

This document, which comprises a prospectus, has been drawn up in accordance with the Public Offers of Securities Regulations 1995 ("POS Regulations") and the AIM Admission Rules. Copies of this document have been delivered to the Registrar of Companies in England and Wales for registration in accordance with Regulation 4(2) of the POS Regulations.

The Company and the Directors of Bizspace, whose names and addresses appear on page 3 of this document, accept responsibility for the information contained in this document. To the best of the knowledge of the Directors of Bizspace (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and makes no omission likely to affect the import of such information. This document has been prepared so far as possible, except where the context otherwise requires, on the assumption that the Demerger has been completed.

(Incorporated in England and Wales: Registered No. 3990878)✓



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**of 4,285,714 Ordinary Shares of 5p each
at 70p per Ordinary Share**

Admission to the Alternative Investment Market

John East & Partners Limited

Insinger Townsley

SHARE CAPITAL

Authorised		Issued and fully paid	
Number	Amount	Number	Amount
30,000,000	£1,500,000		
			in Ordinary Shares of 5p each
50,000	£50,000	14,275,434	£713,771
			in Redeemable Preference Shares of £1 each
		50,000	£50,000

Copies of this document will be available free of charge during normal business hours on any weekday (except Saturdays, Sundays and public holidays) from the registered office of Bizspace and from the offices of John East & Partners Limited, Crystal Gate, 28-30 Worship Street, London, EC2A 2AH for a period of 14 days from admission of the Ordinary Shares to AIM.

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Directors and Advisers

Directors	<p>Larry Glenn Lipman (<i>Chairman</i>) Paul Malcolm Davis FCA (<i>Finance Director</i>) Jonathan Philip Radgick FRICS (<i>Non-Executive Director</i>) Stephen Simon Landy FCA (<i>Non-Executive Director</i>)</p> <p>all of 144 Great North Way, London NW4 1EG</p>
Company Secretary	Paul Malcolm Davis FCA
Registered Office	144 Great North Way, London NW4 1EG
Nominated Adviser	<p>John East & Partners Limited Crystal Gate 28-30 Worship Street London EC2A 2AH</p>
Nominated Broker	<p>Insinger Townsley 44 Worship Street London EC2A 2JT</p>
Registered Auditors and Reporting Accountants	<p>Deloitte & Touche Hill House 1 Little New Street London EC4A 3TR</p>
Solicitors to the Company	<p>Titmuss Sainer Dechert 2 Serjeants' Inn London EC4Y 1LT</p>
Solicitors to the Nominated Adviser and Nominated Broker	<p>Lewis Silkin Windsor House 50 Victoria Street London SW1H 0NW</p>
Valuers	<p>Drivers Jonas 6 Grosvenor Street London W1X 0DJ</p>
Principal Bankers	<p>HSBC Bank plc 70 Pall Mall London SW1Y</p>
Registrars	<p>IRG plc Balfour House 390-398 High Road Ilford Essex IG1 1NQ</p>

Definitions

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

“Act”	the Companies Act 1985 (as amended from time to time)
“Admission”	the effective admission of the issued and to be issued Ordinary Shares to trading on AIM in accordance with the AIM Rules
“AIM”	the Alternative Investment Market of the London Stock Exchange
“AIM Rules”	the rules set out in Chapter 16 of the Rules of the London Stock Exchange
“Board” or “Directors”	the directors of the Company whose names are set out on page 3 of this document
“Bizspace” or “the Company”	Bizspace PLC
“Bizspace Group” or “Group”	Bizspace and its subsidiary, Bizspace Trading, following completion of the Demerger
“Bizspace Properties”	the three properties currently owned by Bizspace Trading
“Bizspace Trading”	Bizspace Trading Limited
“Demerger”	the proposed demerger of Bizspace Trading by way of a dividend in specie to Safeland Shareholders
“Demerger Record Date”	30 June, 2000
“Dunlop Heywood”	Dunlop Heywood & Co Limited, a wholly-owned subsidiary of Hercules
“Hercules”	Hercules Property Services PLC
“Insinger Townsley”	Insinger Townsley, the trading name of Insinger de Beaufort, a subsidiary of Insinger de Beaufort (UK) Limited
“John East & Partners”	John East & Partners Limited
“London Stock Exchange”	London Stock Exchange Limited
“Official List”	the Official List of the London Stock Exchange
“Ordinary Shareholders” or “Shareholders”	the holders of Ordinary Shares
“Ordinary Shares”	ordinary shares of 5p each in the capital of the Company

Definitions (continued)

