	(4)
At 30 June 1998	—	—	—	399	20	419
Net book value						
At 30 June 1996	13,756	700	14,456	117	11	14,584
At 30 June 1997	5,985	740	6,725	24	6	6,755
At 30 June 1998	6,250	—	6,250	14	—	6,264

- (a) The Group's investment property portfolio (of freehold and long leasehold properties) was valued on an open market basis at 30 June 1998 by DTZ Debenham Thorpe, Chartered Surveyors.

11. Fixed asset investments

	<i>Associated undertaking £'000</i>	<i>Investments in USA limited partnerships £'000</i>	<i>Other investments £'000</i>	<i>Total £'000</i>
At cost or valuation				
At 1 July 1995	1,178	1,835	448	3,461
Movement on exchange	—	86	—	86
Additions	(3)	62	—	59
Disposals	—	—	(11)	(11)
Share of results and tax	(68)	—	—	(68)
Revaluation movement	(3)	(1,027)	—	(1,030)
Amount written off investment	(394)	—	(287)	(681)
At 30 June 1996	710	956	150	1,816
Movement on exchange	—	(65)	—	(65)
Additions	—	58	—	58
Disposals	(450)	—	—	(450)
Share of results	(77)	—	—	(77)
Share of tax on results	(12)	—	—	(12)
Revaluation movement	26	—	—	26
At 30 June 1997	197	949	150	1,296
Movement on exchange	—	(2)	—	(2)
Additions	—	29	—	29
Share of results	3	—	—	3
Fees charged by joint venture partners	(3)	—	—	(3)
At 30 June 1998	197	976	150	1,323

The historical cost of investments in associated undertakings at 30 June 1998 was £100,000 (1997 – £100,000, 1996 – £935,000) and Orb Estates PLC's share of post acquisition reserves were £97,000 (1997 - £97,000, 1996 - loss £225,000).

Of the above investments, all associated undertakings are non ring fenced. Investments in USA limited partnerships are ring fenced with the exception of £217,000 (1997 – £212,000, 1996 – £212,000) which are non ring fenced. All of the other investments are ring fenced.

The Group has an interest in the following associated undertaking:

<i>Name</i>	<i>Country of incorporation/ registration and principal country of operation</i>	<i>Nature of property business</i>	<i>% of ordinary £1 equity shares held</i>	<i>Accounting year end</i>
Puravale Limited	England	Dormant	50%	30 June

The interest in Puravale is held directly by Orb Estates PLC.

11. Fixed asset investments *(continued)*

The balance sheet of the associated undertaking is as follows:

	<i>1996</i> <i>£'000</i>	<i>1997</i> <i>£000</i>	<i>1998</i> <i>£000</i>
Investment properties	10,100	—	—
Amounts due from shareholders	—	400	400
Net current liabilities	(160)	(6)	(6)
Creditors amounts falling due after more than one year	(8,506)	—	—
Net assets	<u>1,434</u>	<u>394</u>	<u>394</u>
Orb Estates PLC's share of net assets	<u>710</u>	<u>197</u>	<u>197</u>

The investments in USA limited partnerships are as follows:

<i>Name</i>	<i>Address of properties</i>	<i>Country of operation</i>	<i>Nature of property business</i>	<i>Nature of interest</i>
Route 301/CPI Associates	Brandywine Residential Development Land, Prince George's County, Maryland	USA	Development	20% equity
Route 301/CPI Industrial	Brandywine Industrial Development Land, Prince George's County, Maryland	USA	Development	9% equity

The historical cost of the investment in the USA partnerships is £1,692,000 (1997 – £1,663,000, 1996 – £1,605,000). In the opinion of the Directors, the market value is not less than book value.

12. Debtors

	<i>1996</i> <i>£'000</i>	<i>1997</i> <i>£'000</i>	<i>1998</i> <i>£'000</i>
Trade debtors	518	955	263
Property sale debtor	—	—	1,579
Other debtors	36	35	175
Prepayments and accrued income	<u>26</u>	<u>56</u>	<u>19</u>
	<u>580</u>	<u>1,046</u>	<u>2,036</u>

13. Creditors - amounts falling due within one year

	1996 £'000	1997 £'000	1998 £'000
Limited recourse loans			
Amounts equal to security values	6,474	7,006	1,406
Convertible limited recourse loans	1,701	—	—
	<u>8,175</u>	<u>7,006</u>	<u>1,406</u>

The limited recourse loans described in this note are all subject to the provisions of the Master Bank Agreement (MBA). Equity Conversion Loans for which there is an agreement with the relevant bank to pay cash in lieu of the ordinary 50p shares due at Crystallisation have been reclassified as Release Fee Loans.

Release Fee Loans are included in creditors, under the heading Limited Recourse Loans, at an amount equal to the relevant security value. Any excess of the loan amount over the value of the security (Shortfall) is credited to the Limited Recourse Reserve. The amounts included in creditors and reserves are as follows:

	1996 £'000	1997 £'000	1998 £'000
Release Fee Loans			
Creditors: Amount equal to security value	5,009	7,006	1,406
Reserves: Shortfall	1,963	2,991	1,833
Total Release Fee Loans	<u>6,972</u>	<u>9,997</u>	<u>3,239</u>

Equity Conversion Loans are included in creditors in the balance sheet in two parts. The amount equal to the security value is shown under the heading Limited Recourse Loans. The convertible Shortfall is shown under the heading Convertible Limited Recourse Loans. The amounts included in creditors are as follows:

	1996 £'000	1997 £'000	1998 £'000
Equity Conversion Loans			
Amount equal to security value	1,465	—	—
Convertible Shortfall	1,701	—	—
Total Equity Conversion Loans	<u>3,166</u>	<u>—</u>	<u>—</u>

Convertible limited Recourse loans are convertible at crystallisation at the rate of one ordinary 50p share per £120 of convertible Shortfall. As at 30 June 1998 and 30 June 1997 no shares were issuable in respect of Convertible Limited Recourse Loans (1996: a maximum of 14,175 ordinary 50p shares).

	1996 £'000	1997 £'000	1998 £'000
Release Fee Loans	5,009	7,006	1,406
Equity Conversion Loans	1,465	—	—
Total amounts equal to security value	<u>6,474</u>	<u>7,006</u>	<u>1,406</u>

All Limited Recourse Loans are denominated in sterling except for a Release Fee Loan of £1,062,000 (1997 - £1,562,000, 1996 - Equity Conversion Loan of £2,386,000) which is denominated in US dollars. Interest payable on Limited Recourse Loans is linked to three month LIBOR.

13. Creditors – amounts falling due within one year (continued)

	1996 £'000	1997 £'000	1998 £'000
Other creditors			
Convertible loan note	450	—	—
Bank loans	167	977	501
Trade creditors	339	95	64
Amount owed to associated undertaking	—	200	200
Overseas tax	3	336	38
Corporation tax	13	11	11
Other taxation and social security	116	117	60
Other creditors	139	109	53
Accruals and deferred income	1,097	542	413
	<u>2,324</u>	<u>2,387</u>	<u>1,340</u>

Bank loans are secured on investment properties.

14. Mortgage loans repayable

	1996 £'000	1997 £'000	1998 £'000
Maturity			
Repayable between one and two years	1,101	138	200
Repayable between two and five years	8,350	2,364	1,825
Repayable in five years or more	1,943	287	1,725
4% convertible loan note 2010	200	200	200
	<u>11,594</u>	<u>2,989</u>	<u>3,950</u>

Mortgage loans are secured on investment properties. All mortgage loans are denominated in sterling. Interest payable on £1,875,000 of mortgage loans is linked to three month LIBOR plus a margin of 1.65%. Interest payable on mortgage loans of £1,875,000 was fixed at 8.38% until 29 March 1999. Thereafter interest is charged at three month LIBOR plus a margin of 1.35%.

£200,000 nominal of Convertible Loan Notes 2010 are redeemable at par on 24 May 2010 or earlier in the event, inter alia, of a reverse take-over by the Company or the Company becoming a wholly owned subsidiary of another company. The notes may be converted into 100,000 ordinary 50p shares in the Company at any time until March 1999 at the option of the note holder.

15. Share capital

	<i>Number 000's</i>	<i>1996 £'000</i>	<i>Number 000's</i>	<i>1997 £'000</i>	<i>Number 000's</i>	<i>1998 £'000</i>
Authorised						
Ordinary shares of 50p each	9,500,000	4,750	9,500,000	4,750	9,500,000	4,750
Allotted and fully paid						
Ordinary shares of 50p each	6,626,429	3,313	6,626,429	3,313	6,626,429	3,313

Executive share option scheme 1994

The options outstanding under the Executive Share Option Scheme 1994 are shown in the table below as at 30 June 1998. All the options were held by Philip Ridal and were granted at a nominal cost.

<i>Date of grant</i>	<i>Exercise period</i>	<i>Price</i>	<i>Number of shares</i>
18 December 1995	18 December 1998 to 17 December 2005	74p	216,216
19 December 1996	19 December 1999 to 18 December 2006	64p	46,875

Other options

As part of the financial restructuring of the Group in December 1993, an option to acquire 250,000 ordinary shares at a subscription price of 200p each was granted to a non-banking creditor of the company as part consideration for the release of the company from its obligations under a guarantee. The option is exercisable during certain limited periods in each year until 2 December 2003.

16. Reserves

	Special reserve £'000	Revaluation reserve £'000	Limited recourse reserve £'000	Profit and loss account £'000
Reserves at 1 July 1995	—	(3,058)	—	(19,646)
Loss retained for the year	—	—	—	(1,540)
Net deficit on revaluation of investments and investment properties	—	(1,770)	—	—
Restatement for change of accounting policy for limited recourse loans	—	—	6,486	—
Reconsolidated subsidiary	—	—	—	(542)
Transfer to special reserve on capital reduction	2,381	—	—	(2,381)
Cancelled deferred shares	—	—	—	9,940
Cancelled share premium	—	—	—	8,460
Revaluation reserve released on disposal of subsidiary	—	—	—	(3,204)
Revaluation reserve realised on disposal of investment properties	—	(311)	—	311
On disposal of subsidiary	—	3,204	(6,016)	6,016
Increase in limited recourse loan shortfall	—	—	1,493	—
Currency translation differences	—	10	—	(5)
Reserves at 30 June 1996	2,381	(1,925)	1,963	(2,591)
Net revaluation surplus	—	370	—	—
Profit retained for the year	—	—	—	48
Revaluation reserve realised on disposal of subsidiary company	—	500	—	(500)
Reclassification	—	200	—	(200)
Revaluation reserve released on disposal of investment company	—	(6)	—	6
Movement on exchange	—	55	—	50
De-consolidation of subsidiary in receivership	—	—	—	532
Increase in limited recourse loan shortfall	—	—	1,028	—
Reserves at 30 June 1997	2,381	(806)	2,991	(2,655)
Profit retained for the year	—	—	—	295
Realisation on disposal	—	65	—	(65)
Surplus on valuation of freehold and long leasehold properties	—	258	—	—
Limited recourse reserve released on disposal of ring fenced property	—	—	(1,276)	1,276
Increase in limited recourse loan shortfall	—	—	118	—
Currency translation differences	—	1	—	4
Reserves at 30 June 1998	2,381	(482)	1,833	(1,145)

The special reserve is not distributable and relates to pre 31 December 1995 reserves paid up from subsidiaries. On 17 January 1996 the Company obtained Court approval for a reduction of share capital and share premium in the amount of £18.4 million. The Court approval for the reduction contained, *inter alia*, an undertaking by the Company to credit to a special non-distributable reserve "a sum equal to the amount of any distribution from any subsidiary of the Company out of profit earned prior to 31 December 1995 (save to the extent by which the Company is obliged to reduce its investment in the subsidiary concerned by an amount up to the amount of such distribution)". The total amount to be retained in the special reserve is reduced from time to time by the amount of any increase after 17 January 1996 in the paid up share capital and share premium account of the Company resulting from an issue of new shares for cash or other new consideration or upon a capitalisation of distributable reserves.

17. Deferred tax

	1996 £'000	Group 1997 £'000	1998 £'000
The potential deferred tax is as follows:			
Losses carried forward	(8,287)	(8,143)	(9,348)
Short term timing differences	(102)	(73)	—
Accelerated capital allowances	(58)	(71)	(68)
Potential capital gains on property disposals	223	197	183
Potential losses before indexation allowance on investment revaluations	(376)	(301)	(218)
Capitalised interest on development properties	139	131	—
	<u>(8,461)</u>	<u>(8,260)</u>	<u>(9,451)</u>

No provision has been made for deferred tax in respect of potential capital gains as either no disposal is envisaged in the foreseeable future or any assessable gain arising will be relieved by losses brought forward. The Group has approximately £19,200,000 (1997: £13,000,000) revenue losses carried forward for off-set against future revenue profits. Capital losses available for carry forward are estimated at £10,800,000 (1997: £12,000,000).

18. Contingent liabilities

There are no guarantee liabilities outstanding in either the Group or the Company in respect of the liabilities or undertakings which have not been consolidated. The Company has given a fixed charge over its investment shown in note 11 at a net book value of £150,000 (1997: — £150,000, 1996 — £150,000) in respect of the borrowings of a subsidiary company. The Company has no guarantee liabilities in respect of the bank borrowings of subsidiary undertakings.

On 23 September 1998, the Finance Director, Philip Ridal, made a claim against the Company for bonus and pension entitlements amounting to £68,000, options on shares to an aggregate value of £145,000 and damage associated with the notice given by the Company to terminate his service contract and failure to formalise agreed terms for a new service contract. None of the matters set out in Mr Ridal's claim are admitted by the Company. As only certain amounts of the claim have been quantified by Mr Ridal it is not possible to quantify with any degree of accuracy the full amount which could be involved in any such claim. The Directors believe that any amounts which may be ultimately be payable in order to settle the claim will not be material. Accordingly, no provision has been made in the Accounts.

19. Leasing commitments

The annual commitments under operating leases for the Group are as follows:

	1996 £'000	1997 £'000	1998 £'000
Land and buildings: expiring over five years	25	37	35
Other: expiring within one year	—	2	—
Other: expiring between two and five years	4	—	—

20. Capital commitments

There were capital commitments of £170,000 as at 30 June 1998 (1997: £nil, 1996: £nil).

21. Reconciliation of operating profit/(loss) to net flow from operating activities

	1996 £'000	1997 £'000	1998 £'000
Operating profit/(loss) before exceptional items	(1,337)	1,549	933
Depreciation charges	89	74	17
Sale of fixed assets	(4)	1	—
Limited recourse reserve released on disposal of ring fenced property	—	—	1,276
Decrease/(increase) in trading properties held for resale	2,449	(87)	6,750
Increase in debtors	(147)	(458)	(1,024)
Decrease in creditors	(198)	(566)	(261)
Net cash inflow from operating activities	<u>852</u>	<u>513</u>	<u>7,691</u>

22. Reconciliation of net cash flow to movement in net debt

	1996 £'000	1997 £'000	1998 £'000
(Decrease)/increase in cash in the year	(616)	408	(538)
Cash outflow from decrease in debt:			
Increase/(decrease) in mortgage loans	117	7,437	(485)
Increase/(decrease) in limited recourse loans	(102)	(781)	6,756
Decrease in convertible loan note	—	450	—
Cash outflow from increase in liquid resources	—	—	1,752
Change in net debt resulting from cash flow	(601)	7,514	7,485
Decrease in limited resource loan shortfall	1,493	1,028	118
Limited recourse reserve released on disposal of ring fenced property	—	—	(1,276)
Secured cash balance of ring fenced subsidiary disposal of	(2,138)	—	—
Limited recourse loan shortfall crystallised	3,258	—	—
Debt of re consolidated subsidiary	(795)	—	—
Debt of ring fenced subsidiary disposal of	13,730	—	—
De consolidated subsidiary undertaking	—	680	—
Translation adjustment	(139)	561	2
	<u>14,808</u>	<u>9,783</u>	<u>6,329</u>
Net debt at 1 July	<u>(33,804)</u>	<u>(18,996)</u>	<u>(9,213)</u>
Net debt at 30 June	<u>(18,996)</u>	<u>(9,213)</u>	<u>(2,884)</u>

23. Analysis of changes in net debt

	<i>At 1 July 1995 £'000</i>	<i>Cashflows £'000</i>	<i>Other changes £'000</i>	<i>Exchange movements £'000</i>	<i>At 30 June 1996 £'000</i>
Cash and bank balances					
Cash in hand and at bank	4,049	(1,116)	(2,138)	95	890
Bank treasury deposits	—	500	—	—	500
	<u>4,049</u>	<u>(616)</u>	<u>(2,138)</u>	<u>95</u>	<u>1,390</u>
Debt due within one year					
Limited recourse loans	(22,121)	(102)	15,983	(234)	(6,474)
Convertible limited recourse loans	(3,637)	—	1,936	—	(1,701)
Bank loans	(137)	—	(30)	—	(167)
Convertible loan note	—	—	(450)	—	(450)
	<u>(25,895)</u>	<u>(102)</u>	<u>17,439</u>	<u>(234)</u>	<u>(8,792)</u>
Debt due after more than one year					
Mortgage loans	(11,308)	117	(203)	—	(11,394)
Convertible loan note	(650)	—	450	—	(200)
	<u>(11,958)</u>	<u>117</u>	<u>247</u>	<u>—</u>	<u>(11,594)</u>
Net debt	<u>(33,804)</u>	<u>(601)</u>	<u>15,548</u>	<u>(139)</u>	<u>(18,996)</u>

	<i>At 1 July 1996 £'000</i>	<i>Cashflows £'000</i>	<i>Ossory Canada, Inc.* £'000</i>	<i>Other changes £'000</i>	<i>Exchange movements £'000</i>	<i>At 30 June 1997 £'000</i>
Cash and bank balances						
Cash in hand and at bank	890	408	(8)	—	(31)	1,259
Bank treasury deposits	500	—	—	—	—	500
	<u>1,390</u>	<u>408</u>	<u>(8)</u>	<u>—</u>	<u>(31)</u>	<u>1,759</u>
Debt due within one year						
Limited recourse loans	(6,474)	(781)	156	(12)	105	(7,006)
Convertible limited recourse loans	(1,701)	—	532	1,040	129	—
Bank loans	(167)	—	—	(810)	—	(977)
Convertible loan note	(450)	450	—	—	—	—
	<u>(8,792)</u>	<u>(331)</u>	<u>688</u>	<u>218</u>	<u>234</u>	<u>(7,983)</u>
Debt due after more than one year						
Mortgage loans	(11,394)	7,437	—	810	358	(2,789)
Convertible loan note	(200)	—	—	—	—	(200)
	<u>(11,594)</u>	<u>7,437</u>	<u>—</u>	<u>810</u>	<u>358</u>	<u>(2,989)</u>
Net debt	<u>(18,996)</u>	<u>7,514</u>	<u>680</u>	<u>1,028</u>	<u>561</u>	<u>(9,213)</u>

* Ossory Canada, Inc. was de-consolidated with effect from 23 January 1997 when that company was placed in receivership.

23. Analysis of changes in net debt (continued)

	<i>At 1 July 1997 £'000</i>	<i>Cashflows £'000</i>	<i>Other changes £'000</i>	<i>Exchange movements £'000</i>	<i>At 30 June 1998 £'000</i>
Cash and bank balances					
Cash in hand and at bank	1,259	(538)	—	—	721
Bank treasury deposits	500	1,752	—	—	2,252
	<u>1,759</u>	<u>1,214</u>	<u>—</u>	<u>—</u>	<u>2,973</u>
Debt due within one year					
Limited recourse loans	(7,006)	6,756	(1,158)	2	(1,406)
Bank loans	(977)	—	476	—	(501)
	<u>(7,983)</u>	<u>6,756</u>	<u>(682)</u>	<u>2</u>	<u>(1,907)</u>
Debt due after more than one year					
Mortgage loans	(2,789)	(485)	(476)	—	(3,750)
Convertible loan note	(200)	—	—	—	(200)
	<u>(2,989)</u>	<u>(485)</u>	<u>(476)</u>	<u>—</u>	<u>(3,950)</u>
Net debt	<u>(9,213)</u>	<u>7,485</u>	<u>(1,158)</u>	<u>2</u>	<u>(2,884)</u>

The major non-cash items in the year to 30 June 1998 are the release of a limited recourse reserve on disposal of the ring fenced property totalling £1,276,000 and the decrease in the limited recourse shortfall of £118,000.

UNAUDITED FINANCIAL INFORMATION

The latest financial information for the six months ended 31 December 1998 is reproduced below. This financial information has been neither audited or reviewed.

ORB ESTATES PLC HALF YEARLY STATEMENT

The following is the interim statement of the results of Orb for the six months ended 31 December 1998 which was released on 30 April 1999.

SIX MONTHS ENDED 31 DECEMBER 1998

Consolidated Summary Profit and Loss Account

	<i>Unaudited 31 December 1997 £'000</i>	<i>Unaudited 31 December 1998 £'000</i>	<i>Audited 30 June 1998 £'000</i>
Net turnover	687	414	9,923
Profit before taxation	86	152	296
Taxation	—	(30)	(1)
Profit attributable to shareholders	86	122	295
Earnings per share	1.3p	1.8p	4.4p

Consolidated Summary Net Assets

	<i>Unaudited 31 December 1997 £'000</i>	<i>Unaudited 31 December 1998 £'000</i>	<i>Audited 30 June 1998 £'000</i>
Fixed assets and investments	8,069	8,174	7,587
Net current assets	1,792	1,726	2,263
Total assets less current liabilities	9,861	9,900	9,850
Long term liabilities	(4,370)	(3,875)	(3,950)
Net assets	5,491	6,025	5,900
Net assets per share	82.9p	90.9p	89.0p

The directors are pleased to announce a profit for the half year ended 31 December 1998 of £122,000, an increase of some 40% over the corresponding period of the previous year. This result has strengthened the Group's financial position, as is shown by the increase in assets per share, and provided a basis for its planned expansion.

No sales of properties were included in the period under review or the comparative period, but the turnover for the year ended 30 June 1998 included property sales of £8,675,000.

The Group is currently in discussions which, if successfully concluded, will result in a substantial increase in size and activities, and will provide critical mass for the future. A further announcement will be made as soon as possible.

Peter Catto
(Chairman)

30 April 1999

Notes:

1. No dividend is proposed for the half year ended 31 December 1998 (1997: £nil).
2. The financial information set out above does not constitute full accounts. Accounts for the year ended 30 June 1998, on which the report of the auditors was unqualified, have been delivered to the Registrar of Companies.

