

306 1140

Dated 22 April 1996

PASSED FOR FILING

CERTIFIED TO BE A TRUE
COPY OF THE ORIGINAL

Linklaters & Paines (W&S)
13/5/1996

STEERLINE LIMITED

and

QUILTER HOLDINGS LIMITED

AGREEMENT

relating to the sale and purchase
of the whole of the issued share capital of
Quilter Goodison Company Limited

LINKLATERS & PAINES

Barrington House
59-67 Gresham Street
London EC2V 7JA

Tel: 0171-606 7080

Ref: JJBS/STMB



ED1 *EANCBM3N* 28
COMPANIES HOUSE 03/06/96

COMPANIES HOUSE 17/05/96

Contents

Clause	Heading	Page
1	Interpretation	1
1.1	Definitions.....	1
1.2	Subordinate Legislation.....	2
1.3	Modification etc. of Statutes	2
1.4	Connected Persons.....	3
1.5	Accounts.....	3
1.6	Companies Act 1985.....	3
1.7	Interpretation Act 1978.....	3
1.8	Schedules etc.....	3
1.9	Information	3
2	Agreement to Sell the Shares.....	3
2.1	Sale of Shares	3
2.2	Rights of Pre-emption	3
3.1	Consideration Shares	3
3.2	Payment/Delivery of Documents of Title on Completion	3
3.3	Value of net tangible assets	3
4	Completion	4
4.1	Date and Place	4
4.2	Vendor's Obligations on Completion	4
4.3	Board Resolutions of the Companies.....	4
4.4	Satisfaction of Consideration	5
5	Warranties and Indemnities	5
5.1	Incorporation of Schedule 2	5

Contents

Clause	Heading	Page
5.2	Indemnities	5
5.3	Limitation of Liability.....	6
5.4	Purchaser's Undertakings	9
5.5	Effect of Completion.....	9
5.6	Information from Companies.....	9
5.7	Remedies.....	9
6	Pensions	10
7	Other Provisions	10
7.1	Vendor's Liability	10
7.2	Announcements.....	10
7.3	Successors and Assigns	10
7.4	Variation.....	10
7.5	Time of the Essence	11
7.6	Further Assurance	11
7.7	Costs	11
7.8	Cash Payment	11
7.9	Interest.....	11
7.10	Notices	11
7.11	Severance.....	12
7.12	Counterparts.....	12
7.13	Knowledge of the Vendor	12
7.14	Restrictive Trade Practices.....	12
7.15	Governing Law and Submission to Jurisdiction.....	12

Contents

Clause	Heading	Page
	Schedule 1.....	14
	Part 1	
	Particulars of the Company.....	14
	Part 2	
	Executives	15
	Part 3	
	Particulars of the Quilter Nominees Limited.....	15
	Particulars of Commercial Union Quilter Nominees Limited	16
	Particulars of Commercial Trust Company Limited	16
	Particulars of Coastal Nominees Limited	17
	Particulars of Haldon Nominees Limited	18
	Particulars of Ashton Tod Nominees.....	19
	Particulars of Coastal Nominees (International) Limited	20
	Particulars of Quilpep Nominees Limited	20
	Particulars of Qutas Nominees Limited	21
	Particulars of C.I.P.M Nominees Limited	22
	Particulars of QGCI Off-Shore Special Selection Nominee Company Limited (dormant).....	23
	Particulars of Quilter International Management (IOM) Limited	24
	Particulars of Channel Islands Portfolio Managers Limited (dormant)	24
	Particulars of QGCI Nominees Limited	25
	Particulars of Age Nominees Limited	26
	Particulars of Wilmor Nominees Limited	27
	Schedule 2	
	Warranties given by the Vendors under Clause 5	28
1	Authority and Capacity of the Vendors	28

Contents

Clause	Heading	Page
2	Accuracy and Adequacy of Information Disclosed to the Purchaser	28
3	Accounts and Records	29
3.1	Latest Accounts.....	29
3.3	Depreciation of Fixed Assets.....	29
3.4	Exceptional Items	29
3.5	Taxation	29
3.6	Debts	30
3.7	Accounting and other Records.....	30
3.8	Changes since Balance Sheet Date	30
4	Legal Matters	31
4.1	Compliance with Laws	31
4.2	Licences, Consents etc.	31
4.3	Litigation.....	31
4.4	Insolvency etc.....	32
5	Trading and Contractual Arrangements	32
5.1	Capital Commitments.....	32
5.2	Arrangements with Connected Persons etc.....	32
5.3	Effect of Sale of the Shares	32
5.4	Contracts	33
5.5	Compliance with Agreements	33
5.6	Anti-Trust.....	33
5.7	Guarantees etc.	33
5.8	Soft Commission	33

Contents

Clause	Heading	Page
5.9	Dividend balances	33
5.10	Powers of Attorney	34
6	Employees etc.	34
6.1	Employees and Terms of Employment.....	34
6.2	Payments on Termination.....	34
6.3	Trade Disputes	35
6.4	Incentive Schemes	35
6.5	Pensions.....	35
7	Regulatory Matters	36
7.1	Fund management customers.....	36
7.2	Compliance with regulations	36
7.3	Personal Equity Plans (PEP)	36
7.4	Client Money.....	37
8	Taxation Matters	37
8.1	Returns and Information	37
8.2	Taxation Claims, Liabilities and Reliefs	37
8.3	Close Companies	37
8.4	Company Residence	37
8.5	Acquisitions from Members of the same Group	38
8.6	Replacement of Business Assets	38
8.7	Base Values and Costs of Acquisition.....	38
8.8	Rebasing.....	38
8.9	PAYE and National Insurance	38

Contents

Clause	Heading	Page
8.10	Depreciatory Transactions and Value Shifting	38
8.11	Value Added Tax (VAT)	38
8.12	Share Schemes etc.	38
8.13	Stamp Duty.....	39
9	Assets (other than the Properties)	39
9.1	Ownership of the Group Companies.....	39
9.2	Subsidiaries, Associates and Branches	39
9.3	Title to Assets	39
9.4	Sufficiency of Assets	39
9.5	Insurance.....	40
9.6	Intellectual Property.....	40
9.7	Absence of Undisclosed Liabilities.....	41
10	Freehold and Leasehold Property	41
10.1	The Properties	41
10.2	Title.....	41
10.3	Services and Access	41
10.4	Leasehold Properties.....	42
10.5	Properties subject to Leases and Licences	42
10.6	Disputes.....	42
	SCHEDULE 3.....	43
	(A) The Properties	43
	(B) Car Park Licences.....	46
	(C) Leases or Licences affecting the Properties.....	48

Agreement for Purchase of Shares

This Agreement is made on 22 April 1996

Between:

(1) Steerline Limited whose registered office is at 1 Undershaft, London, EC3P 3DQ (the Vendor); and

(2) Quilter Holdings Limited whose registered office is at 1 Undershaft, London, EC3P 3DQ (the Purchaser).

It is agreed as follows:

1 Interpretation

In this Agreement, including its Schedules, the headings shall not affect its interpretation and, unless the context otherwise requires, the provisions in this Clause 1 apply:

1.1 Definitions

agreed terms means in relation to any document such document in the terms agreed between the parties and signed by the Solicitors for the purposes of identification only as that document may be amended by agreement in writing between the parties from time to time for any reason;

Audited Accounts means the audited consolidated accounts of the Group for the financial year ended on the Balance Sheet Date;

Balance Sheet Dates means 31st December 1995;

Business Day means a day on which banks are open for business in England (excluding Saturdays, Sundays and public holidays);

CHAPS means clearing houses automated payment systems;

Company means Quilter Goodison Company Limited details of which are contained in Part 1 of Schedule 1;

Consideration Shares means 10,819,998 Ordinary Shares of £1 each in the capital of the Purchaser to be allotted and issued by the Purchaser credited as fully paid as consideration pursuant to Clause 3;

Completion means the completion of the sale and purchase of the Shares pursuant to Clause 4;

Dataroom means the documents referred to in the Appendix to the Disclosure Letter and initialled by the Solicitors and by Slaughter and May for the purposes of identification;

Deloitte & Touche Report means the abridged long form report on the Company completed by Deloitte & Touche dated 12 April 1996;

Disclosure Letter means the letter of even date with this Agreement from the Vendor to the Purchaser disclosing:

- (i) information constituting exceptions to the Warranties; and
- (ii) details of other matters referred to in this Agreement;

Encumbrance means any claim, charge, mortgage, security, lien, option, equity, power of sale or hypothecation;

Executives means the persons named in Part 2 of Schedule 1;

Group means each of the Company and its Subsidiaries and **Group Company** means any of them;

Indemnities means the indemnities set out in Clause 5.2 and **Indemnity** means any one of them;

Payment Account Details means, in relation to any payment to be made under or pursuant to this Agreement, the name, account number, sort code, account location and other details specified by the payee and necessary to effect payment (whether by cheque, banker's draft, telegraphic or other electronic means of transfer) to the payee;

Pension Schemes mean the Quilter Goodison Company Limited Channel Islands Retirement Benefits Scheme (the **Channel Island Scheme**) and the Quilter Goodison Company Limited Retirement Benefits Scheme (the **UK Pension Scheme**);

Properties means the freehold and/or leasehold properties and any other properties occupied by the Company or any member of the Group whether by way of any licence, permission or consent (whether in writing or otherwise) details of which are set out in Part (A) of Schedule 3 and **Property** means any one of them;

Shares means 16,900,000 ordinary shares of £1 each being the whole of the issued ordinary share capital of the Company;

Shareholders Agreement means the agreement to be entered into between the Vendor, the Purchaser and CCF Holdings Limited relative to inter alia the regulation of the rights of shareholders in the Purchaser;

Subsidiaries means the subsidiaries of the Company details of which are contained in Part 3 of Schedule 1;

Tax Deed of Covenant means the deed of covenant against Taxation in the agreed terms to be entered into by each of the Vendor and the Purchaser at Completion;

Taxation and Transaction bear the meanings respectively given to them in the Tax Deed of Covenant;

Solicitors means Linklaters & Paines of Barrington House, 59-67 Gresham Street, London, EC2V 7JA;

Warranties means the warranties and representations set out in Schedule 2 and **Warranty** means any one of them;

1.2 Subordinate Legislation

Any reference to a statutory provision shall include any subordinate legislation made from time to time under that provision;

1.3 Modification etc. of Statutes

Any reference to a statutory provision shall include such provision as from time to time modified or re-enacted or consolidated whether before or after the date of this Agreement so far as such modification, re-enactment or consolidation applies or is capable of applying to any transactions entered into under this Agreement prior to Completion and (so far as liability thereunder may exist or can arise) shall include also any past statutory provision (as from time to time modified, re-enacted or consolidated) which such provision has directly or indirectly replaced;

1.4 Connected Persons

A person shall be deemed to be connected with another if that person is connected with such other within the meaning of Section 839 of the Income and Corporation Taxes Act 1988;

1.5 Accounts

Any reference to **accounts** shall include the directors' and auditors' reports, relevant balance sheets and profit and loss accounts and related notes together with all documents which are or would be required by law to be annexed to the accounts of the company concerned to be laid before that company in general meeting in respect of the financial year in question;

1.6 Companies Act 1985

The words **holding company** and **subsidiary** shall have the same meanings in this Agreement as their respective definitions in the Companies Act 1985;

1.7 Interpretation Act 1978

The Interpretation Act 1978 shall apply to this Agreement in the same way as it applies to an enactment;

1.8 Schedules etc.

References to this Agreement shall include any Schedules to it and references to Clauses and Schedules are to Clauses of and Schedules to this Agreement; and

1.9 Information

Any reference to books, records or other information means books, records or other information in any form including paper, electronically stored data, magnetic media, film and microfilm.

2 Agreement to Sell the Shares

2.1 Sale of Shares

The Vendor shall sell and the Purchaser, relying on the several representations, warranties and undertakings contained in this Agreement, shall purchase the Shares free from all Encumbrances and together with all rights and advantages now and hereafter attaching thereto.

2.2 Rights of Pre-emption

The Vendor hereby waives irrevocably any and all rights of pre-emption over the Shares conferred either by the Company's Articles of Association or other equivalent document or in any other way and shall procure that any such rights in favour of any other person are waived prior to Completion.

3 Consideration

3.1 Consideration Shares

The consideration for the purchase of the Shares shall be the allotment and issue by the Purchaser to the Vendor of the Consideration Shares.