“Placing”	the conditional placing of the Placing Shares at the Placing Price pursuant to the Placing Agreement
“Placing Agreement”	the conditional agreement dated 8 June, 2000 between the Company (1), Safeland (2), the Directors (3), John East & Partners (4) and Insinger Townsley (5) as described in paragraph 9(c) of Part V of this document
“Placing Price”	70p per Placing Share
“Placing Shares”	the 4,285,714 new Ordinary Shares to be issued for cash pursuant to the Placing
“POS Regulations”	the Public Offers of Securities Regulations 1995
“Preference Shares”	cumulative redeemable preference shares of £1 each in the capital of the Company
“Safeland” or “Safeland Group”	Safeland plc and, where appropriate, its subsidiaries
“Safeland Shareholders”	the holders of Safeland Shares
“Safeland Shares”	ordinary shares of 5p each in the share capital of Safeland
“Safestore”	Safestore PLC
“Secondment Agreements”	the secondment agreements dated 8 June 2000 between (1) Safeland (2) the Company and (3) Larry Lipman and (1) Safeland (2) the Company and (3) Paul Davis pursuant to which Safeland agreed to supply the services of Larry Lipman and Paul Davis to Bizspace
“SHC”	Safeland Holdings Corporation, a company registered in Panama in which certain members of the Lipman family who are directors of Safeland together have a 100 per cent. beneficial interest
“2000 Scheme”	the Bizspace PLC 2000 Unapproved Executive Share Option Scheme

Placing statistics

Placing Price	70p
Number of Placing Shares	4,285,714
Ordinary Shares in issue immediately following the Placing	14,275,434
Percentage of enlarged issued Ordinary Share capital being placed	30.02 per cent.
Amount, after expenses, being raised under the Placing	£2.65 million
Market capitalisation at the Placing Price following the Placing	£10.0 million

Dealing restrictions

On Admission, the Directors will be interested in 231,884 Ordinary Shares, Safeland will be interested in 1,428,571 Ordinary Shares and SHC will be interested in 3,667,701 Ordinary Shares, representing 1.63 per cent., 10.0 per cent. and 25.69 per cent. respectively of the enlarged issued Ordinary Share capital. Details of these shareholdings are set out in paragraphs 4(d) and 6(a) of Part V of this document.

The Directors (on behalf of themselves, their families and other persons deemed to be connected with them), Safeland and SHC have undertaken to John East & Partners, Insinger Townsley and the Company, not to dispose of such interests (subject to certain limited exceptions) until 12 months after Admission and not to dispose of such interests for a further period of twelve months thereafter without the prior written consent of John East & Partners and Insinger Townsley, such consent not to be unreasonably withheld or delayed.

Further details of these arrangements are set out in paragraphs 10 of Part I and 9(c) of Part V of this document.

Expected timetable of principal events

Publication date of prospectus	8 June, 2000
Payment to be received from placees in cleared funds by	29 June, 2000
Admission effective and dealings expected to commence	3 July, 2000
Definitive share certificates expected to be despatched and CREST accounts credited by	10 July, 2000

PART I

Information on the Company

1. Introduction

Details of the proposed Demerger to separate the serviced work space business of Bizspace Trading from Safeland's core property business were announced earlier today by the directors of Safeland.

Under the terms of the Demerger it is proposed that the entire issued share capital of Bizspace Trading be transferred to Bizspace in consideration of the allotment and issue by Bizspace of 9,989,680 Ordinary Shares, credited as fully paid (as to 5p per share in respect of nominal amount and 65p per share in respect of share premium) to Safeland Shareholders on the basis of 8 Ordinary Shares for every 23 Safeland Shares held at the close of business on the Demerger Record Date and so on in proportion for any other number of Safeland Shares held.

Safeland has subscribed for 50,000 Preference Shares at par. In addition, Safeland has agreed to subscribe in the Placing for 1,428,571 Ordinary Shares at the Placing Price, which will represent approximately 10.0 per cent. of Bizspace's issued share capital on Admission.

The proposed Demerger is conditional on, *inter alia*, the approval of Safeland Shareholders and Admission.

Application will be made for the Ordinary Shares issued and to be issued pursuant to the Demerger and the Placing to be admitted to trading on AIM, and dealings in such Ordinary Shares are expected to commence with effect from 3 July, 2000.

In 1996 Safeland demerged Hercules and in 1998 it demerged Safestore. Both Hercules and Safestore have utilised their quoted status to grow their businesses independently of Safeland. The Directors believe that the Demerger will increase the potential of the Bizspace Group enabling it, as an independent group, to exploit more fully the opportunities available to it in the serviced work space sector.

2. The Work Space Market

The Directors believe that there has been an increase in the demand for flexible business space on flexible terms. This market comprises three sectors, namely:

- work space;
- serviced offices; and
- self-storage.

Bizspace Trading specialises in work space, which typically comprises small unit accommodation within a managed centre providing a base for small and medium sized businesses on flexible terms. The centre provides a vacant unit in a secure environment. The occupier is responsible for providing any plant, equipment and furnishings relevant to his business.

Generally, work space accommodation is of a lower specification than that usually found in serviced offices.

3. The Business of Bizspace

The Concept

The Directors intend to create a branded work space group providing secure accommodation aimed at starter businesses or established businesses with short term overflow needs. The Directors intend that the Group will acquire suitable buildings and convert them into smaller units of 100 sq ft to 2,500 sq ft, which will be available for short term multi-let occupation.

