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Contracted Return Backed By
Banque Nationale de Paris

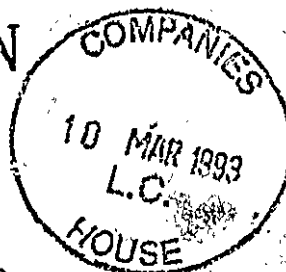


BNP MORTGAGES LIMITED

THE JOHNSON FRY BNP FLEXIBLE GROWTH SCHEME 1993

A

Flexible
HIGH RETURN
Investment



Sponsored by
Johnson Fry Securities Limited



QUESTIONS AND ANSWERS

What does this investment provide?

To the 40% taxpayer a five year net of tax return of 10.91% per annum or the possibility of a cash sum available after six months, giving an effective annualised net of tax return of 32.25% (see page 10). A 25% taxpayer receives a five year net of tax return of 6.62% per annum.

Is this investment safe?

Yes. The contractual obligations underpinning the exit price to Investors are backed by Banque Nationale de Paris, which is the second largest bank in France and the ninth largest in the world (see page 4). Banque Nationale de Paris is 72.9% owned by the French State and has capital and reserves of FF50 billion.

How do I receive a cash sum after six months?

Through the grant of the loan facility described on page 5, which is only suitable for 40% taxpayers.

What are the terms of the loan?

These are described on page 5. The loan is entirely non-status (i.e. it will not rely on you proving your income) and non-recourse (i.e. it will not involve any obligation to repay other than from the exit value of your BES shares) and it will be secured over your BES Shares. However, the loan facility is only suitable for 40% taxpayers. The interest rate has been fixed (APR 7.76%) so that the loan will be equal to 75% of your gross subscription. There will be no further payments (either of capital or interest) to be made by the Investor on the loan under any circumstances, other than to apply the proceeds from the return on the BES shares on exit in repaying the loan plus accrued interest.

Why invest now?

If you take out the loan, the proceeds will enable you to reinvest in another BES in the next tax year (1993/1994), before BES relief is abolished at the end of 1993 (see page 11).

What is the minimum and maximum investment in this Scheme?

The minimum investment is £3,000 and the maximum investment is £40,000 for each individual.

How do I invest?

Read this Memorandum carefully. If you want to invest, complete the Share Application Form at the back of this document. Send the Form, plus a cheque, to Johnson Fry Securities Limited in accordance with the instructions on page 20.

The annualised returns offered by this Scheme				
	Six Months		Five Years	
	Net	Gross Equivalent	Net	Gross Equivalent
For a 40% taxpayer	32.25% p.a.	53.75% p.a.	10.91% p.a.	18.18% p.a.
For a 25% taxpayer	Nil	Nil	6.62% p.a.	8.83% p.a.
The above returns depend on tax relief being available (see page 2 for "Risk Factors").				

Notes:

1. Rates shown above assume a six month delay in receiving tax relief for a Schedule E Investor and a delay of one month in receiving the exit proceeds at the end of the BES period (see page 10).
2. The six month effective return applies to Investors taking the loan and assumes tax relief is obtained after six months and draw down of the loan is six months after investment.
3. References to Banque Nationale de Paris' capital and reserves are from interim accounts as at 30th June, 1992.
4. The Sterling/French Franc exchange rate as at 8th March 1993 was £1 : FF8.1425.



A MESSAGE FROM CHARLES FRY

What are the four things you want to know about Contracted Exit Schemes?

1. **Covenant**

BNP Mortgages Limited is providing the buy-back for this Scheme, which is backed by Banque Nationale de Paris. BNP Mortgages Limited is ultimately owned by Banque Nationale de Paris which was founded over 25 years ago and is the ninth largest bank in the world. Banque Nationale de Paris is 72.9% owned by the French State with over 58,000 employees, and has capital and reserves of FF50 billion.

2. **Price**

For every 100p invested you will receive 105p at the end of the five year BES period which gives the following returns:

- for a 40% taxpayer - 10.91% p.a. net of tax (18.18% gross)
- for a 25% taxpayer - 6.62% p.a. net of tax (8.83% gross)

3. **Loan Backs**

A loan back of 75p for every 100p invested is available after six months on an Investor's gross subscription and is both non-status (i.e. subject to no personal financial questions) and non-recourse (i.e. the lender relies entirely on the proceeds from the shares in the BES company on exit for repayment of its loan and interest, with no other recourse to the Investor).

4. **BES 3 Date**

It is intended that all Companies will have commenced trading within two weeks of the close of the Scheme and, therefore, BES 3 Certificates should be available in August 1993.

5. **The Timing**

It is not possible to predict whether "loan backs" will be outlawed in the Budget on 16th March. However, those who are attracted by this facility would be well advised to invest before the Budget.

If this Scheme is fully subscribed at £25 million (as I believe it will be within a short period), it will remove approximately 400 houses from the mass of unsold property overhanging the housing market. A small, but worthwhile, contribution to the housing liquidity problem.

This Memorandum explains how this all works. It is not complicated but, if you have any questions, please contact our BES Enquiry Team on 071-321 0220 or your financial adviser.

Charles Fry
Chairman
Johnson Fry Securities Limited

10th March 1993

Banque Nationale de Paris' undertaking to the Companies is limited under the buy back obligations to a sum equivalent to £6.75 million per company assuming full subscription. This sum is designed to cover any unforeseen costs which may be incurred in the event that the buy back arrangements are implemented and should ensure that the contracted price of 105p can be met in full

DIRECTORS AND ADVISERS

C.A. Fry as his Attorney,
Directors

Charles Anthony Fry, MA
Robert Anthony Lo, MA
both of 20 Regent Street,
London SW1Y 4PZ

Proposed
Property
Manager

Johnson Fry Property
Limited
17 Gay Street,
Bath BA1 2PH

Secretary
Sponsor

Christopher Carter
8-13 King William Street,
London EC4N 7BL

Solicitors to the
Offer

Howard Kennedy
19 Cavendish Square,
London W1A 2AW
Member of The BES
Association

Peter Charles Michael Diment, FCIS
Johnson Fry Securities Limited
(Regulated in the conduct of Investment
Business by the SFA)
Member of The BES Association
both of 20 Regent Street,
London SW1Y 4PZ

Auditors and
Reporting
Accountants

BDO Binder Hamlyn
Broad Quay House,
Broad Quay
Bristol BS1 4TQ

RISK FACTORS

("BNP Mortgages")

Investors should be aware of the risks associated with investment in this Scheme.

- Investors' returns will be dependent upon the ability of BNP Mortgages Limited, a wholly owned subsidiary of Banque Nationale de Paris, to fulfil its obligations to buy back property ("relevant property") originally purchased by those companies listed in Appendix II ("the Companies") at the end of the five year BES period and to procure that the loan facility is made available, and upon the ability of Banque Nationale de Paris to comply with its undertaking to the Companies to fulfil the buy back obligations of BNP Mortgages Limited should BNP Mortgages Limited fail to do so.
- The tax reliefs referred to in this Memorandum are those currently applying and apply directly to the Investor. The reliefs are relevant only to persons with incomes subject to United Kingdom income tax. The levels and bases of taxation may change.
- BES legislation may be altered affecting reliefs available under BES or the granting of loans under BES.
- Investors have no direct recourse against BNP Mortgages Limited or Banque Nationale de Paris on default, although the Company should be able to rely upon their contractual arrangements with BNP Mortgages Limited or Banque Nationale de Paris.
- If the Investor, or the Companies, do not comply with BES regulations, tax relief will not be available or will be withdrawn.
- Investment in unquoted securities carries higher risks than investment in quoted securities and Investors may not get back the amounts invested under this Scheme.
- The legislation concerning Assured Tenancies could alter so as to affect adversely the value of tenanted property held by the Companies. However, such a change in legislation would not release BNP Mortgages Limited from its contractual obligation to buy back relevant property after five years, nor affect the price at which it is required to do so.
- Shares in the Companies are designed to be retained over a period of at least five years and, notwithstanding the fact that Investors may take advantage of the loan facility described in this Memorandum, the Shares must be retained by Investors for this period if tax relief is not to be forfeited. Accordingly, investment in the Scheme may not be suitable as a medium or short term investment.
- There is no market for the Shares in the Companies. Accordingly, it may be difficult for Investors to sell their Shares or to obtain reliable information about the value of their Shares. The value of the Shares may go down as well as up.
- The investment offered through this Scheme may not be suitable for all recipients of the Memorandum. Accordingly, Investors are urged to consult an investment adviser authorised under the Financial Advisers Act 1986 who specialises in investments of this kind before making their decision to invest.
- Subscriptions to this Scheme are not covered by the Investors' Compensation Scheme established by the Securities and Investment Board.

affecting the
position of
Investors

In particular, such alterations may be announced in the Budget of 16th March 1993.

