

DATED

30th November

1999

3141013

URBAN SPLASH (BRITANNIA MILLS) LIMITED

- and -

**the persons whose respective names and addressees
are set out in column 1 of the First Schedule**

GROUP REORGANISATION AGREEMENT

**WE HEREBY CERTIFY THAT THIS IS A TRUE AND
CORRECT COPY OF THE ORIGINAL
DATED THIS 11th DAY OF January 2000**
Pannone & Partners.

**PANNONE
& PARTNERS**

SOLICITORS

Jeansgate Manchester M3 2BU
161-909-3000 Fax: 0161-909-4444
Ref: CSRT/RMO



NCA3

~10/11

THIS AGREEMENT is made the 30th day of November 1999



BETWEEN

- (1) "the Purchaser" : **URBAN SPLASH (BRITANNIA MILLS) LIMITED**
(company number : 3141013) whose registered office is
at Ducie House Ducie Street Manchester M1 2JW; and
- (2) "the Shareholders": the persons whose respective names and addressees are
set out in column 1 of the First Schedule.

Recitals

- (A) The Urban Splash Companies are a collection of companies specialising in property construction investment and development but operating as separate legal entities, save that USL has a subsidiary, namely USHL.
- (B) Immediately before entering into this Agreement each of the Shareholders are registered holders of the number of Existing Shares in each of the Urban Splash Companies set against such Shareholder's name in column 3 of the First Schedule.
- (C) The Shareholders have all agreed with each other subject to the approval of the board of directors of each of the Urban Splash Companies, that the Urban Splash Companies should rationalise and consolidate their respective activities into the Group Structure.
- (D) The Purchaser has agreed with the Target Shareholders to acquire all of their Existing Shares in the Target Companies in consideration of the allotment by the Purchaser of the Consideration Shares to the Target.
- (E) All of the parties to this Agreement have agreed to take all necessary steps such that the Group Structure results following completion in accordance with and subject to the terms hereof.

IT IS AGREED AS FOLLOWS:-

1. Definitions

In this Agreement:

- 1.1 the “**Consideration Shares**” means the ordinary shares of £1 each in the capital of the Purchaser as stated in column 5 of the First Schedule to be allotted by the Purchaser to each of the Shareholders in satisfaction of the Purchase Price relative to their transfers (if any) under this Agreement of their Existing Shares;
- 1.2 the “**Existing Shares**” means the number of ordinary shares of £1 each at the date of this Agreement (if any) in column 3 of the First Schedule held by each of the Shareholders in the Urban Splash Company shown in column 2 of the First Schedule;
- 1.3 the “**Group Structure**” means the holding by each of the Shareholders of the number of shares in the Purchaser and the holding by the Purchaser of the number of shares in the Target Companies as set out and described in the Second Schedule;
- 1.4 “**Projects**” means Urban Splash Projects Limited (company number: 3167078) whose registered office is at Ducie House Ducie Street Manchester M1 2JW;
- 1.5 “**Properties**” means Urban Splash (Properties) Limited (company number: 2076610) whose registered office is at Ducie House Ducie Street Manchester M1 2JW;
- 1.6 the “**Shareholders**” means in relation to the Urban Splash Companies or any of them in column 2 of the First Schedule the person or persons whose name(s) and address(es) are set out in column 1 of the First Schedule;
- 1.7 the “**Target Companies**” means the Urban Splash Companies other than the Purchaser;

- 1.8 the **“Target Shareholders”** means those of the Shareholders holding shares in the Target Companies;
- 1.9 **“Urban Splash Company”** means any of the Urban Splash Companies;
- 1.10 the **“Urban Splash Companies”** means the Purchaser ; USL; Projects and Properties;
- 1.11 **“USHL”** means Urban Splash Homes Limited (company number : 3311962) whose registered office is at Ducie House Ducie Street Manchester M1 2JW;
- 1.12 **“USL”** means Urban Splash Limited (company number : 28277908) whose registered office is at Ducie House Ducie Street Manchester M1 2JW; and
- 1.13 references to documents **‘in the agreed form’** are to documents in terms agreed between the parties to this Agreement and signed (for the purpose of identification only) by the Shareholders and the Purchaser prior to the signature of this Agreement;
- 1.14 references to the parties, Recitals, clauses and the Schedules are respectively to the parties to, Recitals to, clauses of and the Schedules to this Agreement;
- 1.15 the headings are for ease of reference only and do not affect interpretation;
- 1.16 unless the context otherwise requires words denoting the singular include the plural and vice versa;
- 1.17 references to one gender shall also be references to the other genders.