4. Bizspace Trading's existing work space portfolio

During May 2000, Bizspace Trading acquired three work space centres which the Directors intend will form the base for future growth.

Existing work space centres

Details of the three work space centres currently owned by Bizspace Trading are set out below.

- **Camberwell Business Centre, Lomand Grove, London SE5.** A 68 unit 0.3 acre site with units ranging in size from 85 sq ft to 720 sq ft situated within a predominantly residential area, adjoining a nursery/day care centre and a short distance from Camberwell Green's shopping facilities.
- **Europa Business Park, Bird Hall Lane, Cheadle Heath, Stockport, Manchester.** A 66 unit 3.7 acre site with units ranging in size from 104 sq ft to 11,562 sq ft. situated in an established business district approximately 6 miles south of Manchester city centre.
- **Shakespeare Business Centre, Coldharbour Lane, London SW9.** A 60 unit 0.21 acre site with units ranging in size from 84 sq ft to 1,180 sq ft situated within a mixed commercial and residential area and a short distance from Loughborough Junction Station and Brixton underground station and shopping facilities.

Details of the total square footage and occupancy levels as at 5th May, 2000 are as follows:

	Total sq footage	Occupancy levels at 5th May, 2000
Camberwell Business Centre	22,566	91 per cent.
Europa Business Park	68,280	88 per cent.
Shakespeare Business Centre	24,799	95 per cent.

A valuation of these properties by Drivers Jonas, Chartered Surveyors, is set out in Part III of this document; an accountants' report on the Bizspace Properties is set out in Section C of Part II of this document.

Site acquisition strategy

The Directors believe that the key criterion for a successful work space group is the ability to acquire suitable centres at prices and in locations which enable Bizspace to maximise returns. The core cost of Bizspace's business is the cost of the property from which it operates. The Directors intend to identify properties in good locations which can be acquired, refurbished and rebranded at a low cost.

The Board considers that it has the relevant property expertise and ability successfully to grow the Group organically by the acquisition of further centres meeting this above criterion. The centres will be sourced using the extensive network of contacts that the executive Directors have within the commercial property sector.

Head Office Staff and Site Managers

Bizspace Trading has contracted with Dunlop Heywood, for a period of 12 months, to manage the three work space centres for an initial fee of £10,000 and an annual fee of £51,000, payable on a monthly basis. Larry Lipman is executive chairman and Paul Davis is the finance director of its parent company, Hercules and are both directors of Dunlop Heywood. Larry Lipman and Paul Davis took no part in the negotiations on behalf of Dunlop Heywood and the non-executive directors of Bizspace have approved the terms of the agreement with Dunlop Heywood. The Board intends that when the portfolio of centres is of a sufficient size, their management will be brought in-house with the appointment of appropriate staff.

Further details of the agreement with Dunlop Heywood are set out in paragraph 9(b) of Part V of this document.

Larry Lipman and Paul Davis are also directors of Safeland. It has been agreed with Safeland that they will seek the approval of the board of Safeland before either of them introduces to Bizspace the opportunity to purchase any suitable property of which they become aware.

It is further agreed that if either Larry Lipman or Paul Davis obtains an opportunity to purchase property in the course of their duties as directors of Bizspace which they wish to offer to Safeland (because, for example, the opportunity is unsuitable for Bizspace) then they will first seek the approval of the non-executive directors of Bizspace.

Larry Lipman will assume ultimate responsibility for the day to day running of Bizspace. It is expected that an operations manager will be recruited when Bizspace has in excess of five centres.

Depending on its size, each centre will require one or two full time staff. All staff will undergo training to ensure that customer service is of a consistently high standard.

Customer agreements

Occupancy agreements are entered into with customers, typically for a term of 1 year, terminable on one to three months' notice by either party at any time. Other agreements have different terms and notice provisions. Dependent on the length of term of occupation some customers may have security of tenure. However, the Directors believe that this will not have any material adverse effect on the Company.

Marketing

The Directors believe that the catchment area for each work space centre is relatively local. Accordingly, advertising and marketing will be focused locally, albeit that Bizspace intends to gain long term benefit from the development of a distinctive brand identity.

5. Expansion Programme

The three centres are shortly to be the subject of a programme of upgrading and rebranding as Bizspace centres.

It is intended that Bizspace will expand its operations further in due course both through organic growth and acquisition. The appropriate needs of funding this expansion will be determined by the Board, and may be secured through equity and/or debt.

6. Management Information and Control Systems

Initially the responsibility for the collection of occupancy charges and service charges such as utilities and insurance will be outsourced to the appropriate management departments of Dunlop Heywood. They will account to Bizspace on a monthly basis giving detailed reports of income and expenditure. Dunlop Heywood will also be responsible for implementing a system to monitor and control arrears.