2799756.



THIS DOCUMENT IS IMPORTANT. IF YOU ARE IN ANY DOUBT ABOUT IT YOU SHOULD CONSULT YOUR SOLICITOR, BANK MANAGER, STOCKBROKER OR OTHER PROFESSIONAL ADVISER.

THE JOHNSON FRY BNF FLEXIBLE GROWTH SCHEME 1993 COMPANIES

(being the five public limited companies listed in Appendix II)

Offer for Subscription under the

5 Business Expansion Scheme

of up to 20,000,000 Ordinary Shares of 50p each
at £1.00 per Share, payable in full on application

The Sponsor, Johnson Fry Securities Limited, and the Directors of the Companies, whose names appear on page 2, have taken all reasonable care to ensure that all facts stated in this document are true and accurate in all material respects, and that there are no other material facts the omission of which would make misleading any statement herein whether of fact or opinion. The Sponsor and all the Directors accept responsibility accordingly.

Two copies of this document, together with the material contracts and the consent referred to in paragraphs 5 and 7 respectively of Appendix IV have been delivered to the Registrar of Companies for registration in accordance with the Companies Act 1985.

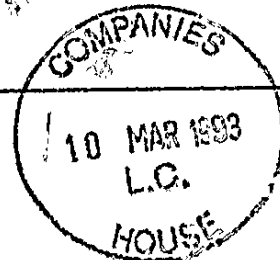
The subscription lists for the Ordinary Shares now being offered for subscription by the Companies will open at 10.00 a.m. on 15th March 1993 and will be closed at any time thereafter, but in any event not later than 4.00 p.m. on 15th March 1993, unless extended by the Directors. The procedure for application is set out in page 12 and the Share Application Forms are set out on pages 23 and 25. The minimum amount to be subscribed in each Company before Ordinary Shares will be issued in that Company is £30,000.

Johnson Fry Securities Limited ("JFS") will receive a fee of up to 6% of monies subscribed to this Scheme. Out of this fee, JFS will pay the issue costs of the Scheme and will also pay stockbrokers and banks in the United Kingdom and other recognised agents accepted for this purpose by JFS a commission of 1.5% of the subscription price in respect of applications bearing their stamp on acceptance thereof (see page 11).

The Directors of the Companies consider that qualifying individual subscribers for Ordinary Shares in the Companies should, depending on their individual circumstances, be able to obtain income tax relief at their highest marginal rate of tax on the full amounts subscribed in respect of the tax year ending 5th April 1993 on the basis that the Companies will be and thereafter continue to be qualifying companies under the terms of the Business Expansion Scheme.

Details of the share capital of the Companies are given in Appendix II.

Arranged by:
Johnson Fry Securities Limited
20 Regent Street, London, SW1Y 4PZ
(Telephone 071-321 0220)



2nd
1st April
15th April
5th April



SCHEME DETAILS

Introduction

Johnson Fry plc and its subsidiaries have raised over ~~£720~~ ⁶³⁰ million for BES ~~Companies~~ ^{Schemes} over the last eight years. Over ~~£45~~ ⁶⁸⁰ million of this has been raised for Assured Tenancy Schemes.

This Scheme offers an excellent five year return for both 40% and 25% taxpayers with the contractual exit arrangements backed by Banque Nationale de Paris. A non-recourse loan facility will be available after six months, which will provide a very high, yet very secure, six month return for 40% taxpayers ("the Loan Facility"). The loan will be provided by BNP Mortgages ~~145/144~~ ("the lender"). ^{or "BNP Mortgages"}

The attraction of the Loan Facility is that it will be non-status (i.e. no proof of financial status is required) and the only security required will be the Shares subscribed for under the Offer. Investors will be invited to apply for a loan, equal to 75% of their gross investment, available for draw down six months after their Shares have been issued. However, the loan facility is not suitable for 25% taxpayers.

It is important for Investors to realise that they will not have to make any repayments under the loan, other than from the proceeds received in respect of the Shares at the end of five years. The lender bears the risk that the value of the Shares may be insufficient to repay the loan and accrued interest. The Shares must continue to be held by the Investor for the five years and must be charged to the lender as security for the loan.

BNP Mortgages Limited and Banque Nationale de Paris
BNP Mortgage Limited is owned by BNP UK Holdings Limited, Banque Nationale de Paris is the ultimate holding company of BNP UK Holdings Limited. Banque Nationale de Paris was founded in 1966 through the merger of several commercial, industrial and Comptoir National d'Escompte banks of the French government. Banque Nationale de Paris is one of the largest banks in the world and the largest in France. It has a capital of 68,000 and the interim account to 30th June 1993 shows a surplus of 11,450 billion with capital and reserves of 11,450 billion.

Activity of the Companies

The activity of each Company will be the purchase of qualifying property, principally from BNP Mortgages ~~145/144~~, or other subsidiaries of Banque Nationale de Paris and the letting of ~~the~~ property. It is proposed that the properties owned by each Company will be managed, under the control of the Board of Directors of that Company, by Johnson Fry Property Limited ("JFP").

These rankings are based on Val assets
(Source: the Bankers' Almanac - January 1993 Edition)

BNP U.K. Holdings Limited

BNP U.K. Holdings Limited

("BNP group company")



It is intended that the Companies will buy qualifying property at prices based upon independent valuations obtained by BNP Mortgages ~~Limited~~ or a BNP group company. BNP Mortgages Limited will select the properties to be offered to each Company and will agree to buy those properties back after five years at a price that should enable Investors to receive 105p per Share by way of a distribution upon a voluntary winding up of the Company.

How does the Scheme work?

1. Investors subscribe for Shares in a Company. Investors should, depending on their individual circumstances, expect to receive a tax rebate at the highest rate at which they pay tax, i.e. a taxpayer, with at least £10,000 of income taxed at 40%, investing £10,000 in this Scheme should receive a tax rebate of £4,000 by September 1993 (see page 10).
2. Each Company then contracts to purchase qualifying residential property selected by BNP Mortgages ~~Limited~~. It is proposed that these properties will be managed by JFP, which will arrange for them to be let on qualifying Assured Tenancies. The properties acquired from BNP Mortgages ~~Limited~~, or from a BNP group company, will consist of residential properties which have been repossessed and will be sold under a power of sale as mortgagee.
3. At the end of the five year BES period, BNP Mortgages ~~Limited~~ will, in accordance with its undertaking, buy back the properties then owned by the Companies at such a price as will ensure (after payment of liabilities of the Company including any tax on capital gains arising from disposal of properties) that Investors receive 105p per Share on a voluntary liquidation of the Company. Alternatively, BNP Mortgages ~~Limited~~ may make an offer for the Shares in the Companies at 105p per share. This means that a £10,000 investment (£6,000 net of 40% tax relief) should be worth £10,400 after five years. This sum will be applied in repayment of the loan and the rolled up interest in the case of Investors who have taken the Loan Facility (see below).

8W - Banque Nationale de Paris has undertaken to fulfil the buy back obligations of BNP Mortgages ~~Limited~~ should BNP Mortgages ~~Limited~~ fail to do so.

How does the Loan Facility work?

BNP Mortgages Limited has undertaken to the Sponsor that all qualifying Investors will be invited to apply for a Loan Facility, complying with the terms described in this Memorandum, not later than six months after issue of Investors' Shares. All Investors qualify except those who have previously terminated the Client Agreement incorporated into the Application Forms and the nominees arrangements described on page 12. Investors who apply for the Loan Facility, who comply with the prescribed procedure and sign a loan agreement will receive a loan from the lender of 75% of the gross amount of their investment six months after the date of issue of their Shares. This facility is only likely to be attractive for 40% taxpayers. Any changes in interest rates or in the value of the

5
Banque Nationale de Paris' undertaking to the Companies is limited to under the buy back obligations to a sum equivalent to £5.75 million per Company assuming full subscription. This sum is designed to cover any unforeseen costs which may be incurred in the event that buy back arrangements are implemented and should ensure that the contracted price of 105p can be met in full.