2. Agreement for Reorganisation to form Group Structure

2.1 Each Shareholder severally agrees with each of the other Shareholders that their individual and collective ownership of the Existing Shares shall by all necessary transfers of the Existing Shares (or some of them) be so reorganised as to result in the holdings of shares by the Shareholders in the Purchaser and by the Purchaser in the Urban Splash Companies as is set out in the Group Structure.

2.2 In particular it is agreed between such of the parties hereto as shall be relevant for the purpose (which agreements all of the Shareholder parties hereto consent to) each of the Shareholders shall transfer all of their respective Existing Shares in each of the Target Companies to the Purchaser for the purchase price specified in column 4 of the First Schedule (the Purchase Price) which purchase price is agreed between the parties to be the market value.

3. Sale and Purchase Consideration

In consideration of the transfers of shares referred to in clause 2.2 and the fulfilment by each of the Shareholders of their respective obligations pursuant to this Agreement the Purchaser shall in full satisfaction of the Purchase Price issue and allot the Consideration Shares to the Target Shareholders.

4. Conditions relating to transfers of shares

4.1 All shares to be transferred pursuant to this Agreement are transferred with full title guarantee together with all rights which are now or may at any time be attached to them or accrue in respect of them including all dividends and distributions declared paid or made in respect of them in relation to any accounting reference period ending on or after 30 November 1999 and free from all claims, charges, liens, encumbrances, options, rights of pre-emption or equities whatsoever.

- 4.2 The Shareholders and the Purchaser shall procure that such resolutions of the Urban Splash Companies and of the respective boards of directors of the Urban Splash Companies shall be passed and shall make do or procure to be made and done all and such other deeds acts or things as may be necessary or appropriate to implement the terms of this Agreement and in particular to result in the Group Structure being implemented.
- 4.3 The Shareholders hereby waive all rights of pre-emption (if any) in respect of:-
- 4.3.1 the transfers herein agreed in respect of the Existing Shares in the Target Companies contained in the Articles of Association of the Target Companies or otherwise;
- 4.3.2 the allotment of the Consideration Shares contained in the Articles of Association of the Purchaser.
- 4.4 Each of the Shareholders hereby severally acknowledges that he must rely absolutely on his own opinion and/or that of his professional advisers concerning this Agreement and that he has informed the Purchaser that he has had available to him the opportunity to take and has taken independent legal and other professional advice in connection with the provisions of this Agreement or has chosen not to do so, and further that each of the Shareholders and their respective legal and other professional advisers have been given every opportunity they may wish to examine all relevant books records deeds and documents relating to the Urban Splash Companies insofar as desired in connection with the provisions of this Agreement.
- 4.5 Each of the Shareholders acknowledges that in entering into this Agreement he places no reliance on any representations agreements statements or undertakings (oral or in writing) made on or before the date of this Agreement by the Purchaser or by any other of the Shareholders save for any as expressly set out in this Agreement. Nothing in this clause shall, however, operate to limit or exclude any liability for fraud.

5. Completion

5.1 The sale and purchase will be completed at The Tea Factory, 92 Wood Street, Liverpool L1 4DX on the 30th day of November 1999;

5.2 Upon completion:-

5.2.1 the Shareholders will deliver to the Purchaser duly executed transfers of their respective Existing Shares (if any) in favour of the Purchaser together with the share certificates for those Existing Shares;

5.2.2 the Purchaser will either stamp or submit for adjudication such executed share transfers and will issue and allot the Consideration Shares to the Target Shareholders.

6. Warranties

6.1 The Shareholders in respect only of each Target Company in which they hold Existing Shares immediately prior to completion hereby jointly and severally warrant and undertake to the Purchaser that in respect of each such Target Company:-

6.1.1 The Existing Shares constitute the whole of the issued and allotted share capital of the relevant Target Company and are beneficially owned by the Shareholders as set out in the First Schedule and that such Existing Shares are free of all liens charges and encumbrances or interests in favour of or claims made by or which could be made by any other person and no agreement or commitment exists in favour of any person for the allotment to such person of any shares or other security convertible into shares in the capital of the relevant Target Company.

6.1.2 Each Shareholder is entitled to sell or procure the sale of the full legal and beneficial interest in their Existing Shares to the Purchaser on the terms set out in this Agreement.