Paul Davis will be responsible for the accounting function. It is intended that a full time financial controller will be appointed at an appropriate stage in Bizspace's development.

7. Directors

Larry Lipman, aged 43, Chairman

Mr Lipman has gained extensive experience of the property market over the last twenty years. He is managing director of Safeland, where his primary focus is on trading opportunities and the assessment of potential investments and refurbishment projects. He is also chairman of Hercules and a non-executive director of Safestore (having resigned as executive chairman in February 2000) and has been instrumental in the successful development and rapid growth of both companies.

Paul Davis, aged 47, Finance Director

Mr Davis qualified as a chartered accountant in 1975 and has been finance director of Safeland since he joined the company in 1992. He was instrumental in the previous demergers of both Hercules and Safestore and is finance director of the former and acts as a consultant to the latter, having resigned as finance director in May 2000. He has been actively involved in the various corporate acquisitions and fund raising activities of all three companies.

Jonathan Radgick, aged 43, Non-executive Director

Mr Radgick qualified as a chartered surveyor in 1984 and was made a fellow of The Royal Institute of Chartered Surveyors in 1991. Following a period at the Bank of England working in the Economic Intelligence Department, he joined Harman Healy in 1979 and was promoted to the position of partner in 1984. He became a director on its incorporation in 1987 and was promoted to the office of managing director in 1990. He joined the Board of Hercules on its flotation on AIM in 1996 and resigned in May 2000.

Stephen Landy, aged 52, Non-Executive Director

Mr Landy qualified as a chartered accountant in 1971 and was an audit manager with Coopers and Lybrand. He then joined Wilder Coe, a London firm of Chartered Accountants and is now managing partner. He joined the board of Safestore on its flotation on AIM in 1998 and resigned in November 1999. He is a non-executive director of a number of private companies and specialises in providing corporate advice.

8. Corporate Governance

The Directors acknowledge the importance of the guidelines set out in the principles of Good Governance and Code of Best Practice published by the Committee on Corporate Governance in June 1998 and intend to apply them as appropriate to a company of the size and nature of Bizspace.

The Company has established Audit and Remuneration Committees, both with formally delegated duties and responsibilities, comprising the two non-executive Directors.

The Audit Committee will receive and review reports from management and the Company's auditors relating to the annual and interim accounts and the accounting and internal control systems of the Company. The Audit Committee will have unrestricted access to the Company's auditors.

The Remuneration Committee will review the secondment arrangements for Larry Lipman and Paul Davis with the remuneration committee of Safeland. In addition, the remuneration and terms and conditions of appointment of the non-executive Directors will be set by the Board. The Remuneration Committee will also allocate the grant of options under the 2000 Scheme. The Remuneration Committee will review the scale and structure of any other executive directors' remuneration and the terms of their service contracts.

The Company has adopted the Model Code for AIM companies.

9. Share Options

In order to provide appropriate incentives to the present and future employees of the Bizspace Group and to assist in the recruitment of suitable personnel, Bizspace has adopted the 2000 Scheme. Under the 2000 Scheme, up to 5 per cent. of the issued share capital of the Company may be under option at any time.

In addition, the Company has granted, conditional on Admission and on the approval of the shareholders of Safeland, options over 250,000 Ordinary Shares, representing in aggregate 3.50 per cent. of the issued ordinary share capital of the Company following Admission, to each of Larry Lipman and Paul Davis. These options are capable of being exercised at a price of 5p per share in the period from eighteen months from Admission until the tenth anniversary of Admission. The options are only exercisable if for the five dealing days prior to the date on which Larry Lipman or Paul Davis seeks to exercise his options, the average of closing middle market quotations for an Ordinary Share as derived from the appropriate sections of the Daily Official List of the London Stock Exchange is at least 80p.

Further details of the proposed grant of options over Ordinary Shares to Larry Lipman and Paul Davis are set out in paragraph 5(ii) of Part V of this document. A summary of the rules of the 2000 Scheme is set out in paragraph 5(i) of Part V of this document.

10. Details of the Placing

Pursuant to the Placing Agreement, Insinger Townsley has agreed to use all reasonable endeavours to procure placees for the Placing Shares at the Placing Price, as agent for the Company to raise £3 million before expenses for the benefit of the Company. The Placing is conditional, *inter alia*, upon (i) Admission; (ii) the approval of the Demerger by Safeland Shareholders; and (iii) the Placing Agreement becoming unconditional and not being terminated in accordance with its terms.

The Placing Shares, when issued and fully paid, will rank *pari passu* in all respects with the existing Ordinary Shares, including the right to receive all dividends and other distributions declared, made or paid after the date of this document.

The Directors who will hold Ordinary Shares following Admission, together with Safeland and SHC have undertaken that they will not, save in the event of an intervening court order, a takeover offer becoming or being declared unconditional or the death of such person, dispose of any interest in the Company's shares before the expiry of the 12 month period from Admission and thereafter for a further period of 12 months, without the prior written consent of John East & Partners and of Insinger Townsley, such consent not to be unreasonably withheld or delayed.