Shares which occur during the period prior to draw down of the loan will not affect the amount of the loan, the interest rate applicable to it or its non-recourse status.

All loans will be non-status (i.e. subject to no personal financial questions) and non-recourse (i.e. the lender relies entirely on the proceeds from the Shares in the Company on exit for repayment of its loan and interest, with no other recourse to the Investor). The lender will take a charge over Investor's Shares as security for this loan but repayment of the loan or interest will not be required until the exit of the Scheme when the exit proceeds will be forwarded to the lender in order to repay the loan and interest.

The interest payable on the loan is fixed at an effective rate of approximately ^{7.76%} 7.99% APR and will be such sum as is exactly equal to the difference between the loan of 75p and the contracted return of 105p. *equivalent to an APR of 7.76%*

By way of example, an Investor making an investment of £10,000 will be able to borrow £7,500 which will be advanced six months from the issue of Shares to the Investor, being the date the loan is drawn down. At a fixed interest rate of approximately 7.99% per annum (APR of 7.99%) this will result in a repayment of £10,000 (including the total cost of credit) due four and a half years from the date the loan is drawn down. The loan is fully secured on the Shares. A written quotation is available upon request from Johnson Fry Corporate Finance Limited on behalf of the lender. *5*

The minimum investment in this Scheme is £3,000 and, therefore, the minimum loan is £2,250. The Loan Facility is unlikely to appeal to 25% taxpayers as the loan would be insufficient to generate a return.

By way of illustration only, consider the following example for a 40% taxpayer:

- An investor subscribes for 10,000 shares at £1.00 per share.
- He receives tax relief on this investment ~~£4,000~~ after six months.
- After six months the lender provides him with a loan equal to 75% of his initial gross subscription.

Loan after six months	£7,500
Initial investment	10,000
Tax relief received	(4,000)
Effective net cost to investor	2,500
Surplus	7,500

After allowing for the delay in receiving the tax rebate, the effective annual net return is 32.25% equivalent to 53.75% gross for a 40% taxpayer (please refer to page 10 for detailed assumptions).

The interest on the loan will accrue during the period of the loan, but the Investor will not be asked to pay interest on the loan other than from the exit proceeds under the Scheme, unless he chooses to make an early repayment of the loan as described below.



At any time after the draw down of the loan the Investor will be able, if he so requires, to repay the loan and accrued interest out of his own monies by notice in writing to the lender, but an early settlement charge may be payable depending on the interest rate prevailing at the time.

For the purposes of the Consumer Credit Act 1974, it is Johnson Fry Corporate Finance Limited (not the Sponsor, Johnson Fry Securities Limited) which will be introducing prospective Investors to the lender with a view to taking out a loan. Johnson Fry Corporate Finance Limited is a licensed credit broker under the Consumer Credit Act 1974 and to the extent that the terms of this Memorandum constitute a credit advertisement Johnson Fry Corporate Finance Limited shall be treated as the advertiser.

Benefits to BNP Mortgages ~~limited~~ ^{any} 1/c 1/c
BNP Mortgages ~~limited~~, together with other companies in the BNP Group Companies, will be able to benefit by the sale of repossessed properties at open market value to the Companies set up under this Scheme. X

Exit Route for Investors

Under the terms of the option arrangements described in Appendix III, the Companies have been granted a Put Option by BNP Mortgages ~~limited~~ which, if exercised, will require BNP Mortgages ~~limited~~ to buy back the properties held by the Companies at the end of the five years at such price as should give Investors, on a winding-up of the Company, 105p per Share. BNP Mortgages ~~limited~~ may choose to make an offer for the Shares in the Companies instead but, either way, Investors should be entitled to receive the same 105p for every gross 100p invested. Of course, Investors who have taken the Loan Facility will be required to apply this money in repayment of their loan and rolled up interest. ←

Investors may either utilise the Loan Facility and achieve the equivalent of a return after six months (although they must continue to hold the Shares for the full five year period), or they may wait for the full five year period and receive the contracted five year return.

If, at the end of the five years, the net assets of a Company, including the market value of any properties still owned by that Company, ~~including~~ ^{less} provision for any taxation, are worth more than £2.10 per share, Investors in that Company will be entitled to one half of the excess over £2.10.

The Panel on Takeovers and Mergers has agreed with the Sponsor that The City Code on Takeovers and Mergers ("The Code") will not apply to a Qualifying Offer (see page 20 for definition) made for the Shares in the Companies. Under the terms of the Share Application Forms set out on pages 19 and 20, Investors acknowledge that The Code will not apply to a Qualifying Offer. The Code will, however, apply to any other offer. X

19 Investors should note that Banque Nationale de Paris has undertaken to fulfil the buy back obligations of BNP Mortgages should BNP Mortgages fail to do so, subject to a limit of £5.75 million per Company, assuming full subscription, equivalent to £1.5 per share.

The ~~offer~~ date for the ~~initial~~ allotment of Shares in



Key Dates for the Offer (assuming full subscription by 15th March 1993)

10th March 1993

The date of this Offer.

15th March 1993

The ~~initial~~ closing date of the Offer. Each Company will, at the Directors' discretion, ~~offer shares at an earlier date~~, provided the minimum subscription (referred to on page 11) has been reached for that Company.

August 1993

Estimated date for issue of BES 3 Tax Certificates by the Companies.

15th August 1993

Latest date for despatch to Investors of invitations to apply for the Loan Facility.

16th September 1993

For Investors taking advantage of the Loan Facility, the latest date cheques are despatched to Investors for the relevant amounts (i.e. 75% of gross subscription).

15th March 1998

Offer for Shares route

The end of the five year BES period being five years from the date of the ~~initial~~ allotment of Shares. This is the earliest date on which an offer for Shares could be accepted on behalf of Investors.

26th April 1998

Cheques are despatched direct to Investors who did not take advantage of the Loan Facility. The lender is repaid its loan and accrued interest and Investors who took advantage of the Loan Facility with any excess being sent to the Investor.

26th April 1998

Purchase of property route

The earliest date on which Investors could exercise their Put Options, so that they could require BNP Mortgage to purchase the properties then owned by the Companies.

26th April 1998

The proposed date for the Companies to pay BES's indemnity, to provide for Investors who did not take advantage of the Loan Facility, of an interim dividend. Partial payments of the loan and accrued interest takes place.



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deferred in relation to any allotments of

The above dates will be brought forward should the relevant Company be fully subscribed earlier than ~~20th April 1993~~. *Shares after 15th March 1993*

Commencement of Trading

Subject to the receipt of certificates to commence trade, it is intended that all Companies will have commenced trading within two ~~dates~~ *days* of the close of the Scheme.

The Sponsor

Johnson Fry plc and its subsidiaries have raised over ~~£60~~ *£630* million for BES companies over the last eight years, which is considerably more than any other Sponsor. Over ~~£24~~ million of this has been raised for ~~Contracted Exit Schemes~~ *Assured Tenancy*. *ABS*

The Sponsor is a subsidiary of LITHoldings PLC (whose shares are listed on the London Stock Exchange) and is a member of the SFA.

Johnson Fry Securities Limited is also a member of The BES Association and endorses its Code of Conduct and Customer Code. The BES Association does not expressly endorse, approve or authorise the publication of any particular offers with which its members may be involved. Copies of the BES Association's Code can be obtained from The BES Association at Holywell Centre, 1 Phipp Street, London EC2A 4PS.

Role of Johnson Fry Property Limited

It is proposed that the role of JFP will be to manage the properties purchased by the Companies from BNP Mortgages ~~Y&P~~ or a BNP group company ("the Properties"). In particular, JFP will be required to:

- advise on and manage the refurbishment of the Properties;
- arrange the letting and management of the Properties;
- endeavour to sell the Properties after four years (unless otherwise instructed); and
- use reasonable endeavours to ensure that it does not do anything which would result in the Companies ceasing to comply with BES regulations.

The fees proposed to be paid to JFP (which are exclusive of VAT) do not affect the contracted return to Investors and are set out in paragraph (d) of Appendix III.



BES TAX RELIEF

The Scheme has been established to enable Investors to take advantage of BES tax relief in the tax year 1992/93.