6.1.3 The information set out and contained in the First Schedule and the Second Schedule is true and accurate in all respects.

6.2 The Shareholders who hold shares in the Purchaser warrant that:-

6.2.1 all necessary corporate action as may be required to authorise issue and allot the Consideration Shares has been taken and/or performed by the Purchaser and where applicable the board of Directors of the Purchaser;

6.2.2 The Existing Shares in the Purchaser as set out in column 3 of the First Schedule constitute the entire issued share capital of the Purchaser immediately prior to this Agreement being entered into and the allotment of the Consideration Shares by the Purchaser and further that the information set out and contained in the First Schedule and the Second Schedule is true and accurate in all respects.

7. General

7.1 Each party to this Agreement shall subject as otherwise expressly provided in this Agreement pay its own legal, accountancy and other costs, charges and expenses incurred in connection with the preparation, negotiation, execution and completion of this Agreement.

7.2 This Agreement, together with any document expressly referred to in any of its terms, contains the entire agreement between the parties relating to the subject-matter covered. No oral explanation or oral information given by or on behalf of any party shall alter the interpretation of this Agreement.

- 7.3 No amendment, change or addition to this Agreement shall be binding on any party unless it is in writing and has been signed by all the parties or their authorised representatives.
- 7.4 The Schedules form an integral part of this Agreement.
- 7.5 This Agreement is governed by and is to be construed in accordance with English law.
- 7.6 The parties accept the non-exclusive jurisdiction of the appropriate court of law in England in relation to all matters, claims and disputes arising out of or in connection with this Agreement.
- 7.7 This Agreement may be executed in any number of counterparts and by the several parties hereto on separate counterparts each of which when so executed and delivered shall be an original but all the counterparts shall together constitute one document.

IN WITNESS whereof the parties hereto have set their hands the day and year first before written.

FIRST SCHEDULE

(1)	(2)	(3)	(4)	(5)
Names and addresses of Shareholders	Urban Splash Company Companies	Number of Existing Shares	Purchase Price (£)	Consideration Shares
Tom Bloxham 112 Mill Brow Worsley M28 2WL	USL	855	2,366,513	
	Projects	105,007	150,769	
	Purchaser	270,002	-	
	Properties	949	2,292,076.05	
Jonathan Falkingham 19 Elmsley Road, Mossley Hill, Liverpool L18 8AY	USL	387	1,071,158	
	Projects	45,003	64,615	
	Purchaser	115,714	-	
L William Maynard 39 Brampton Drive Liverpool L8 7ST	USL	30	83,035.55	42,400
Nick Johnson No. 2 The Oaks Heald Road Bowden Cheshire WA14 2JD	USL	36	99,642.66	49,800
Fiona Woodward 11 Streatham Avenue Liverpool L18 1JG	Projects	5,000	7,179	6,400
David Haydock 65 Knightswood, Beaumont Chase Bolton BL3 4UU	Projects	5,000	7,179	6,400
Richard Riding 96 Childwall Valley Road Childwall Liverpool L13 4PF	Projects	5,000	7,179	6,400
Jo Bloxham 112 Mill Brow Worsley M28 2WL	Properties	51	123,177.95	22,400