PART 3

FINANCIAL INFORMATION ON ALBEMARLE

COMPARATIVE TABLE

1. Principal activity of Albemarle and its subsidiary undertakings

Albemarle acts as a holding company for the Albemarle Group. The principal activities of the Albemarle Group are that of property investment and property management. Property investment comprises a portfolio of £53 million as independently valued on 28 May 1999.

The principal subsidiaries and associated undertakings of Albemarle and their activities are set out below. All of the subsidiaries are registered in England and Wales and are wholly owned unless specified below, with registered offices at Albemarle House, 1 Albemarle Street, London W1X 3HF.

<i>Name</i>	<i>Nature of business</i>	<i>% holding</i>
Adengate Limited	Property investment	33 ¹ / ₃
Benander Limited	Property investment	100
Cantrop Limited	Property investment	100
Chalfont Property Investments Ltd	Property investment	100
Discfind Limited	Property investment	100
Hoursweep Limited	Property investment	100
Huckston Limited	Property investment	100
Landlast Limited	Property investment	100
Meydale Limited	Property investment	100
Mitre Property Management Ltd	Property investment	100
Montarun Limited	Property investment	100
Mosturn Limited	Property investment	100
Newsboard Limited	Property investment	100
Onetour Limited	Property investment	100
Shotmid Limited	Property investment	100
Slothope Limited	Property investment	100
St Bernards Park Limited	Property management and investment	49

2. Basis of financial information

The financial information contained in paragraphs 3 to 9 of this part 3 does not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985 (Act), and has been extracted without material adjustment from the full audited consolidated accounts of the Albemarle Group for the three years ended 31 December 1998. Copies of the accounts for the three years ended 31 December 1998 have been delivered to the Registrar of Companies in England and Wales. Deloitte & Touche, Chartered Accountants and Registered Auditors of Hill House, 1 Little New Street, London EC4A 3TR have made reports under Section 235 of the Act in respect of the year ended 31 December 1996 and the year ended 31 December 1997, and each such report was an unqualified report and did not contain a statement under Section 237(2) or (3) of the Act. Baker Tilly, Chartered Accountants and Registered Auditors of 2 Bloomsbury Street, London WC1B 3ST have made a report under Section 235 of the Act in respect of the year ended 31 December 1998, and such report was an unqualified report and did not contain a statement under Section 237(2) or (3) of the Act.

Where relevant, the 1996 and 1997 figures have been included in accordance with disclosure requirements where such disclosure was not originally required.

3. Consolidated Profit and Loss Accounts

		Year ended 31 December 1996 £'000	Year ended 31 December 1997 £'000	Year ended 31 December 1998 £'000
	Notes			
Turnover				
– continuing operations	9.1	8,370	7,997	6,341
– discontinued operations	9.1	273	96	—
		<u>8,643</u>	<u>8,093</u>	<u>6,341</u>
Cost of sales				
– continuing operations		(643)	(502)	(379)
Gross profit				
– continuing operations		7,727	7,495	5,962
– discontinued operations		273	96	—
		<u>8,000</u>	<u>7,591</u>	<u>5,962</u>
Administrative expenses				
Continuing operations				
– management		(663)	(783)	(2,351)
– reorganisation		—	(300)	—
Discontinued operations		(506)	—	—
– management				
Provisions for diminution in value of investment properties		<u>(2,417)</u>	<u>—</u>	<u>—</u>
Operating profit				
– continuing operations		4,647	6,412	3,611
– discontinued operations		<u>(233)</u>	<u>96</u>	<u>—</u>
		4,414	6,508	3,611
Share of associates' operating profit		172	—	136
Loss on disposal of subsidiaries	9.2	(1,126)	(520)	—
Loss on disposal of investment property		(227)	(213)	(725)
Profit on disposal of investments		—	207	—
Profit on financial restructuring	9.3	5,021	213	—
Interest payable and similar charges	9.4	(6,259)	(6,602)	(6,326)
Release of provision against loans to associates		—	—	306
Provision for permanent diminution in value of investment properties		<u>—</u>	<u>—</u>	<u>(120)</u>
Profit/(loss) on ordinary activities before taxation				
– continuing operations	9.5	3,354	19	(3,118)
– discontinued operations		<u>(1,359)</u>	<u>(426)</u>	<u>—</u>
		1,995	(407)	(3,118)
Taxation	9.7	<u>—</u>	<u>—</u>	<u>(1)</u>
Profit/(loss) on ordinary activities after taxation		1,995	(407)	(3,119)
Non equity minority interests		<u>—</u>	<u>(3)</u>	<u>(2)</u>
Profit/(loss) for the financial year		<u>1,995</u>	<u>(410)</u>	<u>(3,121)</u>

4. Statement of Total Recognised Gains and Losses

	<i>Year ended 31 December 1996 £'000</i>	<i>Year ended 31 December 1997 £'000</i>	<i>Year ended 31 December 1998 £'000</i>
Profit/(loss) for the financial year	1,995	(410)	(3,121)
(Deficit)/surplus on revaluation of investment properties			
– company	(2,961)	(935)	2,185
– associate	—	—	466
Exchange differences	(213)	—	—
Total recognised gains and losses	(1,179)	(1,345)	(470)

5. Note of Historical Cost Profit and Losses

	<i>Year ended 31 December 1996 £'000</i>	<i>Year ended 31 December 1997 £'000</i>	<i>Year ended 31 December 1998 £'000</i>
Reported profit/(loss) on ordinary activities before taxation	1,995	(407)	(3,118)
Realisation of property valuation gains/(losses) of previous years	3,416	1,399	(4,040)
Historical cost profit/(loss) on ordinary activities before taxation	5,411	992	(7,158)
Historical cost profit/(loss) retained for the year after taxation and minority interest	5,411	989	(7,161)

6. Consolidated Balance Sheets

		Year ended 31 December 1996 £'000	Year ended 31 December 1997 £'000	Year ended 31 December 1998 £'000
	Notes			
Fixed assets				
Investment properties	9.9	92,421	74,773	70,252
Other fixed assets	9.10	34	11	37
Associated undertakings	9.11	756	704	1,057
Unquoted investment	9.12	2	—	2
		<u>93,213</u>	<u>75,488</u>	<u>71,348</u>
Current assets				
Land and buildings for development and sale	9.13	1	251	1
Debtors	9.14	509	396	2,599
Cash at bank and in hand		2,149	4	45
		<u>2,659</u>	<u>651</u>	<u>2,645</u>
Current liabilities				
Creditors: amounts falling due within one year				
– Trade and other	9.15	6,326	3,605	3,629
– Rents received in advance		1,436	1,290	988
– Borrowings	9.16	15,652	4,494	5,408
		<u>23,414</u>	<u>9,389</u>	<u>10,025</u>
Net current liabilities		<u>(20,755)</u>	<u>(8,738)</u>	<u>(7,380)</u>
Total assets less current liabilities		72,458	66,750	63,968
Creditors: amount falling due after more than one year	9.16	(61,615)	(57,252)	(50,733)
Non equity minority interests	9.18	(17)	(20)	(22)
Net assets		<u>10,826</u>	<u>9,478</u>	<u>13,213</u>
Capital and reserves				
Share capital	9.19	4,484	4,939	6,920
Reserves	9.20	6,274	4,539	6,293
Loan stock sinking fund		68	—	—
Shareholders' funds		<u>10,826</u>	<u>9,478</u>	<u>13,213</u>
Represented by:				
Equity interests		10,779	9,430	13,211
Non-equity interests		47	48	2
		<u>10,826</u>	<u>9,478</u>	<u>13,213</u>

7. Consolidated Cash Flow Statements

	Notes	Year ended 31 December 1996 £'000	Year ended 31 December 1997 £'000	Year ended 31 December 1998 £'000
Net cash inflow from operating activities	9.27	7,391	5,805	1,827
Returns on investments and servicing of finance				
– Interest received		77	24	114
– Interest paid		(6,336)	(6,530)	(5,994)
		<u>(6,259)</u>	<u>(6,506)</u>	<u>(5,880)</u>
Taxation				
– Corporation tax paid		(10)	—	(1)
Capital expenditure and financial investment				
Capital expenditure on properties		(8,848)	(177)	(6,971)
Loans (advanced to)/repaid by related undertakings		(92)	52	13
Receipts from sales of investment properties		10,075	5,873	18,751
Payments to acquire other fixed assets		(9)	(11)	(68)
Proceeds on sale of fixed assets		—	—	33
Sale of investment		—	209	—
		<u>1,126</u>	<u>5,946</u>	<u>11,758</u>
Acquisitions and disposals				
Payments to acquire subsidiary undertakings		—	(2,100)	(1,055)
Cash outflow on disposal of subsidiary undertakings		(650)	(214)	—
Payments to acquire investment		—	—	(2)
		<u>(650)</u>	<u>(2,314)</u>	<u>(1,057)</u>
Net cash inflow before financing		1,598	2,931	6,647
Financing				
Repayment of loans		(385)	(5,558)	(8,726)
Restructuring costs		(113)	(148)	—
Movement in secured cash		(1,771)	2,072	—
Share issue		—	—	2,787
		<u>(2,269)</u>	<u>(3,634)</u>	<u>(5,939)</u>
(Decrease)/increase in cash	9.27	<u>(671)</u>	<u>(703)</u>	<u>708</u>

8. Accounting policies

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

Compliance with Statement of Standard Accounting Practice No. 19 “Accounting for Investment Properties” requires departure from the requirements of the Companies Act 1985 relating to depreciation and an explanation of the departure is given below.

Convention

These financial statements are prepared in accordance with the historical cost convention modified to incorporate the revaluation of certain land and buildings.

Basis of preparing the financial statements

The financial statements have been prepared on the going concern basis which assumes that Albemarle and its subsidiaries will continue in operational existence for the foreseeable future. Albemarle and one of its subsidiaries has not complied with covenants relating to the £35m 10¼ per cent. First Mortgage Debenture Stock 2012, which required the value of properties given as security to be not less than a certain percentage of the related borrowings. The shortfall at 31 December 1998 was £850,000. In the opinion of the directors it is appropriate for the financial statements to be prepared on the going concern basis, notwithstanding this non-compliance.

Basis of consolidation

The group financial statements consolidate the financial statements of Albemarle and all subsidiaries for the financial year. Acquisitions are accounted for from the date on which they were acquired. Where the cost of acquisition exceeds the values attributable to the net assets acquired, the difference is treated as purchased goodwill. The results of businesses disposed of during the year are consolidated up to the date of disposal. Profits and losses arising on disposal are separately disclosed.

Purchased goodwill

Goodwill representing the excess or shortfall of the purchase price compared with the fair value of assets acquired is capitalised and written off over not more than 20 years as in the opinion of the directors this represents the period over which the goodwill is effective.

Associated undertakings

Undertakings in which the group has a participating interest of not less than 20 per cent. in the voting capital or over which it exerts significant influence are defined as associated undertakings. The financial statements include the appropriate share of the results and reserves of these undertakings based on the audited financial statements to 31 December.

Turnover

Turnover is the gross receipts from the sale of development and trading properties together with amounts derived from rents and services provided, after deduction of value added tax where appropriate.

Basis of taking profit

Profit on the sale of properties and undeveloped land is taken on exchange of contracts.

Interest

Interest is written off as it is incurred.

Tangible fixed assets and depreciation

Depreciation is calculated to write down the cost or valuation of tangible fixed assets to their estimated residual values by annual instalments over the period of their estimated useful economic lives, which are considered to be between five and ten years. Short leasehold properties are depreciated over the remaining period of their leases.

Deferred taxation

Deferred taxation is provided at the anticipated tax rates on timing differences arising from the inclusion of items of income and expenditure in taxation computations in periods different from those

in which they are included in the financial statements to the extent that it is probable that a liability or asset will crystallise in the future.

Land and buildings for development and sale

Land for development, work in progress and properties held for sale are valued at the lower of cost and net realisable value.

Investments

Investments held as fixed assets are valued at cost unless in the opinion of the directors there is a permanent diminution in value, in which case appropriate provisions are made.

Investments in associated undertakings are normally accounted for using the equity method of accounting. The consolidated profit and loss account includes the group's share of the pre-tax profits or losses and attributable taxation of the associates. In the consolidated balance sheet, the investments in associates are shown as the group's share of the net assets, excluding goodwill, of the associates.

Investments held as current assets are valued at the lower of cost and net realisable value.

Investment properties

Investment properties are accounted for in accordance with SSAP 19, "Accounting for Investment Properties", which provides that these should not be subject to periodic depreciation charges (unless held on lease), but should be shown at open market value. This is contrary to the Companies Act 1985 which states that, subject to any provision for depreciation or diminution in value, fixed assets are normally to be stated at purchase price or production cost. Current cost accounting or the revaluation of specific assets to market value, as determined at the date of their last valuation, is also permitted.

The treatment of investment properties under the Companies Act does not, in the opinion of the directors, give a true and fair view as these assets are not held for consumption in the business but as investments, the disposal of which would not materially affect any manufacturing or trading operations of the enterprise. In such a case it is the current value of these investments, and changes in that current value, which are of prime importance. Consequently, for the proper appreciation of the financial position, the accounting treatment required by SSAP 19 is considered appropriate for investment properties.

Details of the current value and historical cost information for investment properties are given in note 9.9. On disposal of an investment property the cumulative revaluation surpluses or deficits relating to that property are transferred from the revaluation reserve to the profit and loss account reserve.

Foreign exchange

Transactions of UK companies denominated in foreign currencies are translated into sterling at the rate ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date. These translation differences are dealt with in the profit and loss account.

The financial statements of foreign subsidiaries are translated into sterling at the closing rates of exchange and the difference arising from the translation of the opening net investment in subsidiaries at the opening and the closing rates is taken direct to reserves.

Operating leases

Operating lease rentals are charged to profit and loss account in equal annual amounts over the term of the leases.

9. Notes

9.1 Turnover

The group's turnover was all derived from its principal activity.

Continuing operations are those operations not falling within the definition of discontinued operations contained in paragraph 4 of FRS 3 "Reporting Financial Performance".

The discontinued operation in 1997 related to the disposal of US subsidiaries.

9.2 Loss on disposal of subsidiaries

	<i>Year ended 31 December 1996 £'000</i>	<i>Year ended 31 December 1997 £'000</i>	<i>Year ended 31 December 1998 £'000</i>
Termination of operations			
US subsidiaries	—	(330)	—
Development management	(1,126)	—	—
Profit on disposal of UK subsidiaries	—	36	—
Settlement of claims against subsidiaries disposed of in earlier years	—	(226)	—
	<u>(1,126)</u>	<u>(520)</u>	<u>—</u>

9.3 Profit on financial restructuring

	<i>Year ended 31 December 1996 £'000</i>	<i>Year ended 31 December 1997 £'000</i>	<i>Year ended 31 December 1998 £'000</i>
Reduction in bank debt (net of expenses) arising from financial restructuring in the previous years	4,479	—	—
Settlement of bank debt and guarantee obligations (net of expenses) arising from financial restructuring in prior years	542	213	—
Write down of bank debt arising from financial restructuring	900	—	—
Diminution in value of property relating to the write down of bank debt	(900)	—	—
	<u>5,021</u>	<u>213</u>	<u>—</u>

9.4 Interest payable and similar charges

	<i>Year ended 31 December 1996 £'000</i>	<i>Year ended 31 December 1997 £'000</i>	<i>Year ended 31 December 1998 £'000</i>
Bank and other loans and overdrafts wholly repayable within 5 years	2,535	3,021	2,310
Loans repayable wholly or in part after 5 years	<u>3,801</u>	<u>3,605</u>	<u>3,588</u>
	6,336	6,626	5,898
Associate	—	—	542
Interest receivable and similar income	<u>(77)</u>	<u>(24)</u>	<u>(114)</u>
	<u>6,259</u>	<u>6,602</u>	<u>6,326</u>

In the year ended 31 December 1998 interest amounting to £nil (1997: £192,000; 1996: £nil) charged in the accounts of the Bristol Mall Limited Partnership has been allocated to discontinued operations.

9.5 Profit/(loss) on ordinary activities before taxation

	<i>Year ended 31 December 1996 £'000</i>	<i>Year ended 31 December 1997 £'000</i>	<i>Year ended 31 December 1998 £'000</i>
This is stated after charging:			
Depreciation	5	7	9
Auditors' remuneration			
Audit fee: group auditors – current	—	—	55
– previous	51	53	35
	51	53	
Fees for non-audit work – current	—	—	53
– previous	28	14	8
Operating lease rentals	410	282	299

9.6 Staff costs

	<i>Year ended 31 December 1996 £'000</i>	<i>Year ended 31 December 1997 £'000</i>	<i>Year ended 31 December 1998 £'000</i>
Staff costs for the year comprise:			
Wages and salaries	484	361	233
Compensation for loss of office	84	60	—
Social security costs	52	30	22
Other pension costs	82	258	32
	<u>702</u>	<u>709</u>	<u>287</u>
Staff costs of Bellhouse Joseph Limited and its directors to the date of disposal	(334)	—	—
	<u>368</u>	<u>709</u>	<u>287</u>

The group provides for pensions of directors and certain employees by making contributions to their individual personal pension schemes. These contributions are charged to the profit and loss account in the period in which they are paid.

The average monthly number of persons employed by the group excluding directors during the year was as follows:

	1996 No.	1997 No.	1998 No.
Property investment, development and related activities	1	2	6

Directors' emoluments

The emoluments of directors of the holding company were as follows:

	Year ended 31 December 1996 £'000	Year ended 31 December 1997 £'000	Year ended 31 December 1998 £'000
Remuneration excluding pension contributions	365	292	217
Compensation for loss of office	84	60	—
Pension contributions	70	255	33
	<u>519</u>	<u>607</u>	<u>250</u>

The total emoluments of each director were as follows:

	Salary £'000	Pension Scheme Contributions £'000	Benefits In kind £'000	Total 1998 £'000	Total 1997 £'000	Total 1996 £'000
Executive directors						
MF Keegan (Chairman)	98	—	6	104	62	—
S Johnson	64	33	—	97	—	—
J Szerkowski (resigned 30.6.98)	22	—	—	22	47	—
D. Holland	5	—	3	8	—	—
Non-executive directors						
CAAP Eugster (resigned 30.6.98)	8	—	—	8	15	15
Sir Tom Farmer (resigned 10.9.98)	11	—	—	11	15	15
	<u>208</u>	<u>33</u>	<u>9</u>	<u>250</u>	<u>139</u>	<u>30</u>
Former Executive Directors						
E Landau	—	—	—	—	193	124
B Tomlinson	—	—	—	—	275	168
THE Bellhouse	—	—	—	—	—	99
JL Joseph	—	—	—	—	—	98
	<u>208</u>	<u>33</u>	<u>9</u>	<u>250</u>	<u>607</u>	<u>519</u>

9.7 Tax charge on (loss)/profit on ordinary activities

There is no tax liability for the year ended 31 December 1998 (1997: £nil; 1996: £nil) because of the availability of tax losses within the group comprising approximately £17 million (1997: £19 million; 1996: £23 million) management expenses, £21 million (1997: £11 million; 1996: £21 million) capital gains tax losses and £3.7 million (1997: £3.7 million; 1996: £3.7 million) unused Advanced Corporation Tax.

9.8 Loss for the financial year

	Year ended 31 December 1996 £'000	Year ended 31 December 1997 £'000	Year ended 31 December 1998 £'000
Dealt with in the accounts of the parent company	2,584	5,863	2,383

Under Section 230 of the Companies Act 1985 no profit and loss account for the parent company is presented.

9.9 Investment properties

	Freehold £'000	Long Leasehold £'000	Total £'000
Valuation			
As at 1 January 1997	72,166	20,255	92,421
Additions	152	25	177
Disposals of subsidiaries	(4,854)	(4,450)	(9,304)
Other disposals	(3,442)	(4,144)	(7,586)
(Deficit)/surplus arising on revaluation during year	(1,225)	290	(935)
As at 31 December 1997	62,797	11,976	74,773
Additions	13,140	—	13,140
Other disposals	(13,100)	(6,626)	(19,726)
Surplus/(deficit) arising on revaluation during year	2,335	(150)	2,185
Permanent diminution in value	(120)	—	(120)
As at 31 December 1998	65,052	5,200	70,252

Net book value at 31 December 1996 comprises:	£'000
At professional valuation	87,303
At cost	5,118
	<u>92,421</u>

The historical cost of revalued properties is 107,048

Net book value at 31 December 1997 comprises:	
At professional valuation	74,765
At cost	8
	<u>74,773</u>

The historical cost of revalued properties is 87,590

Net book value at 31 December 1998 comprises:	
At professional valuation	70,246
At cost	6
	<u>70,252</u>

The historical cost of revalued properties is 78,793

The valuations of investment properties were made as at 31 December 1998 by Weatherall Green & Smith, Chartered Surveyors, 22 Chancery Lane, London WC2A 1LT on an open market basis, in accordance with the Statement of Asset Valuation Practice No. 5 and the Guidance Notes of the Royal Institution of Chartered Surveyors. No depreciation is provided in respect of investment properties.

9.10 Other tangible assets

	<i>Leasehold improvements £'000</i>	<i>Vehicles and equipment £'000</i>	<i>Total £'000</i>
Cost			
At 1 January 1997	—	71	71
Additions	—	11	11
Disposals	—	(71)	(71)
At 31 December 1997	—	11	11
Additions	8	60	68
Disposals	—	(33)	(33)
At 31 December 1998	8	38	46
Accumulated depreciation			
At 1 January 1997	—	37	37
Charge for year	—	7	7
Disposals	—	(44)	(44)
At 31 December 1997	—	—	—
Charge for year	2	7	9
At 31 December 1998	2	7	9
Net book value			
At 31 December 1996	—	34	34
At 31 December 1997	—	11	11
At 31 December 1998	6	31	37

9.11 Associated undertakings

	<i>£'000</i>
Cost or equity value of associated undertakings	
At 1 January 1997	3,105
Advance repaid	(52)
At 31 December 1997	3,053
Increase in share of assets	60
Advance repaid	(13)
At 31 December 1998	3,100
Amounts written off	
At 1 January 1997	2,349
Release of provision	—
At 31 December 1997	2,349
Release of provision	(306)
At 31 December 1998	2,043
Net Book Value	
At 31 December 1996	756
At 31 December 1997	704
At 31 December 1998	1,057

Details of associated undertakings other than undertakings no longer operating (which are all registered and operating in England and Wales unless otherwise stated):

<i>Name</i>	<i>Principal activity</i>	<i>% holding of ordinary shares</i>
Adengate Limited	Property investment	33.3
St. Bernards Park Limited	Property management and investment	49.0

9.12 Unquoted investments

	<i>£'000</i>
At 1 January 1997	2
Disposal	(2)
At 31 December 1997	—
Additions	2
At 31 December 1998	2

9.13 Land and buildings for development and sale

	<i>Year ended 31 December 1996 £'000</i>	<i>Year ended 31 December 1997 £'000</i>	<i>Year ended 31 December 1998 £'000</i>
Land and buildings for development and sale	1	251	1

9.14 Debtors

	<i>Year ended 31 December 1996 £'000</i>	<i>Year ended 31 December 1997 £'000</i>	<i>Year ended 31 December 1998 £'000</i>
Trade debtors	340	28	81
Other debtors and repayments	169	368	2,518
	509	396	2,599

9.15 Trade and other creditors

	<i>Year ended 31 December 1996 £'000</i>	<i>Year ended 31 December 1997 £'000</i>	<i>Year ended 31 December 1998 £'000</i>
Trade creditors	1,008	769	379
Creditor for property acquisition	2,100	—	—
Taxation and social security	21	9	90
Other creditors and accruals	3,197	2,827	3,160
	6,326	3,605	3,629

9.16 Borrowings and creditors falling due after more than one year

	<i>Year ended 31 December 1996 £'000</i>	<i>Year ended 31 December 1997 £'000</i>	<i>Year ended 31 December 1998 £'000</i>
10.25% first mortgage debenture stock 2012	35,000	35,000	35,000
8% unsecured loan stock 1992/97	68	—	—
Bank and building society loans and overdrafts	42,199	26,634	21,141
Other creditors	—	112	—
	<u>77,267</u>	<u>61,746</u>	<u>56,141</u>
Less: Borrowings falling due within one year	(15,652)	(4,494)	(5,408)
Borrowings falling due after more than on year	<u>61,615</u>	<u>57,252</u>	<u>50,733</u>

Loans and debenture stock are secured on investment and trading properties of the group companies, and unless otherwise stated above, interest is payable at between 1.5 and 2.0 per cent in excess of either inter-bank or base rates.