3.2 Payment/Delivery of Documents of Title on Completion

Delivery of share certificates in respect of the Consideration Shares shall be made on Completion to the Vendor.

3.3 Value of net tangible assets

If the consolidated balance sheet of the Group as at 31 March 1996, as prepared by management on a basis consistent with that adopted in preparing the Audited Accounts, shows net tangible assets which fall short of the value of the net tangible assets as shown in the Audited Accounts by any amount (the "Shortfall"), the Vendor undertakes to the Purchaser to pay to the Purchaser

such amount, if any, as equals the Shortfall within 7 Business Days of the signing of such balance sheet by Mr.Barrie Catchpole.

4 Completion

4.1 Date and Place

Completion shall take place at the offices of the Solicitors on 22 April 1996 or on such other date as may be agreed between the Purchaser and the Vendor.

4.2 Vendor's Obligations on Completion

On Completion the Vendor shall deliver or make available to the Purchaser (save in the case of documents of title relating to the Properties which shall be so delivered or made available within 7 days after Completion);

- 4.2.1 duly executed transfers of the Shares in favour of the Purchaser or as it may direct accompanied by the relative share certificates (or an express indemnity in a form satisfactory to the Purchaser in the case of any certificate found to be missing);
- 4.2.2 such waivers or consents as the Purchaser may require to be signed by members of the Company to enable the Purchaser or its nominees to be registered as holders of the Shares;
- 4.2.3 the certificates of incorporation, corporate seals (if any), cheque books and statutory books of each Group Company (duly written up-to-date), the share certificates in respect of each of the Subsidiaries and transfers of all shares in the Subsidiaries held by nominees in favour of the Purchaser or as it may direct;
- 4.2.4 the Tax Deed of Covenant duly executed by the Vendor;
- 4.2.5 and all documents of title relating to the Properties in the possession of the Company or of the relevant Group company in occupation;
- 4.2.6 if the Purchaser so requires irrevocable powers of attorney (in such form as the Purchaser may reasonably require) executed by each of the holders of the Shares in favour of the Purchaser to enable the Purchaser (pending registration of the relevant transfers) to exercise all voting and other rights attaching to the Shares and to appoint proxies for this purpose; and
- 4.2.7 if the Purchase so requires evidence satisfactory to the Purchaser that the provisions of paragraph 5.2 of Schedule 2 ("Arrangements with Connected Persons etc.") have been duly complied with insofar as they require certain matters to be dealt with prior to Completion;

4.3 Board Resolutions of the Companies

On Completion the Vendor shall procure the passing of board resolutions of the Company *inter alia*:

- 4.3.1 approving the registration of the share transfer referred to in Clause 4.2.1 subject only to their being duly stamped;
- 4.3.2 approving the Service Agreements proposed to be entered into between the Company and the Executives;

and shall hand to the Purchaser duly certified copies of such Resolutions.

4.4 Satisfaction of Consideration

Against compliance with the foregoing provisions the Purchaser shall:

- 4.4.1 deliver to the Vendor certified copies of resolutions of the directors of the Purchaser:
- (i) authorising the purchase of the Shares for the consideration and upon the terms set out in this Agreement;
 - (ii) authorising the signing of this Agreement by any one director of the Purchaser; and
 - (iii) allotting and authorising the issue of the Consideration Shares pursuant to Clause 3;
- 4.4.2 satisfy the purchase consideration in the manner specified in Clause 3.

5 Warranties and Indemnities

5.1 Incorporation of Schedule 2

- 5.1.1 The Vendor warrants and represents to the Purchaser and its successors in title in the terms set out in Schedule 2 subject only to:
- (i) any matter which is fairly disclosed in the Disclosure Letter and any matter referred to in the Audited Accounts or provided for under the terms of this Agreement; and
 - (ii) any matter or thing hereafter done or omitted to be done pursuant to this Agreement or otherwise at the request in writing and under the approval in writing of the Purchaser.
- 5.1.2 The Vendor acknowledges that the Purchaser has entered into this Agreement in reliance upon, amongst other things, the Warranties. Save as expressly otherwise provided, the Warranties shall be separate and independent and shall not be limited by reference to any other paragraph of the said Schedule or by anything in this Agreement or the Tax Deed of Covenant.

5.2 Indemnities

Subject as hereinafter provided the Vendor hereby agrees with and undertakes to the Purchaser to indemnify the Purchaser in respect of any sums paid or losses incurred by the Purchaser or, as the case may be the Company as a result of or in connection with or in respect of all or any of the following:-

- 5.2.1 the amount by which the current provision in the Audited Accounts of £223,000, or such increased provision as the Company may make, for bad debt relative to the debt of £440,000 in the Audited Accounts for the insurance claim in respect of bomb damage at St. Helen, 1 Undershaft, London, EC3, proves to be an under provision;
- 5.2.2 liabilities, penalties and other costs of whatever nature arising as a direct result of the alleged fraudulent actions of A. Honour a former employee of the Vendor which he allegedly committed during the course of his employment in the dividend department of the Company, prior to his dismissal in July 1995, in relation to the reconciliation of dividend balances, to the extent that such costs and liabilities exceed £50,000;
- 5.2.3 the amount of any balances which are required to be and are written off following the reconciliation of the Company's foreign exchange proprietary trading account in respect of the period from 1st February to 31st October 1995; and
- 5.2.4 legal and other costs arising after Completion as a direct result of the current action by the Company against Laing & Cruikshank and three former directors, Messrs Lloyd,

Legge and Nicholas, and five former employees of the Vendor in relation to their alleged solicitation of clients of the Company prior to their employment by Laing & Cruikshank.

- 5.2.5 any liabilities, penalties and other costs of whatever nature suffered or incurred and arising as a result of the failure by the Company to reconcile clients' free money accounts in accordance with Client Money Regulation 4.08;
- 5.2.6 any fines, costs and liabilities imposed by the SFA or arising out of any disciplinary proceedings commenced by the SFA suffered or incurred and arising as a result of the failure by the Company to submit, when due, a compliance review for the year ending December 1995, as required by SFA rule 5-53 and by SFA Board Notice 120;
- 5.2.7 any fines, costs and liabilities imposed by the SFA or IMRO, or arising out of any disciplinary proceedings commenced by SFA or IMRO, in respect of the operation of the business of the Company prior to Completion; and
- 5.2.8 liabilities, penalties and other costs of whatever nature, directly incurred by the Company as a result of the merger of the business of the Company with the business of Ashton Tod McLaren to the extent that such liabilities, penalties and other costs have not been disclosed in, or by virtue of, the Disclosure Letter.

provided that, in the event that the reconciliation of the account referred to in Clause 5.2.3 above results in a credit balance which is retained by the Company such balance shall be set off against the amounts (if any) payable by the Vendor under any other provision of this Clause 5.2.

5.3 Limitation of Liability

Notwithstanding the provisions of Clauses 5.1 and 5.2:

- 5.3.1 No claim shall be made;
 - (i) under the Warranties if and to the extent that the event giving rise to such claim has already been the subject of a successful claim under the Indemnities or the Tax Deed of Covenant;
 - (ii) under the Indemnities if and to the extent that the event giving rise to such claim has already been the subject of a successful claim under the Warranties or the Tax Deed of Covenant; or
 - (iii) under the Tax Deed of Covenant if and to the extent that the event giving rise to such claim has already been the subject of a successful claim under the Indemnities or the Warranties.
- 5.3.2 The Vendor shall not be liable in respect of any claim under or pursuant to:
 - (i) the Warranties unless notice of it is given in writing by the Purchaser to the Vendor setting out reasonable particulars of the grounds on which such claim is based on or prior to the date 60 days after the date on which the Company presents its audited accounts in accordance with Section 242 of the Companies Act 1985 in respect of the financial period ended 31 December 1997;
 - (ii) the Warranties or the Indemnities arising from any single circumstance if the amount of the claim does not exceed £25,000 and provided that the Vendor shall not be liable under the Warranties or the Liabilities for a claim in excess of that amount unless the liability determined in respect of any such claim (excluding interest, costs, etc.) also exceeds that amount;

- (iii) the Warranties unless the aggregate amount of all claims for which the Vendor would otherwise be liable under the Warranties exceeds £150,000 but if liability exceeds that figure then all claims, including claims previously notified, shall accrue against the Vendor;
- (iv) the Warranties to the extent that the aggregate amount of the liability of the Vendor for all claims made under this Agreement and the Tax Deed of Covenant would thereby exceed £17,750,000.

5.3.3 The Purchaser shall not be entitled to make any claim under or pursuant to the Warranties or the Indemnities in relation to:

- (i) any matter to the extent that it is reserved, or provided for, in the Audited Accounts;
- (ii) any claim which would not have arisen but for a voluntary act or omission of the Purchaser or the Company after Completion performed or allowed to occur by the Purchaser or the Company otherwise than in the ordinary course of business;
- (iii) any claim which would not have arisen but for the passing of, or any change in, after the date of Completion, any law, rule, regulation of any government, governmental department, agency or regulatory body, any increase in the rates of Taxation or any imposition of Taxation not in effect at the date of this Agreement, any change in Inland Revenue practice and/or the interpretation of the law after Completion;
- (iv) any claim which would not have arisen but for any change in accounting or in Taxation policy or practice of the Purchaser or the Company including the method of submission of Taxation returns introduced or having effect after Completion;
- (v) any claim which has been made good or is compensated for otherwise than by the Company or the Purchaser.

5.3.4 In calculating the loss to the Purchaser and/or the Company arising or alleged to arise out of any liability of the Vendor in respect of any breach of the Warranties or the Indemnities there shall be deducted the amount (if any):

- (i) by which any Taxation for which the Purchaser and/or the Company is or may at any time be liable to be assessed or accountable is reduced or extinguished as a result of any such liability;
- (ii) of any losses or other allowable sums available for offset against Taxation and created as a result of any such liability or (where appropriate) the amount by which any such losses or other allowable sum are increased as a result of such liability;
- (iii) by which the value of any asset, revenue, profit or income included in the Audited Accounts proves to be understated or under-recognised;
- (iv) by which any liability of the Company included in the Audited Accounts (other than by way of a note or other disclosure) has been discharged or satisfied below the amount attributed thereto in the Audited Accounts; and/or
- (v) by which any contingency or other matter provided for or reserved against in the Audited Accounts has in the event been over provided for.

5.3.5 No payment shall be made in respect of any liability under the Warranties the Indemnities or Tax Deed of Covenant which is contingent unless and until such liability

becomes actually due and payable Provided that this sub-clause shall not operate to avoid a claim made in reasonable particularity in respect of a contingent liability within the applicable time limit specified in this Clause 5.

- 5.3.6 The amount or amounts of any successful claim against the Vendor under the Warranties, the Indemnities or the Tax Deed of Covenant shall be deemed for tax purposes to constitute a reduction in the value of the consideration paid for the Shares.
- 5.3.7 If the Purchaser is entitled to make a claim both under the Warranties and under either the Tax Deed of Covenant or the Indemnities, the claim shall be made first under the Warranties, and any amount payable under the Tax Deed of Covenant or the Indemnities shall be reduced to the extent of such claim.
- 5.3.8 The Purchaser shall procure that all reasonable steps are taken and all reasonable assistance is given to avoid or mitigate any loss or liability which might give rise to a claim under this Agreement. If the Purchaser becomes aware of a matter that may give rise to a claim against the Vendor under this Agreement notice of that fact shall be given forthwith to the Vendor and if the claim in question is as a result of or in connection with a claim by or liability to a third party the claim shall not be compromised or settled without the consent of the Vendor and the Vendor shall be entitled at its own expense in its absolute discretion to take such action as it shall deem necessary to avoid, dispute, resist, appeal, compromise or contest such claim or liability (including, without limitation, making counterclaims or other claims against third parties) in the name of and on behalf of the Purchaser and to have the conduct of any related proceedings, negotiations or appeals and the Purchaser will give all such information and assistance (including access to any books, correspondence or other documents or records of the company concerned and the right to copy the same) for the purpose of avoiding, disputing, resisting, appealing, compromising or contesting any such claim or liability. Provided that the Vendor shall indemnify the Purchaser against all losses, liabilities, costs changes, expenses, actions, proceedings, claims and demands that such companies may incur as a result of the Vendor taking such action as aforesaid and the Vendor agrees to keep the Purchaser fully informed as to the progress of any such claim and the defence thereof.
- 5.3.9 Where the Purchaser has or may have a claim against a third party in relation to any matter which may give rise to a claim under this Agreement, the Purchaser shall procure that all reasonable endeavours are used to recover any amounts due from any such third party and shall forthwith upon such recovery reimburse the Vendor the amount so recovered (net of costs of recovery) up to the amount paid by the Vendor under this Agreement;
- 5.3.10 In relation to any claim or alleged claim under this Agreement and without prejudice to the validity of the claim or alleged claim in question, the Purchaser shall allow the Vendor and its accountants and professional advisers to investigate the matter or circumstances alleged to give rise to such claim and whether and to what extent any amount is payable in respect of such claim pursuant to the terms of this Agreement and for such purpose the Purchaser shall give, subject to its being paid all reasonable out-of-pocket expenses, all such assistance as the Vendor or its accountants or professional advisers as aforesaid may request including access to and copies of any documents or other information in the possession of the Purchaser;
- 5.3.11 None of the Limitations contained in Clause 5 shall apply to any claim which arises as the consequence of, or is delayed as a result of, fraud, wilful misconduct or wilful concealment by the Vendor.