Provisional clearance that the Shares should qualify for tax relief has been obtained from the Inland Revenue, based upon the arrangements to be made under this Scheme. Subscriptions for Shares under the BES by qualifying individual taxpayers are subject to an overall limit (not just from this Offer) of £40,000 per individual per tax year and should be deductible from taxable income, provided that both the Investor and the Companies comply with the BES regulations.

The timing of receipt of tax relief by an Investor depends upon, firstly, the timing of issue of the relevant tax certificate (BES 3) and, secondly, the arrangement of his own tax affairs. As it is intended that all Companies will have commenced trading within the next three days, Investors should expect to receive their BES 3 Certificates in August 1993.

The timing of the actual tax relief and the effect on the compound annual return from this investment are shown in the table below for both 40% and 25% Schedule E taxpayers, which is based on the following assumptions:

- the allotment of Shares is made on 15th March 1993;
- tax relief is received on 15th September 1993;
- the six month loan advance is received by those taking advantage of the Loan Facility on 15th September 1993;
- the exit proceeds to Investors are received on 15th April 1998.

	SIX MONTH RETURN	FIVE YEAR RETURN
A. Annual return net of tax to a 40% taxpayer	32.25% p.a.	10.91% p.a.
Gross equivalent of A.	53.75% p.a.	18.18% p.a.
B. Annual return net of tax to a 25% taxpayer	Nil	6.62% p.a.
Gross equivalent of B.	Nil	8.83% p.a.
Note: The above returns depend on tax relief being available (see page 2 for "Risk Factors").		

The above is a condensed summary only and should not be construed as constituting advice, which prospective Investors should obtain from their own professional or financial advisers.

However, neither the Directors, the Companies, nor Johnson Fry Securities Limited guarantee that any of the Companies will qualify under the BES or that an Investor will

Rider A

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Rider A.

Should the Offer not be fully subscribed on 15th March 1993 and, in the opinion of the Directors, no material alteration to legislation affecting this Scheme have been announced in the Budget on 16th March 1993, the Directors may make further allotments of shares. Should this be the case, returns to Investors who subscribe on or after 16th March 1993 may differ slightly from those shown in the table above, due to timing differences in receiving tax relief.

to

The attention of Investors is drawn to "Risk Factors" on page 2,



with respect to the Budget on 16th March 1993

obtain any tax relief in respect of an investment in any of the Companies.

Abolition of BES Relief

Investors who take advantage of the Loan Facility should receive 75% of their initial gross investment six months after the issue of their Shares. So £10,000 subscribed for Shares issued on 15th March 1993 will mean that there will be £7,500 available on or around 15th September 1993 to invest in BES before BES tax relief is withdrawn at the end of December 1993.

On this basis,

The abolition of BES tax relief at the end of December 1993 was announced by the Chancellor of the Exchequer in March 1992 and appropriate legislation has been passed to this effect. This means that investment in the shares of a BES company must be made on or before 31st December 1993 in order for tax relief to be available.

Capital Gains Tax Relief

Shares issued in the Companies are exempt from Capital Gains Tax on their first disposal, provided BES relief has not been withdrawn.

SCHEME ADMINISTRATION

Introduction

This Scheme seeks to raise up to £25 million for the five Companies. The proceeds of the Scheme will be applied by the Companies in purchasing property selected by BNP Mortgages ~~under~~ under the terms of the Commitment Letter described in paragraph (1) of Appendix III. X

The allocation of subscriptions between the Companies will be at the discretion of the Sponsor. The minimum subscription for each Company is £500,000.

Agents' Commission

Applications submitted through qualified intermediaries will attract a commission of 1.5%, payable by the Sponsor. The appropriate box on the Application Form must be completed.

The Directors of the Companies

The Directors of the Companies are as follows:

Charles Anthony Fry, MA, aged 53

Charles Fry is Chief Executive of Johnson Fry plc.

Robert Anthony Lo, MA, aged 41

Robert Lo is a solicitor and a Director of the Sponsor.

Carter

Mr Christopher Jenkins, aged 35

(text in italics)

Christopher Jenkins is 35 Group Financial Controller of,

11

Graben

BNP U.K. Holdings Limited

The consent of BNP Mortgages is required before acceptance by the Sponsor of subscriptions in excess of £20 million.



Shortly after the closing date of this Offer, Charles Fry will resign as a Director. An independent Director, acceptable to both Johnson Fry and BNP Mortgages ~~will~~, will then be appointed, and will act as Chairman of each of the Companies.

Certificates of Beneficial Ownership

Shares in the Companies will be registered in the name of Johnson Fry Nominees Limited ("the Nominee") and Investors will receive a Certificate of Beneficial Ownership. Investors utilising the Loan Facility will be required to surrender their Certificates of Beneficial Ownership to the Nominee who will hold the Shares on behalf of the Investor subject to a charge to the lender as security for the loan. Such Investors will then receive a Certificate of Beneficial Ownership of Charged Shares.

Investors will also receive copies of the annual accounts of the Companies and a twice yearly report from JFP.

Under the Client Agreement applicable to the Scheme each Investor directs that, in the event of his utilising the Loan Facility and entering into a Loan Agreement with the lender, the Nominee will pay to the lender out of the proceeds received in respect of his Shares, the amount due to the lender under the Loan Facility.

Application of Subscription Monies and Issue of Shares

Pending the allotment of Shares to Investors, subscription monies will be paid into a designated interest bearing trust account opened by the Sponsor with one of the clearing banks. Interest earned prior to the allotment of Shares will be for the account of the Companies.

As soon as the minimum subscription for any Company is reached, Shares may be issued and periodically thereafter at the Sponsor's discretion. It must be clearly understood that applications with post-dated cheques will not be considered or acknowledged until the date on the cheque and, consequently, Investors risk the Scheme being oversubscribed before their application is accepted.

Share Issue Price

The amount payable on application and allotment of each Share will be 100p including a premium of 50p.

Shares in the Companies will be issued with a par value of 50p. This method of issuing Share has no detrimental effect on their value to the Investor, but does allow the initial costs of raising share capital to be written off against the resulting "share premium account", rather than appear in the profit and loss account of each of the Companies as an expense in the first year.

Subject to the Minimum Subscription being raised, ~~accepted~~

12

It is the Sponsor's intention to allocate Shares with respect to applications received before 5pm on 15th March 1993 on that date.



Loan Offer Procedure

done
Not later than five months after their Shares have been issued, loan application forms will be sent to qualifying Investors. Those who apply for the loan will be sent a formal Loan Agreement, which must be signed, witnessed and returned, together with the Certificate of Beneficial Ownership.

Following return of the signed Loan Agreement, Investors will be sent a Consumer Credit Act Notice of Cancellation, which gives Investors 14 days to withdraw from the Loan Facility but not from the Scheme. Following expiry of the 14 day period (but not earlier than six months after the issue of Shares) cheques in respect of the loan advance will be issued to Investors.

Exit Route Administration

Johnson Fry Asset Managers PLC ("JFAM") is authorised by Investors, under the terms of the Client Agreement relating to the Share Application Form, to accept a Qualifying Offer for Shares at 105p per Share on behalf of the Investors at the end of the five year period, and is likely to do so if the opportunity arises. If the Company is valued in excess of ~~£2.10~~ per Share at that time, JFAM will only accept a Qualifying Offer of 105p per Share together with an additional amount per Share representing one half of the excess value over ~~£2.10~~ per Share. Share proceeds will either be paid to Investors who have not taken out the loan or applied in repaying the loan taken out by Investors together with accrued interest, with any surplus paid to Investors.

Save as disclosed in this Memorandum, neither JFP nor any other person will hold any options, warrants or shares with special rights in the Companies which might affect adversely the contracted return to Investors.

10th March 1993

210p



APPENDIX I: ACCOUNTANTS' REPORT



BDO Binder Hamlyn
Chartered Accountants

Broad Quay House, Broad Quay
Bristol BS1 4PN

The Directors
The Johnson Fry BNP Flexible Growth Scheme 1993
Companies named in Appendix II to the Memorandum
dated 10th March 1993

10th March 1993

and
The Directors
Johnson Fry Securities Limited
all of 20 Regent Street, London SW1Y 4PZ

Dear Sirs

THE JOHNSON FRY BNP FLEXIBLE GROWTH SCHEME 1993 COMPANIES NAMED IN APPENDIX II TO THE MEMORANDUM DATED 10TH MARCH 1993 ("the Companies")

We report that the Companies were incorporated on the dates and are now registered under the names set out in Appendix II to the Memorandum.