The 8% unsecured loan stock 1992/97 was redeemed on 6 September 1997.

Bank and building society loans and overdrafts:

	<i>Year ended 31 December 1996 £'000</i>	<i>Year ended 31 December 1997 £'000</i>	<i>Year ended 31 December 1998 £'000</i>
Secured loans repayable in 1997	15,584	—	—
Secured loans and overdrafts repayable in 1998	7,565	4,494	—
Secured loans repayable in 1999	5,000	1,355	5,147
Secured loans repayable in 2000	6,903	6,548	3,851
Secured loans repayable in 2001	3,700	5,300	2,653
Secured loans repayable in 2002	—	8,937	5,350
Secured loans repayable in 2003	—	—	4,140
Mortgage loans at rates of interest between 11.5% and 12.84%	3,447	—	—
	<u>42,199</u>	<u>26,634</u>	<u>21,141</u>

9.17 Deferred taxation

No provision is required for deferred taxation on timing differences.

9.18 Interests of minority shareholders

	<i>Year ended 31 December 1996 £'000</i>	<i>Year ended 31 December 1997 £'000</i>	<i>Year ended 31 December 1998 £'000</i>
Preference shares in Chalfont Property Investments Limited	<u>17</u>	<u>20</u>	<u>22</u>

The rights of these shares are restricted to the assets of Chalfont Property Investments Limited and carry no rights against any other group companies.

9.19 Share Capital

	<i>Number</i>	<i>1996 £'000</i>	<i>Number</i>	<i>1997 £'000</i>	<i>Number</i>	<i>1998 £'000</i>
Authorised:						
Ordinary shares of 10p each	66,400,155	6,640	66,400,155	6,640	—	—
Ordinary shares of 1p each	—	—	—	—	528,899,203	5,289
Deferred shares of 9p each	—	—	—	—	52,344,533	4,711
		<u>6,640</u>		<u>6,640</u>		<u>10,000</u>
Called up, allotted and fully paid:						
Ordinary shares of 10p each	44,836,363	4,484	49,386,838	4,939	—	—
Ordinary shares of 1p each	—	—	—	—	220,916,591	2,209
Deferred shares of 9p each	—	—	—	—	52,344,533	4,711
		<u>4,484</u>		<u>4,939</u>		<u>6,920</u>

There have been the following changes in share capital of Albemarle:

- (a) On 31 January 1996, 193,928 Ordinary Shares of 1p each were issued to Sun Life Assurance Company of Canada in respect of interest shortfalls.
- (b) On 10 May 1996, 42,727,272 Ordinary Shares of 1p each were issued at an issue price of 2.75p in relation to the acquisition of properties.
- (c) on 24 June 1996, at an Extraordinary General Meeting of the company, the following changes were approved:
 - (i) 7,154,937 Ordinary Shares of 1p were issued to certain vendors of Bellhouse Joseph Limited ("Bellhouse Joseph") in satisfaction of their rights to additional consideration in relation to the acquisition of Bellhouse Joseph;
 - (ii) The aforementioned 7,154,937 Ordinary Shares of 1p each and 50,084,562 Ordinary Shares of 1p each held by certain vendors of Bellhouse Joseph were converted to 57,239,499 A Shares of 1p each in the capital of the company;
 - (iii) 171,718,497 unissued Ordinary Shares of 1p each were each converted into A Shares of 1p each and £1,717,184.97 standing to the credit of the company's share premium account was applied in paying up the 171,718,497 A Shares which were forthwith allotted, credited as fully paid, to the holders of A Shares in the proportion of 3 new A Shares for every A Share held;
 - (iv) The A Shares then in issue were cancelled by way of reduction of capital by extinguishing the whole of the rights and cancelling them in consideration for the allotment of 200,000 Ordinary Shares of 1p each in Bellhouse Joseph Holdings Limited;

- (v) Every 10 Ordinary Shares of 1p each in the company (whether issued or unissued) existing following the above transactions were consolidated in one share of 10p nominal value.
- (d) On 5 December 1996, 26,994 Ordinary Shares of 10p each were issued to Sun Life Assurance Group of Canada in respect of interest shortfalls.
- (e) On 6 March 1997, 4,480,000 Ordinary Shares of 10p each were issued for 16.45p per share as part settlement of the acquisition from United Real Estate plc of the whole of the issued capital of Newsboard Limited.
- (f) On 27 March 1997, 35,537 Ordinary Shares of 10p each were issued to Sun Life Assurance Company of Canada in respect of interest shortfalls.
- (g) On 11 September 1997, 34,938 Ordinary Shares of 10p each were issued to Sun Life Assurance Company of Canada in respect of interest shortfalls.
- (h) On 5 January 1998, 850,790 Ordinary Shares were issued to the Long Term Credit Bank of Japan Limited in settlement of guarantee obligations arising from the financial restructuring of Albemarle Property Investments PLC in 1995.
- (i) On 22 June 1998, the company's authorised share capital of 66,400,155 was increased, by ordinary resolution, to 100,000,000 by the creation of an additional 33,599,845 Ordinary Shares of 10p each to rank *pari passu* in all respects with the existing Ordinary Shares of the company.
- (j) On 7 July 1998, 2,070,530 Ordinary Shares were issued on the partial conversion of £454,020 of Loan Notes.
- (k) On 10 July 1998, 36,375 Ordinary Shares were issued to Sun Life Assurance Company of Canada in respect of interest shortfalls.
- (l) On 16 November 1998, a special resolution was passed having the following effects on the share capital of the company:
 - (a) The issued share capital of the company of 52,344,533 Ordinary Shares of 10p each was sub-divided and converted into 52,344,533 Ordinary Shares of 1p each and 52,344,533 Deferred Shares of 9p each;
 - (b) The unissued share capital of the company of 47,655,467 Ordinary Shares of 10p each was sub-divided into 476,554,670 Ordinary Shares of 1p each ranking *pari passu* with those shares referred to in (a);
 - (c) The resolution further proposed to cancel the 52,344,533 Deferred Shares of 9p each, thereby reducing the authorised share capital of the company to £5,288,993 divided into 528,889,203 Ordinary Shares of 1p each. However, this clause of the resolution has yet to take effect as the court has not given its confirmation and the Order of the Court has not been registered by the registrar of companies.
- (m) On 16 November 1998 a rights issue had the following effects on the share capital:
 - (a) The issued share capital increased by 168,572,058 Ordinary Shares of 1p each issued with the rights issue on a three for one basis at 3p per share, thereby increasing the value of shares by £1,685,721 share capital and £3,371,441 share premium.

The rights of each class of share are as follows:

Ordinary Shares

- (a) Fully right to receive dividend.
- (b) Right to attend and vote at any general meeting of the company.
- (c) On winding up ordinary shareholders will be entitled to receive its capital in preference to deferred shares.

Deferred Shares

- (a) No right to receive dividend.
- (b) No right to receive notice, attend or vote at any general meeting of the company.
- (c) On winding up deferred shareholders will be entitled to receive their capital subsequent to ordinary shareholder capital being fully settled an additional £100,000 per each Ordinary Share being settled.

Warrants

Midland Bank plc hold warrants entitling them to subscribe for up to 3,846,153 new Ordinary Shares of 1p each in the company at a price of 13p per share, such warrants to be exercised prior to 30 September 2001.

9.20 Reserves

	<i>Non Distributable Reserves</i>			<i>Distributable Reserves</i>	
	<i>Reserve for the Issue of Shares £'000</i>	<i>Share Premium Account £'000</i>	<i>Revaluation Reserve £'000</i>	<i>Profit and Loss Account £'000</i>	<i>Total £'000</i>
At 1 January 1996	552	11,028	5,984	(11,652)	5,912
Exchange adjustment	—	—	(29)	(184)	(213)
Disposal of Bellhouse Joseph Limited					
Bonus issue of A Shares	—	(1,718)	—	—	(1,718)
Cancellation of shares by capital reduction	—	(3,491)	—	3,491	—
Goodwill transferred to profit and loss account	—	—	—	746	746
Further capital reduction	—	(597)	—	597	—
Transfer to profit and loss account reserve on disposal	—	—	(3,416)	3,416	—
Deficit on revaluation	—	—	(2,961)	—	(2,961)
Diminution in value now treated as permanent	—	—	265	(265)	—
Share premium	—	742	—	—	742
Negative goodwill on acquisition of minority interest	—	—	—	129	129
Obligations released in year	(4)	—	—	—	(4)
Obligations to be settled in shares	1	—	—	—	1
Shares to be issued on completion of contracted obligations	1,645	—	—	—	1,645
Retained profit for the year	—	—	—	1,995	1,995
At 31 December 1996	2,194	5,964	(157)	(1,727)	6,274
Transfer to profit and loss account reserve on disposal	—	—	(1,399)	1,399	—
Deficit on revaluation	—	—	(935)	—	(935)
Obligations settled in year	(747)	289	—	—	(458)
Obligations to be settled in shares	2	(2)	—	—	—
Loan Stock sinking fund	—	—	—	68	68
Retained loss for year	—	—	—	(410)	(410)
At 31 December 1997	1,449	6,251	(2,491)	(670)	4,539
Transfer to profit and loss account reserve	—	—	4,040	(4,040)	—
Surplus on revaluation	—	—	2,185	—	2,185
Surplus on revaluation of associates	—	—	466	—	466
Guarantee cancelled	(400)	—	—	400	—
Obligations to be settled in shares	(46)	—	—	—	(46)
Rights issue	—	3,371	—	—	3,371
Obligations settled in year	(88)	—	—	—	(88)
Loan notes settled	(908)	134	—	—	(774)
Rights issue costs capitalised	—	(239)	—	—	(239)
Retained loss for the year	—	—	—	(3,121)	(3,121)
At 31 December 1998	7	9,517	4,200	(7,431)	6,293

The Reserve for the Issue of Shares is made up as follows:

	£'000
Guarantee obligations	5
Interest obligations	2
	<u>7</u>
Allocated as to:	
Ordinary shares of 1p each in Albemarle	5
Preference shares of 1p each in Chalfont Property Investment Limited	2
	<u>7</u>

The cumulative amount of goodwill written off against reserves is £419,000 (1997: £419,000; 1996: £419,000).

9.21 Analysis and Reconciliation of Movements in Shareholders' Funds

	As at 31 December 1996 £'000	As at 31 December 1997 £'000	As at 31 December 1998 £'000
Profit/(loss) for the financial year	1,995	(410)	(3,121)
Other recognised gains and losses for the year	(3,174)	(935)	2,651
Issue of new ordinary shares	502	455	1,981
Cancellation of ordinary shares	(2,289)	—	—
Share premium on issue of shares	742	287	3,266
Reserve for the issue of shares	1,642	(745)	(1,042)
Goodwill	875	—	—
Net increase/(decrease) in shareholders' funds	293	(1,348)	3,735
Opening shareholders' funds	10,533	10,826	9,478
Closing shareholders' funds	<u>10,826</u>	<u>9,478</u>	<u>13,213</u>
Represented by			
Equity interest			
Share capital	4,484	4,939	6,920
Reserves	6,227	4,496	6,291
Loan Stock Sinking Fund	68	—	—
	<u>10,779</u>	<u>9,435</u>	<u>13,211</u>
Non-Equity interests			
Reserves	47	43	2
	<u>10,826</u>	<u>9,478</u>	<u>13,213</u>

9.22 Financial Commitments

(a) Operating leases

As at 31 December the Albemarle Group had annual commitments under non-cancellable operating leases in relation to land and buildings as set out below:

	1996 £'000	1997 £'000	1998 £'000
Operating lease which expires within one year	—	42	—
Operating leases which expire after five years	305	370	315

The majority of the leases of land and buildings are subject to rent reviews at periodic intervals ranging between 5 and 25 years.

(b) *Future capital expenditure*

	1996 £'000	1997 £'000	1998 £'000
Commitments to capital expenditure contracted for at the year end	—	—	1,665

9.23 Guarantees and contingent liabilities

As at 31 December 1998, Albemarle had outstanding guarantees in respect of secured loans and bank overdrafts amounting to £7.3 million (1997: £17.225 million, 1996: £19.453 million).

9.24 Transactions with directors

During the year ended 31 December 1998 Albemarle paid £4,995,000 (1997: £nil; 1996: £nil) in connection with the acquisition of Onetour Limited and its subsidiary Staplebrook Investments Limited, as part of a transaction with Randsworth Trust Plc, a company controlled by David Holland, a director of this company during the year ended 31 December 1998.

9.25 Related Party Transactions

Name	Relationship with Company	Nature of transaction	Value of transaction		
			1996 £'000	1997 £'000	1998 £'000
A H Nominees Limited	M. F. Keegan Pension Company	Unsecured Loan	—	—	1,000
A H Nominees Limited	M. F. Keegan Pension Company	Unsecured Loan Interest	—	—	10
A H Nominees Limited	M. F. Keegan Pension Company	7.5% Loan	—	—	908
A H Nominees Limited	M. F. Keegan Pension Company	7.5% Loan	—	—	4
Landau Nock Solicitors	E. Landau, director of Albemarle, was a partner	Stock Interest	—	—	—
St Bernards Park Limited formerly Mitre Property Management Limited	B. Tomlinson, director of Albemarle, was also a director of Mitre	Fees	356	190	—
		Management fees from Mitre	134	85	—
		Administration fee charged by Albemarle	(125)	(100)	—
			365	175	1,922

A H Nominees Limited, a company controlled by M. F. Keegan, made available to Albemarle a loan facility with interest at 3.5 per cent. above base rate.

The 7.5 per cent. loan stock was transferred into promissory notes to be offered in settlement of the loan stock, with a redemption date of 8 December 1998. Redemption took place prior to 31 December 1998.

9.26 Principal subsidiaries

Details of principal operating subsidiaries (which are all registered in England and Wales), all of which are included in the consolidated financial statements.

<i>Name</i>	<i>Principal activity</i>	<i>% holding of Ordinary shares</i>
Benander Limited	Property Investment	100
Cantrop Limited	Property Investment	100
Chalfont Property Investment Limited	Property Investment	100
Discfind Limited	Property Investment	100
Hoursweep Limited	Property Investment	100
Huckston Limited	Property Investment	100
Landlast Limited	Property Investment	100
Meydale Limited	Property Investment	100
Mitre Property Management Limited	Property Investment	100
Montarun Limited	Property Investment	100
Mosturn Limited	Property Investment	100
Newsboard Limited	Property Investment	100
Onetour Limited	Property Investment	100
Shotmid Limited	Property Investment	100
Slothope Limited	Property Investment	100

9.27 Cash flow Statement

(a) *Reconciliation of operating profit to net cash inflow from operating activities:*

	<i>Year ended 31 December 1996 £'000</i>	<i>Year ended 31 December 1997 £'000</i>	<i>Year ended 31 December 1998 £'000</i>
Operating profit	4,414	6,508	3,611
Depreciation	5	7	9
(Decrease)/increase in land and buildings for development and sale	—	(250)	250
Increase in debtors	(47)	(170)	(331)
Increase/(decrease) in creditors	570	(290)	(1,712)
Provision for diminution in value of investment properties	2,417	—	—
Currency and other adjustments	32	—	—
Net cash inflow from operating activities	<u>7,391</u>	<u>5,805</u>	<u>1,827</u>

(b) *Reconciliation of net cash flow to movement in net debt*

	Year ended 31 December 1996 £'000	Year ended 31 December 1997 £'000	Year ended 31 December 1998 £'000
(Decrease)/increase in cash in year	(671)	(703)	708
Cash outflow from repayment of debt	385	5,558	8,726
Cash outflow/(inflow) from creation/(release) of secure cash	1,771	(2,072)	—
Change in net debt resulting from cash flows	1,485	2,783	9,434
Debt acquired with subsidiaries and property acquisitions	(5,215)	—	—
Debt (acquired)/disposed of with subsidiaries	500	10,742	(3,900)
Cash disposed of with subsidiaries	(20)	(37)	—
Exchange differences	443	—	—
Reduction in debt on financial restructuring	5,878	—	—
Reclassification	(382)	—	—
Movement in net debt in the year	2,689	13,488	5,534
Net debt as at 1 January	(77,807)	(75,118)	(61,630)
Net debt as at 31 December	(75,118)	(61,630)	(56,096)

(c) *Analysis of net debt*

	At 1 January 1997 £'000	Cash flow £'000	Disposals £'000	At 31 December 1997 £'000
Free cash	77	(36)	(37)	4
Overdraft	—	(667)	—	(667)
Secured cash	2,072	(2,072)	—	—
Debt due after one year	(61,615)	2,140	2,335	(57,140)
Debt due within one year	(15,652)	3,418	8,407	(3,827)
	(75,118)	2,783	10,705	(61,630)

	At 1 January 1998 £'000	Cash flow £'000	Disposals £'000	At 31 December 1998 £'000
Free cash	4	41	—	45
Overdraft	(667)	667	—	—
Debt due after one year	(57,140)	10,046	(3,900)	(50,994)
Debt due within one year	(3,827)	(1,320)	—	5,147
	(61,630)	9,434	(3,900)	(56,096)

9.28 Disposals

- (a) On 6 August 1996, the company completed the disposal of the issued capital of Bellhouse Joseph Limited ("Bellhouse Joseph") by sale to Bellhouse Joseph Holdings Limited ("B.J. Holdings"), a company controlled by a majority of the original Bellhouse Joseph shareholders.

The consideration for the disposal was the cancellation of 57,239,499 Ordinary Shares of 1p in the company, including 7,154,937 new Ordinary Shares of 1p allotted immediately prior to the disposal in satisfaction of contractual rights to additional consideration, and the allotment to the

company of 200,000 Ordinary Shares of 1p (representing 20 per cent. of the issued share capital) in B.J. Holdings.

The disposal was effected by means of a Scheme of Arrangement approved by shareholders at an Extraordinary General Meeting on 24 June 1996.

Net assets of Bellhouse Joseph at the date of disposal were as follows:

	<i>£'000</i>
Development Management Agreement	2,000
Tangible Fixed Assets	100
Current assets	478
Cash at bank	20
Creditors	(628)
	<u>1,970</u>

- (b) On 30 June 1997, the Group disposed of its interests for £1 in its wholly owned subsidiaries, Hawksolo Limited and Goldtol Ltd, whose assets and liabilities at that date were:

	<i>£'000</i>
Investment properties	4,450
Debtors	1,816
Cash	4
Trade and other creditors	(418)
Borrowings	(5,888)
Net liabilities	(36)
Consideration received	<u>—</u>
(Profit) on disposal	<u>(36)</u>

- (c) On 30 June 1997, the Group disposed of its interests for £1 in its wholly owned subsidiaries Dares Inc. and Dares Son, Inc., which controlled the Bristol Centre Mall Limited Partnership which owned the shopping mall in Bristol, Connecticut. The net assets of these subsidiaries at that date were:

	<i>£'000</i>
Investment property	4,854
Other fixed assets	27
Debtors	267
Cash	33
Trade and other creditors	(115)
Borrowings	(4,854)
Net assets	212
Cost of disposal	<u>214</u>
Loss of disposal	<u>426</u>

9.29 Acquisitions

On 21 November 1996, Albemarle exchanged contracts for the acquisition from United Real Estate PLC (URE) of the share capital of Newsboard Limited (Newsboard), an investment company which, following an internal reorganisation by URE, would own four investment properties.

The transaction was subsequently varied as to form but not as to content resulting in Albemarle acquiring on 28 February 1997 the share capital of Newsboard with one property and the other three properties direct from URE.

The total consideration of £3,745,000 was settled on completion as follows:

	£'000
4.48 million new ordinary shares of 10p each issued at 16.45p	737
5.52 million new ordinary shares to be issued not later than 28 February 1999	908
Cash	<u>2,100</u>
	<u><u>3,745</u></u>

On 15 October 1998, Albemarle exchanged contracts for the acquisition from Randsworth Trust plc of the share capital of Onetour Limited, an investment company which, following an internal re-organisation by Randsworth Trust plc, would own two investment properties and a 100 per cent. holding in a subsidiary company, Staplebrook Investments Limited, which in turn owned a further four properties.

The transaction represented a variation from a previous agreement, where the company offered guarantees to the vendor of the two investment properties on behalf of Onetour Limited, while not actually owning the share capital of the company.

The total consideration of £4,955,000 was settled by the group as follows:

	£'000
Bank loan	3,900
Cash	<u>1,055</u>
	<u><u>4,955</u></u>

PART 4
VALUATION OF ORB'S PROPERTIES



The Directors
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12 July 1999

Gentlemen

ORB ESTATES PLC
OPEN MARKET VALUATION AS AT 30 JUNE 1999

In accordance with your instructions, we have inspected the freehold property interests owned by the Company referred to in Schedule A to this Certificate ("the Schedule"). We are to advise you of our opinion as to the open market capital value of the legal interest in each property as at 30 June 1999.

We confirm that the valuations have been prepared in accordance with the Appraisal and Valuation Manual published by The Asset Valuation Standards Committee of The Royal Institution of Chartered Surveyors, and that they have been undertaken by external valuers qualified for the purpose of the valuation as Asset valuers.