5.4 Purchaser's Undertakings

- 5.4.1 The Purchaser hereby agrees with and undertakes to the Vendor to pay to the Vendor any amount recovered whether by way of award or damage, costs, interest or otherwise from any third party in relation to the action by the Company referred to in Clause 5.2.4 above, such amount to be deemed for tax purposes to constitute an increase in the value of the consideration paid for the Shares
- 5.4.2 The Purchaser hereby agrees with and undertakes to the Vendor to pay to the Vendor any amount recovered in respect of the debt for the insurance claim referred to in Clause 5.2.1 above in excess of the provision for bad debt in the Audited Accounts of £223,000 in respect of such debt, such amount to be deemed for tax purposes to constitute an increase in the value of the consideration paid for the Shares.

5.5 Effect of Completion

The Warranties and all other provisions of this Agreement and the Tax Deed of Covenant insofar as the same shall not have been performed at Completion shall not be extinguished or affected by Completion, or by any other event or matter whatsoever except by a specific and duly authorised written waiver or release by the Purchaser.

5.6 Information from Companies

The Vendor agrees with the Purchaser for itself and as trustee for each Group Company and their respective officers, employees and agents to assign to the Purchaser any rights, remedies or claims which it may have in respect of any misrepresentation in or omission from any information or advice supplied or given by such company or its respective officers, employees or agents and on which they have relied in giving the Warranties, preparing the Disclosure Letter and entering into this Agreement or the Tax Deed of Covenant other than to the extent that such person acted in bad faith.

5.7 Remedies

- 5.7.1 This Agreement contains the whole agreement between the parties relating to the subject matter of this Agreement at the date hereof to the exclusion of any terms implied by law which may be excluded by contract. The Purchaser acknowledges that it has not been induced to enter into this Agreement by, and so far as is permitted by law and except in the case of fraud, hereby waives any remedy in respect of, any warranties, representations and undertakings not incorporated into this Agreement.
- 5.7.2 So far as is permitted by law and except in the case of fraud, the parties agree and acknowledge that the only right and remedy which shall be available to the Purchaser in connection with or arising out of or related to any of the statements contained in the Warranties shall be damages in contract for breach of this Agreement and not rescission of this Agreement, nor damages in tort or under statute (whether under the Misrepresentation Act 1967 or otherwise), nor any other remedy.
- 5.7.3 Each party to this Agreement confirms it has received independent legal advice relating to all the matters provided for in this Agreement, including the provisions of this Clause, and agrees having considered the terms of this Clause and the Agreement as a whole, that the provisions of this Clause are fair and reasonable.
- 5.7.4 In Clause 5.5.1 to 5.5.3 "this Agreement" includes the Disclosure Letter and all documents entered into pursuant to this Agreement.

6 Pensions

The Vendor and the Purchaser undertake to take all necessary steps to procure that the Company adheres to the Foster & Braithwaite 1980 Retirement Benefits Scheme with effect from Completion in accordance with the rules of the Foster & Braithwaite 1980 Retirement Benefits Scheme.

7 Other Provisions

7.1 Vendor's Liability

Any liability to the Purchaser under this Agreement may in whole or in part be released, compounded or compromised or time or indulgence given by the Purchaser in its absolute discretion as regards the Vendor without in any way prejudicing or affecting its remaining rights against the Vendor.

7.2 Announcements

7.2.1 The Vendor and the Purchaser shall, subject to the requirements of law or any regulatory body or the rules and regulations of any recognised stock exchange, consult together as to the terms of, the timetable for and manner of publication of, any formal announcement or circular to shareholders, employees, customers, suppliers, distributors and sub-contractors and to any recognised stock exchange or other authorities or to the media or otherwise which either may desire or be obliged to make regarding this Agreement. Any other communication which the Purchaser or the Vendor may make concerning the foregoing matters shall, subject to the requirements of law or any regulatory body or the rules and regulations of any recognised stock exchange, be consistent with any such formal announcement or circular as aforesaid.

7.2.2 Subject to Clause 7.2.1, neither party shall make or authorise or issue any formal announcement or circular concerning the subject matter of this Agreement or any other document or transaction referred to in or contemplated by this Agreement.

7.3 Successors and Assigns

7.3.1 Subject to Clause 7.3.2, this Agreement is personal to the parties to it. Accordingly, neither the Purchaser nor the Vendor may, without the prior written consent of the others, assign the benefit of all or any of the other's obligations under this Agreement, nor any benefit arising under or out of this Agreement nor shall the Purchaser be entitled to make any claim against the Vendor in respect of any loss which it does not suffer in its capacity as beneficial owner of the Shares.

7.3.2 Except as otherwise expressly provided in this Agreement, the Vendor or the Purchaser may, without the consent of the other, assign to a connected company the benefit of all or any of the other party's obligations under this Agreement provided that such connected company shall be one resident in the United Kingdom for Taxation purposes and provided further that such assignment shall not be absolute but shall be expressed to have effect only for so long as the assignee remains a connected company. For the purposes of this sub-clause a connected company is a company which is a subsidiary of the party concerned or which is a holding company of such party or a subsidiary of such holding company.

7.4 Variation

No variation of this Agreement shall be effective unless in writing and signed by or on behalf of each of the parties to this Agreement.

7.5 Time of the Essence

Any time, date or period referred to in any provision of this Agreement may be extended by mutual agreement between the parties but as regards any time, date or period originally fixed or any time, date or period so extended time shall be of the essence.

7.6 Further Assurance

At any time after the date of this Agreement the Vendor shall and shall use its best endeavours to procure that any necessary third party shall at the cost of the Purchaser execute such documents and do such acts and things as the Purchaser may reasonably require for the purpose of giving to the Purchaser the full benefit of all the provisions of this Agreement.

7.7 Costs

The Vendor shall bear all legal, accountancy and other costs and expenses incurred by it in connection with this Agreement, the Tax Deed of Covenant and the sale of the Shares. The Purchaser shall bear all such costs and expenses incurred by it.

7.8 Cash Payment

Wherever in this Agreement provision is made for the payment by one party to another, such payment shall be effected by crediting the account specified in the Payment Account Details of the party entitled to the payment by way of CHAPS on or before the due date for payment unless the payee by notice to the payer, not later than three Business Days prior to the due date for payment, elects to be paid by banker's draft drawn on any international bank reasonably acceptable to the payer and having an office in London. Payment of such sum shall be a good discharge to the payer of its obligation to make such payment.

7.9 Interest

If the Vendor or the Purchaser default in the payment when due of any sum payable under this Agreement or the Tax Deed of Covenant (whether determined by agreement or pursuant to an order of a court or otherwise) the liability of the Vendor or the Purchaser (as the case may be) shall be increased to include interest on such sum from the date when such payment is due until the date of actual payment (as well after as before judgment) at a rate per annum of 1 per cent above the base rate from time to time of National Westminster Bank PLC. Such interest shall accrue from day to day.

7.10 Notices

7.10.1 Any notice or other communication requiring to be given or served under or in connection with this Agreement or with any arbitration or intended arbitration under this Agreement shall be in writing and shall be sufficiently given or served if delivered or sent:

In the case of the Vendor and the Purchaser to Commercial Union Company Secretarial Services Limited at:

Commercial Union House
69 Park Lane
Croydon
CR9 1BG

Fax: 0181 688 3752

Attention:

The Company Secretary

7.10.2 Any such notice or other communication shall be delivered by hand or sent by courier, fax or prepaid first class post. If sent by courier or fax such notice or communication shall conclusively be deemed to have been given or served at the time of despatch, in case of service in the United Kingdom, or on the following Business Day in the case of international service. If sent by post such notice or communication shall conclusively be deemed to have been received two Business Days from the time of posting, in the case of inland mail in the United Kingdom or three Business Days from the time of posting in the case of international mail.

7.11 Severance

If any term or provision in this Agreement is held to be illegal or unenforceable, in whole or in part, under any enactment or rule of law, such term or provision or part shall to that extent be deemed not to form part of this Agreement but the enforceability of the remainder of this Agreement shall not be affected.

7.12 Counterparts

This Agreement may be executed in any number of counterparts each of which shall be deemed an original, but all the counterparts shall together constitute one and the same instrument.

7.13 Knowledge of the Vendor

Where any representation or Warranty contained in this Agreement is expressly qualified by reference to the knowledge, information and belief of the Vendor, the Vendor confirms that due and diligent enquiry has been made as to the matters that are the subject of such representation or Warranty.

7.14 Restrictive Trade Practices

Notwithstanding any other provision of this Agreement, no provision of this Agreement which is of such a nature as to make the Agreement liable to registration under the Restrictive Trade Practices Act 1976 shall take effect until the day after that on which particulars thereof have been duly furnished to the Director General of Fair Trading pursuant to the said Act. For the purposes of this Clause 7.14, "Agreement" shall include any agreement forming part of the same arrangement.

7.15 Governing Law and Submission to Jurisdiction

This Agreement and the documents to be entered into pursuant to it, save as expressly referred to therein, shall be governed by and construed in accordance with English law and all the parties irrevocably agree that the courts of England are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with this Agreement and such documents.

In witness whereof this Agreement has been duly executed.

SIGNED by A.H. CLIFTON
on behalf of Steerline Limited
in the presence of:

Alan Clifton

Willie Brewis

W. BREWIS
BARRINGTON HOUSE
GRESHAM STREET
LONDON.

SIGNED by W.O.F. WALLIS
on behalf of Quilter Holdings
Limited in the presence of:

W.O. F. Wallis

Willie Brewis

W. BREWIS
BARRINGTON HOUSE
GRESHAM STREET
LONDON.

Schedule 1

Part 1

Particulars of the Company

Registered Number:	1923571
Registered Office:	St. Helen's, 1 Undershaft, London, EC3A 8BB
Date and place of incorporation:	12/7/1985 in England
Secretary:	CU Company Secretarial Services Ltd.
Directors:	T J Barker B Catchpole A H Clifton J D Cosgrove M W Cuddigan P J Derby H R Fergie D J Gillespie D J Gwyther B M H H Harwood M S D Lewis J C Maisey I C Malcolmson R J Matthew N J Morel-Orchard P C K Norton D E G Roberts J E S Roskill C M Watkins A B Wyand
VAT Number:	243455273
Tax District and Reference Number:	39617682
Accounting Reference Date:	31 December
Auditors:	Coopers & Lybrand, Plumtree Court, London, EC4A 4HT
Solicitors:	Linklaters & Paines, Barrington House, 59-67 Gresham Street, London, EC2V 7JA
Authorised Share Capital:	£20,000,000 divided into 20,000,000 Ordinary Shares of £1 each
Issued and fully paid-up Share Capital:	16,900,000 Ordinary Shares of £1 each

Part 2
Executives

B Catchpole
J D Cosgrove
M W Cuddigan
P J Derby
H R Fergie
D J Gillespie
D J Gwyther
B M H H Harwood
M S D Lewis
J C Maisey
I C Malcomson
R J Matthews
N J Morel-Orchard
P C K Norton
J E S Roskill
C M Watkins