No audited financial statements have been prepared in respect of any period since incorporation in respect of any of the Companies. No dividends have been declared or paid by any of the Companies.

Yours faithfully,

BDO Binder Hamlyn



APPENDIX II: THE JOHNSON FRY BNP FLEXIBLE GROWTH SCHEME 1993 COMPANIES

Incorporation		Share Capital	
Registered		Authorized	Issued and to be issued fully paid (on the basis of full subscription)
Name	Date of Incorporation Number of Shares	Ordinary Shares of £ 30p each	Ordinary Shares of £ 30p each
Principal Portfolios 1 plc	10.03.93	3,000,000	2,500,000.50
Principal Portfolios 2 plc	10.03.93	3,000,000	2,500,000.50
Principal Portfolios 3 plc	10.03.93	3,000,000	2,500,000.50
Principal Portfolios 4 plc	10.03.93	3,000,000	2,500,000.50
Principal Portfolios 5 plc	10.03.93	3,000,000	2,500,000.50

Handwritten notes and arrows:

- 2799753 points to Principal Portfolios 1 plc
- 2799754 points to Principal Portfolios 2 plc
- 2799755 points to Principal Portfolios 3 plc
- 2799756 points to Principal Portfolios 4 plc
- 2799757 points to Principal Portfolios 5 plc
- PLC is written next to the company names.
- Arrows point from the 'Authorized' column to the 'Issued and to be issued' column.
- Arrows point from the 'Issued and to be issued' column to the values 5,999,999 and 5,000,002.
- Value 3,000,000 is written below the 'Authorized' column.
- Value 14 is written below the 'Authorized' column.



APPENDIX III: SUMMARY OF THE AGREEMENTS ENTERED INTO AND TO BE ENTERED INTO BY BNP MORTGAGES LIMITED OR BANQUE NATIONALE DE PARIS, EACH COMPANY, THE SPONSOR AND JFP

The principal terms of the Agreements which have been entered into between each Company and either Johnson Fry Securities Limited ("Johnson Fry"), BNP Mortgages Limited (or both) and between each Company and Banque Nationale de Paris are summarised below.

(1) Commitment Letter

This is a letter dated 10th March 1993 from BNP Mortgages Limited to Johnson Fry ("the Letter") in which Johnson Fry undertakes *inter alia* to promote the Scheme and BNP Mortgages Limited undertakes, subject to achievement of the Minimum Subscription (as defined in the Letter), as follows:

- (i) to execute an Option Deed and a Letting and Management Agreement (both of which are summarised below);
- (ii) to identify and procure for purchase by each Company residential properties up to the net amount available for that purpose to each Company within a specified timetable. Properties will be purchased at the higher of two independent valuations;
- (iii) to procure that loans will be offered to investors as described in this Memorandum.

Under this Letter BNP Mortgages Limited agrees that Johnson Fry is entitled to a fee of up to 6% of the total amount subscribed pursuant to the Offer.

The properties to be purchased by the Companies will be provided by BNP Mortgages Limited or by any other BNP group company. In certain circumstances the Companies will be able to purchase properties from persons not in the BNP Group.

(2) Banque Nationale de Paris Deed of Undertaking

Under this Deed dated 10th March 1993 Banque Nationale de Paris irrevocably undertakes to each Company to fulfil the buy back obligations of BNP Mortgages Limited under the Option Deed should BNP Mortgages Limited fail to do so. If Banque Nationale de Paris ceases to own (directly or indirectly) a majority of the issued share capital of either BNP Group plc or BNP Mortgages Limited it may require the substitution of itself with another entity willing to undertake to fulfil the buy back obligations ("New Obligor"). The New Obligor must be of sound credit standing. The Deed expires on 1st August 1998 being a date after the expiry of the option arrangements.

(3) Deed of Covenants

Each Company has entered into a Deed dated 10th March 1993 with the Directors, Johnson Fry and BNP Mortgages Limited whereby, *inter alia*, each of the Directors has given certain covenants in favour of the Company, Johnson Fry and BNP Mortgages Limited concerning the management of the affairs of the Company ("Directors' Covenants") and the Company has covenanted with Johnson Fry and BNP Mortgages Limited to the effect that future Directors will be required to adhere to the Directors' Covenants.

The principal terms of the Agreements which are proposed to be entered into between each Company and either JFP and/or BNP Mortgages Limited are summarised below.

(4) Option Deed

By this document the Company will be granted an option (exercisable from the 7th business day after the expiry of the five year BES period) to require BNP Mortgages Limited to buy all property still held by the Company at the end of the five year period ("the Put Option"). The Company will also grant an option to BNP Mortgages Limited to require the Company to sell such property to it ("the Call Option"). The Put Option is exercisable for a period of 30 days. The Call Option is also exercisable for a period of 30 days commencing one day after the expiry of the Put Option.

The obligations in this Deed are subject to the raising by the relevant Company of the minimum subscription. On full subscription the obligations of Banque Nationale de Paris are limited to £5.75 million. On lesser sums raised this will be limited to a sterling sum equivalent to gross subscriptions received by any Company pursuant to the Scheme multiplied by 1.15p.

U.K. Holdings Limited

September

approved by each Company, such approval not to be unreasonably withheld or delayed.



The formulae under which the option price is calculated are designed to ensure that the Company should have sufficient cash to permit a distribution of 105p per Share to be made to its Ordinary shareholders on a voluntary liquidation of the Company.

If, at the end of the five year BES period, the net assets of the Company, including the market value of any properties owned by the Company, including provision for taxation, is more than ~~42.40~~ per Share, the option price is designed to ensure that the Company will have sufficient cash to permit a distribution to Ordinary Shareholders of 105p per Share plus one half of the excess of value over ~~42.40~~ 210p available for shareholders on a voluntary liquidation of the Company.

The Option Deed contains provisions to protect BNP Mortgages Limited against the consequences of any unauthorised activity by the Company.

(5) **Letting and Management Agreement**

This Agreement will be entered into by the Company, BNP Mortgages Limited and JFP and will continue for a period of up to seven years subject to earlier termination. It sets out the terms on which JFP will act as the Company's property manager subject to the overall control and direction of the Board of Directors of the Company.

JFP has a general obligation to manage the properties in a proper and responsible manner and various specific duties ("Duties") are set out including:

- (a) selection of tenants;
- (b) collection of rents;
- (c) payment of direct expenses;
- (d) ensuring appropriate insurance cover;
- (e) endeavouring to sell the properties after four years; and
- (f) advising on and managing any necessary refurbishment of properties.

JFP also undertakes to handle all the administrative matters associated with the running of the Company (accounts, audits, issue of Certificates of Beneficial Ownership, BES 3 certificates, AGM arrangements, board meetings etc.) and to use reasonable endeavours to ensure that it does not do anything which would result in the Company ceasing to comply with the BES legislation.

JFP is entitled to receive the following fees in respect of its performance of these functions payable by the Company: *(which will attract VAT unless otherwise stated)*

- (i) ~~A fee of £250 per property purchased and let by the Company. This fee will be deducted from the date of the issue of the first rental price index.~~
- (ii) ~~12% of the gross rents;~~
- (iii) ~~12% of the cost of any necessary property refurbishments;~~
- (iv) an exit fee, to provide JFP with an incentive to achieve the best possible growth in value of the Company. This fee will be 20% ~~of the growth in value of the Company over and above a minimum value equal to 130% of the initial capitalisation of the Company.~~ This fee will be payable on the occurrence of a voluntary liquidation of the Company pursuant to the Option arrangements, or upon an offer for Shares being accepted. A reduced fee calculated on a ~~pro rata~~ basis will be payable if the Management Agreement is terminated on notice.
- (v) an annual fee of up to 0.75% ~~of the capitalisation of the Company, which will be~~ ~~of the growth in value of the Company over and above a minimum value equal to 130% of the initial capitalisation of the Company.~~ Out of this fee, JFP will be responsible for all administration expenses of the Company.

The Company or the Manager can terminate this Agreement on notice if either party commits a substantial breach of the Agreement or is placed in liquidation or administration. The Company can also terminate the Agreement if the Manager does not comply with certain performance targets. The Company can terminate the Agreement in any event on three months' notice any time after the sixth anniversary of the Agreement. The fees paid to JFP do not affect the contracted return to Investors.