We also confirm that the valuations have been made in accordance with the relevant provisions of Chapter 18 of the Listing Rules laid down by the London Stock Exchange.

We understand that the valuation is required for inclusion in the Listing Particulars in conjunction with the acquisition of Albemarle Property Investments PLC.

The total portfolio comprises three freehold properties currently held for investment. The properties which are the subject of this valuation are more particularly described in the Schedule.

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London-West End/City Birmingham Bristol Cardiff Croydon Edinburgh Glasgow

Leeds Manchester Newcastle Nottingham Oxford Wetherby York

A list of Directors' names is open to inspection at the above address

DTZ in international alliance with CY Leung & Co and Edmund Tie & Co in Asia Pacific - 110 offices in 30 countries

DTZ Debenham Thorpe Limited Registered in England No 2757768 Registered Office 30 Throgmorton Street London EC2N 2BQ



Certificate No Q8160

We set out below a description of the basis of valuation, together with a list of the assumptions and sources of information upon which our valuations have been based.

1. Basis of Valuation

Each valuation has been prepared on the basis of open market value.

In assessing open market value, we have adopted the definition recommended in the Appraisal of Valuation Manual published by the Royal Institution of Chartered Surveyors, Practice Statement 4.2.1:

“an opinion of the best price at which the sale of an interest in the property would have been completed unconditionally for cash consideration on the date of valuation, assuming:

- (a) a willing seller;
- (b) that, prior to the date of valuation, there had been a reasonable period (having regard to the nature of the property and the state of the market) for the proper marketing of the interest, for the agreement of the price and terms and for the completion of the sale;
- (c) that the state of the market, level of values and other circumstances were, on any earlier assumed date of exchange of contracts, the same as on the date of valuation;
- (d) that no account is taken of any additional bid by a prospective purchaser with a special interest; and
- (e) that both parties to the transaction had acted knowledgeably, prudently and without compulsion.”

To summarise, open market value is the best price that can be obtained for a property interest on the market, assuming a sale at the valuation date. The valuation is not qualified by any reference to existing or alternative use and implies the value to which a property will derive, having regard to its most valuable use. It is, therefore, to be assumed that all the necessary authoritative consents have either been obtained or it is reasonable to assume that they are likely to be granted.

2. Realisation Costs

The assessment of open market value requires the assumption of an hypothetical sale of the property. In so doing we have made no allowance for the vendor's sale costs, nor for any tax liabilities which may arise upon the disposal of the properties or any part thereof nor for the repayment of any mortgages, charges, loans or grants which may exist on any property.

We have made a deduction of 5.25% to reflect purchaser's normal acquisition costs.

3. VAT

We have been verbally advised by The Company that elections have been made for all the properties to be subject to VAT. The open market capital valuations and rentals contained in this report are net of VAT.

4. Assumptions and Sources of Information

In undertaking the valuations, we have made a number of assumptions and have relied upon certain sources of information. These matters are referred to below:

(i) Title

We have not been provided with copies of Reports on Title, or had access to the Title Deeds of the properties and are, therefore, unable to comment as to whether they are free from onerous or unusual

covenants, restrictions or statutory notices that would affect value. We have assumed that the Company is possessed of good and marketable freehold or leasehold titles as appropriate in each case.

(ii) Structural Condition and Items of Disrepair

We have not undertaken structural surveys of the properties, or surveys of the plant and equipment contained within them. We have therefore assumed that the land and buildings comprising each property are free from rot, infestation and structural design defects.

Our valuations have taken into account the general age, specification and state of repair of each property revealed during the course of our valuation inspection.

We have assumed that the services to each property are adequately maintained and functioning properly.

We have also assumed that there are no adverse soil or ground conditions in the case of any property and that the load bearing qualities of each site is sufficient to support the buildings constructed thereon.

The properties are all let in accordance with the terms set out in the Schedule on full repairing and insuring leases.

(iii) Deleterious Materials

Unless advised to the contrary, we have assumed that no high alumina cement concrete, wood wool slab permanent formwork, calcium chloride cement, blue or other fibrous asbestos, nor any other deleterious materials have been used in the construction or subsequent alteration of any of the buildings.

(iv) Environmental Matters

We have been provided with copies of environmental reports in respect of the property at Percy Business Park, Oldbury. In respect of the remaining properties, we have made such enquiries as have been practicable and in each case these have not led us to suspect that contamination on any property exists.

(v) Statutory Requirements

We have assumed that each property complies with all necessary statutory requirements, including the Defective Premises Act 1972 and Fire and Building Regulations.

(vi) Planning

We have assumed that each property has been constructed and complies with all relevant planning legislation. It should be noted that where verbal enquiries have been made of local Planning Authorities, employees only give information on the basis that it should not be relied on and formal searches should be undertaken if more certain information is required.

(vii) Areas

We have been provided with floor areas which we have checked in accordance with the Code of Measuring Practice as prepared by the Royal Institution of Chartered Surveyors and the Incorporated Society of Valuers and Auctioneers.

(viii) Leasing

We have been provided with details relating to the terms of occupational leases, but have not had sight of these documents.

We have not undertaken investigations into the financial strength of any of the tenants. Except where we have become aware by general knowledge, or we have been specifically advised to the contrary, we have assumed that each tenant is financially in a position to meet its obligations. However, our valuation reflects the type of tenant actually in occupation or likely to be in occupation, and the market's general perception of their creditworthiness.

We have assumed that wherever rent reviews or lease renewals are pending, all notices have been served validly within any appropriate time limits.

We have been advised that none of the occupational leases shown on the Schedule are in arrears as to rental payments.

(ix) Information

We have assumed that the information provided by The Company in respect of the properties is correct, and that details of all matters likely to affect value have been made available to us and that the information is up to date.

We have used our professional judgement in interpreting all the information provided and there is nothing that has come to our attention which leads us to indicate this assumption to be incorrect.

(x) Plant and Machinery

Our valuations have been undertaken on the basis that they include such plant and machinery and other fittings which would normally be regarded as landlord's fittings, but excludes tenant fitting out works which cannot be rentalised on a rent review or lease renewal.

5. Inspections

Each property was the subject of a recent detailed inspection in May 1999 for the purpose of this valuation.

6. Net Annual Rents

In The Schedules we have given estimates of the net annual rent receivable for each property at the Valuation Date. In providing these figures we have had regard to the definition set out in chapter 18.2 of the Listing Rules laid down by the London Stock Exchange.

Therefore the reported net annual rent reflects the gross annual rental income contracted to be paid at the Valuation Date, net of VAT, and less estimated head rents payable in respect of the leasehold interest, estimated management charges and other estimated outgoings to the extent they are not recoverable from tenants.

7. Portfolio Value

Our opinion of open market value relates to an individual sale of each property separately. No adjustment has been made to reflect any changes in value which might occur if the properties were to be sold as one portfolio.

8. Valuation Summary

We are of the opinion that the open market capital value as at 30 June 1999 of the freehold property interests described in Schedule A, and subject to the assumptions and comments in this report was:

Freehold properties

**£6,760,000 (Six Million, Seven Hundred and
Sixty Thousand Pounds)**

9. Confidentiality and Disclosure

The contents of this Report and the Schedule are confidential to the addressees and their professional advisers, for the specific purpose to which the report refers, and are for their use only. Consequently, and in accordance with current practice, no responsibility is accepted to any other party in respect of the whole or any part of its contents. Before the report or any part of it is reproduced, or referred to, in any document, circular or statement, and before its contents or the contents of any part of it are disclosed orally to a third party, our written approval as to the form and context of such publication or disclosure must first be obtained. For the avoidance of doubt, such approval is required whether or not DTZ Debenham Thorpe are referred to by name and whether or not our report is combined with others.

Yours faithfully

SEAN A WORDLEY

Chartered Surveyor

Director

For and on behalf of

DTZ Debenham Thorpe Limited

SCHEDULE OF PROPERTIES

<i>Property</i>	<i>Description, Age and Tenure</i>	<i>Terms of Existing Tenancies</i>	<i>Net Exclusive Annual Rents Receivable</i>	<i>Open Market Capital Value</i>
The Enterprise Centre Kendray Street Barnsley Yorkshire	Freehold property constructed in the 1930s and extends to approximately 5,500 sq m (59,200 sq ft). The property is of steel frame construction with brick elevations, arranged on lower ground, ground and 2 upper floors. The subject property is used as a mixture of workshops and offices. The property has a substantial car park area to the front and side of the property. Site Area:- 0.71 hectares (1.77 acres)	Let to Barnsley M.B.C., for a term of 20 years, with effect from 1 April 1983 (approximately 7 years unexpired), subject to five yearly upwards only rent reviews. There is an outstanding rent review. Full repairing and insuring terms. Tenants pay "service charge" of £8,500 per annum.	£170,000	£1,535,000
Bridge House Bridge Street Sheffield	Freehold property constructed in the early 1950s and comprises a detached office building, arranged on ground and 3 upper floors. The property is of brick construction and extends to approximately 3,504 sq m (37,700 sq ft). There are 39 car parking spaces on-site. Site Area:- 0.3 hectares (0.72 acres)	Let to G W Thornton Holdings Plc (Guaranteed by B I Group plc), for a term of 25 years from 25 March 1992 (approximately 21 years unexpired). Subject to five yearly upwards only rent reviews. Full repairing and insuring terms. Tenant is not in occupation and has sub-let parts of the property.	£257,500	£2,725,000
Percy Business Park Rounds Green Road Oldbury Birmingham	Freehold. The subject property comprises a light industrial estate, originally constructed in the 1920s/1930s and divided to provide 86 units of 46.45-446 sq m (500-4,800 sq ft). Total floor area about 7,896 sq m (85,000 sq ft). Site Area:- 2.02 hectares (5 acres)	A number of leases and tenancies principally on short term lets of up to 3 years on an inclusive basis.	£267,267	£2,500,000
TOTAL			<u>£694,767</u>	<u>£6,760,000.00</u>

PART 5
VALUATION OF ALBEMARLE'S PROPERTIES

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The Directors
Corporate Synergy plc
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London EC2R 7NJ

The Directors
Orb Estates plc
24 Brooks Mews
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The Partners
Grant Thornton
Melton Street
Euston Square
London NW1 2EP

12 July 1999

Dear Sirs

ALBEMARLE PROPERTY INVESTMENTS
VALUATION OF PROPERTY PORTFOLIO AS AT 2 JUNE 1999

In accordance with your instructions we have reviewed our 31 December 1998 valuations of the various freehold and long leasehold properties listed on the attached schedules as at 2 June 1999. We understand that the valuation is required under the Listing Rules of the Stock Exchange for the purpose of the merger between Albemarle Property Investments plc and Orb Estates plc. In our role as External Valuers to Albemarle Property Investments, we report on the values of the properties on an annual basis.

The properties are described in the attached schedule which includes details of current net annual rents receivable together with our opinion of the capital value. The net annual rents for each property specified in the schedules are *net of headrents only where applicable, and other estimated potential non-recoverable outgoings where vacancies exist.*

This certificate and the valuations have been prepared in accordance with the current edition of the Appraisal and Valuation Manual issued by the Royal Institution of Chartered Surveyors. We have carried out the valuation in the capacity of External Valuer as defined under Practice Statement 5.3. The valuers responsible for carrying out these instructions are qualified for the purposes of the valuations in accordance with Practice Statement 5, Practice Statements 13 and 14.

We would draw your attention to the document attached to the rear of this certificate entitled "Valuation Procedures and Assumptions" which describes the work which we have and have not undertaken for the purposes of this instruction. For tenancy details we have relied on the information provided by Albemarle Property Investments on the schedule headed "Tenancy Schedule by Property" dated 25 May 1999. We have not seen copies of the tenancy documents, but have relied upon the information provided by Albemarle.

The properties were reinspected on various dates during March and April 1999 for the purposes of the December 1998 valuation. We have not reinspected the properties for the purposes of this valuation. Measurements relied upon are from previous site inspections or from areas provided by Albemarle. Our valuations reflect the updated information provided to us by Albemarle Property Investments. In all other respects we assume there have been no material changes to the properties or to your tenure. Your solicitors should confirm the accuracy of these details, as we have not seen current reports on title for all the properties.

The properties have been valued on an open market basis. Open market value is an opinion of the best price at which the sale of an interest in the property would have been completed unconditionally for cash consideration on the date of valuation, assuming:

- (a) a willing seller;
- (b) that, prior to the date of valuation, there had been a reasonable period (having regard to the nature of the property and the state of the market) for the proper marketing of the interest, for the agreement of the price and terms, and for the completion of the sale;
- (c) that the state of the market, level of values and other circumstances were, on any earlier assumed date of exchange of contracts, the same as on the date of valuation;
- (d) that no account is taken of any additional bid by a prospective purchaser with a special interest; and
- (e) that both parties to the transaction had acted knowledgeably, prudently and without compulsion.

We are of the opinion that the aggregate open market values of the 24 properties set out in the attached schedule and on the basis set out above, as at 2 June 1999 was:

£52,855,000
(Fifty two million, eight hundred and fifty-five thousand pounds)

Made up as follows:

Freehold properties	£49,140,000
Leasehold properties	£1,715,000
Part freehold/part leasehold	£2,000,000
Total	<u>£52,855,000</u>

The above valuation figure represents the aggregate value attributable to the individual properties and should not be regarded as a valuation of the portfolio as a whole in the context of a sale as a single lot.

The importance of the date of valuation must be stressed as property values may change substantially over a relatively short period.

Neither the whole or part of this certificate or any reference thereto may be included in any document, circular, or statement, without our prior approval of the form and context in which it will appear.

This valuation is provided for the stated purpose and is for the use only of the addressee and no responsibility is accepted to any other party.

Yours faithfully

VALUATION PROCEDURE AND ASSUMPTIONS - PROPERTY

Surveys and enquiries upon which all of our valuations are based are carried out by general practice surveyors making appropriate investigations having regard to the purpose of the valuation. Our reports and valuations are prepared in accordance with the current edition of the RICS Appraisal and Valuation Manual (the new Red Book). The valuers responsible for the work are qualified asset valuers as defined in the new Red Book. Our work is on the basis set out below, unless specifically varied by our report:

1. Condition and pollution hazards

Unless specifically instructed to carry out a structural survey, test of service installations, site investigation or environmental survey, our valuations assume:

- (i) That no materials have been used in the construction of the buildings which are deleterious, hazardous or likely to give rise to structural defects.
- (ii) That all relevant statutory requirements have been complied with.
- (iii) That the site is physically capable of development or redevelopment, when appropriate, and that no special or unusual costs will be incurred in providing foundations and infrastructure.
- (iv) That the property is not adversely affected by any form of pollution.
- (v) That there are no archaeological remains on or under the land which could adversely impact on value.
- (vi) That any building services which incorporate electronic devices necessary for their proper functioning, and the software which operates such devices, are Millennium compliant, or can be rendered so compliant at no significant cost.

We do however reflect the general condition of the premises evident from our inspection and any defects of which we are made aware as summarised in our report.

2. Tenure and tenancies

We rely upon information supplied as to the property, tenure, tenancies, permitted uses and related matters. We assume such information to be accurate, up-to-date and complete. We assume that your solicitors are able to confirm the accuracy of these details as set out in our report, and that the interest being valued is in all respects good and marketable. We would welcome the opportunity to consider your solicitor's report on title and to advise whether or not this affects our valuation.

We do not examine the title documents and, therefore, assume that apart from any matters mentioned in our report, the interest is not subject to any onerous restrictions, to the payment of any unusual outgoings or to any charges, easements or rights of way. We assume that any outstanding requirements of repairing covenants will be met.

3. Planning and highway enquiries

We make only oral enquiries of the local planning and highway authorities and the information obtained is assumed to be correct. No formal searches are instigated. Except where stated to the contrary, we are informed that there are no local authority planning or highway proposals that might involve the use of compulsory purchase powers or otherwise directly affect the property.

4. Floor areas

All measurements are in accordance with the Royal Institution of Chartered Surveyors Code of Measuring Practice. The floor areas given are derived from measurements taken on site or have been scaled from the drawings supplied and checked by sample measurements on site.

5. Tenant status

Although we reflect our general understanding of a tenant's status in our valuation, we make no enquiries about the financial status of tenants, and rely upon you to advise us if tenants are in default of rental payments, or where there appear grounds for concern. We assume that appropriate enquiries were made when leases were originally exchanged, or when consent was granted to tenants to assign or underlet.

6. Plant and machinery

We include in our valuations those items of plant and machinery normally considered to be part of the building service installations and which would pass with the property on a sale or letting. We exclude all items of process plant and machinery and equipment, together with their special foundations and supports, furniture and furnishings, vehicles, stock and loose tools, and tenants fixtures and fittings.

7. Development properties

For properties in course of development, we reflect the stage reached in construction and the costs already incurred and those remaining to be spent at the date of valuation. We have regard to the contractual liabilities of the parties involved in the development and any cost estimates which have been prepared by the professional advisers to the project.

For recently completed developments we take no account of any retentions, nor do we make allowance for any outstanding development costs, fees, or other expenditure for which there may be a liability.

8. Valuation date

Property values may change substantially over a relatively short period. If you wish to dispose of this property or part thereof, or to accept a charge over it as security for a loan after the valuation date, we strongly advise a further consultation with us.

9. Costs of realisation

No allowance is made in our valuations for the costs of realisation, any liability for tax which might arise in the event of disposal or for any mortgage or similar financial encumbrance over the property. Our valuations exclude VAT.

ALBEMARLE PROPERTY INVESTMENTS PLC
PORTFOLIO VALUATION AS AT 2 JUNE 1999

<i>Property</i>	<i>Description, Age & Tenure</i>	<i>Terms of Existing Tenancies</i>	<i>Current Net Annual Rents Receivable</i>	<i>Open Market Value</i>
1 5/27 Queen Victoria Street, Reading, Berkshire	Grade II listed Victorian terrace with retail accommodation arranged on ground/basement and office accommodation on first to third floors. Total net floor area approximately 24,000 sq ft (2,229.6m ²). Located between rail station and main shopping location. Freehold.	Retail accommodation let to 8 separate tenants on effectively full, repairing and insuring leases with 5 yearly rent reviews. Remaining unit currently under offer. Only one of the retail leases expires within the next five years. Four of the office suites are vacant and three leases have expired with tenants holding over. The remainder are let on five separate leases two of which have unexpired terms of approximately 9 years.	£335,076	£5,250,000
2 Units 1, 2A & 2B Rutland Way, Chichester, West Sussex	Two warehouse buildings providing a total area of approximately 68,010 sq ft (6,318.13 m ²) in three units. Unit 1 was built in late 1970s and unit 2 was built in 1981. The property is located adjacent to Chichester by-pass. Flood relief scheme due to be undertaken in the locality. Freehold.	Let to Booker Belmont, UK Consumer Electronics Ltd and Solent Wholesale Carpets Ltd on full repairing and insuring terms for 25 years with 5 yearly rent reviews. The leases expire between 2004 and 2011. UK Consumer Electronics Ltd have sub-let and Booker Belmont have sub-let to Just Sweets.	£260,500	£2,750,000
3 Middlesex House, 29/45 High Street, Edgware, Middlesex	Two office buildings linked at ground floor level providing a total area of 45,945 sq ft (4,268.29m ²) on ground to second and ground to seventh floors. Parking for 87 cars. Built in early 1960s. Located within 0.25 mile of town centre and underground station, fronts the A5. Freehold.	Let to 11 tenants on 14 leases. Unexpired terms are generally less than 10 years. All leases have 5 yearly rent reviews, with the exception of one which has 7 yearly rent reviews. 3 suites vacant and one of the tenants is holding over. 50% of net income secured on the Secretary of State.	£290,003	£3,575,000
4 20/22 Haymarket, Sheffield, South Yorkshire	1960's retail development providing approximately 11,474 sq ft (1,065.93m ²) on basement, ground and two upper floors. Second floor previously used as a nightclub. Secondary retailing location in city centre. Freehold.	Let to the Burton Group for 25 years from 25 March 1989 on full repairing and insuring terms with 5 yearly rent reviews. The next review is due in December 1999. The tenant has vacated and sub-let, the basement, ground and first floors. Second floor unoccupied.	£175,000	£2,250,000

<i>Property</i>	<i>Description, Age & Tenure</i>	<i>Terms of Existing Tenancies</i>	<i>Current Net Annual Rents Receivable</i>	<i>Open Market Value</i>
5 Hill House, Highgate Hill, London, N19	<p>A substantial office development on ground and 12 upper floors providing approximately 67,209 sq ft (6,243.72m²) plus 11 ground floor retail units, totalling 14,925 sq ft (13.86.5m²) Built in early 1960s. Includes 165 car spaces. Situated in north London, close to Holloway Road, adjacent to Archway Underground station.</p> <p>Freehold.</p> <p>Site has redevelopment possibilities. Planning brief produced by local authority for comprehensive redevelopment of 5 acre site, which includes adjoining ownerships.</p>	<p>Let on 26 full repairing and insuring leases with 5 yearly rent reviews. Three office suites are currently vacant and available to let. The majority of the retail occupiers have vacated. The majority of the office leases expire within five years. The retail leases expire between 1998 and 2004.</p>	£467,611	£7,500,000
6 Eagle House, Westpoint, Andover, Hampshire	<p>An office building arranged on ground and first floors, together with parking for 58 cars. The building totals approximately 10,000 sq ft (929m²) on a site of 1.76 acres (0.712ha). Built in 1990.</p> <p>Located to front of an industrial estate off the A34.</p> <p>Long leasehold.</p> <p>Held on a 128 year lease from 14 June 1988 from the Borough Council of Test Valley, expiring on 14 June 2116, at a current rent of £10,000 per annum, geared to 8% of the open market rental value of the subject property.</p>	<p>The property is let in its entirety to The National Grid Co plc by way of a full repairing and insuring lease for a term of 25 years from 10 June 1991, with 5 yearly upward only reviews.</p> <p>National Grid have sub-let to NTL for a term expiring in June 2001.</p> <p>We have been informed that the tenant is to activate the option to break at the 10th anniversary.</p>	£115,000	£1,015,000
7 64-66 High Street, Newport Pagnell, Buckinghamshire	<p>Two shop units built in 1970's. No 64 provides approximately 900 sq ft (83.6 m²) of ground floor sales, plus a two storey self-contained maisonette above accessed from the rear. No 66 provides 2,500 sq ft (232.3 m²) of ground floor sales with 1,800 sq ft (167.2 m²) of first floor ancillary accommodation. Property includes a sub-station and rear yard and parking area. Several parking spaces sold to adjacent occupiers.</p> <p>Situated in the main pitch of High Street.</p> <p>Freehold.</p>	<p>No 64 let to Martin McColl on a 28 year lease from June 1972, with seven yearly rent reviews. No 66 is let to Boots The Chemist on a 25 year lease from January 1978, with five yearly rent reviews. Both leases are on full repairing and insuring terms with upwards only reviews.</p> <p>The sub-station is let on a 99 year lease from June 1971 at a fixed rent of £1.00 per annum.</p> <p>Boots have vacated the property and sub-let to the Salvation Army.</p>	£60,500	£500,000