Part 3
Particulars of the Quilter Nominees Limited

Registered Number:	1703037
Registered Office:	St. Helen's, 1 Undershaft, London, EC3A 8BB
Date and place of incorporation:	28 February 1983 in England
Directors:	J D Cosgrove D J Gillespie
Secretary:	CU Company Secretarial Services Limited
VAT Number:	243455273
Tax District and Reference Number:	39617682
Accounting Reference Date:	31 December
Auditors:	Coopers & Lybrand, Plumtree Court, London, EC4A 4HT
Solicitors:	Linklaters & Paines
Authorised Share Capital:	£100 divided into 100 Ordinary Shares of £1 each
Issued and fully paid-up Share Capital:	100 Ordinary Shares of £1 each

Shareholders	Beneficial Owners	No. of Shares
Quilter Goodison Company Limited	Quilter Goodison Company Limited	100 Ordinary Shares

Particulars of Commercial Union Quilter Nominees Limited

Registered Number:	326331
Registered Office:	St. Helen's, 1 Undershaft, London, EC3A 8BB
Date and place of incorporation:	5 April 1937 in England
Directors:	J D Cosgrove D J Gillespie
Secretary:	CU Company Secretarial Services Limited
VAT Number:	243 455273
Tax District and Reference Number:	39617682
Accounting Reference Date:	31 December
Auditors:	Coopers & Lybrand, Plumtree Court, London, EC4A 4HT
Solicitors:	Linklaters & Paines
Authorised Share Capital:	£100 divided into 100 Ordinary Shares of £1 each
Issued and fully paid-up Share Capital:	100 Ordinary Shares of £1 each

Shareholders	Beneficial Owners	No. of Shares
Quilter Goodison Company Limited	Quilter Goodison Company Limited	100 Ordinary Shares

Particulars of Commercial Trust Company Limited

Registered Number:	58354
---------------------------	-------

Registered Office: Lord Couranche House, 66-68
Esplanade, St. Helier, Jersey, JE4
8QA, Channel Islands

Date and place of incorporation: 15 April 1994 in Jersey

Directors: B Catchpole
D G Gillespie

Secretary: T R Secretaries Limited

VAT Number: 243 455273

Tax District and Reference Number: CC5578/ELB

Accounting Reference Date: 31 December

Auditors: Martin Edwards & Co.

Solicitors: Linklaters & Paines

Authorised Share Capital: £10,000 divided into
10,000 Ordinary Shares of £1
each

Issued and fully paid-up Share Capital: 10,000 Ordinary Shares of £1
each

Shareholders	Beneficial Owners	No. of Shares
QGCI Nominees Limited	Quilter Goodison Company Limited	500 Ordinary Shares
Quilter Goodison Company Limited	Quilter Goodison Company Limited	9,500 Shares

Particulars of Coastal Nominees Limited

Registered Number: 586025

Registered Office: St. Helen's, 1 Undershaft,
London, EC3A 8BB

Date and place of incorporation: 24 June 1957 in England

Directors: J D Cosgrove
D J Gillespie

Secretary: C U Company Secretarial
Services Limited

VAT Number: 243 455273

Tax District and Reference Number: 39617682
Accounting Reference Date: 31 December
Auditors: Coopers & Lybrand, Plumtree Court, London, EC4A 4HT

Solicitors: Linklaters & Paines
Authorised Share Capital: £100 divided into 100 Ordinary Shares of £1 each

Shareholders	Beneficial Owners	No. of Shares
Quilter Goodison Company Limited	Quilter Goodison Company Limited	100 Ordinary Shares

Particulars of Haldon Nominees Limited

Registered Number: 294715
Registered Office: St. Helen's, 1 Undershaft, London, EC3A 8BB
Date and place of incorporation: 5 December 1934 in England
Directors: J D Cosgrove
D J Gillespie
Secretary: CU Company Secretarial Services Limited
VAT Number: 243 455273
Tax District and Reference Number: 39617682
Accounting Reference Date: 31 December
Auditors: Coopers & Lybrand, Plumtree Court, London, EC4A 4HT

Solicitors: Linklaters & Paines
Authorised Share Capital: £100 divided into 100 Ordinary Shares of £1 each
Issued and fully paid-up Share Capital: 100 Ordinary Shares of £1 each

Shareholders	Beneficial Owners	No. of Shares
Quilter Goodison Company Limited	Quilter Goodison Company Limited	100 Ordinary Shares

Particulars of Ashton Tod Nominees

Registered Number:	1419834
Registered Office:	St. Helen's, 1 Undershaft, London, EC3A 8BB
Date and place of incorporation:	15 May 1979 in England
Directors:	J D Cosgrove D J Gillespie
Secretary:	CU Company Secretarial Services Limited
VAT Number:	243 455273
Tax District and Reference Number:	39617682
Accounting Reference Date:	31 December
Auditors:	Coopers & Lybrand, Plumtree Court, London, EC4A 4HT
Solicitors:	Linklaters & Paines
Authorised Share Capital:	£100 divided into 100 Ordinary Shares of £1 each
Issued and fully paid-up Share Capital:	5 Ordinary Shares of £1 each

Shareholders	Beneficial Owners	No. of Shares
Coastal Nominees Limited	Quilter Goodison Company Limited	1 Ordinary Share
Quilter Goodison Company Limited	Quilter Goodison Company Limited	4 Ordinary Shares

Particulars of Coastal Nominees (International) Limited

Registered Number: 1956148

Registered Office: St. Helen's, 1 Undershaft,
London, EC3A 8BB

Date and place of incorporation: 8 November 1985 in England

Directors: J D Cosgrove
D J Gillespie

Secretary: CU Company Secretarial Services
Limited

VAT Number: 243 455273

**Tax District and Reference
Number:** 39617682

Accounting Reference Date: 31 December

Auditors: Coopers & Lybrand, Plumtree
Court, London, EC4A 4HT

Solicitors: Linklaters & Paines

Authorised Share Capital: £100 divided into
100 Ordinary Shares of £1 each

**Issued and fully paid-up Share
Capital:** 100 Ordinary Shares of £1 each

Shareholders	Beneficial Owners	No. of Shares
Quilter Goodison Company Limited	Quilter Goodison Company Limited	100 Ordinary Shares

Particulars of Quilpep Nominees Limited

Registered Number: 2047087

Registered Office: St. Helen's, 1 Undershaft,
London, EC3A 8BB

Date and place of incorporation: 15 August 1985 in England

Directors: J D Cosgrove
D J Gillespie

Secretary: CU Company Secretarial Services
Limited

VAT Number: 243 455273
Tax District and Reference Number: 39617682
Accounting Reference Date: 31 December
Auditors: Coopers & Lybrand, Plumtree Court, London, EC4A 4HT

Solicitors: Linklaters & Paines
Authorised Share Capital: £100 divided into 100 Ordinary Shares of £1 each
Issued and fully paid-up Share Capital: 100 Ordinary Shares of £1 each

Shareholders	Beneficial Owners	No. of Shares
Quilter Goodison Company Limited	Quilter Goodison Company Limited	100 Ordinary Shares

Particulars of Qutas Nominees Limited

Registered Number: 1956147
Registered Office: St. Helen's, 1 Undershaft, London, EC3A 8BB
Date and place of incorporation: 8 November 1985 in England
Directors: J D Cosgrove
D J Gillespie
Secretary: CU Company Secretarial Services Limited
VAT Number: 243 455273
Tax District and Reference Number: 39617682
Accounting Reference Date: 31 December
Auditors: Coopers & Lybrand, Plumtree Court, London, EC4A 4HT

Solicitors: Linklaters & Paines
Authorised Share Capital: £100 divided into 100 Ordinary Shares of £1 each

Issued and fully paid-up Share Capital: 100 Ordinary Shares of £1 each

Shareholders	Beneficial Owners	No. of Shares
Quilter Goodison Company Limited	Quilter Goodison Company Limited	100 Ordinary Shares

Particulars of C.I.P.M Nominees Limited

Registered Number: 40946

Registered Office: 5 Britannia Place, Bath Street, St. Helier, Jersey, Channel Islands

Date and place of incorporation: 7 June 1988 in Jersey

Directors: J D Cosgrove
M J Fuller
N J Morel-Orchard

Secretary: Abacus Secretaries (Jersey) Limited

VAT Number: 243 455273

Tax District and Reference Number: CC3997

Accounting Reference Date: 31st December

Auditors: Coopers & Lybrand, Plumtree Court, London, EC4A 4HT

Solicitors: Linklaters & Paines

Authorised Share Capital: £10,000 divided into 10,000 Ordinary Shares of £1 each

Issued and fully paid-up Share Capital: 9 Ordinary Shares of £1 each

Shareholders	Beneficial Owners	No. of Shares
Coastal Nominees Limited	Quilter Goodison Company Limited	1 Ordinary Share

Shareholders	Beneficial Owners	No. of Shares
Quilter Goodison Company Limited	Quilter Goodison Company Limited	7 Ordinary Shares

Particulars of QGCI Off-Shore Special Selection Nominee Company Limited (dormant)

Registered Number:	40847
Registered Office:	5 Britannia Place, Bath Street, St. Helier, Jersey, JE4 8TE, Channel Islands
Date and place of incorporation:	26th May 1988 in Jersey
Directors:	J C Cosgrove M J Fuller N J Morel-Orchard
Secretary:	R M Crockatt
VAT Number:	243 455273
Tax District and Reference Number:	CJ1290
Accounting Reference Date:	31st December
Auditors:	Coopers & Lybrand, Plumtree Court, London, EC4A 4HT
Solicitors:	Linklaters & Paines
Authorised Share Capital:	£10,000 divided into 10,000 Ordinary Shares of 1 each
Issued and fully paid-up Share Capital:	9 Ordinary Shares of £1 each

Shareholders	Beneficial Owners	No. of Shares
Coastal Nominees Limited	Quilter Goodison Company Limited	3 Ordinary Shares
CUNH	Quilter Goodison Company Limited	3 Ordinary Shares
Quilter Goodison Company Limited	Quilter Goodison Company Limited	3 Ordinary Shares

Particulars of Quilter International Management (IOM) Limited

Registered Number: 69909

Registered Office: 19/21 Circular Road, Douglas, Isle of Man

Date and place of incorporation: 6 September 1994 in the Isle of Man

Directors: J Banks
B Catchpole
D J Gillespie
P J Griffen
D A McGurghan
T P Watts
E Tansell

Secretary: D A McGurghan

VAT Number: 243 455273

Accounting Reference Date: 31st December

Auditors: Touche Ross

Solicitors: Linklaters & Paines

Authorised Share Capital: £100,000 divided into 100,000 Ordinary Shares of £1 each

Issued and fully paid-up Share Capital: 100,000 Ordinary Shares of £1 each

Shareholders	Beneficial Owners	No. of Shares
Quilter Goodison Company Limited	Quilter Goodison Company Limited	99,999 Ordinary Shares
Stanley Nominees Limited	Quilter Goodison Company Limited	1 Ordinary Share

Particulars of Channel Islands Portfolio Managers Limited (dormant)

Registered Number: 40726

Registered Office: 5 Britannia Place, Bath Street, St. Helier, Jersey, The Channel Islands

Date and place of incorporation: 13 May 1988 in Jersey

Directors: M J Fuller
N J Morel-Orchard

Secretary: Abacus Secretarial (Jersey) Limited

VAT Number: 243 455273

Tax District and Reference Number: CC3971

Accounting Reference Date: 31st December

Auditors: Coopers & Lybrand, Plumtree Court, London, EC4A 4HT

Solicitors: Linklaters & Paines

Authorised Share Capital: £250,000 divided into 250,000 Ordinary Shares of £1 each

Issued and fully paid-up Share Capital: 199,800 Ordinary Shares of £1 each

Shareholders	Beneficial Owners	No. of Shares
Coastal Nominees Limited	Quilter Goodison Company Limited	1
CUNH		1
Quilter Goodison Company Limited	Quilter Goodison Company Limited	199,798

Particulars of QGCI Nominees Limited

Registered Number: 45016

Registered Office: 5 Britannia Place, Bath Street, St. Helier, Jersey, JE4 8TE

Date and place of incorporation: In Jersey

Directors: J D Cosgrove
M J Fuller
N J Morel-Orchard

Secretary: R M Crockatt

VAT Number: 243 455273

Tax District and Reference Number: CA3512

Accounting Reference Date: 31st December

Auditors: Coopers & Lybrand, Plumtree Court, London, EC4A 4HT

Solicitors: Linklaters & Paines

Authorised Share Capital: £10,000 divided into 10,000 Ordinary Shares of £1 each

Issued and fully paid-up Share Capital: 12 Ordinary Shares of £1 each

Shareholders	Beneficial Owners	No. of Shares
Coastal Nominees Limited	Quilter Goodison Company Limited	4 Ordinary Shares
CUNH	Quilter Goodison Company Limited	4 Ordinary Shares
Quilter Goodison Company Limited	Quilter Goodison Company Limited	4 Ordinary Shares