Further details of the Placing Agreement are contained in paragraph 9(c) of Part V of this document.

Details of certain taxation implications which may be relevant to holding or dealing in the Ordinary Shares are set out in paragraph 10 of Part V of this document.

11. Use of Proceeds of the Placing

The net proceeds of the Placing, amounting to approximately £2.65 million will be used as to £480,000 to repay part of the bank indebtedness and approximately £1 million to repay indebtedness due to Safeland, both of which loans were taken by Bizspace Trading to purchase the Bizspace Properties. The balance will be utilised to acquire suitable properties as and when opportunities arise and for working capital generally.

12. Current Trading and Prospects

Occupancy levels at the three properties owned by the Bizspace Group have broadly continued at the levels experienced at 5th May, 2000. The Directors anticipate increasing the portfolio of work space centres within the Group over the coming year.

13. Dividend Policy

For the foreseeable future most of the cash resources generated by Bizspace's operations will be devoted to funding the Group's acquisition and refurbishment programme and working capital requirements. Accordingly, the Directors do not expect that Bizspace will declare a dividend in the early years of its development save in respect of that payable on the Preference Shares. The Preference Shares have a fixed dividend of 5p per Preference Share, rising to 10p if they have not been redeemed by the second anniversary of their issue. The Preference Shares are redeemable at any time out of distributable profits and it is the Directors' current intention to redeem the Preference Shares as soon as practicable.

14. CREST, dealing arrangements and availability of this prospectus

It is intended that Ordinary Shares will be able to be traded on CREST from the date of Admission. However, the distribution of Ordinary Shares to Safeland Shareholders pursuant to the Demerger will not be carried out in CREST. Ordinary Shareholders who wish to hold their Ordinary Shares in uncertificated form will need to follow the appropriate CREST procedures for dematerialisation of their holding of Ordinary Shares. Further details on CREST are set out below:

CREST is a paperless settlement system enabling securities to be evidenced otherwise than by certificate and transferred otherwise than by written instrument. The articles of association of the Company permit the holding of Ordinary Shares under the CREST system. The Directors have arranged with CRESTCo. Limited for the issued and to be issued Ordinary Shares to be admitted to CREST with effect from Admission. Accordingly, settlement of transactions in the Ordinary Shares following Admission may take place within the CREST system if the relevant shareholders so wish.

CREST is a voluntary system and holders of Ordinary Shares who wish to receive and retain certificates will be able to do so. Persons acquiring Ordinary Shares under the Placing may, however, elect to receive Ordinary Shares in uncertificated form if, but only if, that person is a "system member" (as defined in The Uncertificated Securities Regulations 1995) in relation to CREST.

Application will be made for the whole of the issued and to be issued Ordinary Share capital of the Company to be admitted to AIM and it is anticipated that Admission will become effective and that dealings will commence on 3 July, 2000. It is expected that CREST accounts will be credited on 10 July, 2000 and that certificates in respect of the Placing Shares will be despatched on 10 July, 2000.

Copies of this document will be available, for collection only, free of charge, from John East & Partners, Crystal Gate, 28-30 Worship Street, London EC2A 2AH during normal office hours on any weekday (Saturday, Sunday and public holidays excepted) for a period of not less than 14 days from the date of Admission.

15. Risk Factors

The Directors consider the following risk factors to be the most significant to potential investors:

- The Bizspace Group is at an early stage of development with no financial track record. It acquired its first serviced work space units in May 2000. It has not reported a net profit over any financial period or quarter. Whilst the Directors are optimistic about the Bizspace Group's ability to generate turnover in line with their expectations, there is no certainty that a satisfactory level of turnover will be achieved or that Bizspace will become profitable in future periods.
- Refurbishments of newly acquired work space centres could be affected by delays in obtaining planning permission and consents. Such delays and overruns of budgeted refurbishment costs could have an adverse effect on Bizspace's working capital and impact on its planned rate of expansion.
- The serviced work space market is relatively immature and is likely to become increasingly more competitive. In addition Bizspace faces competition from other serviced work space operators, as well as other users of light industrial space, who may have access to greater financial resources than Bizspace. It is uncertain as to what extent Bizspace's growth and future profitability will be affected by these factors.
- Bizspace will need to recruit additional management and personnel with the relevant experience to enable the expansion programme to be implemented. The success of Bizspace's growth strategy will depend upon its ability to attract and retain new suitably qualified personnel.
- The Directors believe that in order to achieve Bizspace's anticipated growth rate over the medium term, Bizspace will need additional finance. There can be no assurances that additional finance will be available on acceptable terms whether provided by banks or issues of new securities.
- Potential investors should be aware that the value of shares can rise or fall and that investment in a share which is traded on AIM might be less realisable and might carry a higher risk than investment in a share quoted on the Official List. The suitability of Bizspace as an investment may not be appropriate for certain investors. The Directors recommend that appropriate independent financial advice is obtained from a stockbroker, bank manager, solicitor, accountant or other professional financial adviser.