	<i>Property</i>	<i>Description, Age & Tenure</i>	<i>Terms of Existing Tenancies</i>	<i>Current Net Annual Rents Receivable</i>	<i>Open Market Value</i>
8	Coniston House, New Market Street, Ulverston, Cumbria	<p>Seven ground floor retail units with two floors of self-contained offices above. Built in the early 1960's of concrete frame construction. The property provides 4,450 sq ft (413.4 m²) of retail accommodation and 7,432 sq ft (690.4 m²) of offices.</p> <p>Located off the main pedestrianised Market Street, in a secondary location.</p> <p>Long leasehold 125 years from 13 June 1966 from South Lakeland District Council on full repairing and insuring terms. Current ground rent of £2,250 per annum subject to a rent review on 13 June 2008 and 21 yearly thereafter. The rent is reviewed to the same proportion of the original ground rent to the original rack rent (previously agreed at 5% of the rack rental value).</p>	<p>Six shops are let on six separate leases on full repairing and insuring terms. Tenants include Bradford & Bingley Building Society and Fosters Menswear, the remainder being local traders. Two leases expire in 1999 and 2002. Remainder expire between 2005 and 2013. The Fosters lease expiring in 2011 has no further rent reviews. The other leases have five yearly upward only reviews. One shop unit is currently vacant.</p> <p>The offices are let to Bolton Group plc for 20 years from 24 June 1994 at a current rent of £37,000 per annum. Rent reviews are five yearly.</p> <p>Bolton Group do not occupy the property and have underlet the majority of the accommodation in suites.</p>	£75,250	£700,000
9	515 Coldhams Lane, Cambridge, Cambridge-shire	<p>A north lit warehouse of early post war construction with two storey office accommodation to the front. The property is of dated specification, the warehouse having an eaves height of 14 ft (4.3m). The 66,184 sq ft (6,148.5 m²) property is situated on a site of 1.4 acres (0.57ha).</p> <p>The property includes an additional site within a few minutes walk of the warehouse. This site totals 0.64 acres (0.26ha) and provides 120 car spaces.</p> <p>Located to south-east of Cambridge in a mixed industrial and residential area.</p> <p>Freehold.</p>	<p>The entire property is let to Harris Systems Ltd for 15 years from 20 March 1991, on full repairing and insuring terms. Rent reviews are five yearly upwards only. There is a mutual option to determine on 19 March 2001.</p>	£325,000	£2,350,000

	<i>Property</i>	<i>Description, Age & Tenure</i>	<i>Terms of Existing Tenancies</i>	<i>Current Net Annual Rents Receivable</i>	<i>Open Market Value</i>
10	Blenheim House 119/120 Church Street & 1 Marlborough Place Brighton, Sussex	<p>Corner office building on lower ground, ground and four upper floors providing a total area of approximately 21,500 sq ft (1,997.44m²). Built about 1873.</p> <p>Prominent corner position close to Royal Pavillion.</p> <p>Freehold.</p>	<p>Let on 5 separate leases of between 10 and 25 years with 5 yearly rent reviews. The BBC holds a 25 year lease on 1 Marlborough Place. One lease expires in February 2001, the remainder have 8 to 9 years unexpired terms. Leases effectively full, repairing and insuring by way of service charge.</p> <p>The lower ground floor is vacant and available to let. There is an outstanding dilapidations claim with the previous tenant.</p>	£162,820	£1,800,000
11	2/3 Moulton Court, Anglia Way Moulton Park Northampton	<p>Modern office building arranged on ground and first floor providing a total area of approximately 11,136 sq ft (1,034.53m²), together with parking for 55 cars. Built in 1989.</p> <p>Located on business and warehouse park. Good access to M1.</p> <p>Freehold.</p>	<p>Let to Westbury Homes plc for 25 years from 22 September 1989 on full repairing and insuring terms subject to 5 yearly, upwards only rent reviews.</p> <p>Westbury House plc have sub-let one wing to The British Institute of Cleaning Science with effect from September 1998 on a co-terminus basis.</p>	£135,720	£1,575,000
12	Stane House, 225A Streatham High Road, London, SW16	<p>Office building on ground and two upper floors with an area of approximately 7,346 sq ft (682.44m²). On site of 0.18 acres (0.074ha) Built in 1978. Includes surface car park to rear, on site of 0.12 acres (0.048ha).</p> <p>Situated close to Streatham High Road, but lacks prominence.</p> <p>Freehold.</p>	Let to London Borough Lambeth for 15½ years from 30/11/79 on full repairing and insuring terms with rent reviews at 5 yearly intervals. The tenant is holding over on current terms pending renewal.	£65,000	£450,000
13	224/232 High Street, Uxbridge, Middlesex	<p>An unbroken Victorian parade arranged on ground and two upper floors providing approximately 3,563 sq ft ITZA of retail accommodation, 3,606 sq ft (334.99m²) of offices and 6,079 sq ft (564.74m²) of residential accommodation. Built in the late 1800's.</p> <p>Tertiary retailing location opposite Civic Centre. Adjacent to a 400,000 sq ft (37,160m) shopping centre under construction. Improving location.</p> <p>Freehold.</p>	Let on a variety of full repairing and insuring leases, with assured shorthold tenancies on the residential accommodation. One of the ten flats is currently vacant. The majority of the commercial leases expire within ten years.	£214,309	£2,400,000

	<i>Property</i>	<i>Description, Age & Tenure</i>	<i>Terms of Existing Tenancies</i>	<i>Current Net Annual Rents Receivable</i>	<i>Open Market Value</i>
14	65/73 The Parade, Watford, Hertfordshire	<p>A 1980s building arranged on ground and two upper floors and comprising one double and two single shop units, with ancillary accommodation on the first floor.</p> <p>A3 retailing location in Watford town centre.</p> <p>Freehold.</p>	<p>The premises are let on 3 separate full repairing and insuring leases to Booker Health Foods Ltd, Leeds & Holbeck Building Society, European Leisure for terms of 25 years, subject to 5 yearly reviews. All leases have unexpired terms in excess of 10 years. The retail unit at 69/71 is currently vacant and now has the benefit of A3 planning consent.</p>	£123,875	£1,925,000
15	Riverside Business Park, Lower Bristol Road, Bath, Avon	<p>18 independent warehouse, industrial and office units. Built around 1930's and of brick construction, with eaves height of approximately 30 ft (9.144m). Buildings converted to provide workshops and warehouse units.</p> <p>Approximately 80 car parking spaces and servicing areas. The buildings total approximately 50,200 sq ft (4,663.58m²). On a site of 1.75 acres (0.71ha)</p> <p>Located in a mixed commercial area, 0.5 miles (0.8km) from the city centre.</p> <p>Part freehold & part long leasehold.</p> <p>The property is predominantly held freehold, however, part of the property is held by way of a 1,000 year lease from 29 September 1809.</p>	<p>The property is let in its entirety to Avon County Council by way of a full repairing and insuring lease for a term of 20 years from 30 June 1985. The next rent review is 30 June 2000 and 5 yearly thereafter. The rent is reviewable upwards only to 87.5% of aggregate market rents for the individual units.</p> <p>Property is sub-underlet to local businesses.</p>	£229,740	£2,000,000

<i>Property</i>	<i>Description, Age & Tenure</i>	<i>Terms of Existing Tenancies</i>	<i>Current Net Annual Rents Receivable</i>	<i>Open Market Value</i>
16 Chatelain House 182-202 Walworth Road London SE17	<p>Mixed use development comprising 8 unit shops (1 with ancillary 3 bed flat), two floors of centrally heated offices, 5 industrial units set around a car park providing 28 spaces. Two advertising hoardings. The property was developed in 1980 and provides 12,850 sq ft (1,193.8m²) of retail, 14,563 sq ft (1,352.9m²) of offices, 10,556 sq ft (980.65m²) of industrial accommodation Total lettable area of 37,969 sq ft (3,527.32 m²)</p> <p>Concrete frame construction over ground and 1/2 upper floors with brick elevations. Offices benefit from central heating, passenger lift and double glazing.</p> <p>Situated on the western side of Walworth Road, 1/4 mile south of Elephant & Castle.</p> <p>Freehold</p>	<p>Let to 11 tenants on 12 leases expiring December 2005 - May 2010 (except hoardings which expire in May 2000).</p> <p>Leases are generally for terms of 25 years drawn on full repairing and insuring terms.</p> <p>Tenants include: Prudential, Kall Kwik, William Hill, McDonalds, ICL, London Borough of Southwark and several local covenants.</p>	£398,700	£4,370,000
17 Stoke Abbott Court, Chapel Street, Worthing, West Sussex	<p>A mixed commercial and residential block with two retail units on the ground floor and 48 flats above. Ground mezzanine and first floor office accommodation. 24 car spaces at ground level. Comprises 10,278 sq ft (944.9m²) leisure/offices, 3,230 sq ft (300m²) workshop and 6,960 sq ft (361.2m²) of retail accommodation.</p> <p>Situated in a tertiary location, but a prominent site. Previous part used as a petrol filling station.</p> <p>Freehold.</p>	<p>The premises are subject to two leases on the retail units. The main shop trades as Blockbuster. The other shop is let to the Liquor Store, there is a tenants option to break the lease in November 1999. The leases expire 2014 and 2006 respectively. The mezzanine and first floor workshop accommodation is let for a further 6 years. Full repairing and insuring by way of service charge.</p> <p>The ground floor rear accommodation has been let to Winton Leisure Ltd for a 9 year term from May 1998, there is a tenants option to break the lease in May 2001 limited repairing liability. Planning permission was granted for a change of use from B1 to D2 in January 1998.</p> <p>The flats are let on a 125 year lease at a peppercorn rent.</p>	£106,000	£970,000

	<i>Property</i>	<i>Description, Age & Tenure</i>	<i>Terms of Existing Tenancies</i>	<i>Current Net Annual Rents Receivable</i>	<i>Open Market Value</i>
18	421/424 Millbrook Road, Southampton, Hampshire	<p>A parade of 4 lock up shops with 2 storeys of offices over in a 1950s building totalling 7,648 sq ft (710.5m²).</p> <p>Situated in a mixed use location close to the Millbrook docks.</p> <p>Freehold.</p>	<p>The offices are let on a 24 year lease from June 1991 to Hurst Publishing Ltd. The shops are let on 3 separate leases expiring between 2000 and 2008. All the leases are on effectively full repairing and insuring terms.</p>	£58,500	£550,000
19	Arley Industrial Estate Colliers Way Spring Hill Arley Nr Nuneaton	<p>A two bay light industrial unit extending to approximately 38,700 sq ft (3595.6 m²), completed in 1989. Steel portal framed construction with cavity brick and block plinth walls surmounted by pvc metal cladding.</p> <p>The unit incorporates approximately a 20% integral office/ancillary block and the warehouse has an eaves height of 5.5m and servicing via 5 roller shutter doors.</p> <p>Situated in a rural location to the rear of the estate.</p> <p>Freehold.</p>	<p>The property is let on full repairing and insuring terms to Unigate (UK) Limited for a term of 20 years from 24 June 1989 with the next upward only review in June 1999 and five yearly thereafter.</p> <p>The entire premises are underlet to Silver Knight Exhibitions Limited under a sublease dated 12 April 1991 for a co-terminus term less three days</p>	£117,000	£1,225,000
20	Units A, B and C Monkhill Lane Pontefract West Yorkshire	<p>Two substantial workshop units dating from the 1950's with modern two storey brick office building adjoining. Main workshops have brick elevations beneath steel framed roofs clad in corrugated asbestos. The workshops have been subject to various extensions over the years. There are also two small separate brick built workshops on site. The buildings extend in total to 90,527 sq ft (8,410m²). The secured site extends to around 4.4 acres (1.78ha).</p> <p>Located on the outskirts of the town surrounded by predominantly residential development.</p> <p>Freehold.</p>	<p>Let to Cooper & Turner Limited on assignment from Elliott Industries Limited, for a term of 20 years from 29 January 1990 on full repairing and insuring terms with five yearly upward only rent reviews. B Elliott Plc acted as guarantor for the original lease.</p>	£195,000	£1,750,000

<i>Property</i>	<i>Description, Age & Tenure</i>	<i>Terms of Existing Tenancies</i>	<i>Current Net Annual Rents Receivable</i>	<i>Open Market Value</i>
21 Churchill House, Tithebarn Street, Liverpool, Merseyside	<p>A late 1970's office building arranged over basement, ground and seven upper floors, providing a total net floor area of 31,687 sq ft (2,943.7 m²). Part of the ground floor and the basement are utilised as a bar/restaurant. Apart from a vacant 7th floor caretakers flat, the remainder of the building provides generally open plan centrally heated offices of a basic nature with solid carpeted floors, perimeter trunking and suspended ceilings.</p> <p>The building is of concrete framed construction with pre-cast concrete panel elevations beneath a flat roof. To the rear of the property included in the interest there is a car park run by NCP providing around 25 spaces. The building occupies a prime office location in the city centre.</p> <p>Freehold.</p>	<p>At present, only part of the ground floor is unlet. The remainder of the building is let on a series of full repairing and insuring leases. The ground floor and basement bar/restaurant is let to the Nineteenth Hole Ltd until 2023. The upper floors are let to tenants including Equitable Life Assurance Society, William M Mercer Ltd and Colonial Mutual Life Assurance Society on leases expiring between 2004 and 2006. All leases incorporate five yearly upward only rent reviews.</p> <p>National Car Parks Ltd are holding over in respect of their lease on the car parking land.</p>	£235,337	£2,700,000
22 Norroy House, Watergate Street/Nuns Road Chester, Cheshire	<p>A late 1960's/early 1970's office building arranged in two wings, providing a total net floor area of 21,091 sq ft (1,959.4 m²). The front section is arranged over ground and three upper floors whilst the rear extension is on ground and first floors only. The building is of concrete frame construction with brick elevations beneath a flat roof. To the side and rear of the property there is a courtyard providing up to 20 car parking spaces. The centrally heated offices are generally open plan in design and of a basic nature with solid carpeted floors and perimeter trunking with suspended ceilings.</p> <p>The building is conveniently located just within the city walls and close to the central retailing area and Chester racecourse.</p> <p>Freehold</p>	<p>Let to The Secretary of State for the Environment for 25 years and 22 days from 7 September 1981 on full repairing and insuring terms with 5 yearly rent reviews. The next review is due in September 2001.</p>	£230,000	£2,400,000

<i>Property</i>	<i>Description, Age & Tenure</i>	<i>Terms of Existing Tenancies</i>	<i>Current Net Annual Rents Receivable</i>	<i>Open Market Value</i>
23 9/15 Blagrove Street, Reading, Berkshire	<p>A late 1970's office building developed behind its original facade. Provides approximately 10,070 sq ft (935.5m²) of net lettable space arranged over six floors.</p> <p>Specification includes central heating and passenger lift.</p> <p>Located in the town centre close to the rail station.</p> <p>Freehold.</p>	<p>Let to International Computers Ltd for a term of 25 years from March 1979, with five yearly rent reviews, on full repairing and insuring terms.</p> <p>The lease expires on 7 March 2004. The property is currently vacant and ICL are in the process of sub-letting their accommodation to Adecco.</p>	£155,000	£1,650,000
24 Llwyd Mansions & Glasgow House, 1/13 Cross Street, Oswestry, Shropshire	<p>Three adjoining retail buildings 1/3 Cross Street (Llwyd Mansions) is a 15th Century timber framed, Grade I listed building.</p> <p>5/9 Cross Street is a Georgian Period building with brick elevations, providing two retail units on ground and three upper floors. (The third floors are disused).</p> <p>11/13 Cross Street is a period building with brick elevations on ground and three upper floors. The upper floors are in a poor state of repair and are unused.</p> <p>Considerable repairs required to Llwyd Mansions.</p> <p>The property provides a total area of 11,596 sq ft (1,077/m²) of which 3,027 sq ft (281m²) is disused.</p> <p>Town centre location at the corner of Cross Street & Bailey Street.</p> <p>Freehold.</p>	<p>The property is let by way of four separate leases expiring 2011, 2012 and 2014. Three leases are on full repairing and insuring terms, whilst the lease on Llwyd Mansions is only on internal repairing terms.</p> <p>Tenants are Stylo Barratt, Arcadia Group plc, Coral Estates Ltd and K & B Baker.</p>	£119,000	£1,200,000

PART 6

VALUATION OF POOLE POTTERY'S PROPERTIES



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The Partners
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12 July 1999

Gentlemen

POOLE POTTERY LIMITED OPEN MARKET VALUATION AS AT 30 JUNE 1999

In accordance with your instructions, we have inspected the part freehold part leasehold property owned by Poole Pottery ("the Owner") referred to in Schedule A attached to this Certificate ("the Schedule"). We are to advise you of our opinion as to the open market capital value of the legal interest in the property as at 30 June 1999.

We confirm that the valuation has been prepared in accordance with the Appraisal and Valuation Manual published by The Asset Valuation Standards Committee of The Royal Institution of Chartered Surveyors, and that it has been undertaken by external valuers qualified for the purpose of the valuation as Asset valuers.

We also confirm that the valuation has been made in accordance with the relevant provisions of Chapter 18 of the Listing Rules laid down by the London Stock Exchange.

We understand that the valuation is required in conjunction with the acquisition of Poole Pottery Limited by Orb Estates Plc ("the Acquirer").

The property comprises a property currently held for development. The property is more particularly described in the Schedule.

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London-West End/City Birmingham Bristol Cardiff Croydon Edinburgh Glasgow

Leeds Manchester Newcastle Nottingham Oxford Wetherby York

A list of Directors' names is open to inspection at the above address

DTZ in international alliance with CY Leung & Co and Edmund Tie & Co in Asia Pacific - 110 offices in 30 countries

DTZ Debenham Thorpe Limited Registered in England No 2757768 Registered Office 30 Throgmorton Street London EC2N 2BQ



Certificate No Q8160

We set out below a description of the basis of valuation, together with a list of the assumptions and sources of information upon which our valuation has been based.

1. Basis of Valuation

The valuation has been prepared on the basis of open market value.

In assessing open market value, we have adopted the definition recommended in the Appraisal and Valuation Manual published by the Royal Institution of Chartered Surveyors, Practice Statement 4.2.1:

“an opinion of the best price at which the sale of an interest in the property would have been completed unconditionally for cash consideration on the date of valuation, assuming:

- (a) a willing seller;
- (b) that, prior to the date of valuation, there had been a reasonable period (having regard to the nature of the property and the state of the market) for the proper marketing of the interest, for the agreement of the price and terms and for the completion of the sale;
- (c) that the state of the market, level of values and other circumstances were, on any earlier assumed date of exchange of contracts, the same as on the date of valuation;
- (d) that no account is taken of any additional bid by a prospective purchaser with a special interest; and
- (e) that both parties to the transaction had acted knowledgeably, prudently and without compulsion.”

To summarise, open market value is the best price that can be obtained for a property interest on the market, assuming a sale at the valuation date. The valuation is not qualified by any reference to existing or alternative use and implies the value to which a property will derive, having regard to its most valuable use. It is, therefore, to be assumed that all the necessary authoritative consents have either been obtained or it is reasonable to assume that they are likely to be granted.

2. Realisation Costs

The assessment of open market value requires the assumption of a hypothetical sale of the property. In doing so we have made no allowance for the vendor's sale costs, nor for any tax liabilities which may arise on disposal of the properties or any part thereof, nor for the repayment of any mortgages, charges, loans or grants which may exist on the property.

We have made a deduction of 5.25% to reflect purchaser's normal acquisition costs.

3. VAT

We have not been advised as to whether the Owner has waived exemption for registration of VAT. The open market capital valuation and rentals contained in this report are net of VAT.

4. Assumptions and Sources of Information

In undertaking the valuation, we have made a number of assumptions and have relied upon certain sources of information. These matters are referred to below:

(i) Title

We have not been provided with copies of Reports on Title, or had access to the Title Deeds of the property and are, therefore, unable to comment as to whether it is free from onerous or unusual

covenants, restrictions or statutory notices that would affect value. We have assumed that the Owner is possessed of good and marketable freehold and leasehold titles as appropriate.

(ii) Structural Condition and Items of Disrepair

We have not undertaken a structural survey of the property, or surveys of the plant and equipment contained within it. We have therefore assumed that the land and buildings comprising the property are free from rot, infestation and structural design defects.

Our valuation has taken into account the general age, specification and state of repair of the property revealed during the course of our valuation inspection.

We have assumed that the services to the property are adequately maintained and functioning properly.

We have also assumed that there are no adverse soil or ground conditions in the case of the property and that the load bearing qualities of the site are sufficient to support the buildings constructed thereon and the buildings proposed to be constructed under the redevelopment.

(iii) Deleterious Materials

Unless advised to the contrary, we have assumed that no high alumina cement concrete, wood wool slab permanent formwork, calcium chloride cement, blue or other fibrous asbestos, nor any other deleterious materials have been used in the construction or subsequent alteration of the of the building and that no such materials will be used in the proposed redevelopment.

(iv) Environmental Matters

We have made such enquiries as have been practicable in order to establish the potential existence of contamination arising out of previous or present uses of the site and any adjoining sites. Our inspection has provided no evidence that there is a significant risk of contamination in respect of the property.

(v) Statutory Requirements

We have assumed that the property complies with all necessary statutory requirements, including the Defective Premises Act 1972 and Fire and Building Regulations.

(vi) Planning

We have assumed that the property has been constructed and complies with all relevant planning legislation. It should be noted that where verbal enquiries have been made of local Planning Authorities, employees only give information on the basis that it should not be relied on and formal searches should be undertaken if more certain information is required.

In respect of the new development we have been provided with a planning consent dated 2 November 1998 by the Acquirer. The consent is for the redevelopment of the site to provide an additional 5,110 m² (55,000 sq ft) of retail accommodation.

(vii) Areas

We have been provided with floor areas which we have assumed have been calculated in accordance with the Code of Measuring Practice as prepared by the Royal Institution of Chartered Surveyors and the Incorporated Society of Valuers and Auctioneers.

(viii) Leases

We have been provided with details relating to the terms of occupational licences, but have not had sight of these documents.