Particulars of Age Nominees Limited

Registered Number: 2170442

Registered Office: St. Helen's, 1 Undershaft, London, EC3A 8BB

Date and place of incorporation: 27.9.87 in England

Directors: J D Cosgrove
D J Gillespie

Secretary: CU Company Secretarial Services Limited

VAT Number: 243 455273

Tax District and Reference Number: 39617682

Accounting Reference Date: 31 December

Auditors:	Coopers & Lybrand, Plumtree Court, London, EC4A 4HT
Solicitors:	Linklaters & Paines
Authorised Share Capital:	£100 divided into 100 Ordinary Shares of £1 each
Issued and fully paid-up Share Capital:	100 Ordinary Shares of £1 each

Particulars of Wilmor Nominees Limited

Registered Number:	537869
Registered Office:	St. Helen's, 1 Undershaft, London, EC3A 8BB
Date and place of incorporation:	9.9.54 in England
Directors:	J D Cosgrove D J Gillespie
Secretary:	CU Company Secretarial Services Limited
VAT Number:	243 455273
Tax District and Reference Number:	39617682
Accounting Reference Date:	31 December
Auditors:	Coopers & Lybrand, Plumtree Court, London, EC4A 4HT
Solicitors:	Linklaters & Paines
Authorised Share Capital:	£100 divided into 100 Ordinary Shares of £1 each
Issued and fully paid-up Share Capital:	100 Ordinary Shares of £1 each

Schedule 2
Warranties given by the Vendors under Clause 5

1 Authority and Capacity of the Vendors

- 1.1 The Vendor and the Group Companies are companies duly incorporated and validly existing under the laws of England and Wales.
- 1.2 The Vendor has the legal right and full power and authority to enter into and perform this Agreement and the Tax Deed of Covenant and any other documents to be executed by the Vendor pursuant to or in connection with this Agreement which when executed will constitute valid and binding obligations on the Vendor, in accordance with their respective terms.
- 1.3 The execution and delivery of, and the performance by the Vendor of its obligations under, this Agreement and the Tax Deed of Covenant and any other documents to be executed by the Vendor pursuant to or in connection with this Agreement will not:
 - 1.3.1 result in a breach of any provision of the memorandum or articles of association of the Vendor or any Group Company; or
 - 1.3.2 result in a breach of or give any third party a right to terminate or modify, or result in the creation of any Encumbrance under any agreement, licence or other instrument or result in a breach of any order, judgment or decree of any Court, governmental agency or regulatory body to which the Vendor, or any Group Company is a party or by which any of them or any of their respective assets is bound.
- 1.4 The Vendor is entitled to sell and transfer to the Purchaser the full legal and beneficial ownership of the Shares on the terms of this Agreement without the consent of any third party. The Shares comprise the whole of the allotted and issued share capital of the Company. Each of the Shares has been properly and validly allotted and issued and each Share is fully paid.
- 1.5 No person has the right (whether exercisable now or in the future and whether contingent or not) to call for the allotment, conversion, issue, sale or transfer of any share or loan capital or any other security giving rise to a right over the capital of any Group Company under any option or other agreement (including conversion rights and rights of pre-emption) and there are no Encumbrances on the shares of any Group Company or any arrangements or obligations to create any Encumbrances.

2 Accuracy and Adequacy of Information Disclosed to the Purchaser

All information contained in this Agreement and the Disclosure Letter and all other identified information which has been given in writing and made available by or on behalf of the Vendor to the Purchaser or its agents, employees or professional advisers in the course of the negotiations leading to this Agreement or in the course of any due diligence or other investigation carried out by or on behalf of the Purchaser prior to entering into this Agreement to the best of the knowledge, information and belief of the Vendor was when given true and accurate in all material respects and the Vendor is not aware of any fact or matter or circumstances not disclosed in writing to the Purchaser which renders any such information untrue, inaccurate or misleading in any material respect or the disclosure of which might reasonably affect the willingness of the Purchaser to purchase the Shares or the price at or terms upon which the Purchaser would be willing to purchase them.

3 Accounts and Records

3.1 Latest Accounts

The Audited Accounts have been prepared in accordance with applicable law and in accordance with accounting principles, standards and practices generally accepted at the date of this Agreement in the United Kingdom and, subject thereto, on a basis consistent with that adopted in preparing the audited accounts for the previous two financial periods so as to give a true and fair view of the assets, liabilities and state of affairs of each of the Group Companies at the Balance Sheet Date and of the profits or losses for the period concerned and as at that date make:

- 3.1.1 full provision for all actual liabilities;
- 3.1.2 proper provision (or note in accordance with good accountancy practice) for all contingent liabilities which would normally be provided for or noted; and
- 3.1.3 provision reasonably regarded as adequate for all bad and doubtful debts.

- 3.2 As at 31 December 1995 the total funds under management by the Company as summarised in Appendix 13 of the Deloitte & Touche Report amounted to £2,621,541,000 and there has been no material adverse change in the amount of such funds under management since that date.

3.3 Depreciation of Fixed Assets

In the Audited Accounts and in the accounts of each Group Company for the three preceding financial years, the fixed assets of each Group Company have been depreciated in accordance with the accounting policies set out in the Audited Accounts.

3.4 Exceptional Items

The combined profits of the Group Companies for the three years ended on the Balance Sheet Date as shown by the Audited Accounts and by the audited accounts of the Group for previous periods delivered to the Purchaser and the trend of profits thereby shown have not (except as fairly disclosed in such accounts) been affected to a material extent by changes or inconsistencies in accounting practices, by the inclusion of non-recurring items of income or expenditure, by transactions of an abnormal or unusual nature or entered into otherwise than on normal commercial terms or by any other factors rendering such profits for all or any of such periods exceptionally high or low.

3.5 Taxation

- 3.5.1 Full provision or reserve has been made in the Audited Accounts for all Taxation liable to be assessed on each Group Company and for which each Group Company is or may become accountable in respect of:
- (i) profits, gains or income (as computed for Taxation purposes) arising or accruing or deemed to arise or accrue on or before the Balance Sheet Date;
 - (ii) any Transactions effected or deemed to be effected on or before the Balance Sheet Date or provided for in the Audited Accounts;
 - (iii) distributions made or deemed to be made on or before the Balance Sheet Date or provided for in the Audited Accounts.
- 3.5.2 Proper provision or reserve for deferred taxation in accordance with accounting principles and standards generally accepted at the date of this Agreement in the United Kingdom has been made in the Audited Accounts.

3.6 Debts

None of the debts receivable or due to any Group Company which is included in the Audited Accounts or which has subsequently arisen has been outstanding for more than [six] months from its due date for payment or has been released on terms that the debtor has paid less than the full value of his debt. For the avoidance of doubt, a debt shall not be regarded as realising its full value to the extent that it is paid, received or otherwise recovered in circumstances in which such payment, receipt or recovery is or may be void, voidable or otherwise liable to be reclaimed or set aside.

3.7 Accounting and other Records

The statutory books, books of account and other records of whatsoever kind of each Group Company are up-to-date and maintained in accordance with all applicable legal requirements on a proper and consistent basis and contain complete and accurate records of all matters required to be dealt with in such books and all such books and records and all other documents (including documents of title and copies of all subsisting agreements to which any such Group Company is a party) which are the property of each Group Company or ought to be in its possession are in its possession (or under its control) and no notice or allegation that any is incorrect or should be rectified has been received. All accounts, documents and returns required by law to be delivered or made to the Registrar of Companies or any other authority have been duly and correctly delivered or made.

3.8 Changes since Balance Sheet Date

Other than as disclosed in Audited Accounts, since the Balance Sheet Date as regards each Group Company:

- 3.8.1 there has been no material adverse change in its financial position or prospects or turnover and to the best of the knowledge, information and belief of the Vendor no event, fact or matter has occurred or is likely to occur which will or is likely to give rise to any such change;
- 3.8.2 its business has been carried on in the ordinary course, without any interruption or alteration in its nature, scope or manner, and so as to maintain the same as a going concern;
- 3.8.3 it has not entered into any transaction or assumed or incurred any material liabilities (including contingent liabilities) or made any payment not provided for in the Audited Accounts otherwise than in the ordinary course of carrying on its business;
- 3.8.4 its profits have not been affected to a material extent by changes or inconsistencies in accounting treatment, by any non-recurring items of income or expenditure, by transactions of an abnormal or unusual nature or entered into otherwise than on normal commercial terms or by any other factors rendering such profits exceptionally high or low;
- 3.8.5 its business has not been materially and adversely affected by the loss of any important customer or source of supply or by any abnormal factor not affecting similar businesses to a like extent and to the best of the knowledge, information and belief of the Vendor there are no facts which are likely to give rise to any such effects;
- 3.8.6 no dividend or other distribution has been declared, made or paid to its members except as provided for in the relevant balance sheet;
- 3.8.7 no share or loan capital or any other security giving rise to a right over the capital has been allotted or issued or agreed to be allotted or issued;

- 3.8.8 it has not redeemed or purchased or agreed to redeem or purchase any of its share capital;
- 3.8.9 it has not made or received any surrender relating to group relief or the benefit of advance corporation tax; and
- 3.8.10 no insurance claims have been refused or settled below the amount claimed.

4 Legal Matters

4.1 Compliance with Laws

Each of the Group Companies has carried on and is carrying on its business and operations in all material respects so that there have been no breaches of applicable laws, regulations and bye-laws in each country in which they are carried on and there have not been and are not any breaches by any Group Company of its constitutional documents and there has not been and is no investigation or enquiry by, or order, decree, decision or judgment of, any court, tribunal, arbitrator, governmental agency or regulatory body outstanding or anticipated against any Group Company or any person for whose acts or defaults they may be vicariously liable, nor any notice or other official communication from any court, tribunal, arbitrator, governmental agency or regulatory body with respect to an alleged actual or potential violation and/or failure to comply with any such applicable law, regulation, byelaw or constitutional document, or requiring it/them to take or omit any action.

4.2 Licences, Consents etc.

All licences, consents, authorisations, orders, warrants, confirmations, permissions, certificates, approvals and authorities (**Licences**) necessary for the carrying on of the businesses and operations of each of the Group Companies have been obtained, are not limited in duration, nor subject to onerous conditions, are in full force and effect and have been and are being complied with. As far as the Vendor is aware there is no investigation, enquiry or proceeding outstanding or anticipated which is likely to result in the suspension, cancellation, modification or revocation of any of such Licences and none of such Licences has been breached or is likely to be suspended, cancelled, refused, modified or revoked (whether as a result of the entry into or completion of this Agreement or otherwise).

4.3 Litigation

- 4.3.1 Since the Balance Sheet Date no claim for damages or otherwise has been made against any Group Company.
- 4.3.2 No Group Company (or any person for whose acts or defaults any such company may be vicariously liable) is involved whether as plaintiff or defendant or other party in any claim, legal action, proceeding, suit, litigation, prosecution, investigation, enquiry or arbitration and so far as the Vendor is aware no such claim, legal action, proceeding, suit, litigation, prosecution, investigation, enquiry or arbitration of material importance is pending or threatened by or against any Group Company (or any person for whose acts or defaults any such company may be vicariously liable).
- 4.3.3 There are no investigations, disciplinary proceedings or other circumstances known to the Vendor or to any of the directors of any Group Company likely to lead to any such claim or legal action, proceeding, suit, litigation, prosecution, investigation, enquiry or arbitration.
- 4.3.4 Save as disclosed in the Disclosure Letter there are no claims, legal actions, proceedings or suits against any Group Company in respect of racial and/or sexual discrimination.