APPENDIX IV: STATUTORY AND GENERAL INFORMATION

1. The Companies and their share capital
- 1.1 The companies, whose names, registered numbers, dates of incorporation and share capital are listed in Appendix II ("the Companies"), were incorporated in England and Wales under the Companies Act 1985 ("the Act") as public limited companies.
- 1.2 *J.K. Gibson* ~~G. A. Fry~~ and ~~R. A. Lo~~ were the subscribers to the Memoranda and Articles of Association of the Companies. *E. Useda*
- 1.3 Save as disclosed in this Memorandum, no share or loan capital of any Company has been issued or is now proposed to be issued fully or partly paid, either for a consideration other than cash, nor have any commissions, discounts, brokerages or other specific terms been granted by any Company in connection with the issue or sale of any of its share or loan capital.
- 1.4 No share or loan capital of any Company is under option or agreed conditionally or otherwise to be put under option.
- 1.5 *The one 'A' Ordinary Share in the capital of each Company is registered in the name of BWP Mortgages Limited.*
2. Accounting Reference Date
Each Company's accounting reference date will be 31st March in each year.
3. Articles of Association
The Articles of Association of each Company provide, *inter alia*, the following:
 - 3.1 Rights attaching to the Ordinary Shares
In the event of winding up of the Company at any time after the fifth anniversary of the last issue of Shares in the Company pursuant to this Memorandum holders of Ordinary Shares will be entitled to receive by way of distribution 105p per Share or such lesser sum if there remains a smaller amount available for distribution and one half of the balance in excess of ~~210p~~ per Share distributed equally among the holders of Ordinary Shares. *210p*
 - 3.2 Rights attaching to the 'A' Ordinary Share
The holder of the 'A' Ordinary Share shall have the right to appoint and remove one Director of the Company and the consent of the holder of the 'A' Ordinary Share shall be required for any alteration to the Articles of Association, the passing of any resolution or any resolution to wind up the Company, any increase in the authorised or issued share capital or the creation of any new class of share capital of the Company and any dividend of the Company.
The 'A' Ordinary Share shall participate in a distribution on the winding up of the Company as described in 3.1 above in the event and (subject as set out below) to the extent that there are funds available for distribution after a distribution of 105p per Share to Ordinary Shareholders. The balance of the funds available for distribution to Shareholders will be distributed to the holder of the 'A' Ordinary Share up to the equivalent of ~~210p~~ per Ordinary Share then in issue. Any balance of funds then available will be distributed equally between the holder of the 'A' Ordinary Share and the holders of the Ordinary Shares. *210p*
 - 3.3 Directors
A Director shall not require a share qualification.
 - 3.4 Directors' Remuneration
There shall be paid out of the funds of the Company, by way of remuneration of Directors who are not managing or executive directors, fees at such rates as the Directors may from time to time determine, provided that such fees do not in the aggregate exceed such figures as the Company may in general meeting from time to time determine. The remuneration payable to any executive director shall be fixed by the Board from time to time.



4. Interests of Directors and Others

- 4.1 Save as disclosed in this Memorandum, no Director has any beneficial or non-beneficial interest in the capital of any Company within the meaning of the Act.
- 4.2 C. A. Fry and R. A. Lo are both directors of Johnson Fry Securities Limited and C.A. Fry is a director of Johnson Fry Property Limited which are both entitled to fees as described in this Memorandum.
- 4.3 C.A. Fry and R.A. Lo are both directors of Johnson Fry Corporate Finance Limited which, for the purposes of the Consumer Credit Act 1974, is introducing prospective Investors to consider with a view to taking out a loan. Neither they nor Johnson Fry Corporate Finance Limited will be receiving a fee for these introductions. Save as disclosed in this Memorandum there are no matters to be disclosed under paragraph 13(1) of Schedule 3 to the Act.
- 4.4 Each of the Directors may invest up to £40,000 under this Act.

5. Material Contracts

The only contracts which the Companies have entered into since incorporation which may be material, are the Banque Nationale de Paris Deed of Undertaking and the Deed of Undertaking described in paragraphs (2) and (4) respectively of Appendix III.

6. Taxation

The Directors have been advised that each Company is unlikely, following the close of its Offer, to be a "close company" as defined in the Income and Corporation Taxes Act 1988.

For Investors, Income Tax Relief and exemption from Capital Gains Tax on the first disposal of shares are anticipated because each Company intends to operate within the Business Expansion Scheme, originally introduced by the Finance Act 1983. Relief can only be claimed by a qualifying individual who subscribes for new ordinary shares in a qualifying company. An individual must be resident and ordinarily resident in the United Kingdom at the date the shares are issued. In particular, relief may be lost if an investor's direct lineal descendant or ancestor, spouse, business partner or other person connected through a trust should become a tenant of a dwelling house owned by that company. The shares must be held for a minimum period of 5 years from the date of issue. Death and transfer between spouses is not regarded as a disposal. Income Tax Relief is given by reducing a claimant's taxable income by the amount subscribed. Relief cannot be claimed on an investment of less than £500 subscribed directly in any one company or on more than £40,000 in aggregate (including any relief carried back from the first half of the following year) in any one company. A husband and wife are each entitled to invest up to £40,000 and in no circumstances can relief for one spouse be set against income of the other. Relief is withdrawn in full if the conditions relating to the company cease to be satisfied within four years of the date of issue of the shares. Qualifying activities will be activities which consist of or are connected with the provision and maintenance of qualifying dwelling houses which a company lets or intends to let on long-term tenancies. In general, all houses, whether let or to be let, furnished or unfurnished, will qualify except specific exceptions which the Companies will seek to avoid. Qualifying activities are certain tenancies under the Housing Act 1988. Qualifying shares are exempt from Capital Gains Tax on their first disposal after five years, unless relief has been withdrawn. The company must be incorporated and resident only in the United Kingdom. Its shares must not, within the relevant four year period, be listed on the London Stock Exchange or dealt in on the Unlisted Securities Market. Although the Companies intend to carry on qualifying activities as above, formal approval of their activities as qualifying can only be given once each Company has submitted a form to HM Revenue and Customs after carrying on the qualifying activities for at least four months.

This Memorandum does not set out any of the provisions in full. Interested Investors are strongly advised to seek professional tax advice.

The foregoing summary is based on current legislation. Tax rates and reliefs may change.

7. Consent

BDO Binder F. J. J. has given and not withdrawn their written consent to the issue of the Memorandum with the inclusion hereof in their report and the references thereto and to their name in the form and context in which they appear.

and it is the intention of the Directors that an initial allotment will be made on 15th March 1993.



8. Minimum Subscription

- 8.1 In the opinion of the Directors, the minimum amount which must be raised by the issue of shares in any Company pursuant to this Memorandum to provide for the matters specified in paragraph 2 of Schedule 3 to the Act is £500,000 ("the minimum subscription") made up as follows:

Purchase of property	£ 450,000
Maximum Commission	30,000
Working Capital	20,000
	<u>£500,000</u>

- 8.2 No shares will be allotted pursuant to any Offer unless the minimum subscription is reached in respect of that Offer. The Companies reserve the right to allot to applicants the same or any such smaller number of shares which in its absolute discretion they think fit for which any such application may have been made.

- 8.3 The preliminary expenses of the incorporation of the Companies amount to approximately £2,000 (including VAT), in aggregate, and are payable by the Sponsor. ~~Certain expenses of the Offer are~~ ~~borne by the Sponsor.~~ X

9. Working Capital

The Directors consider that each Company will have, taking into account the net proceeds of the minimum subscription, sufficient working capital for its present requirements.

10. General

- 10.1 No Company is engaged in any litigation and, so far as the Directors are aware, there is no litigation or claim of material importance pending or threatened.

- 10.2 No Company has any subsidiary.

- 10.3 The Promoters of each Company are or may be considered to be Johnson Fry Securities Limited and BNP Mortgages Limited.

- 10.4 Other than as disclosed in this Memorandum, no cash securities or benefits have been paid or are now proposed to be paid or given to any promoter.

- 10.5 Subject to the achievement of the relevant minimum subscription, if any Offer is not taken up in full, the amount of the capital of that Company subscribed for thereunder may be allotted in any event.

- 10.6 The amount payable on application and allotment of each Share is £1.00, including a premium of 50p.

- 10.7 Neither Banque Nationale de Paris nor any of its subsidiaries, including BNP Mortgages Limited, make any representation or warranty or guarantee that the Companies will qualify under the BES or that an investor will obtain any tax relief in respect of any investment in the Companies.