We have not undertaken investigations into the financial strength of any of the tenants. Except where we have become aware by general knowledge, or we have been specifically advised to the contrary, we have assumed that each tenant is financially in a position to meet its obligations. However, our valuation reflects the type of tenant actually in occupation or likely to be in occupation, and the market's general perception of their creditworthiness.

We have assumed that wherever licence renewals are pending, all notices have been served validly within any appropriate time limits.

We have been advised that none of the occupational licences shown on the Schedule are in arrears as to rental payments.

(ix) Information

We have assumed that the information provided by the Acquirer in respect of the property is correct, and that details of all matters likely to affect value have been made available to us and that the information is up to date.

We have used our professional judgement in interpreting all the information provided and there is nothing that has come to our attention which leads us to indicate this assumption to be incorrect.

(x) Plant and Machinery

Our valuation has been undertaken on the basis that such plant and machinery and other fittings which would normally be regarded as landlord's fittings are included, but excludes tenant fitting out works which cannot be rentalised on a rent review or lease renewal.

5. Inspections

The property was the subject of a recent detailed inspection in June 1999 for the purpose of this valuation.

6. Net Annual Rents

In the Schedule we have given estimates of the net annual rent receivable for the property at the Valuation Date. In providing these figures we have had regard to the definition set out in chapter 18.2 of the Listing Rules laid down by the London Stock Exchange.

Therefore the reported net annual rent reflects the gross annual rental income contracted to be paid at the Valuation Date, net of VAT, and less estimated head rents payable in respect of the leasehold interest, estimated management charges and other estimated outgoings to the extent they are not recoverable from tenants.

7. Development Property

Poole Pottery is a property held for redevelopment. There is an existing retailing and manufacturing facility of approximately 10,416 m² (112,120 sq ft) which is to form part of a redevelopment of the site. Conditional planning permission was granted on 2 November 1998 for the construction of approximately 5,110 m² (55,000 sq ft) of "factory outlet" retail accommodation arranged over ground and first floors on part of the site.

A development period is yet to be finalised, the costs of the proposed works are not settled and no contract has been awarded for carrying out the scheme.

8. Valuation Summary

We are of the opinion that the open market capital value at 30 June 1999 of the part freehold/part leasehold property interest described in Schedule A, and subject to the assumptions and comments in this report was:

Part Freehold/Part Leasehold Property	£14,500,000
	(Fourteen Million Five Hundred Thousand Pounds)

9. Confidentiality and Disclosure

The contents of this Report and Schedule are confidential to the addressees and their professional advisers, for the specific purpose to which the report refers, and are for their use only. Consequently, and in accordance with current practice, no responsibility is accepted to any other party in respect of the whole or any part of its contents. Before the report or any part of it is reproduced or referred to in any document, circular or statement and before its contents, or any part of it are disclosed orally to a third person, our written approval as to the form and context of such a publication or disclosure must first be obtained. For the avoidance of doubt, such approval is required whether or not DTZ Debenham Thorpe are referred to by name and whether or not our report is combined with others.

Yours faithfully

SEAN A WORDLEY
CHARTERED SURVEYOR
DIRECTOR

For and on Behalf of
DTZ Debenham Thorpe

SCHEDULE OF PROPERTIES

<i>Property</i>	<i>Description, Age and Tenure</i>	<i>Terms of Existing Tenancies</i>	<i>Net Exclusive Annual Rents Receivable</i>	<i>Open Market Capital Value</i>
Poole Pottery, Poole Quay, Poole, Dorset	<p>Constructed in the 1940s and comprising a two-storey manufacturing and retail facility. Frame construction with red brick outer elevations extending to approximately 10,416 sq m (112,120 sq ft). The property has a substantial car park.</p> <p>There is a planning consent for a further 5,110 sq m (55,000 sq ft) of retail accommodation, granted on 2 November 1998.</p> <p>Part freehold, part leasehold on a lease for a term of 125 years expiring on 24 December 2119. The current rent is £5,000 per annum exclusive until the 25th year when the rent will be reviewed to 15% of the open market rental value of the demised premises. Should the leasehold area of the property be used other than for industrial purposes the head rent gearing is to be reviewed.</p>	The property is subject to a number of short-term licences.	£1,049,000	£14,500,000

PART 7

PRO-FORMA STATEMENT OF NET ASSETS

Set out below is a *pro forma* statement of the net assets of the Enlarged Group. The financial information has been extracted without material adjustment from the unaudited consolidated balance sheet of Orb at 31 December 1998, which has been prepared in accordance with the Company's accounting policies and practices, and the audited balance sheet of Poole Pottery at 31 December 1998. Financial information extracted from the audited consolidated balance sheet of Albemarle at 31 December 1998 has been adjusted as shown on page 90. This *pro forma* has been prepared to illustrate the effect on the consolidated net assets of the Company of the acquisitions as if they had occurred at 31 December 1998, with adjustments being made for material property disposals taking place since that date.

This statement is for illustrative purposes only and because of its nature may not give a true picture of the financial position of the Enlarged Group.

	Orb per interim statement at 31 Dec 1998 £'000	Adjustments re. <i>pro</i> <i>forma</i> of Albemarle at 31 Dec 1998 (see Page 90) £'000	Note	Adjustments re. Albemarle Acquisition £'000	Sub-Total £'000	Adjustments re. balance sheet of Poole Pottery at 31 Dec 1998 £'000	Note	Adjustments re. Poole Pottery Acquisition £'000	Pro forma
Fixed assets									
Intangible assets	—	—		—	—	70	6	(570)	(500)
Tangible assets									
—Investment properties	6,434	55,029	3	(1,848)	59,615	—	7	14,500	74,115
—Other tangible fixed assets	3	37		—	40	3,550		(3,550)	40
Associated undertaking	—	1,057		—	1,057	—		—	1,057
Investments	1,737	2		—	1,739	15		(15)	1,739
	8,174	56,125		(1,848)	62,451	3,635		10,365	76,451
Current assets									
Investments held for resale	—	—		—	—	—	5	500	500
Land and Buildings for developments and sale	—	1		—	1	—		—	1
Stock	—	—		—	—	1,329		(1,329)	—
Debtors	426	2,599		—	3,025	474		(474)	3,025
Cash at bank and in hand	3,617	1,143	4	(500)	4,260	26	8	(3,026)	1,260
	4,043	3,743		(500)	7,286	1,829		(4,329)	4,786
Creditors: amounts falling due within one year	(2,317)	(10,025)		—	(12,342)	(1,712)	9	(9,788)	(23,842)
Net current assets/ (liabilities)	1,726	(6,282)		(500)	(5,056)	117		(14,117)	(19,056)
Total assets less current liabilities	9,900	49,843		(2,348)	57,395	3,752		(3,752)	57,395
Creditors: amounts falling due after more than one year	(3,875)	(36,618)		—	(40,493)	(2,623)		2,623	(40,493)
Provision for liabilities and charges	—	—		—	—	(12)		12	—
Non-equity minority interests	—	(22)		—	(22)	—		—	(22)
Net assets	6,025	13,203		(2,348)	16,880	1,117		(1,117)	16,880

Notes

General

1. No account has been taken of trading since 1 January 1999. Adjustments have been made in respect of disposals of investment properties that have taken place since 31 December 1998 by Albemarle on page 90.

Adjustments due to the proposed acquisition of Albemarle

2. The acquisition of Albemarle has been accounted for as a merger under the provisions of Financial Reporting Standard 6.
3. Adjustments have been made to the tangible assets to reflect revaluations of the Orb and Albemarle investment properties to market value at 30 June 1999 (per part 4) and 2 June 1999 (per part 5) respectively as follows:

	£'000	£'000
Valuation of Albemarle investment properties at 31 December 1998	70,252	
Net book value of investment properties disposed of since 31 December 1998	(16,688)	
Investment property acquired since 31 December 1998	1,465	
	<u>55,029</u>	
Valuation of Albemarle properties at 2 June 1999	52,855	
Adjustment in respect of Albemarle		(2,174)
Valuation of Orb investment properties at 31 December 1998	6,434	
Valuation of Orb properties at 30 June 1999	6,760	
Adjustment in respect of Orb		326
Net adjustment in respect of revaluation of investment properties		<u>(1,848)</u>
4. Cash at bank and in hand has been adjusted as follows:		
Costs of proposed acquisition		<u>500</u>

The above costs relate to the acquisition of both Albemarle and Poole Pottery. Although some costs are attributable to the Poole Pottery acquisition these cannot be separately identified. As a result all costs have been attributed to the Albemarle acquisition for the purposes of the above statement.

Adjustments due to the proposed acquisition of Poole Pottery

5. Following the proposed acquisition of Poole Pottery, the properties will be transferred to either a new or existing group company. It is then the Directors' firm intention to dispose of the company. The Directors are currently seeking a suitable buyer. Consequently Poole Pottery is held "exclusively with a view to subsequent resale" and "is reasonably expected to be disposed of within approximately one year" and under the provisions of Financial Reporting Standard 2 will not be consolidated in the accounts of the Enlarged Group.

The Directors estimate that Poole Pottery will generate sales proceeds of £500,000. Accordingly this amount is shown as "Investments held for resale".

6. Intangible assets have been adjusted as follows:

Valuation of Poole Pottery properties	14,500
Carrying value of Poole Pottery business	<u>500</u>
Total value of assets acquired	15,000
Purchase consideration	<u>14,500</u>
Negative goodwill arising (carried in balance sheet in accordance with Financial Reporting Standard 10)	(500)
Elimination of intangible asset held by Poole Pottery	<u>(70)</u>
	<u>(570)</u>

7. The adjustment to tangible assets is summarised as follows:

Valuation of Poole Pottery properties at 30 June 1999 (per part 6)	<u>14,500</u>
--	---------------

8. Cash at bank and in hand has been adjusted as follows:

Consideration for acquisition of Poole Pottery share capital	14,500
Deferred consideration - see note 9 below	(4,000)
Mortgage from Poole Pottery seller - see note 9 below	<u>(7,500)</u>
Cash paid in respect of Poole Pottery acquisition	3,000
Elimination of Poole Pottery cash balance due to non-consolidation	<u>26</u>
	<u>3,026</u>

9. Creditors: amounts falling due within one year has been adjusted as follows:

Deferred consideration re. Poole Pottery acquisition	4,000
Mortgage from Poole Pottery seller	7,500
Elimination of Poole Pottery creditors due to non-consolidation	<u>(1,712)</u>
	<u>9,788</u>

Pro-forma adjustments in respect of Albemarle post balance sheet events

	Per Albemarle comparative table at 31 Dec 1998 £'000	Note	Post balance sheet event adjustments £'000	Pro forma of Albemarle £'000
Fixed assets				
Intangible assets	—		—	—
Tangible assets	70,289	10	(15,223)	55,066
Associated Undertaking	1,057		—	1,057
Investments	2		—	2
	<u>71,348</u>		<u>(15,223)</u>	<u>56,125</u>
Current assets				
Trading properties	—		—	—
Land and buildings for development and sale	1		—	1
Debtors	2,599		—	2,599
Cash at bank and in hand	45	11	1,098	1,143
	<u>2,645</u>		<u>1,098</u>	<u>3,743</u>
Creditors: amounts falling due within one year	<u>(10,025)</u>		<u>—</u>	<u>(10,025)</u>
Net current assets/(liabilities)	<u>(7,380)</u>		<u>1,098</u>	<u>(6,282)</u>
Total assets less current liabilities	63,968		(14,125)	49,843
Creditors: amounts falling due after more than one year	(50,733)	12	14,115	(36,618)
Non-equity minority interests	<u>(22)</u>		<u>—</u>	<u>(22)</u>
Net assets	<u>13,213</u>		<u>(10)</u>	<u>13,203</u>

Notes

10. Adjustments to tangible assets are summarised as follows:

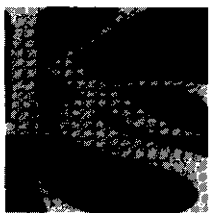
Investment properties disposed	(16,688)
Investment property acquired – Oswestry	1,465
	<u>(15,223)</u>

11. Cash at bank and in hand has been adjusted as follows:

Gross proceeds of investment properties disposed	16,678
Loans repaid relating to property disposals	(14,115)
Investment property acquired – Oswestry	(1,465)
	<u>1,098</u>

12. Adjustments to creditors: amounts falling due after more than one year are summarised as follows:

Loans repaid in connection with investment property disposals	14,115
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KINGSTON SMITH

Chartered Accountants
CORPORATE FINANCE

The Directors and the Proposed Director
Orb Estates PLC
24 Brook's Mews
London W1Y 1LF

Kingston Smith
60 Goswell Road
London EC1M 7AD

and

12 July 1999 —

The Partners
Grant Thornton
Grant Thornton House
Melton Street
Euston Square
London NW1 2ED

Dear Sirs

Orb Estates PLC (Company) and its subsidiary undertakings

We report on the pro forma statement of net assets set out in part 7 of the listing particulars dated 12 July 1999, which has been prepared, for illustrative purposes only, to provide information about how the acquisition described in the listing particulars might have affected the statement of net assets presented.

Responsibilities

It is the sole responsibility of the directors and the proposed director of the Company to prepare the pro forma statement of net assets in accordance with paragraph 12.29 of the listing rules of the London Stock Exchange Limited (Listing Rules).

It is our responsibility to form an opinion, as required by the Listing Rules, on the pro forma statement of net assets and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any statement of net assets used in the compilation of the pro forma statement of net assets beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of opinion

We conducted our work in accordance with the Statements of Investment Circular Reporting Standards and Bulletin 1998/9 "Reporting on Pro forma financial information pursuant to the Listing Rules"

Partners: Michael Snyder Benjamin Howe Richard Wallis Peter Holgate Anthony Sansom Emile Woolf Robert Willott Martin Muirhead Steven Neal Peter Timms Graham Fildes Nicholas Brooks Martin Burchmore Robert Surman Julie Walsh Nigel Birch Richard Garrick Howard Duncombe Clifford Ireton Adrian Houstoun David Masterson Janice Riches Christopher Lane Parveen Chadda David Goodridge Andrew Shaw Maureen Penfold Andrew Wall Howard Smith Paul Samrah Amanda Merron Geraint Howells Raj Patel David Challis Stephen Waring Christopher Hughes

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issued by the Auditing Practices Board. Our work, which involved no independent examination of any of the underlying statement of net assets, consisted primarily of comparing the unadjusted statement of net assets with the source documents, considering the evidence supporting the adjustments and discussing the pro forma statement of net assets with the directors of the Company.

Opinion

In our opinion:

- (a) the pro forma statement of net assets has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Company; and
- (c) the adjustments are appropriate for the purposes of the pro forma statement of net assets as disclosed pursuant to paragraph 12.29 of the Listing Rules.

Yours faithfully

Kingston Smith

PART 8

STATUTORY AND GENERAL INFORMATION

1. Incorporation

- (a) The Company was incorporated in England and Wales as W Moore & Osborne (Holdings) Limited on 21 July 1955 as a private limited company under the Companies Act 1948 with registered number 552331. Orb was reregistered as a public limited company on 13 August 1981 under the Companies Acts 1948 to 1980. The Company changed its name to Orb Estates PLC on 31 December 1993 and now operates under the Act.
- (b) The Company's registered office and principal place of business in the United Kingdom is at 24 Brook's Mews, London W1Y 1LF.

2. Share capital

- (a) The authorised and issued share capital of the Company at the date of this document is as follows:

<i>Authorised</i>		<i>Issued fully paid</i>	
<i>Number of ordinary shares</i>	<i>£</i>	<i>Number of ordinary shares</i>	<i>£</i>
9,500,000	4,750,000	6,626,429	3,313,213

- (b) Assuming that the Offer becomes unconditional and is accepted in full and that the maximum number of New Orb Shares is issued in connection with compulsory purchases of Albemarle Shares in accordance with section 429 Companies Act 1985, the authorised and issued share capital of the Company is expected to be:

<i>Authorised</i>		<i>Issued fully paid</i>	
<i>Number of ordinary shares</i>	<i>£</i>	<i>Number of ordinary shares</i>	<i>£</i>
50,000,000	25,000,000	20,567,357	10,283,679

- (c) There were no movements in Orb's share capital during the three years preceding the date of this document.
- (d) Except as disclosed in paragraphs 2(b) and 3 of this part:
- (i) during the three years immediately preceding the date of this document, there have been no changes in the amount of the issued share capital of Orb or of any other member of the Orb Group or in the number and classes of which any such capital is composed;
 - (ii) no share or loan capital of Orb or any of its subsidiaries is under option or is agreed conditionally or unconditionally to be put under option; and
 - (iii) no commissions, discounts, brokerage or other special terms have been granted by Orb or any of its subsidiaries within the three years immediately preceding the date of this document in connection with the issue or sale of any share or loan capital of such company.
- (e) The Directors are authorised for the purposes of section 80 of the Act to allot Ordinary Shares up to an aggregate nominal amount of £1,100,000, being 11.6 per cent. of the Company's authorised share capital as at the date of this document. Such authority expires at the conclusion of the Company's next annual general meeting, unless previously revoked or varied by the Company in general meeting. For issues of ordinary shares for cash, section 89(1) of the Act has been disapplied until the conclusion of the Company's next annual general meeting or,

if earlier, 10 May 2000, in respect of a rights issue or other offer made on a pre-emptive basis and issues of up to an aggregate nominal amount of £165,660, being equal to 5 per cent. of the issued share capital of the Company at the date of this document.

- (f) At the EGM, a resolution will be proposed to increase the authorised share capital of the Company from £4,750,000 to £25,000,000 by the creation of an additional 40,500,000 Ordinary Shares and, conditional upon and subject to the Offer becoming unconditional in all respects, to authorise the allotment of relevant securities up to an aggregate nominal amount of £15,000,000. In addition the Directors will seek authority to issue shares for cash other than on a pre-emptive basis as described in paragraph 14 of part 1 of this document. The authorities granted by these resolutions expire on the date of Orb's next annual general meeting or if earlier 15 months from the date of the passing of the resolutions.
- (g) The Directors have no present intention of issuing any of the authorised but unissued share capital of Orb other than in connection with the Offer, the conversion of the convertible loan note to be issued to the seller of Poole Pottery or upon the exercise of share options referred to in paragraph 3(b) of this part.
- (h) Application has been made to admit up to 13,940,928 New Orb Shares to the Official List. The New Orb Shares are ordinary shares of 50p each.
- (i) Orb Shares are in registered form, capable of being held in uncertificated form and are listed on the Official List.

3. Options over the Company's share capital

- (a) All the options granted under Orb's executive share scheme 1994 have lapsed.
- (b) As part of the financial restructuring of the Orb Group in December 1993, an option to acquire 250,000 Orb Shares at a subscription price of 200p each was granted to a non-banking creditor of the Company, Rachel Weis, as part consideration for the release of the Company from its obligations under a guarantee. The option is exercisable during certain limited periods in each year until 2 December 2003.

4. Memorandum of association

The principal objects of Orb are set out in clause 4 of its memorandum of association and are to carry on the business of a property investment and holding company.

5. Articles of association

The rights attaching to the Orb Shares, as set out in the articles of association of the Company, contain, amongst others, the following provisions:

Votes of members

- (a) Subject to any special terms as to voting or to which any shares may have been issued, no shares having been issued subject to any special terms, on a show of hands every member who being an individual is present in person or, being a corporation is present by a duly authorised representative, has one vote, and on a poll every member has one vote for every one penny nominal amount of share capital of which he is the holder.
- (b) Unless the directors determine otherwise, a member of the Company is not entitled in respect of any shares held by him to vote at any general meeting of the Company if any amounts payable by him in respect of those shares have not been paid or if the member has a holding of at least 0.25 per cent. of any class of shares of the Company and has failed to comply with a section 212 notice under the Act.

Variation of rights

Subject to the provisions of the Act, if at any time the capital of the Company is divided into different classes of shares, the rights attached to any class may be varied or abrogated with the consent in writing of the holders of at least three-fourths in nominal value of that class or with the sanction of an extraordinary resolution passed at a separate meeting of the holders of that class but not otherwise. The quorum at any such meeting is a person or persons holding, or representing by proxy, at least one-third in nominal value of the issued shares in question.

Transfers of shares

- (a) All transfers of shares will be effected in any normal form or in any other form which the Directors may approve and must be signed by or on behalf of the transferor and, in the case of a partly paid share, by or on behalf of the transferee. The transferor is deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect of it.
- (b) The directors may, in their absolute discretion and without assigning any reason, refuse to register the transfer of a share in certificated form if it is not fully paid or if the Company has a lien on it, or if it is not duly stamped, or if it is by a member who has a holding of at least 0.25 per cent. of any class of shares of the Company and has failed to comply with a section 212 notice.
- (c) The articles of association contain no restrictions on the free transferability of fully paid ordinary shares provided that the transfers are in favour of not more than four transferees, the transfers are in respect of only one class of share and the provisions in the articles of association relating to registration of transfers have been complied with.

Payment of dividends

Subject to the provisions of the Act and to any special rights attaching to any shares, the shareholders are to distribute amongst themselves the profits of the Company according to the amounts paid up on the shares held by them, provided that no dividend will be declared in excess of the amount recommended by the directors. A member will not be entitled to receive any dividend if he has a holding of at least 0.25 per cent. of any class of shares of the Company and has failed to comply with a section 212 notice. Interim dividends may be paid if profits are available for distribution and if the directors so resolve.

Unclaimed dividends

Any dividend unclaimed after a period of 12 years from the date of its declaration will be forfeited and will revert to the Company.

Untraceable shareholders

The Company may sell any share if, during a period of 12 years at least three cash dividends in respect of such shares have been paid, no cheque or warrant in respect of any such dividend has been cashed or the dividend has not been satisfied by the transfer of funds to a bank account designated by the shareholder and no communication has been received by the Company from the relevant member. The Company must advertise its intention to sell any such share in both a national daily newspaper and in a newspaper circulating in the area of the last known address to which cheques or warrants were sent. Notice of the intention to sell must also be given to the London Stock Exchange.

Return of capital

On a winding-up of the Company, the balance of the assets available for distribution will, subject to any sanction required by the Act, be divided amongst the members.

Borrowing powers

- (a) Subject to the provisions of the Act, the directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and assets, including its uncalled or unpaid capital, and to issue debentures and other securities and to give guarantees.
- (b) The directors must restrict the borrowing of the Company and exercise all voting and other rights and powers of control exercisable by the Company in relation to subsidiary companies, if any, so as to secure, as regards subsidiary companies so far as by such exercise they can secure, that the aggregate amount for the time being remaining outstanding of all money borrowed by the Orb Group and for the time being owing to persons outside the Orb Group does not at any time, without the previous sanction of an ordinary resolution of the Company, exceed an amount equal to four times the aggregate of the amount paid up on the issued share capital of the Company and the amounts for the time being standing to the credit of the credit balance on reserves, including share premium account, capital redemption reserve and profit and loss account, of the Orb Group all as shown in its then latest audited balance sheet and after adjustment as specified in article 1(B)(i)(c)-(e) inclusive.