4.4 Insolvency etc.

- 4.4.1 No order has been made, petition presented, resolution passed or meeting convened for the winding up (or other process whereby the business is terminated and the assets of the company concerned are distributed amongst the creditors and/or shareholders or other contributories) of any Group Company and there are no cases or proceedings under any applicable insolvency, reorganisation, or similar laws in any jurisdiction concerning any Group Company and no events have occurred which, under applicable laws, would justify any such cases or proceedings.
- 4.4.2 No petition has been presented or other proceedings have been commenced for an administration order to be made (or any other order to be made by which during the period it is in force, the affairs, business and assets of the company concerned are managed by a person appointed for the purpose by a Court, governmental agency or similar body) in relation to any Group Company, nor has any such order been made.
- 4.4.3 No receiver (including an administrative receiver), liquidator, trustee, administrator, custodian or similar official has been appointed in any jurisdiction in respect of the whole or any part of the business or assets of any Group Company and no step has been taken for or with a view to the appointment of such a person.

No Group Company is insolvent or unable to pay its debts as they fall due.

5 Trading and Contractual Arrangements

5.1 Capital Commitments

There are no material capital commitments entered into or proposed by any Group Company. For these purposes, a material capital commitment is one involving capital expenditure of over £25,000.

5.2 Arrangements with Connected Persons etc.

- 5.2.1 There is no indebtedness (actual or contingent) nor any indemnity, guarantee or security arrangement between the Vendor or any Group Company and any current or former employee, current or former director or any current or former consultant of any Group Company or any person connected with any of such persons.
- 5.2.2 No Group Company is or has been party to any contract, arrangement or understanding with any current or former employee, current or former director or any current or former consultant of any Group Company or any person connected with any of such persons, or in which any such person as aforesaid is interested (whether directly or indirectly), other than on normal commercial terms in the ordinary course of business.
- 5.2.3 With the exception of the contracts and arrangements details of which are set out in the Disclosure Letter there are no existing contracts or arrangements between, on the one hand, the Vendor and/or any of its Subsidiaries (other than the Group Companies) and, on the other hand, any Group Company and/or any director of any Group Company and/or any person connected with any Group Company other than on normal commercial terms in the ordinary course of business.

5.3 Effect of Sale of the Shares

To the best of the knowledge, information and belief of the Vendors neither entering into, nor compliance with, nor completion of this Agreement will, or is likely to, cause any Group Company to lose the benefit of any right or privilege it presently enjoys, or any person who normally does business with or gives credit to any Group Company not to continue to do so on the same basis, or any officer or senior employee of any Group Company to leave his employment.

5.4 Contracts

5.4.1 No Group Company is, or has been, party to any unusual, long-term or onerous commitments, contracts or arrangements or any such not wholly on an arm's length basis in the ordinary course of business. For these purposes, a long-term contract, commitment or arrangement is one which is unlikely to have been fully performed in accordance with its terms more than six months after the date it was entered into or undertaken or is incapable of termination by the relevant Group Company on six months notice or less.

5.4.2 None of the Group Companies:

- (i) is party to any commitment, contract or arrangement which is of a loss-making nature (that is, known to be likely to result in a loss on completion of performance) or which cannot readily be fulfilled or performed on time without undue or unusual expenditure of money or effort;
- (ii) is party to any agency, distributorship, marketing, purchasing, manufacturing or licensing agreement or arrangement or any agreement or arrangement which restricts its freedom to carry on its business in any part of the world in such manner as it thinks fit; or
- (iii) is, or has agreed to become, a member of any joint venture, consortium, partnership or other unincorporated association (other than a recognised trade association).

5.5 Compliance with Agreements

All the contracts and all leases, tenancies, licences, concessions and agreements of whatsoever nature to which any of the Group Companies is a party are valid, binding and enforceable obligations of the parties thereto and the terms thereof have been complied with by the relevant Group Company and to the best of the knowledge, information and belief of the Vendor by all the other parties thereto and there are to the best of the knowledge, information and belief of the Vendor no grounds for rescission, avoidance or repudiation of any of the contracts or such leases, tenancies, licences, concessions or agreements and no notice of termination or of intention to terminate has been received in respect of any thereof.

5.6 Anti-Trust

No Group Company is a party to any agreement, arrangement or concerted practice or is carrying on any practice which in whole or in part contravenes or is invalidated by any anti-trust, fair trading, consumer protection or similar legislation in any jurisdiction where the Group Company has assets or carries on business or in respect of which any filing, registration or notification is required or is advisable pursuant to such legislation (whether or not the same has in fact been made).

5.7 Guarantees etc.

Save as disclosed in the Audited Accounts, there is not outstanding any guarantee, indemnity, suretyship or comfort (whether or not legally binding) given by or for the benefit of any Group Company.

5.8 Soft Commission

Save as disclosed in the Disclosure Letter none of the Group Companies have any soft commission or reciprocal arrangements in place with any of their counterparties.

5.9 Dividend balances

Save as disclosed in the Disclosure Letter all dividend balances on Group Company accounts are current and have occurred in the normal course of business.

5.10 Powers of Attorney

Save as disclosed in the Disclosure Letter none of the Group Companies have granted any powers of attorney for any purpose.

6 Employees etc.

6.1 Employees and Terms of Employment

- 6.1.1 There are no employees employed in the Group Companies other than those whose details are set out in the Disclosure Letter.
- 6.1.2 There is not in existence any written contract of employment with any director or employee of any Group Company, nor any consultancy agreements with any Group Company, which cannot be terminated by three months' notice or less without giving rise to any claim for damages or compensation (other than a statutory redundancy payment or statutory compensation for unfair dismissal).
- 6.1.3 Documents in the Dataroom provide full details, in relation to each Group Company, of:
- (i) the total number of employees (including those who are on maternity or paternity leave or absent on the grounds of disability or other long-term leave of absence, and have or may have a statutory or contractual right to return to work in a Group Company);
 - (ii) the name, date of commencement of employment, period of continuous employment, location, salary and other benefits, grade and age of each employee; and
 - (iii) the terms of all consultancy agreements.
- 6.1.4 None of the employees have been continuously absent from work for a period in excess of one month during the year ending on the date of this Agreement.
- 6.1.5 There are no proposals to terminate the employment or consultancy of any employees or consultants of any Group Company or to vary or amend their terms of employment or consultancy (whether to their detriment or benefit).
- 6.1.6 There are no terms of employment for employees at any Group Company or consultancy agreements with any Group Company or terms of appointment for directors of any Group Company which provide that a change in control of any Group Company (however change in control may be defined in the said document, if at all) shall entitle the said employee, consultant or director to treat the change in control as amounting to a breach of the contract or entitling him to any payment or benefit whatsoever or entitling him to treat himself as redundant or dismissed or released from any obligation.
- 6.1.7 No employee entitled to salary at a rate or an average accrued rate over the last three financial years in excess of £25,000 per annum is entitled to any benefits under his contract of employment which are not disclosed in the Dataroom.

6.2 Payments on Termination

Except as disclosed in the Audited Accounts:

- 6.2.1 no liability has been or may be incurred by any Group Company for breach of any contract of employment or consultancy with any employee or consultant including, without limitation, redundancy payments, protective awards, compensation for wrongful

dismissal or unfair dismissal or for failure to comply with any order for the reinstatement or re-engagement of any employee; and

- 6.2.2 no Group Company has made or agreed to make any payment or provided or agreed to provide any benefit to any employee or former employee of any Group Company or any dependant of any such employees or former employee in connection with the proposed termination or suspension of employment or variation of any contract of employment of any such employee or former employee.

6.3 Trade Disputes

No Group Company is involved in, and there are no circumstances likely to give rise to, any industrial or trade dispute or any dispute or negotiation regarding a claim of material importance with any trade union or other body (in either case whether or not recognised by any of the Group Companies for collective bargaining or other negotiating purposes) representing any of the employees.

6.4 Incentive Schemes

There is not in existence nor is it proposed to introduce any share incentive, share option, profit sharing, bonus or other incentive, arrangements for or affecting any employees or former employees.

6.5 Pensions

- 6.5.1 The Pension Schemes are the only schemes to which any Group Company makes or could become liable to make payments for providing retirement, death, disability or life assurance benefits. No proposal has been announced to establish any other scheme for providing any such benefits and each Group Company does not provide and has not promised to provide any such benefits except under the Pension Schemes.

- 6.5.2 The UK Pension Scheme is an exempt approved scheme within the meaning of Chapter I Part XIV of the Income and Corporation Taxes Act 1988. Members of the UK Pension Scheme are not contracted-out of the State Earnings Related Pension Scheme. The Channel Islands Scheme has been approved under Article 131 of the Income Tax (Jersey) Law 1961 or by the Administrator under s150 of the Income Tax (Guernsey) Law 1975. The Pension Schemes comply with, and have been managed in accordance with all applicable laws, regulations and requirements in all material respects.

- 6.5.3 The following documents have been disclosed to the Purchaser:-

- (i) all the current trust deeds and rules of the Pension Schemes;
- (ii) all current explanatory booklets and all material announcements relating to the Pension Schemes.

These documents contain full details of all benefits payable under the Pension Schemes. No power to increase those benefits or to provide different benefits has been exercised, and there are no circumstances in which there is a practice of exercising such a power under the Pension Schemes.

- 6.5.4 The Vendor has notified the Purchaser in the Disclosure Letter of the rate at which contributions to the Pension Schemes are being paid and the basis on which they are calculated, and whether they are paid in advance or in arrear. All amounts due to the Pension Schemes have been paid.

- 6.5.5 The following documents have been disclosed to the Purchaser:-

- (i) the actuaries' reports on the latest actuarial valuations of the Pension Schemes;

- (ii) the latest annual report and accounts in respect of each of the Pension Schemes;
 - (iii) a list showing each asset of the Pension Schemes and its market value as at 13 February 1996;
 - (iv) all agreements with any person for the provision of services relating to the Pension Schemes;
 - (v) all insurance contracts in force relating to the Pension Schemes.
- 6.5.6 The actuaries' reports on the latest actuarial valuation in respect of each Pension Scheme accurately describe the financial position of the Pension Schemes at their effective date, nothing has happened since that date which would to a material extent affect the level of funding of the Pension Schemes, and since that date contributions have been paid to the Pension Schemes at the rate recommended by the actuary. No assets have been withdrawn from the Pension Schemes (except to pay benefits) since the effective date of the list of assets referred to in paragraph 6.5.5(iii).
- 6.5.7 The membership data relating to the Pension Schemes has been supplied to the Purchaser and is complete and accurate in all material respects.
- 6.5.8 There is no amount which is treated by Section 144 of the Pension Schemes Act 1993 as a debt due to the trustees of the Pension Schemes or from any Group Company to the trustees of any other pension schemes. The Pension Schemes have not ceased to admit new members. None of the Group Companies has ever participated in any occupational pension scheme other than the Pension Schemes.
- 6.5.9 All taxes and expenses for which claims have been received relating to the Pension Schemes have been paid and so far as the Vendor is aware no services relating to the Pension Schemes have been rendered or requested which have not been paid for when payable.
- 6.5.10 There is no dispute about the benefits payable under the Pension Schemes, no claim by or against the trustees of the Pension Schemes or any of the participating employers has been made or threatened and so far as the Vendor is aware there are no circumstances which might give rise to any such claim.

7 Regulatory Matters

7.1 Fund management customers

The contracts and arrangements between each Group Company and their fund management customers are in the terms set out in one or more of the standard form documents annexed and signed as relative to this Agreement and marked "document A".

7.2 Compliance with regulations

Each of the Group Companies has carried on its business and operations in all material respects in compliance with every order, regulation and condition imposed by the Securities and Futures Authority [the Investment Management Regulatory Organisation] to which it is subject, including, without prejudice to the generality of the foregoing, any rules relating to the conduct of business, notification, financial resources and clients' money.

7.3 Personal Equity Plans (PEP)

The Company is approved by the Inland Revenue as a PEP Plan Manager and has in all material respects complied with the Personal Equity Plan Regulations 1989 as amended and with every order and condition imposed by the Inland Revenue in relation to the administration of PEP schemes.

7.4 Client Money

Branches of the Company in Liverpool, Jersey, Guernsey, Coventry, Manchester and Birmingham do not hold client money separately from the Company and carry on only business authorised by SFA.

8 Taxation Matters

8.1 Returns and Information

8.1.1 All returns, computations, notices and information which are or have been required to be made or given by each Group Company for any Taxation purpose (i) have been made or given within the requisite periods and on a proper basis and are up-to-date and correct and (ii) none of them is, or is likely to be, the subject of any dispute with the Inland Revenue or other Taxation authorities.