- 10.8 For the purposes of this Memorandum "Qualifying Offer" means an offer made by BNP Mortgages Limited or a BNP group company to purchase all the issued shares in the capital of the Company (not already held by BNP Mortgages Limited) which is capable of acceptance at any time after the fifth anniversary of the last issue of Shares in the Company pursuant to this Memorandum and for a period of six months thereafter at a price per Share of not less than 105p in cash to be paid within seven days of acceptance of such offer.

11. Documents for Inspection

Copies of the following documents may be inspected at the offices of Howard Kennedy, 19 Cavendish Square, London W1A 2AW during usual business hours on weekdays (except Saturdays and public holidays) until close of the subscription lists:-

- 11.1 The Memorandum and Articles of Association of each Company.

- 11.2 The Accountants' Report dated 10th March 1993.

- 11.3 The material contracts referred to in paragraph 5 above.

- 11.4 The written consent referred to in paragraph 7 above.

10th March 1993



PROCEDURE FOR APPLICATION

1. General Conditions

- 1.1 Applications (which should be for a minimum of 3,000 Shares and in multiples of £1,000 thereafter) must be made on the Application Form at the subscription price payable in full on application and forwarded by post or by hand to Johnson Fry Securities Limited, (BES Applications Department), 20 Regent Street, London SW1Y 4PZ.

- 1.2 Investors are advised NOT to post-date their cheques, see page 12.

- 1.3

No photocopied or faxed application forms will be accepted.

1 spacey.

- 1.4 Subscribers to the Issue should note that they cannot obtain tax relief on more than £40,000 invested under the Business Expansion Scheme in respect of any tax year and, therefore, they should not invest more than £40,000. Husbands and wives each have an individual allowance of £40,000.

- 1.5 A separate cheque or bankers' draft must accompany each Application Form.

Cheques should be made payable to: JF Securities Ltd

- 1.6 The basis of allotment and whether or not to accept an application will be determined by the Sponsor in its absolute discretion. Rejected applications will be returned to Investors without interest.

- 1.7 All cheques, certificates and other documents will be despatched by the Sponsor by post at the risk of the person entitled thereto.

2. Closing Date

Applicants are reminded that the subscription list for each Offer will close as soon as the relevant Shares have been applied for in full and in any event no later than 4.00 p.m. on ~~15th~~ 16th March 1993, unless extended by the Directors.

Any applicant requiring assistance in completing the Application Form should telephone 01-321 0220 and ask for the relevant person.

2nd April

Assuming the minimum subscription is raised
It is the intention of the Directors to make an initial allotment of Shares on 15th March 1993.



**THE JOHNSON FRY BNP
FLEXIBLE GROWTH SCHEME 1993 COMPANIES**
NAMED IN APPENDIX II TO THE MEMORANDUM
Registered Office: 20 Regent Street, London SW1Y 4PZ
SHARE APPLICATION FORM AND CLIENT AGREEMENT

Number of shares applied for (min. 3,000)	Amount enclosed at £1.00 per Share £ (min. £3,000)
--	---

To: The Directors, The Johnson Fry BNP Flexible Growth Scheme 1993 Companies (named in Appendix II to the Memorandum); The Directors, Johnson Fry Securities Limited; and The Directors, Johnson Fry Asset Managers PLC

Gentlemen,

I irrevocably offer to subscribe for the number of fully paid Ordinary Shares of 50p as stated in the Box above, subject to the terms and conditions of the Memorandum dated 10th March 1993, the Client Agreement and subject to the Memorandum and Articles of Association of the relevant Company. I tender payment for the above mentioned sum. Cheques should be made payable to "JFS-BNP".

I understand that the return of this Application Form, duly completed, will constitute the making of a Client Agreement with Johnson Fry Asset Managers PLC and that such Agreement incorporates the terms of the Memorandum in addition to the provisions set out overleaf.

As my deed, I hereby irrevocably appoint any director from time to time of Johnson Fry Asset Managers PLC as my attorney and irrevocably instruct such attorney to execute all deeds and documents and do all acts at my attorney's discretion necessary or desirable on my behalf in connection with the acceptance of a Qualifying Offer (if made) for all the issued ordinary shares of the Company. I agree to ratify everything that my attorney does on my behalf whilst acting in pursuance of the authority conferred by this power and to deliver such certificate(s) or other document(s) of title relating to the Shares to my attorney as such attorney may request and to do all such other acts and things as may in the opinion of such attorney be necessary or desirable for the purposes of, or in connection with the acceptance of a Qualifying Offer. I undertake that prior to any transfer by me of any of the Shares in the Company, other than pursuant to such offer, I shall procure that any transferee shall execute a power of attorney in similar form as that contained in this paragraph.

The Panel on Takeovers and Mergers has confirmed to the Sponsor that the requirements of the City Code on Takeovers and Mergers will not apply to a Qualifying Offer and by signing the Application Form and Client Agreement I acknowledge that the Code will not apply to a Qualifying Offer.

In completing this Application Form investors confirm that they simply want the transaction executed, that they are not expecting advice about the merits of the transaction and that Johnson Fry Securities Limited will not be responsible to them for ensuring that the transaction is a suitable one for them.

No photocopied or faxed application forms will be accepted

Surname _____ (Mr/Mrs/Miss)	Forenames _____
* Address _____ _____	Tel. No. (Home) _____
_____ Post Code _____	Tel. No. (Work) _____
Date _____	Signed and delivered as a deed _____
I authorise/I do not authorise (delete whichever is inapplicable) the Sponsor to contact me by telephone in connection with any queries arising on my application.	Witnessed by _____
	Address _____

NOTE: AGENTS MUST COMPLETE THE SECTION BELOW IN FULL BEFORE ANY COMMISSION WILL BE PAID.

**Agent's Name, Office Stamp and Full Address and Telephone Number. Telephone No. _____	Note: Under the provisions of the Financial Services Act 1986 the Sponsor is only able to pay commission to Agents who can make the statement below. We confirm that we are authorised under the Financial Services Act 1986 to handle investments in BES. Signature _____ Name of Signatory _____ Capacity _____ Name of Firm/Company _____ Date _____ PLEASE PRINT ALL DATA IN THIS BOX
---	---

* Agents who require correspondence to be sent to their clients via themselves should show their own name in the space provided.

** Agents who require no mail (other than BES) sent to clients should tick this box. ☐

- including, without limitation, the right to charge
- the Certificate of Beneficial Ownership in respect of
- my shareholding and my Shares in the Companies
- as security for any loan taken out by
- me as contemplated in the Memorandum,
- and to apply the proceeds in respect of
- such shareholding in respect of the
- Said loan and
- accrued interest.

subject to the terms of any
change which I may hereafter grant

and the terms of
any such security

CLIENT AGREEMENT APPLICABLE TO THE SCHEME

To: Johnson Fry Asset Managers PLC ("Johnson Fry"), BES Applications Department, 20 Regent Street, London SW1Y 4PZ

In consideration for your accepting my application on the terms of the Memorandum:

- I hereby irrevocably authorise and request Johnson Fry to procure the allotment of shares in the Companies in the name of a nominee company which shall hold such shares as my nominee ("the Nominee"). I authorise a representative of Johnson Fry to sign on my behalf any documentation required to evidence such nominee relationship. I confirm that Johnson Fry shall for such purposes have all such powers and authorities as are referred to in the Memorandum or as are incidental thereto or as are necessary for the attainment of such purpose.
- I confirm that I am resident and ordinarily resident in the United Kingdom and that I have been so resident and expect to remain so resident throughout the year to 31st April 1993 and I undertake to notify Johnson Fry immediately in writing if I cease to be so resident.
- I authorise Johnson Fry to represent me at any general meetings convened by the Companies, with power to consent to such meetings being held at short notice, and to act as my proxy at such meetings.
- I accept that:
 - investments made in the Companies on my behalf may increase or decrease in value;
 - none of Johnson Fry Securities Limited or Johnson Fry Property Limited give any warranty or guarantee that any investments made on my behalf in the Companies will qualify for relief from income tax, nor that a purchaser will be found for my investments.
- If I am or become connected (as defined in Section 291, Income and Corporation Taxes Act 1988) with the Companies at any time whilst my subscription is held in the Companies, I undertake to notify you in writing as soon as possible thereafter.
- I confirm that I am not a partner in the firm of BDO Binder Hamlyn.
- I confirm that I am applying on my own behalf and I declare that I have read, accepted and understood the terms and conditions (including the charging structure) set out in the Memorandum and this Client Agreement, that I have taken appropriate professional advice before submitting this application and that I am aware of the risks involved in investing in BES shares.
- I irrevocably authorise you to:
 - make investments and do such other acts and things as are described in the Memorandum without further reference to me;
 - establish with the Inland Revenue on my behalf that "qualifying investments" have been made;
 - sell, transfer, accept an offer for or otherwise dispose of my shares in the Companies at not less than 105p per share (notwithstanding that such price may not be the best price obtainable) unless the value of the Company (as determined by reference to Regulation 70(1)(f) of the Articles of Association of the Company) exceeds £2.10 per share, in which event my shares will only be sold, transferred or otherwise disposed of for not less than 105p per share plus nine half of the excess of the value, per share, over £2.10;
 - exercise voting rights in respect of my investment, in your absolute discretion;
 - receive any dividends or distributions in respect of my investment, such dividends or distributions to be forwarded to me;
 - agree in your absolute discretion to any reorganisation, exchange or reconstruction or any other scheme or contract affecting my investment in order to enhance the marketability of shares in the Companies or for any other reason;
 - act on my behalf to change the Articles of Association of the Companies at your absolute discretion;
 - in the event that I accept the Loan Facility described in the Memorandum, to pay such of the proceeds of my investment to the party stated in the Loan Agreement as lender as are required to satisfy my liability under such loan.

subject to
the terms of
any loan
agreement
which I
may hereafter
execute,

Provisions Complying with IMRO Rules

- Johnson Fry will not commit the Investor to any extent beyond the amount invested in the Companies.
- The Agreement may be terminated at any time (without prejudice to the completion of transactions already initiated) by the giving of immediate notice to either party in writing. There shall be no penalty to the Investor for terminating the Agreement. The Investor shall pay for any transactions effected prior to termination. If this Agreement is terminated, Johnson Fry will not execute any further transactions for the Investor except at his specific request and subject to a new terms of business letter or client agreement.
- Johnson Fry shall not make calls upon the Investor, save as authorised overleaf or at his express invitation.
- The Investor's objective is capital growth. The Investor's funds may only be invested in a residential property investment company as described in the Memorandum.
- Subject to paragraph (c) above, any communication between Johnson Fry and the Investor is to be in writing. Johnson Fry may refuse to accept any instructions which conflict with the terms of this Agreement.
- Johnson Fry will have no authority to commit the Investor's funds to underwriting obligations.
- Johnson Fry accepts liability for any default by the Nominee in connection with any securities beneficially owned by the Investor but registered in its name. Arrangements in relation to income received, voting or other rights attaching to securities held on the Investor's behalf and other information regarding the Companies are set out in the Memorandum.
- The initial value of the portfolio is the total investment as stated above.
- Certificates of title and other property of the Investor may not be lent to any third party or used to secure borrowings except as directed by the Investor save that if the Investor's shares are charged under the Loan Agreement referred to in the Memorandum they will be held to secure such borrowing.
- Any complaint should be directed in writing to Johnson Fry. The Investor has a right of complaint direct to IMRO.
- The Investor may request a statement outlining his rights to compensation in the event of Johnson Fry's inability to meet its liabilities to him.



CLIENT AGREEMENT APPLICABLE TO THE SCHEME

To: Johnson Fry Asset Managers PLC ("Johnson Fry"), BES Applications Department, 20 Regent Street, London SW1Y 4PZ

In consideration for your accepting my application on the terms of the Memorandum:

1. I hereby irrevocably authorise and request Johnson Fry to procure the allotment of shares in the Companies in the name of a nominee company which shall hold such shares as my nominee ("the Nominee"). I authorise a representative of Johnson Fry to sign on my behalf any documentation required to evidence such nominee relationship. I confirm that Johnson Fry shall for such purposes have all such powers and authorities as are referred to in the Memorandum or as are incidental thereto or as are necessary for the attainment of such purpose.
2. I confirm that I am resident and ordinarily resident in the United Kingdom and that I have been so resident and expect to remain so resident throughout the year to 31st April 1993 and I undertake to notify Johnson Fry immediately in writing if I cease to be so resident.
3. I authorise Johnson Fry to represent me at any general meetings convened by the Companies, with power to consent to such meetings being held at short notice, and to act as my proxy at such meetings.
4. I accept that:
 - (a) investments made in the Companies on my behalf may increase or decrease in value;
 - (b) none of Johnson Fry Securities Limited or Johnson Fry Property Limited give any warranty or guarantee that any investments made on my behalf in the Companies will qualify for relief from income tax, nor that a purchaser will be found for my investments.
5. If I am or become connected (as defined in Section 291, Income and Corporation Taxes Act 1988) with the Companies at any time whilst my subscription is held in the Companies, I undertake to notify you in writing as soon as possible thereafter.
6. I confirm that I am not a partner in the firm of BDO Binder Hamlyn.
7. I confirm that I am applying on my own behalf and I declare that I have read, accepted and understood the terms and conditions (including the charging structure) set out in the Memorandum and this Client Agreement, that I have taken appropriate professional advice before submitting this application and that I am aware of the risks involved in investing in BES shares.
8. I irrevocably authorise you to:
 - (a) make investments and do such other acts and things as are described in the Memorandum without further reference to me;
 - (b) establish with the Inland Revenue on my behalf that "qualifying investments" have been made;
 - (c) sell, transfer, accept an offer for or otherwise dispose of my shares in the Companies at not less than 105p per share (notwithstanding that such price may not be the best price obtainable) unless the value of the Company (as determined by reference to Regulation 50(c)(ii) of the Articles of Association of the Company) exceeds £2.10 per share, in which event my shares will only be sold, transferred or otherwise disposed of for not less than 105p per share plus one half of the excess of the value, per share, over £2.10;
 - (d) exercise voting rights in respect of my investment, in your absolute discretion;
 - (e) receive any dividends or distributions in respect of my investment, such dividends or distributions to be forwarded to me;
 - (f) agree in your absolute discretion to any reorganisation, exchange or reconstruction or any other scheme or contract affecting my investment in order to enhance the marketability of shares in the Companies or for any other reason;
 - (g) act on my behalf to change the Articles of Association of the Companies at your absolute discretion;
 - (h) in the event that I accept the Loan Facility described in the Memorandum, to pay such of the proceeds of my investment to the party stated in the Loan Agreement as lender as are required to satisfy my liability under such loan.

Provisions Complying with IMRO Rules

- (a) Johnson Fry will not commit the Investor to any extent beyond the amount invested in the Companies.
- (b) The Agreement may be terminated at any time (without prejudice to the completion of transactions already initiated) by the giving of immediate notice to either party in writing. There shall be no penalty to the Investor for terminating the Agreement. The Investor shall pay for any transactions effected prior to termination. If this Agreement is terminated, Johnson Fry will not execute any further transactions for the Investor except at his specific request and subject to a new terms of business letter or client agreement.
- (c) Johnson Fry shall not make calls upon the Investor, save as authorised overhead or at his express invitation.
- (d) The Investor's objective is capital growth. The Investor's funds may only be invested in a residential property investment company as described in the Memorandum.
- (e) Subject to paragraph (c) above, any communication between Johnson Fry and the Investor is to be in writing. Johnson Fry may refuse to accept any instructions which conflict with the terms of this Agreement.
- (f) Johnson Fry will have no authority to commit the Investor's funds to underwriting obligations.
- (g) Johnson Fry accepts liability for any default by the Nominee in connection with any securities beneficially owned by the Investor but registered in its name. Arrangements in relation to income received, voting or other rights attaching to securities held on the Investor's behalf and other information regarding the Companies are set out in the Memorandum.
- (h) The initial value of the portfolio is the total investment as stated above.
- (i) Certificates of title and other property of the Investor may not be lent to any third party or used to secure borrowings except as directed by the Investor save that if the Investor's shares are charged under the Loan Agreement referred to in the Memorandum they will be held to secure such borrowing.
- (j) Any complaint should be directed in writing to Johnson Fry. The Investor has a right of complaint direct to IMRO.
- (k) The Investor may request a statement outlining his right to compensation in the event of Johnson Fry's inability to meet its liabilities to him.