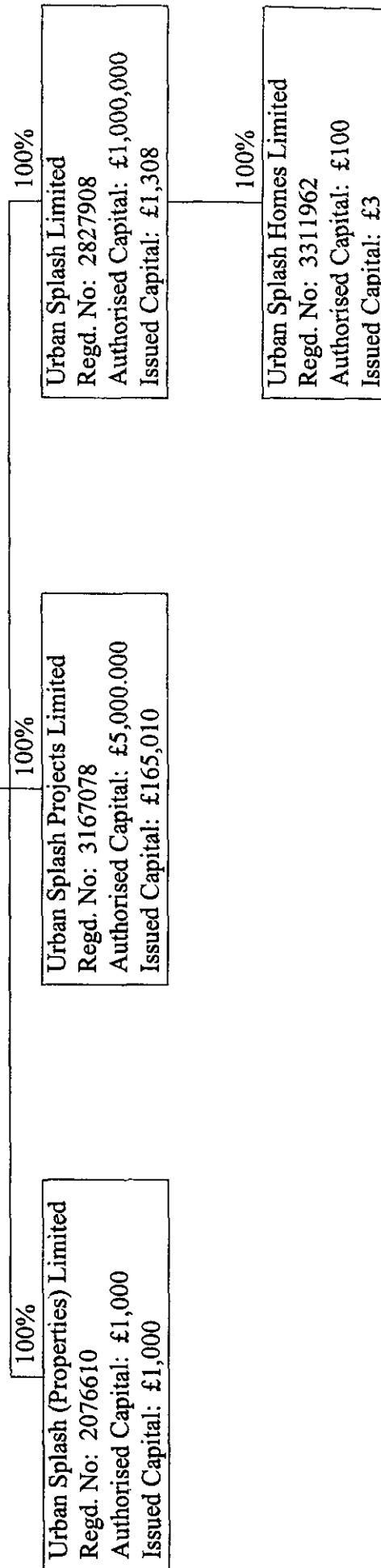
SECOND SCHEDULE

Group Structure

Tom Bloxham	J Falkingham	L W Maynard	N Johnson	F Woodward	D Haydock	R Riding	Jo Bloxham
70.72%	22.59%	2.12%	2.49%	0.32%	0.32%	0.32%	1.12%

URBAN SPLASH (BRITANNIA MILLS) LIMITED

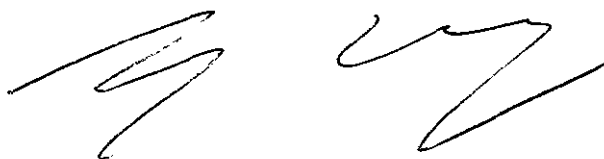
Authorised Capital: £20,000,000 divided into 20,000,000 ordinary shares of £1 each
 Issued Capital: £2,000,000 divided into 2,000,000 ordinary shares of £1 each



SIGNED by TOM BLOXHAM
duly authorised on behalf of
URBAN SPLASH (BRITANNIA MILLS)
LIMITED in the presence of:-

R. Oliver
Solicitor
Manchester


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)
)
)



SIGNED by the said **TOM BLOXHAM**
in the presence of:

R. Oliver

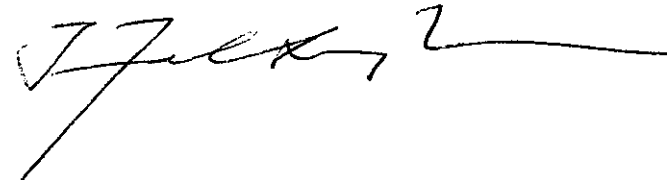
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SIGNED by the said
JONATHAN FALKINGHAM
in the presence of:

R. Oliver

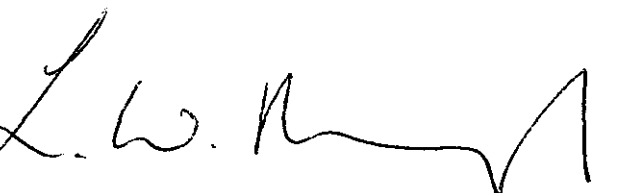
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SIGNED by the said
LAWRENCE WILLIAM MAYNARD
in the presence of:

R. Oliver

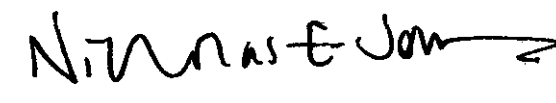
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SIGNED by the said **NICK JOHNSON**
in the presence of:

R. Oliver

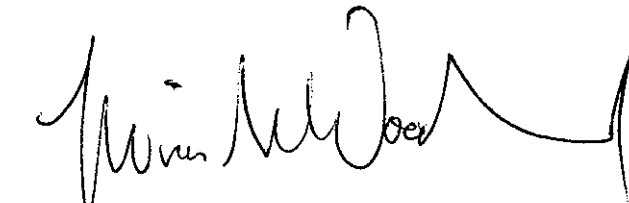
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SIGNED by the said
FIONA WOODWARD in the presence of:

R. Oliver

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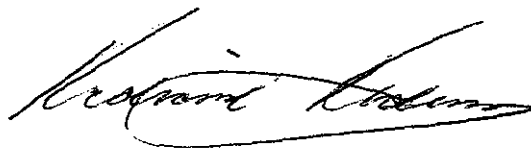
SIGNED by the said DAVID HAYDOCK)
in the presence of:)

R. Oliver



SIGNED by the said RICHARD RIDING)
in the presence of:)

R. Oliver



SIGNED by the said JO BLOXHAM in the)
presence of:)



C. Cunny
CATHERINE CUNNY
15 BORDER BROOK LANE
M28 1xJ