8.1.2 Each Group Company is in possession of sufficient information or has reasonable access to such information to enable it to compute its liability to Taxation insofar as it depends on any Transaction occurring on or before Completion.

8.2 Taxation Claims, Liabilities and Reliefs

8.2.1 Without prejudice to any liability which may arise under the Tax Deed of Covenant to the best of the knowledge, information and belief of the Vendor there is no liability to Taxation in respect of which a claim could be made under the Tax Deed of Covenant.

8.2.2 The Vendor has made available to the Purchaser or its agents, employees or professional advisers particulars of all matters relating to Taxation in respect of which each Group Company (either alone or jointly with any other person) has, or at Completion will have, an outstanding entitlement to make in relation to accounting periods ending on or before 31 December 1994 and/or the making of which has been assumed in computing the Audited Accounts: any claim (including a supplementary claim) for relief; any election, including an election for one type of relief, or one basis, system or method of Taxation, as opposed to another; any appeal or further appeal against an assessment to Taxation; any application for the postponement of, or payment by instalments of, Taxation; or to disclaim or require the postponement of any allowance or relief. Such particulars are reasonably sufficient to enable the Purchaser to procure that any time limit to such entitlement expiring within six months after Completion can be met.

8.2.3 No relief (whether by way of deduction, reduction, set-off, exemption, postponement, roll-over, hold-over, repayment or allowance or otherwise) from, against or in respect of any Taxation has been claimed and/or given to any Group Company which could or might be effectively withdrawn, postponed, restricted, clawed back or otherwise lost as a result of any act, omission, event or circumstance arising or occurring in the ordinary course of business at or at any time after Completion.

8.3 Close Companies

No Group Company is, nor has ever been, a close company within the previous six years.

8.4 Company Residence

Each Group Company has been resident for tax purposes in the United Kingdom and nowhere else at all times since its incorporation and will be so resident at Completion.

8.5 Acquisitions from Members of the same Group

The entry into or Completion of this Agreement will not result in any profit or gain being deemed to accrue to any Group Company for Taxation purposes, whether pursuant to Section 179 of the Taxation of Chargeable Gains Act 1992 (TCGA) or otherwise.

8.6 Replacement of Business Assets

No claim has been made under Sections 152, 153 or 154 TCGA or Section 175 TCGA or any other section which would affect the amount of any gain accruing or being treated as accruing on a disposal of an asset of any Group Company.

8.7 Base Values and Costs of Acquisition

If each of the assets (other than trading stock) or the plant and machinery taken as a whole of each Group Company was disposed of for a consideration equal to the book value of that asset or, as appropriate, plant and machinery in, or adopted for the purpose of, the Audited Accounts, no liability to corporation tax on chargeable gains or balancing charge under the Capital Allowances Act 1990 not fully provided for in the Audited Accounts would arise; and, for the purpose of determining corporation tax on chargeable gains, there shall be disregarded any relief and allowances available to the Group Company concerned other than amounts falling to be deducted under Section 38 TCGA.

8.8 Rebasing

No Group Company has made a disposal to which Section 35 TCGA applies.

8.9 PAYE and National Insurance

Each Group Company has properly operated the PAYE and National Insurance contributions systems by making such deductions as are required by law from all payments made or deemed to be or treated as made by it or on its behalf, and by duly accounting to the Inland Revenue for all sums so deducted and for all other amounts for which it is required to account under the PAYE and National Insurance contributions systems.

8.10 Depreciatory Transactions and Value Shifting

No asset owned by any Group Company has at any time since its acquisition by that or any other Group Company or any Company which has at any time been a member of a group (as defined from time to time for any Taxation purpose) of which the Group Company has at any time been a member been subjected to a reduction in value such that any allowable loss arising on its disposal is likely to be reduced or eliminated or any chargeable gain arising on its disposal is likely to be increased.

8.11 Value Added Tax (VAT)

8.11.1 Each Group Company has complied fully with all statutory requirements, orders, provisions, directions or conditions relating to VAT, including (for the avoidance of doubt) the terms of any agreement reached with the Commissioners of Customs and Excise;

8.11.2 No Group Company is a **developer** as defined in paragraph 5 Schedule 6A VATA in relation to any building or work within paragraph 5(2) of that Schedule or any reconstructions, enlargements or extensions within paragraph 5(8) of that Schedule either currently being constructed, reconstructed, enlarged or extended or whose construction, reconstruction, enlargement or extension was completed within a 10-year period prior to Completion.

8.12 Share Schemes etc.

8.12.1 No Group Company is a participating company in any scheme approved under Section 185 or 186 and Schedule 9 ICTA 1988 nor has any Group Company established or

contributed to a qualifying employee share ownership trust as defined in Schedule 5 Finance Act 1989.

8.12.2 No Group Company has in issue any shares as defined in Section 87 Finance Act 1988 which fall within Chapter II Part III Finance Act 1988.

8.12.3 No Group Company operates any scheme approved under Section 202 ICTA 1988 or Chapter III of Part V ICTA 1988.

8.13 Stamp Duty

Each Group Company has paid all stamp duty and stamp duty reserve tax it has been under a duty or been liable to pay in relation to all transactions it has entered into, including but not limited to transfers of property.

9 Assets (other than the Properties)

9.1 Ownership of the Group Companies

The Company, or (where specified) a Group Company, is the sole beneficial owner of all the issued or allotted shares of the Subsidiaries listed in Part 4 of Schedule 1 free from all Encumbrances and all such shares are fully paid or credited as fully paid.

9.2 Subsidiaries, Associates and Branches

No Group Company:

9.2.1 is the holder or beneficial owner of, or has agreed to acquire, any share or loan capital of any other company (whether incorporated in the United Kingdom or elsewhere) other than the Subsidiaries set out in Part 4 of Schedule 1;

9.2.2 has any branch, division, establishment or operations outside the jurisdiction in which it is incorporated; or

9.2.3 has or has had any associated company (that is to say, a company which falls to be treated as such for the purposes of SSAP1).

9.2.4 has granted or agreed to grant any right to acquire any interest in any of its share capital.

9.3 Title to Assets

All assets (other than the Properties) of each Group Company including all debts due to each Group Company which are included in the Audited Accounts or have otherwise been represented as being the property of or due to such Group Company or at the Balance Sheet Date used or held for the purposes of its business were at the Balance Sheet Date the absolute property of such Group Company and (save for those subsequently disposed of or realised in the ordinary course of trading) all such assets and all assets and debts which have subsequently been acquired or arisen are the absolute property of such Group Company and none is the subject of any assignment or Encumbrance (excepting only liens arising by operation of law in the normal course of trading) or the subject of any factoring arrangement, hire-purchase, conditional sale or credit sale agreement.

9.4 Sufficiency of Assets

The property, rights and assets owned or leased by each Group Company comprise all the property, rights and assets necessary or convenient for the carrying on of the business of each Group Company in and to the extent to which it is presently conducted.

9.5 Insurance

Full particulars of the insurances of the Group Companies have been disclosed to the Purchaser.

In respect of all such insurances:

- 9.5.1 all premiums have been duly paid to date;
- 9.5.2 all the policies are in full force and effect and so far as the Vendor is aware no act, omission, misrepresentation or non-disclosure by or on behalf of any Group Company has occurred which makes any of these policies voidable, nor have any circumstances arisen which would render any of these policies void or unenforceable for illegality or otherwise, nor has there been any breach of the terms, conditions and warranties of any of the policies that would entitle insurers to decline to pay all or any part of any claim made under the policies;
- 9.5.3 so far the Vendor is aware no circumstances exist which are likely to give rise to any increase in premiums payable in respect of any of the policies;
- [9.5.4 details of all claims made in respect of errors or omission of any Group Company or any employee or any professional indemnity claims during the period of three years preceding the date of this Agreement are contained in the Disclosure Letter;]
- 9.5.5 no claim is outstanding and so far as the Vendor is aware no circumstances exist which are likely to give rise to any claim.

9.6 Intellectual Property

- 9.6.1 So far as the Vendor is aware all intellectual property rights which are material to its business including trade marks, service marks, trade names, logos, get-up, patents, inventions, registered and unregistered design rights, copyrights, rights of extraction relating to databases, know-how and other confidential information and all other similar proprietary rights which may subsist in any part of the world (whether registered or not), and all pending applications therefore, ("the Intellectual Property") which are material to the business of each Group Company are (or, where appropriate in the case of pending applications, will be):
 - (i) legally and beneficially owned by, licensed to or used under the authority of the owner by a Group Company.;
 - (ii) valid, enforceable and are not being infringed or attacked or opposed by any person;
 - (iii) in the case of such rights as are registered or the subject of applications for registration, all renewal fees which are due for their maintenance have been paid.
- 9.6.2 So far as the Vendor is aware none of the processes employed and the products and services which are material to its business embody or infringe any Intellectual Property rights of third parties (other than those belonging to or licensed to the Group Companies and referred to in Schedule 4); and the Vendor is not aware of any claims of infringement of any such Intellectual Property rights which have been made by any third party.
- 9.6.3 So far as the Vendor is aware the several licences and agreements which are material to its business are in full force and effect, no notice having been given on either side to terminate them.

- 9.6.4 So far as the Vendor is aware there has been and is no misuse of know-how by any Group Company and no moral rights have been asserted or are likely to be asserted which would materially affect the use of any of the Intellectual Property rights.

9.7 Absence of Undisclosed Liabilities

There are no liabilities of the Group Companies other than (i) liabilities disclosed or provided for in the Audited Accounts; (ii) liabilities incurred in the ordinary course of business since the Balance Sheet Date, none of which results in a material adverse change in the financial position or turnover of the Group Companies; or (iii) liabilities disclosed elsewhere in this Agreement.

10 Freehold and Leasehold Property

10.1 The Properties

- 10.1.1 The Properties comprise all of the premises and land owned, occupied or otherwise used by members of the Group or in respect of which any member of the Group has any estate, interest, right or liability. Each of the Properties is used and occupied for the purpose of the business of the member of the Group in actual occupation.
- 10.1.2 All licences, agreements or other arrangements relating to the use of any car parking bays or spaces or any garages in respect of which any member of the Group has any right or liability are correctly summarised in the particulars set out in Parts (A) and (B) of Schedule 3.
- 10.1.3 All leases and licences to which any Property is subject are correctly summarised in the particulars set out in Part (C) of Schedule 3.

10.2 Title

In relation to each Property:

- 10.2.1 a member of the Group is the legal owner of and beneficially entitled to the whole of the proceeds of sale of and has a good and marketable title to the whole of the Property;
- 10.2.2 there are no mortgages, charges or debentures (whether legal or equitable, and whether fixed or floating), rent charges, liabilities to maintain roadways, liens (whether for costs or to an unpaid vendor or otherwise), annuities or other unusual outgoings, or trusts (whether for securing money or otherwise), affecting the Property or the proceeds of sale thereof;
- 10.2.3 all requisite consents have been obtained in respect of the occupation of the Property by the Company or the relevant member of the Group in actual occupation;
- 10.2.4 the Company or the relevant member of the Group in actual occupation has not had occasion to make any claim or complaint in relation to any neighbouring occupier or in relation to the use and/or occupation of the Property.

10.3 Services and Access

In relation to each Property:

- 10.3.1 there are available all rights and easements and such services (including, without limitation, electricity, gas and water supply, sewage and telecommunications) as the Company or the relevant member of the Group in actual occupation considers necessary for the existing use of the Property;
- 10.3.2 satisfactory arrangements exist for access to and egress from the Property and there are no restrictions relating to access which prevent the Property from being used for the purpose or purposes for which it is presently used.

10.4 Leasehold Properties

Where the interest of any member of the Group in any Property is leasehold:

- 10.4.1 any consent necessary for the grant or assignment of the lease under which the relevant member of the Group holds its interest in the Property (**the Lease**) was duly obtained;
- 10.4.2 there is no material subsisting breach, nor any material non-observance of any covenants, conditions or agreements contained in the Lease on the part of either the relevant landlord or any member of the Group and no landlord has refused to accept rent or made any complaint or objection;
- 10.4.3 there are no restrictions in the Lease which prevent the Property from being used now for the purpose or purposes for which it is presently used;
- 10.4.4 no alterations have been made to the Property by any member of the Group without all necessary consents and approvals having been first obtained;
- 10.4.5 all steps in any rent reviews have been duly taken and no rent reviews are or should be currently under negotiation or the subject of a reference to an expert or arbitrator or the Court.