PART II

Accountants' Reports on the Bizspace Group

Section A: Accountants' Report on Bizspace

**Deloitte
& Touche**

Hill House
1 Little New Street
London EC4A 3TR

The Directors
Bizspace plc
144 Great North Way
London NW4 1EG

John East & Partners Limited
Crystal Gate
28-30 Worship Street
London EC2A 2AH

8 June 2000

Dear Sirs

Bizspace PLC ("the Company")

We report on the financial information of the Company set out below. This financial information has been prepared for inclusion in the Admission Document dated 8 June 2000 relating to the admission of Bizspace PLC to the Alternative Investment Market ("the Admission Document").

The Company was incorporated on 8 May 2000 as Bizspace PLC, as a Public Limited Company with an authorised share capital of £50,000 divided into 50,000 ordinary shares of £1 each, of which two shares were issued at that date.

Basis of preparation

The financial information set out in this report is based on the audited non statutory financial information of the Company as at 10 May 2000 to which no adjustments were considered necessary. In the period since incorporation on 8 May 2000 the Company has not traded and no dividends have been declared or paid.

No audited financial statements have been prepared for submission to the members of the Company in respect of any period.

Responsibility

Such financial statements are the responsibility of the directors of the Company who approved their issue.

The directors of the Company are responsible for the contents of the Admission Document in which this report is included.

It is our responsibility to compile the financial information set out in our report from the financial statements, to form an opinion on the financial information and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with the Statements of Investment Circular Reporting Standards issued by the Auditing Practices Board. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. The evidence included that previously obtained by us relating to the audit of the financial statements underlying the financial information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial statements underlying the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Opinion

In our opinion, the financial information set out below gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of the Company as at the date stated.

We consent to the inclusion in the Admission Document of this report and accept responsibility for this report for the purposes of paragraph 45(8)(b) of Schedule 1 to the Public Offers of Securities Regulations 1995.

BALANCE SHEET**10 May 2000**

	£
Called up share capital not paid	2
<hr/>	
Called up share capital	
Called up, allotted and not paid – 2 ordinary shares of £1 each	2
<hr/>	
Equity shareholders' funds	2

The Company has authorised share capital of £50,000, comprising 50,000 ordinary shares of £1 each.

POST BALANCE SHEET EVENTS

On 30 May, 2000, each ordinary share of £1 in the authorised and issued share capital of the Company was subdivided into 20 shares of 5p each.

On 30 May, 2000, the authorised share capital of the Company was increased to £1,550,000 by the creation of an additional 29,000,000 ordinary shares of 5p each and 50,000 cumulative redeemable preference shares of £1 each.

On 30 May, 2000, 50,000 cumulative redeemable preference shares of £1 each in the share capital of the Company were allotted and issued to Safeland plc for total consideration of £50,000 credited as fully paid.

Yours faithfully

Deloitte & Touche
Chartered Accountants

Section B: Accountants' Report on Bizspace Trading

**Deloitte
& Touche**

Hill House
1 Little New Street
London EC4A 3TR

The Directors
Bizspace plc
144 Great North Way
London NW4 1EG

The Directors
John East & Partners Limited
Crystal Gate
28-30 Worship Street
London EC2A 2AH

8 June 2000

Dear Sirs

Bizspace Trading Limited ("the Company")

We report on the financial information of the Company set out below. This financial information has been prepared for inclusion in the Admission Document dated 8 June 2000 relating to the admission of Bizspace PLC to the Alternative Investment Market ("the Admission Document").

The Company was incorporated on 28 March 2000 as Oceantide Limited, changing its name to Bizspace Trading Limited on 8 May 2000.

Basis of preparation

The financial information set out in this report is based on the audited non-statutory financial statements of the Company for the period from 28 March 2000 (date of incorporation) to 10 May 2000 to which no adjustments were considered necessary. In the period since incorporation the Company has not traded and no dividends have been paid or declared.

No audited financial statements have been prepared for submission to the members of the Company in respect of any period.

Responsibility

Such financial statements are the responsibility of the directors of the Company who approved their issue.

The directors of Bizspace PLC are responsible for the contents of the Admission Document in which this report is included.

It is our responsibility to compile the financial information set out in our report from the financial statements, to form an opinion on the financial information and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with the Statements of Investment Circular Reporting Standards issued by the Auditing Practices Board. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. The evidence included that previously obtained by us relating to the audit of the financial statements underlying the financial information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial statements underlying the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Opinion

In our opinion, the financial information set out below gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of the Company as at 10 May 2000 and of its cash flows for the period then ended.

We consent to the inclusion in the Admission Document of this report and accept responsibility for this report for the purposes of paragraph 45(8)(b) of Schedule 1 to the Public Offers of Securities Regulations 1995.