Directors

- (a) No shareholding qualification is required by a director.
- (b) The directors are entitled to fees at the rate decided by the board up to an aggregate maximum of £75,000 per annum. The Company may by ordinary resolution increase these fees. The directors are also entitled to be repaid all travelling, hotel and other expenses incurred by them in connection with the business of the Company.
- (c) At every annual general meeting, one third of the directors who are subject to retirement by rotation, or as near to it as may be, will retire from office. A retiring director is eligible for re-appointment.
- (d) The directors may from time to time appoint one or more of their body to be the holder of an executive office on such terms as they think fit.
- (e) Except as provided in paragraphs (f) and (g) below, a director may not vote or be counted in the quorum present on any motion in regard to any contract, transaction, arrangement or any other proposal in which he has any material interest, which includes the interest of any person connected with him, otherwise than by virtue of his interests in shares or debentures or other securities of or otherwise in or through the Company. Subject to the Act, the Company may by ordinary resolution suspend or relax this provision to any extent or ratify any transaction not duly authorised by reason of a contravention of it.
- (f) In the absence of a material interest other than those indicated below, a director is entitled to vote and be counted in the quorum in respect of any resolution concerning any of the following matters:
 - (i) the giving of any security, guarantee or indemnity to him in respect of money lent or obligations incurred by him or by any other person at the request of or for the benefit of the Company or any of its subsidiaries;
 - (ii) the giving of any security, guarantee or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;

- (iii) any proposal concerning an offer of shares or debentures or other securities of or by the Company or any of its subsidiaries for subscription or purchase in which offer he is or is to be interested as a participant in its underwriting or sub-underwriting;
 - (iv) any contract, arrangement, transaction or other proposal concerning any other company in which he is interested, as defined in Part VI of the Act, provided that he is not the holder of or beneficially interested in one per cent. or more of any class of the equity share capital of such company, or of a third company through which his interest is derived, or of the voting rights available to members of the relevant company, any such interest being deemed to be a material interest in all circumstances;
 - (v) any contract, arrangement, transaction or other proposal concerning the adoption, modification or operation of a superannuation fund or retirement, death or disability benefits scheme under which he may benefit and which has been approved by or is subject to and conditional upon approval by the Board of Inland Revenue;
 - (vi) any contract, arrangement, transaction or other proposal concerning the adoption, modification or operation of an employee share scheme which includes full time executive directors of the Company and/or any subsidiary or any arrangement for the benefit of employees of the Company or any of its subsidiaries and which does not award to any director any privilege or advantage not generally accorded to the employees to whom such a scheme relates; and
 - (vii) any contract, arrangement, transaction or proposal concerning insurance which the Company proposed to maintain or purchase for the benefit of directors or for the benefit or persons including the directors.
- (g) If any question arises at any meeting as to the materiality of a director's interest or as to the entitlement of any director to vote and such question is not resolved by his voluntarily agreeing to abstain from voting, such question must be referred to the chairman of the meeting and his ruling in relation to any other director will be final and conclusive except in a case where the nature or extent of the interest of such director has not been fully disclosed.
- (h) *The directors may provide or pay pensions, annuities gratuities and superannuation or other allowances or benefits to any director, ex-director, employee or ex-employee of the Company or any of its subsidiaries or any wife, widow, children and other relatives and dependants of any such director, ex-director, employee or ex-employee.*

6. Substantial shareholders

- (a) Except for the interests of the Directors, as at 8 July 1999, the Directors were aware of the following persons who were, directly or indirectly, interested in three per cent. or more of Orb Shares or who, directly or indirectly, jointly or severally exercise, or could exercise, control over the Company:

	Ordinary Shares	Before the Acquisition %	Following the Acquisition %
Lee Wah Garments Limited	565,499	8.53	2.75
British Alcan Pension Fund	313,039	4.72	1.52
Sigma Pension Fund Investments	285,303	4.31	1.39
Banque Paribas	250,000	3.77	1.21

- (b) Except for the interests disclosed in paragraph 6(a), the Directors are not aware of any holdings of Orb Shares representing three per cent. or more of the nominal value of the Company's share capital.

7. Directors' interests and service agreements

- (a) The interests of the Directors and the Proposed Director, their immediate families and of persons connected with them, within the meaning of section 346 of the Act, in the share capital of the Company as at the date of this document (a) which have been notified by each Director or Proposed Director to the Company or to Albemarle pursuant to section 324 or 328 of the Act, (b) which are required pursuant to section 325 of the Act to be entered in the register referred to in that section or are interests of a connected person of a Director or Proposed Director which would, if the connected person was a director, be required to be disclosed under (a) or (b), and the existence of which is known to, or could with reasonable diligence be ascertained by that Director or Proposed Director, but showing the position after the Albemarle Acquisition should the Offer be accepted in full, all of which are beneficial, are as follows:

	<i>Before the Albemarle Acquisition</i>		<i>Following the Albemarle Acquisition</i>	
	<i>Ordinary shares</i>	<i>%</i>	<i>Ordinary shares</i>	<i>%</i>
Directors				
Peter Catto	1,977,337	29.8	1,977,337	9.61
Mitchell Higgins	211,376	3.19	211,376	1.03
Charles Helvert	—	—	—	—
Jacques Delacave	—	—	—	—
Proposed Director				
Simon Johnson	—	—	—	—

- (b) Except as disclosed in paragraph 7(a), none of the Directors, nor any member of their respective immediate families, nor any person connected with them within section 346 of the Act, is interested in any share capital of the Company.
- (c) The Company has entered into agreements with the Directors as follows:
- (i) Peter Catto has entered into a consultancy agreement dated 9 October 1998 with the Company for his services as an executive director of the Company for a fee of £50,000 per annum, plus value added tax, which will accrue on a monthly basis. The agreement will continue until termination on not fewer than 12 month's notice on either side or, in limited circumstances, on summary notice.
 - (ii) Charles Helvert was appointed a non-executive director of Orb on 9 October 1998 at a fee of £24,000 per annum exclusive of VAT. On 1 July 1999, the Company, Osborne Associates and Charles Helvert, entered into an agreement pursuant to which Mr Helvert is engaged as part time finance director of the Company. The agreement provides that Osborne Associates will procure Mr Helvert's services for the Company for two days per week in consideration of remuneration of £24,000 plus value added tax per year. The agreement is for a fixed period of one year and after that is terminable on one month's notice.
 - (iii) Jacques Delacave and Mitchell Higgins are engaged by the Company as non-executive directors under letters of appointment dated 9 October 1998 which provide for termination on one month's notice after an initial fixed period of one year from 9 October 1998. These directors are each paid fees of £12,000 per year.
- (d) Albemarle entered into an agreement with Simon Johnson on 1 September 1998 which provides that Mr Johnson is appointed as property director at a salary of £72,000 per annum. The agreement is subject to 12 months notice by either party at any time. Mr Johnson receives a car, life insurance and pension. The agreement may be terminated by Albemarle summarily in certain circumstances. On 10 June 1999, the agreement was amended to provide for six months notice on either side.

- (e) Except as stated in paragraphs 7(c) and (d), no service contract of any Director or Proposed Director has been entered into or amended within six months of the date of this document.
- (f) The aggregate remuneration paid and benefits in kind granted to the Directors during the year ended 30 June 1998 was £117,000.
- (g) The total emoluments receivable by the Directors will not be varied as a consequence of the Albemarle Acquisition.
- (h) No Director has or has had any interest in any transactions which are or were unusual in their nature or condition or significant to their business of the Orb Group and which were effected during the current or immediately preceding financial year or during any earlier financial year and remain in any respect outstanding or unperformed.
- (i) None of the Directors or the Proposed Director has or has had any interest in any transactions which are or were unusual in their nature or conditions or significant to the business of the Orb Group and which were effected during the current or immediately preceding financial year or during any earlier financial year and remain in any respect outstanding or unperformed.
- (j) The Directors and the Proposed Director have held the following directorships and partnerships within the five years prior to the publication of this document:

Peter Catto

Current Aranmore Developments Limited, Armitage Brooks PLC, Atlantic Caspian Resources PLC, British ORT Limited, Carmax Limited, Cedarhall Limited, Cheviot Capital Limited, Ellard Construction Limited, Eyton Investments Limited, Harcourt Estate Co. Limited, Lifestyles (Interiors) Limited, Nairn Property Development Limited, Netvest.com Plc, Nilsson Design Limited, Northacre Holdings Limited, Northacre Land Limited, Northacre PLC, Northacre Residential Limited, Orb Developments Limited, Orb Estates PLC, Orb Finance Limited, Orb Property Management Limited, Ossory Road Estates Limited, The ORT Trust Limited, Pensbury Investments Limited, Royton Industries Limited, Storeprime Limited, Targetflow (Sheffield) Limited, Ultramost Limited, Waterloo Investments Limited, and Wedderburn Developments Limited.

Past Atlantic Caspian Oil Limited, Barucci Holdings PLC, Barucci Limited, The Catto Gallery Limited, The Catto Press Limited, The Catto Print Company Limited, The Catto Distribution Company Limited, Catto Animation (Holdings) PLC, Catto Animation Limited, Eurasian Trading Limited, Eurolab (GB) Limited, European Academy for the Arts, The Environmental Measurement Company Limited, Four Seasons of London PLC, Precious Metals Industries Group Limited, Maxcar Limited, Maxcar Finance Limited and The Regent Gallery Limited.

Peter Catto was a non-executive director of The Environmental Measurement Company Limited which went into liquidation in November 1995 with an estimated shortfall for creditors of £156,222. He was non-executive chairman of Catto Animation (Holdings) PLC which went into liquidation in January 1996 with a shortfall for creditors of £189,455. Until his resignation on 7 May 1997, he was a non-executive director of Barucci Limited which went into liquidation on 11 September 1997 with a shortfall for creditors of £500,333. He was a non-executive director of Maxcar Limited which went into receivership in May 1999, the shortfall of which cannot yet be estimated.

Charles Helvert

- Current Anglo Caspian Oil Inc, Atlantic Caspian Resources PLC, Belco 10 Limited, Healthsource Limited, Orb Estates PLC, Osborne Associates, Polymetal Limited, Prestige Travel Limited, Northacre PLC, Puravale Limited and Wedderburn Developments Limited.
- Past Belco 10 Limited, Dolomore Limited, Merldale Limited, Eurasian Trading Limited, Maison Caurette Holdings Limited, Maison Caurette Group Holdings Limited, Supplyzone Limited and Ubevco Distributors Limited.

Charles Helvert became a non-executive director of Dolomore Limited and its subsidiary, Maison Caurette Holdings Limited (MCHL) in September 1995. Dolomore Limited was an unquoted holding company with subsidiaries including MCHL which operated in the food and beverage sector. On 25 March 1996, Dolomore Limited and MCHL were put into administrative receivership following a period of sustained losses, at the instigation of the majority shareholders of Dolomore Limited. The shortfall for creditors of Dolomore Limited was £5,062,470 and of MCHL £5,918,919.

Mitchell Higgins

- Current Orb Estates PLC, Dunnottar Properties Limited and Tor Ecosse Limited.
- Past Robert Thomson & Sons Limited and Robert Thomson Homes Limited.

Jacques Delacave

- Current 35/36/37 Warwick Square Limited, 55/56/57 Warwick Square Limited, Belgian-Luxembourg Chamber of Commerce in Great Britain (incorporated), Birmingham Estates Group plc, CFS Marketing International Limited, Chesham Lyall Holdings plc, Chesham Lyall Limited, Integrate Systems Limited (Stock Page Stock), Orb Estates PLC, Planned Business Services Limited, Visual Corporation Limited.
- Past Abbeyom Properties Limited, Amplenews Limited, Anchor Trade Consultants plc, Cane Roofing Limited, CIMA Group plc, Cliveden Hotel Limited, Cliveden Hotels plc, Cliveden Limited, Datawright Systems Limited, Dreamclass Limited, Hospital Capital Corporation Limited, IFICO plc, Lifetime Corporation (UK) Limited, The Good Health Channel Limited, Travel & General Limited.

Jacques Delacave was a non-executive director of CIMA Group PLC which went into liquidation in 1994 with a shortfall for creditors of £654,357.

Simon Johnson

- Current Adengate Limited, Albemarle Property Investments Limited, Benander Limited, Brightgrove Limited, Cantrop Limited, Chalfont Property Investments Limited, Chelsea Cloisters Developments Limited, H Date & Son (Northern) Limited, Dare Developments (UK) Limited, Darelift Limited, Dares Developments Limited, Dares (B) Limited, Dares (L.E.) Limited, Dares (S.W.) Limited, Dares (W) Limited, Discfind Limited, Dreamsant Limited, Hoursweep Limited, Huckston Limited, Landlast Limited, Meydale Limited, Milelodge Limited, Mitre Property Management Limited, Montarun Limited, Mosturn Limited, Newsboard Limited, Onetour Limited, Rogate Limited,

Shotmid Limited, Slothope Limited, St Bernards Park Limited, Stanhope General (H.D.) Limited, Stapleborok Investments Limited and Towerspace Limited.

Past Bailiwick Limited, Carlton Real Estates plc, Carlton Real Estate Developments Limited, O J Trustees Limited, Mainlevel Limited, Mayfair Apartments Limited, Reston Estates Limited and Roberts Investments Limited.

Except as disclosed above, no Director or Proposed Director has:

- (i) any unspent convictions in relation to indictable offences;
- (ii) had a bankruptcy order made against him or been subject to an individual voluntary arrangement;
- (iii) been a director of a company which has been placed in administration, voluntary or compulsory arrangements, receivership or liquidation whilst he was a director of that company or within the 12 months after he ceased to be a director of that company;
- (iv) been a partner in a partnership which has been placed in compulsory liquidation, administration or partnership voluntary arrangement whilst such director was a partner at the time or within the 12 months after he ceased to be a partner of that partnership;
- (v) owned any asset, or been a partner in a partnership which owned an asset, in respect of which there was a receivership at a time when he was a partner or within the 12 months preceding such receivership; or
- (vi) been publicly criticised by any statutory or regulatory authority or has been disqualified by a court from acting in the management or conduct of the affairs of any company.

8. Material contracts

- (a) The following contracts, not being contracts in the ordinary course of business, have been entered into by Orb in the two years preceding the date of this document and are, or may be, material:
 - (i) an underwriting agreement dated 21 October 1998 between Albemarle, its directors and certain underwriters including Orb, pursuant to which the underwriters agreed to underwrite Albemarle's right issue to raise £5.06 million. The 168,572,058 shares of 1p each to be issued by Albemarle were not taken up in full and pursuant to the terms of the underwriting agreement, on 15 December 1998, Orb subscribed for 13,509,911 ordinary shares of 1p each for an aggregate subscription price of £405,297.33;
 - (ii) a guarantee dated 10 December 1998, as amended by an agreement dated 12 January 1999, given by the Company in favour of Maxcar Finance Limited (Maxcar Finance) (Guarantee) limited to £400,000 in respect of sums due or payable by Maxcar Limited under a current account agreement dated 24 February 1998 between Maxcar Finance and Maxcar Limited (Current Account Agreement) in relation to any shortfalls in the value of stocks held by Maxcar Limited;
 - (iii) an indemnity dated 10 December 1998, as amended by an agreement dated 12 January 1999 from General Equity L.P. (General Equity) in favour of Orb against any sums payable by Orb to Maxcar Finance under the terms of the Guarantee, subject to a maximum limit of £400,000 (Indemnity);

- (iv) agreements dated 28 January 1999, 29 March 1999 and 30 April 1999 between the Company and Maxcar Finance to amend the Guarantee by extending the date for calculation of the shortfall under the Current Account Agreement from 31 January 1999 to 31 March 1999 to 30 April 1999 and then to 31 May 1999;
 - (v) an agreement dated 27 April 1999 between the Company and Grant Thornton pursuant to which Grant Thornton was engaged to act as sponsor to the Company and Rule 3.2 adviser in relation to the Offer for a fee of £75,000 plus VAT;
 - (vi) letters dated 14 June 1999 between the Company and General Equity pursuant to which General Equity agreed to transfer certain securities to the Company to collateralise the indemnity referred to in paragraph 8(a)(iii);
 - (vii) an agreement dated 22 June 1999 between the Company and Euro & UK Property Fund L.P. (Euro) pursuant to which the Company agreed to acquire Poole Pottery subject to the Offer becoming unconditional in all respects. The price for Poole Pottery is £14,500,000, payable as to £10,500,000 in cash and £4,000,000 in an unsecured convertible loan note with a coupon of 7.5 per cent. per annum repayable 15 months after completion. The loan note is convertible into Orb Shares at the option of the holders at 60p per share at any time within those 15 months. £7,500,000 of the purchase price will be lent to the Company by Euro and secured by a mortgage on Poole Pottery's shares. The loan is repayable 12 months from completion and carries interest at one per cent. over base. The Company paid Euro a refundable deposit of £3,000,000 in the aggregate on 26 March 1999 and 26 May 1999 which is held to the Company's order. The agreement contains warranties and indemnities limited to the purchase price. The loan note will be put into escrow for 15 months to satisfy warrant and indemnity claims. Euro will on completion also enter into a tax covenant under which it will indemnify the Company against certain tax liabilities of Poole Pottery; and
 - (viii) an offer dated 12 July 1999 from the Company to the shareholders of Albemarle to acquire all the share capital of Albemarle not owned by the Company as described in the section entitled "The Offer" on page 7 of this document and in paragraph 16 of part 8 of this document.
- (b) The following contracts, not being contracts in the ordinary course of business, have been entered into by Albemarle in the two years preceding the date of this document and are, or may be, material:
- (i) an agreement dated 5 January 1998 made between the Long-Term Credit Bank of Japan, Limited (LTCB), Chalfont Property Investments Limited (Chalfont), Bracknell Beeches Limited and the Albemarle whereby LTCB agreed to release Albemarle from its guarantee on the payment by Chalfont of £75,000 and the allotment to LTCB of 850,790 ordinary shares in Albemarle and 4,030,060 preference shares in Chalfont. Chalfont is a wholly owned subsidiary of Albemarle. LTCB was the lender;
 - (ii) an agreement dated 25 February 1998 between Albemarle and Vauxhall Cross Limited (Vendor) for the acquisition by Albemarle of 2 Deanery Street, London W1 and Scriptor Court, 1550157 Farringdon Road, London EC1 (Properties). By a supplemental agreement dated 21 April 1998, the purchase price was amended to £2.65 million payable in cash and 800,000 ordinary shares of Albemarle. Subsequently, by a further supplemental deed dated 19 February 1999 the agreement was terminated upon payment of £200,000 by Albemarle to the Vendor;
 - (iii) an agreement dated 21 April 1998, whereby Albemarle entered into an option agreement to acquire the whole of the issued share capital of Onetour Limited

(Onetour) from Randsworth Trust PLC at its net asset value on completion. This option was exercised on 19 June 1998. Simultaneously with the option agreement, Albemarle guaranteed certain obligations of Onetour, undertook to discharge certain obligations totalling £1,085,858 and agreed to discharge part of the consideration due from Onetour to the vendor in connection with the acquisition of the whole of the issued share capital of Staplebrook Limited by Onetour. The option agreement was completed on 15 October 1998. Onetour's sole assets are six properties situated in the London area, subject to a charge to DG Bank of £4,140,000; and

- (iv) an agreement dated 21 October 1998 between Albemarle, its directors and certain underwriters including Orb whereby the underwriters agreed to underwrite a rights issue to raise £5,100,000 and its directors gave certain warranties and indemnities in favour of the underwriters. Pursuant to this agreement, a commission of two per cent. of the issue price of the rights issue shares was payable to the underwriters.

9. Working capital

The Directors and the Proposal Director are of the opinion that the working capital available to the Enlarged Group is sufficient for its present requirements, that is for at least the next twelve months from the date of publication of this document.

10. Indebtedness

- (a) Assuming the Offer becomes unconditional and is accepted in full and using information as at the close of business on 23 June 1999, the Enlarged Group has the following indebtedness:

	£'000	£'000
Loan capital		
Mortgage debenture (secured)	35,000	
Convertible loan note (unsecured)	200	
		35,200
Secured bank loans and overdrafts		17,626
Total indebtedness		<u>52,826</u>

At 23 June 1999, the Albemarle Group had given guarantees in respect of former subsidiaries which, if called, will be settled in ordinary shares in Albemarle and preference shares in Chalfont Property Investments Limited. The Albemarle Group is required to make good any shortfall between rents and interest. Each £10 shortfall is to be settled by the issue of 1.9 ordinary shares in Albemarle and 9 preference shares in Chalfont Property Investments Limited.

- (b) Except as disclosed in paragraph 10(a) and apart from intra group liabilities, as at 23 June 1999 the Enlarged Group did not have any loan capital, including term loans, outstanding or created but unissued, any mortgages, charges or other borrowings or indebtedness in the nature of borrowing, bank overdrafts and liabilities under acceptances, other than normal trade bills, or acceptance credits, hire purchase commitments or guarantees or other contingent liabilities.
- (c) As at close of business on 23 June 1999, the Enlarged Group had cash at bank of £6,027,000.

11. Litigation

- (a) Except as disclosed in paragraph 11(b) the Orb Group is not involved in any legal or arbitration proceedings, including any such proceedings which are pending or threatened of which Orb is

aware, which may have or have had in the 12 months prior to the date of this document a significant effect on the Company's financial position.

- (b) As stated in paragraph 4 of part 1 of this document, Orb has an investment in English Trust Group Plc, one of the ring fenced assets. Orb has, to date, received dividends of £150,000 from this investment. Merita Bank Limited, a lender secured on ring fenced assets, has claimed entitlement to these dividend payments because it contends that they are covered by the charge in its favour. Orb has been advised by its lawyers that the underlying charging documentation does not give the bank any claim on the dividends. It is likely that, if Orb chooses to resist the claim, the bank will issue proceedings to recover the dividends. The directors of Orb believe that the claim has no merit and that it may not succeed.
- (c) The Albemarle Group is not involved in any legal or arbitration proceedings, including any such proceedings which are pending or threatened of which Albemarle is aware, which may have or have had in the 12 months prior to the date of this document a significant effect on the Company's financial position.