10.5 Properties subject to Leases and Licences

Where any Property is the subject of any lease or licence for the benefit of any person:

- 10.5.1 there is no material subsisting breach or material non-observance of any covenant, condition or agreement provided for in any such lease or licence and any member of the Group has not refused to accept rent or licence fee or made any complaint or objection to the tenant or licensee and each tenant or licensee pays its rent and other sums due within 14 days of the appropriate date and no distress or other legal proceedings have been instituted by any member of the Group;
- 10.5.2 all consents necessary for the creation of such lease or licence were obtained;
- 10.5.3 all steps in any rent reviews have been duly taken and no rent reviews are or should be currently under negotiation or the subject of a reference to an expert or arbitrator or the Court.

10.6 Disputes

In relation to each Property:

- 10.6.1 there are no outstanding monetary claims or liabilities, contingent or otherwise, in respect of the Property;
 - 10.6.2 there are no outstanding disputes, actions, claims, demands or complaints in respect of the Property;
 - 10.6.3 no notices materially affecting the Property or the relevant interest of any member of the Group in the Property have been given or received and none are expected.
- 10.7 To the best of the knowledge, information and belief of the Vendor, the documents disclosed in Schedule 3 comprise all the documents which relate to or affect the Company's or any member of the Group's ownership of the Properties and which may give rise to any liabilities on the part of the Company or any member of the Group.

SCHEDULE 3

Quilter Goodison Company Limited is the legal owner of all the Properties, details of which are set out below. Quilter Goodison Company Limited has no freehold interests.

(A) The Properties

PROPERTY ADDRESS	DOCUMENT AND DATE	ORIGINAL PARTIES	CURRENT PARTIES	TERM	RENT AND RENT REVIEW
Second Floor 1 Moorfields Liverpool	Lease: 30.06.92	Crownhall Investments Limited (1) Quilter Goodison Company Limited (2) Commercial Union plc (3)	Landlord: Moorfields Properties Limited Tenant: Quilter Goodison Company Limited Guarantor: Commercial Union plc	25 years From: 29.06.92 Expiring: 28.06.2017	£38,450 per annum. Review every 5 years with first review due on 29.06.97.
30 Warwick Row Coventry	Lease: 07.02.95 renewing earlier lease which expired on 24.12.95	John Frazer Harris (1) Quilter Goodison Company Limited (2)	Landlord: John Frazer Harris Tenant: Quilter Goodison Company Limited Guarantor: None	5 years From: 25.12.1995 Expiring: 24.12.2000	£6,000 per annum. No rent review.
Office Suites No.s 8 and 11 and Car Parking Spaces numbers 15-20 inclusive Sarnia House St. Peter Port Guernsey	Lease: 26.11.85 as amended by Agreement dated 16.10.90	Ulmair Company Limited (1) Nashua International Limited (2)	Landlord: Ulmar Company Limited Tenant: Quilter Goodison Company Limited Guarantor: Commercial Union plc	21 years From: 01.08.85 Expiring: 31.07.2006	£63,420 per annum (of which £6,000 is payable in respect of the car parking spaces). Review every 3 years. Next review 01.08.97.

PROPERTY ADDRESS	DOCUMENT AND DATE	ORIGINAL PARTIES	CURRENT PARTIES	TERM	RENT AND RENT REVIEW
Part Third Floor Brazennose House Brazennose Street Manchester	Lease: 20.01.89	The Prudential Assurance Company Limited (1) Hill Samuel Investment Services Group Limited (2)	Landlord: The Prudential Assurance Company Limited Tenant: Quilter Goodison	From: 25.12.87 Expiring: 25.03.96 Quilter Goodison Company Limited continues to remain in occupation.	£30,170 per annum. Reviewed on 25.03.91. No further reviews.
First Floor 98 Colmore Row and 39 Bennetts Hill Birmingham	Lease: 25.03.94	Assicurazioni Generali Spa (1) Quilter Goodison Co. Limited (2)	Landlord: Assicurazioni Generali Spa Tenant: Quilter Goodison Company Limited Guarantor: None	From: 14.03.94 Expiring: 24.03.2004	£49,850 per annum. Single review on 25.03.99.
Basement Ground and First Floors 10 Lefebvre Street St. Peter Port Guernsey	Lease: 21.02.94	Lefebvre Properties Limited (1) Quilter Goodison Company Limited (2)	Landlord: Lefebvre Properties Limited Tenant: Quilter Goodison Company Limited Guarantor: None	15 years From: 01.01.94 Expiring: 31.12.2009	£58,597 per annum (as increased by addendum dated 20.10.94). Review every 3 years. Next review 01.01.97.
5 Britannia Place St. Helier Jersey	Lease: 06.09.85	Nordin Limited (1) James Capel (Channel Islands) Limited (2)	Landlord: Nordin Limited Tenant: Quilter Goodison Company Limited Guarantor: None	21 years From: 02.09.85 Expiring: 01.09.2006	£49,095 per annum. Review every 3 years. Next review on 02.09.97.

PROPERTY ADDRESS	DOCUMENT AND DATE	ORIGINAL PARTIES	CURRENT PARTIES	TERM	RENT AND RENT REVIEW
19th and 20th Floors together with ancillary space on the Fourth Basement and Fourth Plant Levels St Helen's 1 Undershaft London EC3	Lease: 15.04.96	Commercial Union Assurance Company plc (1) Quilter Goodison Company Limited (2)	Landlord: Commercial Union Assurance Company plc Tenant: Quilter Goodison Company Limited Guarantor: None	From: 25.03.96 Expiring: 29.04.99	£664,680 per annum. No review.

(B) Car Park Licences

PROPERTY ADDRESS	ORIGINAL PARTIES	DOCUMENT DATE AND TERM	LICENCE FEE PAYABLE AND REVIEW
30 Warwick Row Coventry 1 Car Parking Space	Daffern & Co (1) Quilter Goodison Company Limited (2)	Informal undocumented arrangement with no fixed term.	£260 per annum.
30 Warwick Row Coventry 1 Garage Space	Marston Hollick (1) Quilter Goodison Company Limited (2)	Informal undocumented arrangement with no fixed term.	£375 per annum.
Part Third Floor Brazennose House Brazennose Street Manchester Car Parking Spaces 30 and 49	The Prudential Assurance Company Limited (1) Quilter Goodison Company Limited (2)	Informal undocumented arrangement with no fixed term.	£3,000 per annum.
5 Britannia Place St. Heller Jersey Car Parking Spaces 11 and 12	Standard Properties Limited (1) James Capel (Channel Islands) Limited (2)	Licence: 20.05.88 (date passed before Royal Court of Jersey) From: 25.12.87 To: 01.09.2006	£675 per annum in total for spaces 11, 12, 18, 19 and 25. Review for spaces 11 and 12 on 25.12.90 and every three years thereafter in accordance with the licence.
5 Britannia Place St Heller Jersey Car Parking Space 18	Standard Properties Limited (1) James Capel (Channel Islands) Limited	Licence: 20.05.88 (date passed before Royal Court of Jersey) Term: 21 years From: 18.04.88 To: 17.04.2009	See comment above for licence fee. To be reviewed in accordance with licence.

PROPERTY ADDRESS	ORIGINAL PARTIES	DOCUMENT DATE AND TERM	LICENCE FEE PAYABLE AND REVIEW
5 Britannia Place St Heller Jersey Car Parking Space 25	Standard Properties Limited (1) James Capel (Channel Islands) Limited	Licence: 20.05.88 (date passed before Royal Court of Jersey) Term: 21 years From: 07.03.88 To: 06.03.2009	See comment above for licence fee. To be reviewed in accordance with licence.
5 Britannia Place St Heller Jersey Car Parking Space 19	Standard Properties Limited (1) James Capel (Channel Islands) Limited	Licence: 20.05.88 (date passed before Royal Court of Jersey) From: 24.06.88 To: 17.04.2009	See comment above for licence fee. To be reviewed in accordance with licence.
5 Britannia Place St. Heller Jersey Car Parking Spaces 30 and 31	Nordin Limited (1) James Capel (Channel Islands) Limited (2)	Licence: 01.07.88 (date passed before Royal Court of Jersey) From: 02.02.88 To: 01.09.2006	£2,900 per annum. To be reviewed in accordance with licence. Last reviewed on 02.09.94. Next review on 02.09.97.
Basement Ground and First Floors 10 Lefebvre Street St. Peter Port Guernsey 7 Car Parking Spaces located at Lefebvre Street and Canada Court, Upland Road	Lefebvre Properties Limited (1) James Capel (Channel Islands) Limited (2)	Informal undocumented arrangement with no fixed term.	£8,050 per annum.

(C) Leases or Licences affecting the Properties

PROPERTY ADDRESS	DOCUMENT AND DATE	ORIGINAL PARTIES	CURRENT PARTIES	TERM	RENT/ LICENCE FEE AND REVIEW
Two offices on the Ground Floor 10 Lefebvre Street St. Peter Port Guernsey	Sub-Lease: 01.01.96	Quilter Goodison Company Limited (1) Octagon Limited (2)	Landlord: Quilter Goodison Company Limited Tenant: Octagon Limited Guarantor: None	3 years From: 06.10.95 Expiring: 05.10.98	£8,500 per annum. No review.
Office Suite No. 11 and 3 Car Parking Spaces Sarnia House St. Peter Port Guernsey	Sub-Lease: 21.04.94	Quilter Goodison Company Limited (1) Charles Nigel Kennedy Parkinson and Christopher Paul Spencer practising together under the name of "Pannell, Kerr, Forster" (2)	Landlord: Quilter Goodison Company Limited Tenant: Charles Nigel Kennedy Parkinson and Christopher Paul Spencer practising together under the name "Pannell, Kerr, Forster" Guarantor: None	From: 24.03.94 Expiring: 30.07.2006	£32,027 per annum (of which £3,000 per annum is payable in respect of the car parking spaces). Reviews due every 3 years. Next review on 01.08.1997.
Office Suite No. 8 and 3 Car Parking Spaces Sarnia House St. Peter Port Guernsey	Sub-Lease: 09.06.95	Quilter Goodison Company Limited (1) Lloyds Bank International (Guernsey) Limited (2) Ulmar Company Limited (3)	Landlord: Quilter Goodison Company Limited Tenant: Lloyds Bank International (Guernsey) Limited Guarantor: None	From: 01.12.94 Expiring: 30.11.97	£31,393 per annum (of which £3,000 per annum is payable in respect of the car parking spaces). Single review on 01.08.97.

PROPERTY ADDRESS	DOCUMENT AND DATE	ORIGINAL PARTIES	CURRENT PARTIES	TERM	RENT/ LICENCE FEE AND REVIEW
Ground Floor and Basement Floor 10 Lefebvre Street St. Peter Port Guernsey	Informal Sub-Lease arising out of Heads of Agreement dated 21.11.94.	Quilter Goodison Company Limited (1) Commercial Union plc (2)	Landlord: Quilter Goodison Company Limited Tenant: Commercial Union plc Guarantor: None	Arrangement as set out in Heads of Agreement dated 21.11.94. 15 years From: 01.01.94 Expiring: 31.12.2009	£22,112 per annum. Review every 3 years. Next review on 01.01.97.
1 Car Parking Space Space No 20 Lefebvre Street St. Peter Port Guernsey	Informal undocumented arrangement with no fixed term.	Quilter Goodison Company Limited (1) Commercial Union plc (2)	Licensor: Quilter Goodison Company Limited Licensee: Commercial Union plc Guarantor: None	Indefinite.	£1,200 per annum. Annual review each August effective on 01.01. next following.
1 Car Parking Space Canada Court St. Peter Port Guernsey	Informal undocumented arrangement with no fixed term.	Quilter Goodison Company Limited (1) Commercial Union plc (2)	Licensor: Quilter Goodison Company Limited Licensee: Commercial Union plc Guarantor: None	Indefinite.	£1,150 per annum. Annual review each August effective on 01.01. next following.
Part Third Floor Brazennose House Brazennose Street Manchester	Informal undocumented arrangement	Quilter Goodison Company Limited (1) Hill Samuel Unit Trust Company Limited (2)	Landlord: Quilter Goodison Company Limited Tenant: Hill Samuel Unit Trust Company Limited Guarantor: None	To vacate when Quilter Goodison Company Limited vacates.	£12,000 per annum.