BALANCE SHEET

	Note	10 May 2000 £
Fixed assets		
Tangible assets	2	5,035,200
Current assets		
Called up share capital not paid		2
Creditors amounts falling due within one year	3	(1,662,000)
Net current liabilities		(1,661,998)
Total assets less current liabilities		3,373,202
Creditors: amounts falling due after more than one year	4	(3,373,200)
Net assets		2
Capital and reserves		
Called up share capital	5	2
Equity shareholders' funds		2

CASH FLOW STATEMENT

for the period from 28 March 2000 to 10 May 2000

	£
Capital expenditure – paid	(4,912,280)
Cash outflow before financing	(4,912,280)
Financing – intercompany loan	1,072,280
Financing – external bank borrowing	3,840,000
Net cash inflow from financing	4,912,280
Increase in cash for the period	–

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies

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

Accounting convention

The financial statements are prepared under the historical cost convention.

Tangible fixed assets

No depreciation is to be provided on land. Freehold buildings are to be depreciated over a period of 50 years.

2. Tangible fixed assets	Freehold land and buildings
	£
<i>Cost</i>	
Additions	5,035,200
At 10 May 2000	5,035,200
<i>Accumulated depreciation</i>	
Charge for the period	-
At 10 May 2000	-
<i>Net book value</i>	
At 10 May 2000	5,035,200

3. Creditors: amounts falling due within one year	10 May 2000
	£
Bank loan	466,800
Amount owed to parent company	1,072,280
Other creditors	122,920
	1,662,000

Disclosures in respect of the bank loan are set out in note 4.

4. Creditors: amounts falling due after more than one year	10 May 2000
	£
Bank loan	3,373,200

The bank loan is secured on freehold land and buildings. The loan is repayable over a five year period at a rate of £116,700 per quarter with the balance being repayable at the end of the five year term. Interest is payable at a rate of 1.75 per cent. per annum over the bank base rate.

5. Called up share capital	10 May 2000
	£
<i>Authorised:</i>	
1,000 ordinary shares of £1 each	1,000
<i>Called up, allotted and unpaid:</i>	
2 ordinary shares of £1 each	2

On incorporation on 28 March 2000, 2 ordinary shares were issued for a total consideration of £2.

- 6. Ultimate parent company and controlling party**
Safeland plc is the Company's ultimate parent company and controlling party and is incorporated in Great Britain and registered in England and Wales.

Yours faithfully
Deloitte & Touche
Chartered Accountants

Section C: Accountant's Report on the Bizspace Properties

Smith & Williamson

Chartered Accountants

No 1 Riding House Street
London W1A 3AS

The Directors
Bizspace plc
144 Great North Way
Hendon
London NW4 1EG

The Directors
John East & Partners Limited
Crystal Gate
28-30 Worship Street
London EC2A 2AH

The Directors
Insinger de Beaufort
44 Worship Street
London EC2A 2JT

8 June 2000

Dear Sirs

We report on the financial information set out below. This financial information has been prepared for inclusion in the prospectus issued by Bizspace PLC dated 8 June, 2000 (the "Prospectus").

Basis of preparation

The financial information set out on page 19 has been extracted from the accounting records of Skillion Limited and reconciled to the audited financial statements for the periods from 1 January 1997 to 31 December 1999 in so far as it relates to Europa Business Park, Manchester (commenced operations May 1998), Shakespeare Business Centre, Brixton and Camberwell Business Centre, Camberwell (the "Properties").

Responsibility

Such financial statements are the responsibility of the Directors of the above company who approved their issue.

The Directors of Bizspace plc are responsible for the contents of the Prospectus in which this report is included.

It is our responsibility to compile the financial information set out in our report, to form an opinion on the financial information and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with the Statements of Investment Circular Reporting Standards issued by the Auditing Practices Board. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. The evidence included that previously obtained by us relating to the audit of the financial statements of Skillion Limited for the years ended 31 December 1997, 1998 and 1999 and additional work we considered necessary to enable us to express an opinion on the Properties. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial statements underlying the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Opinion

In our opinion, the financial information gives, for the purposes of the Prospectus, a true and fair view of the proforma profit and loss account of the Properties for the years ended 31 December 1997, 1998 and 1999.

1. PROFIT AND LOSS ACCOUNTS

The following information has been extracted from the accounting records and audited financial statements of Skillion Limited in so far as it relates directly to the Properties, for the years ended 31 December 1997, 1998 and 1999.

		Year ended 31 December 1997	Year ended 31 December 1998	Year ended 31 December 1999
	Note	£	£	£
Turnover		379,739	911,192	1,044,414
Cost of sales		154,724	411,523	481,774
Gross profit		225,015	499,669	562,640
Direct operating expenses	3	16,769	25,826	23,346
Operating contribution		208,246	473,843	539,294

All of the operations are classed as continuing.

2. NOTES TO THE FINANCIAL INFORMATION

2.1 Accounting policies

The principal accounting policies relating to the Properties which have been consistently applied in dealing with items which are considered material in relation to the financial information are as follows.