12. United Kingdom taxation on dividends

- (a) There is no United Kingdom withholding tax on dividends and the requirement to account to the Inland Revenue for advance corporation tax when paying a dividend ceased with effect from 6 April 1999.
- (b) With effect from 6 April 1999, the tax credit attaching to a dividend reduced to an amount equal to ten per cent. of the dividend and the associated tax credit, i.e. the equivalent of one ninth of the dividend. Individual shareholders resident in the United Kingdom who pay tax at the lower or basic rate only, which in respect of dividend income is ten per cent. with effect from 6 April 1999, have no further liability in respect of the dividend. Individual shareholders resident in the United Kingdom who pay tax at the higher rate pay tax in respect of dividend income at the rate of 32.5 per cent. on the dividend received and the tax credit, but will be able to offset the tax credit against such liability. Individual and most shareholders can no longer claim repayment of the whole or part of any tax credit attaching to a dividend from the Inland Revenue. A ten per cent. tax credit will be paid in respect of shares held in a personal equity plan or individual savings account for the five years until April 2004. Shareholders who are charities, heritage bodies or scientific research organisations are subject to a transitional compensation scheme to compensate for the loss of repayable tax credits. Shareholders who are not resident in the United Kingdom are not entitled to benefit from the tax credit, except in a few cases where the shareholder is resident in a country with which the United Kingdom has a double tax treaty. Shareholders who are not resident in the United Kingdom should seek their own taxation advice.

13. Subsidiaries and investments

- (a) The Company is the holding company of the Orb Group. Details of Orb's principal subsidiaries are as follows:

<i>Company</i>	<i>Country of incorporation</i>	<i>Nature of business</i>
Aranmore Developments Limited	England	Investment
Cedarhall Limited	England	Investment
Nairn Property Development Limited	England	Trading
Orb Developments Limited**	Channel Islands	Trading
Orb Finance Limited	England	Investment
Ord Property Management Limited	England	Management
Targetfollow (Sheffield) Limited	England	Investment
Nairn Brandywine, Inc.*	U.S.A.	Investment
Nairn Great Valley, Inc.*	U.S.A.	Investment
Nairn U.S. Holdings, Inc.	U.S.A.	Holding Co.

Details of Orb's other wholly owned subsidiaries are as follows:

<i>Company</i>	<i>Country of incorporation</i>	<i>Nature of business</i>
Ellard Construction Limited	England	Investment
Eyton Investments Limited	England	Investment
Ossory Road Estates Limited	England	Trade – dormant
Pensbury Investments Limited	England	Investment
Royton Industries Limited	England	Investment – dormant
Ultramost Limited	England	Investment – dormant
Nairn South East Inc.*	U.S.A.	Investment
Nairn Town East Inc.*	U.S.A.	Investment

Orb owns 100 per cent. of the equity share capital of the above companies with the exception of those denoted * which are held by Nairn U.S. Holdings Inc.

The registered office of each of the above companies is 24 Brook's Mews, London W1Y 1LF, except for those denoted * whose principal place of business is at 100 Tenth Street, Wilmington, Newcastle, Delaware, USA and for that denoted * * whose registered office is at Mont Crevelt House, South Quay, St Sampson's, Guernsey GY2 4LH.

- (b) The Orb Group has an interest in the following associated undertaking:

<i>Name</i>	<i>Country of incorporation</i>	<i>Nature of property business</i>	<i>% of ordinary £1 equity shares held</i>
Puravale Limited	England	Dormant	50%

- (c) The Orb Group has investments in USA limited partnerships as follows:

<i>Name</i>	<i>Address of properties</i>	<i>Country of operation</i>	<i>Nature of property business</i>	<i>Nature of interest</i>
Route 301/CPI Associates	Brandywine Residential Development Land, Prince George's County, Maryland	U.S.A.	Development	20% equity
Route 301/CPI Industrial	Brandywine Residential Development Land, Prince George's County, Maryland	U.S.A.	Development	9% equity

Route 301/CPI Associates is a limited partnership and consequently does not have a registered office.

The historical cost of the investment in the USA limited partnerships is £1,692,000 (1997: £1,663,000). In the opinion of the Directors, the market value is not less than book value.

- (d) Orb has interests in the following companies:

<i>Name</i>	<i>Country of incorporation</i>	<i>Nature of property business</i>	<i>Nature of interest</i>
Albemarle	England	Property development and investment	6.1% equity
English Trust Group Plc*	England	Corporate finance	13.8% equity

* Orb holds 200,000 ordinary shares, representing 13.8 per cent. of the ordinary share capital, and 400,000 convertible preference shares in English Trust Group Plc. The conversion of the preference shares would increase Orb's holding to 400,000 ordinary shares, or 24.2 per cent. of the then issued ordinary share capital. This investment is valued at £150,000 in the balance sheet as at 30 June 1998. It is unlikely that the realisation proceeds will exceed the ring fenced debt outstanding against the investment.

- (e) Orb had an interest in the following company which was acquired and disposed of in March 1998:

<i>Name</i>	<i>Country of incorporation</i>	<i>Nature of property business</i>	<i>Nature of interest</i>
Criterion Properties PLC	England	Investment	3.92% equity

- (f) Orb had an interest in the following wholly owned subsidiary undertakings which were struck off in June 1997:

<i>Name</i>	<i>Country of incorporation</i>	<i>Nature of property business</i>
Blade Construction Limited*	UK	Development
Ossory Road Property Investments Limited	UK	Investment
Pensbury Development Limited*	UK	Development
Pensbury Holdings Limited	UK	Investment
Targetfollow (Retail-One) Limited	UK	Investment

Orb owned 100 per cent. of the equity share capital of the above companies with the exception of those denoted * which were owned by subsidiary undertakings.

- (g) Orb had an interest in the following wholly owned subsidiary undertaking which was sold in May 1997:

<i>Name</i>	<i>Country of incorporation</i>	<i>Nature of property business</i>
Targetfollow Limited	UK	Investment

- (h) Orb has an interest in the following wholly owned companies which are not consolidated in the Group accounts. The Company's and the Group's investment in these companies has been fully written off:

<i>Name</i>	<i>Country of incorporation</i>	<i>Nature of property business</i>
Ossory Canada Inc	Canada	In receivership
Blade Construction (Holdings) Limited	UK	In liquidation
Ossory Road (Skelmersdale) Limited	UK	In administrative receivership

- (i) Except as disclosed in paragraphs 13(a) to (h), Orb does not have and has not had any investments in other undertakings over Orb's last three financial years and during the current financial year.

14. Employees

The following table shows the average number of employees for the Enlarged Group for the past three financial periods of Orb and Albemarle:

Average number of employees during the period:

<i>Orb</i>	<i>Year ended</i>	<i>Year ended</i>	<i>Year ended</i>
<i>Year ended</i>	<i>30 June 1996</i>	<i>30 June 1997</i>	<i>30 June 1998</i>
8		11	9

<i>Albemarle</i>	<i>Year ended</i>	<i>Year ended</i>	<i>Year ended</i>
<i>Year ended</i>	<i>31 December 1996</i>	<i>31 December 1997</i>	<i>31 December 1998</i>
1		2	6

15. The Orb Group's principal establishments

The Orb group operates from offices at 24 Brook's Mews, London W1Y 1LF. The offices are held on a 22½ year lease which expires on 24 March 2009. The annual rent is £63,000. These offices are sublet to two tenants on two 10½ year leases expiring on 21 March 2009 and 24 March 2009. The annual rents are £13,503 and £14,000 respectively. The total annual rent receivable is therefore £27,503, leaving a net annual rent charge to Orb of £35,500.

16. Conditions of the Offer

1. The Offer is conditional upon the following:
 - (a) valid acceptances being received (and not, where permitted, withdrawn) by 3.00 pm on 9 August 1999, in respect of not less than 90 per cent (or such lesser percentage as Orb may decide) of the Albemarle Shares to which the Offer relates. This condition will not be satisfied unless Orb has acquired or agreed to acquire, either pursuant to the Offer or otherwise, directly or indirectly, shares in Albemarle carrying, in aggregate, more than 50 per cent. of the voting rights then exercisable at general meetings of Albemarle. For this purpose, (i) the expression "Albemarle Shares to which the Offer relates" is to be construed in accordance with sections 428 to 430F Companies Act 1985 and (ii) Albemarle Shares which have been unconditionally allotted are deemed to carry the voting rights which they will carry upon issue;
 - (b) the passing at an extraordinary general meeting of Orb or any adjournment of it, of the necessary resolutions to approve, implement and effect the Offer, including resolutions to increase the authorised share capital of Orb and to confer the necessary authority for allotment of the New Orb Shares;

- (c) the London Stock Exchange agreeing to admit the New Orb Shares to the Official List and such admission becoming effective in accordance with the listing rules of the London Stock Exchange;
- (d) no proceeding, suit, investigation or enquiry by any government or governmental, quasi-governmental, supranational, statutory or regulatory body, trade agency, professional association or any court or any other person or body in any jurisdiction having been announced, instituted, implemented, threatened or remaining outstanding by, against or in respect of any member of the wider Albemarle Group or wider Orb Group which is likely materially and adversely to affect the wider Albemarle Group or wider Orb Group, each taken as a whole;
- (e) there being no provision of any arrangement, agreement, licence, permit or other instrument to which any member of the wider Orb Group or the wider Albemarle Group is a party or by or to which any such member or any of its assets may be bound or be subject and which would or might reasonably be expected as a consequence of the proposed acquisition by Orb of any Albemarle Shares or control of Albemarle or otherwise in connection with such acquisition result to an extent which is material in the context of the wider Orb Group taken as a whole or the wider Albemarle Group taken as a whole, in;
 - (i) any monies borrowed by any such member becoming repayable or capable of being declared repayable immediately or earlier than the repayment date stated in such agreement or instrument or other arrangement or the ability of any member of the wider Orb Group or the wider Albemarle Group to borrow moneys or incur indebtedness being withdrawn, inhibited or adversely affected;
 - (ii) any such arrangement, agreement, licence, permit or instrument being terminated or adversely modified to a material extent or any adverse action being taken or any onerous obligation arising under them;
 - (iii) the rights, or interests or the business of any such member with or in any other person, firm or company, or any arrangements relating to such rights, interests or business, being terminated, modified or affected;
 - (iv) any material assets of any such member being disposed of otherwise than in the ordinary course of business;
 - (v) the creation of any mortgage, charge or other security interest over the whole or any material part of the business, property or assets of such member or any such security becoming enforceable; or
 - (vi) the value of any member of the wider Orb Group or the wider Albemarle Group or their respective financial or trading positions being prejudiced or adversely affected;
- (f) except as shown in the interim report of Albemarle for the six months ended 30 June 1998 and in Orb's interim statement for the six months ended 31 December 1998 or as publicly announced on or prior to 21 June 1999 or as disclosed by the parties in writing for the purposes of this transaction to each other on or prior to 21 June 1999, no member of the wider Albemarle Group or wider Orb Group having to an extent which is material in the context of each group taken as a whole, since 30 June 1998 and 31 December 1998 respectively:
 - (i) issued or authorised or proposed or agreed the issue of additional shares of any class, or securities convertible into, or rights, warrants or options to subscribe for or acquire, any such shares or convertible securities or redeemed, purchased or reduced or announced any intention to do so or made any other change to any part of its share capital except for steps taken to cancel the Albemarle Deferred Shares;

- (ii) issued or proposed the issue of any debentures;
 - (iii) declared or made, or proposed the declaration, paying or making of any dividend or other distribution;
 - (iv) entered into any reconstruction, amalgamation, arrangement or similar transaction or announced any intention to do so;
 - (v) entered into, or varied the terms of, any contract or agreement with any of its directors;
 - (vi) taken any corporate action, other than routine debt collection matters, or had any order made against it for its winding-up, dissolution or reorganisation or for the appointment of a receiver, administrator, administrative receiver, trustee or similar officer of all or any of its assets and revenues;
 - (vii) waived or compromised any claim which is material;
 - (viii) made any amendment to its memorandum of articles of association;
 - (ix) been unable or admitted that it is unable to pay its debts or having stopped or suspended, or threatened to stop or suspend, payment of its debts generally or ceased or threatened to cease carrying on all or a substantial part of its business;
 - (x) entered into any commitment or agreement or proposed or announced any intention to effect or propose any of the transactions or events referred to in this paragraph (f);
- (g) since 30 June 1998 for Albemarle and 31 December 1998 for Orb and except as publicly announced to the London Stock Exchange prior to 21 June 1999 or as disclosed by the parties in writing for the purpose of this transaction to each other on or prior to 21 June 1999:
- (i) neither Albemarle nor any other member of the wider Albemarle Group having entered into any material contract or other material transaction other than in the ordinary course of business;
 - (ii) neither Orb nor any other member of the wider Orb Group having entered into any material contract or other material transaction other than in the ordinary course of business;
 - (iii) no litigation or arbitration proceedings, prosecution or other legal proceedings, which are in any case material, having been instituted or threatened or remaining outstanding against any member of the wider Albemarle Group or wider Orb Group, whether as plaintiff or defendant or otherwise; and
 - (iv) no contingent liability having arisen which might be likely materially and adversely to affect any member of the wider Albemarle Group or wider Orb Group.
2. Subject to the requirements of the Panel, Orb may waive all or any of condition (d) and, to the extent such conditions relate to any member of the wider Albemarle Group, conditions (e) to (g), in whole or part. Albemarle may waive all or any of condition (d) and, to the extent such conditions relate to any member of the wider Orb Group, conditions (e) to (g), in whole or part. In this regard, Albemarle will treat itself as being bound by the City Code, as in Orb. Orb and Albemarle are under no obligation to waive or treat as satisfied any of conditions (d) to (g) inclusive by a date earlier than the date which is 48 days after the posting of this document.

17. Other information

- (a) The expenses of the Offer and this document, which include listing fees, professional fees, printing and other expenses, are estimated at £508,000, excluding VAT, and are payable by the Company.

- (b) The accounting reference date of the Company is 30 June.
- (c) There are no patents or other intellectual property rights, licences or particular contracts which are of fundamental importance to the Company's business.
- (d) Except as stated in the section entitled "Proposed acquisition of Poole Pottery" in part 1 of this document, there are no significant investments in progress by the Company.
- (e) Except as stated in the section entitled "Information on Orb" in part 1 of this document, no exceptional factors have influenced the Company's activities.
- (f) Kingston Smith, chartered accountants, have given and not withdrawn their written consent to the issue of this document, with the inclusion in it of references to their name in the form and context in which it appears, and have authorised that part of the document for the purposes of section 152(i)(e) of the Financial Services Act 1986.
- (g) Grant Thornton, chartered accountants, have given and not withdrawn their written consent to the issue of this document with the inclusion in it of references to their name in the form and context in which it appears.
- (h) DTZ Debenham Thorpe, chartered surveyors have given and not withdrawn their written consent to the issue of this document with the inclusion in it of their reports on Orb and Poole Pottery in the form and context in which they appear, and have authorised that part of the document for the purposes of section 152(i)(e) of the Financial Services Act 1986.
- (i) Weatherall, Green & Smith, chartered surveyors, have given and not withdrawn their written consent to the issue of this document with the inclusion in it of their report in the form and context in which it appears, and have authorised that part of the document for the purposes of section 152(i)(e) of the Financial Services Act 1986.
- (j) Except as disclosed on page 9 of this document, there has been no significant change in the financial or trading position of the Company since 31 December 1998, the date to which the interim accounts of the Company were drawn up.
- (k) Except as disclosed on pages 10 and 11 of this document, there has been no significant change in the financial or trading position of Albemarle since 31 December 1998, the date to which the last audited accounts of Albemarle were drawn up.
- (l) It is expected that certificates in respect of the New Orb Shares for which acceptances have been received, complete in all respects, will be despatched or CREST accounts altered, as applicable, within 14 days of the date on which the Offer becomes or is declared unconditional in all respects.
- (m) The financial information relating to the Company contained in this document does not comprise statutory accounts for the purposes of section 240 of the Act. This financial information has been prepared in accordance with the law and the Directors accept responsibility for it. The auditors of the Company for the three financial years ended 30 June 1998 were Touche Ross & Co, now renamed Deloitte & Touche of Hill House, 1 Little New Street, London EC4A 3TR. The auditors of the Company made unqualified reports in respect of the accounts for these financial years and such reports did not contain a statement in the form referred to in section 237(2) or (3) of the Act.

18. Documents available for inspection

Copies of the following documents will be available for inspection during normal business hours on any weekdays, Saturdays and public holidays excepted, at the offices of Fladgate Fielder at 25 North Row, London W1R 1DJ while the Offer remains open for acceptance:

- (a) the memorandum and articles of association of Orb;
- (b) the memorandum and articles of association of Albemarle;
- (c) the Offer Document, Form of Acceptance and these listing particulars;
- (d) the audited consolidated accounts of Orb for the two financial years ended 30 June 1998 and the unaudited interim report for the six months to 31 December 1998;
- (e) the audited consolidated accounts of Albemarle for the three financial years ended 31 December 1998;
- (f) the audited consolidated accounts of Poole Pottery for the financial year ended 31 December 1998;
- (g) the letter from Grant Thornton referred to in part 1;
- (h) the reports of DTZ Debenham Thorpe set out in parts 4 and 6;
- (i) the valuation dated 12 July 1999 by DTZ Debenham Thorpe of Poole Pottery's property on the assumption that revised planning permission is granted;
- (j) the report of Weatherall, Green & Smith set out in part 5;
- (k) the letter from Kingston Smith set out in part 7;
- (l) the service agreements and letter of appointment referred to in paragraph 7 of this part 8;
- (m) the material contracts referred to in paragraph 8 of this part 8;
- (n) the written consents of Kingston Smith, Grant Thornton, DTZ Debenham Thorpe and Weatherall Green & Smith referred to in paragraphs 17(f), (g), (h) and (i) of this part 8; and
- (o) the irrevocable undertaking given by Mark Keegan.

Dated 12 July 1999.

ORB ESTATES PLC
(Company number 552331)

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notice is given that an extraordinary general meeting of the members of the company will be held at the offices of Fladgate Fielder, 25 North Row, London W1R 1DJ on 4 August 1999 at 10.00 am for the purpose of considering and, if thought fit, passing the following resolutions:

ORDINARY RESOLUTIONS

1. That, subject to the passing of resolutions 2, 3 and 4 in this notice of meeting, the proposed acquisition by the company of all or any of the ordinary shares in the capital of Albemarle Property Investments PLC ("Albemarle ") issued and to be issued on the terms and subject to the conditions of the offer set out in the offer document dated 12 July 1999 issued by the company, or on and subject to the terms and conditions of any amended, extended, revised, renewed, additional or other offer or offers approved by the board of directors of the company, or any duly constituted committee ("Offer"), be approved and that the board of directors of the company or a committee of it be authorised to waive, amend, vary or extend any of the terms and conditions of the Offer, provided that any such waiver, amendment, variation or extension is not material in the context of the Offer, and to do all such things it may consider necessary or desirable in connection with the Offer.
2. That the authorised share capital of the company is increased from £4,750,000 to £25,000,000 by creating 40,500,000 new ordinary shares of 50p each.
3. That, in accordance with section 80 of the Companies Act 1985 ("CA 1985"), the directors are generally and unconditionally authorised to allot relevant securities as defined in section 80(2) CA 1985, up to an aggregate nominal amount of £21,686,786, such authority, unless previously revoked or varied by the company in general meeting, to expire on 3 August 2000 or, if earlier, the company's next annual general meeting, except that the directors may allot relevant securities pursuant to an offer or agreement made before the expiry of the authority.

SPECIAL RESOLUTIONS

4. That under section 95(1) CA 1985, the directors are authorised to allot equity securities, as defined in section 94(2) CA 1985, for the period commencing on the date of this resolution and expiring on 3 August 2000, as if section 89(1) CA 1985 did not apply to such allotment, except that the directors may allot relevant securities following an offer or agreement made before the expiry of the authority and provided that the authority is limited to:
 - 4.1 the allotment of up to 13,940,928 ordinary shares of 50p each pursuant to the terms of the Offer;
 - 4.2 the allotment of up to 6,666,667 ordinary shares of 50p each pursuant to the conversion of the convertible loan notes issued to the seller of Poole Pottery Limited;
 - 4.3 the allotment of equity securities in connection with an offer of securities open for acceptance for a period fixed by the directors by the holders of shares or any loan stock in the company in proportion, as nearly as possible, to their holdings on a record date fixed by the directors, but subject to any exclusions or arrangements which the directors think necessary or expedient for the purpose of dealing with fractional entitlements or legal or practical problems under the laws of any territory or the requirements of any recognised regulatory body or stock exchange in any territory;

- 4.4 the allotment of equity securities, otherwise than in accordance with the preceding paragraphs 4.1 to 4.3, up to an aggregate nominal amount of £680,850.60 being five per cent. of the company's enlarged issued ordinary share capital after conversion of the loan note issued to the seller of Poole Pottery Limited; and
- 4.5 the allotment of equity securities under the terms of any employee share scheme approved by the company in general meeting.
5. That the name of the company be changed to Orb plc

By order of the board

Walgate Services Limited
Secretary

12 July 1999.

Registered office: 24 Brook's Mews, London W1Y 1LF

Notes:

1. A member entitled to attend and vote at the above meeting has the right to appoint a proxy to attend and vote in his place. A proxy need not be a member of the company. The form of proxy and the power of attorney or other authority, if any, under which it is signed, or a copy of such power of authority certified by a notary, must be completed and returned to the company's registrars, to arrive at least 48 hours before the date set for the meeting or adjourned meeting.
2. Copies of all Directors' service contracts, consultancy agreements and letters of appointment and the register of Directors' interests can be inspected at 25 North Row, London W1R 1DJ during usual business hours on weekdays from the date of this notice to the date of the meeting convened by this notice and also before and during the meeting.
3. In accordance with regulation 34 of the Uncertificated Securities Regulations 1995, only those persons entered in the register of members of the Company as the holders of ordinary shares 48 hours before the time of the meeting, are entitled to attend and vote at the meeting in respect of the shares held by them at the relevant time. Any changes made to the register of members of the Company after that time will be disregarded in determining the right of any person to attend or vote at the meeting.

DOMESTIC LISTING PARTICULARS

COMPANY NAME	VODAFONE AIRTOUCH PLC	
COMPANY NUMBER		1833679
REGISTERED IN ENGLAND AND WALES/OR PLACE OF BUSINESS IN ENGLAND OR WALES		✓
TYPE OF DOC:LISTING PARTICULARS/PROSPECTUS		✓
DATE OF DOCUMENT		16.7.99
DATE OF RECEIPT		16.7.99
STATEMENT OF DELIVERY s142-149 FSA		✓
ENTERED ON STEM		✓
SENT TO REPOSITORY		✓
IF ONLY 1 COPY RECD ENTER DETAILS ON LONDON LIST		—
IF 2 COPIES RECD IN CARDIFF, ONE IS SENT TO LONDON		—