Basis of accounting

The financial information has been prepared in accordance with applicable accounting standards and under the historical cost convention, as modified by the revaluation of certain fixed assets.

Turnover

Represents rental and service charge income on properties and property management fees on managed properties, excluding VAT.

Investment properties

The Properties are classified as Investment properties.

In accordance with SSAP 19, no depreciation or amortisation is provided in respect of freehold and leasehold investment properties. The treatment for certain of the Company's investment properties is a departure from the requirements of the Companies Act 1985 concerning the depreciation of fixed assets. However these properties are not held for consumption but for investment and the Directors consider that systematic annual depreciation would be inappropriate. The accounting policy adopted is therefore necessary for the accounts to give a true and fair view.

3. DIRECT OPERATING EXPENSES

	Year ended 31 December 1997	Year ended 31 December 1998	Year ended 31 December 1999
	£	£	£
Rental costs	10,859	20,824	20,669
Bad and doubtful debts	5,910	5,002	2,647
	16,769	25,826	23,346

Yours faithfully

Smith & Williamson
Chartered Accountants

PART III

Valuation of the Bizspace Properties



6 Grosvenor Street
London W1X 0DJ

The Directors
Bizspace plc
144 Great North Way
London NW14 1EG

The Directors
Insinger de Beaufort
44 Worship Street
London EC2A 2JT

The Directors
John East & Partners Limited
Crystal Gate
28-30 Worship Street
London EC2A 2AH

8 June 2000

Dear Sirs

Valuation Certificate

Instructions

You have instructed us to undertake an open market valuation of the freehold interest in each of the three following properties:

1. Camberwell Business Centre, Lomond Grove, Camberwell, London SE5
2. Shakespeare Business Centre, Coldharbour Lane, Brixton, London SW9
3. Europa Business Park, Bird Hall Lane, Cheadle Heath, Stockport, Manchester

The properties have been valued as at the date of this certificate. The attached schedule sets out a summary description of the properties valued.

Status of Valuer

We are not aware of any conflict of interest arising from our undertaking this valuation and confirm that Drivers Jonas, in their capacity as external valuers, conforms to the requirements of the Practice Statements and Guidance Notes as set out in the Appraisal and Valuation Manual issued by the Royal Institution of Chartered Surveyors (the "Red Book").

Purpose and Basis of Valuation

We understand that the valuations are required in connection with Bizspace PLC's ("Bizspace") placing of new ordinary shares and admission to the Alternative Investment Market. We further understand that our valuation certificate will be included within the prospectus of today's date issued by Bizspace.

In undertaking our valuations, we have had regard to both the provisions of Chapter 18 of the Listing Rules of the UK Listing Authority (the "Yellow Book") and the Red Book.

The three properties are held as investments and have therefore been valued on the basis of "open market value".

The Red Book defines open market value as:

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

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

Valuation

Our opinion of the Open Market Value of the freehold interest in each of the three properties, as described in the attached schedule, is:

Property	Open Market Value
Camberwell Business Centre, London SE5	£1,100,000
Shakespeare Business Centre, London SW9	£1,200,000
Europa Business Park, Stockport	£2,500,000
Total	£4,800,000

No allowance has been made in our valuations for any expenses of realisation. Neither have we made allowance in our valuations for any liability for the payment of any tax, including Capital Gains Tax, whether existing or which may arise in the future. Our valuations are exclusive of Value Added Tax (VAT). We have assumed that purchasers of the properties will be able to recover any VAT chargeable on a sale.

Our valuations exclude process plant, machinery, fixtures and fittings that are normally taken to be the property of the occupier. However, we have taken into account those items normally associated with the valuation of land and buildings, including mains services, heating and permanent structures and other relevant installations.

Inspections

Inspections of a representative sample of the units at these three properties were undertaken between 18 October and 25 October 1999. The properties were then re-visited for this valuation during April/May 2000.

Sources & Verification of Information

Title: We have not carried out our own investigations into title, but have relied upon information provided to us in respect of tenure details. We have assumed that the interests to be valued are free from any unusual or onerous encumbrances that would impact upon our valuations.

Income and Expenditure: Given the nature of these properties (buildings in multiple occupancy subject to a large number of licences and short-term lease agreements) it has been necessary to adopt a date at which relevant data regarding income and expenditure is available. The latest date for which data is available is 29 February 2000. There will have been changes in income and expenditure since 29 February but change and flexibility is in the very nature of these managed workspace properties and their value is unlikely to be affected by such changes. We are not aware of any significant changes in circumstances.

Leases/Licences: We have not examined any lease/licence documentation. For details of all tenancies we have again relied upon information provided. Where necessary we have obtained supplemental information from the managing agents for the individual properties.

Floor Areas: We have not measured any floor areas. We have relied upon floor areas provided and any additional information provided to us. We have assumed that these areas have been calculated in accordance with the Code of Measuring Practice issued by the Royal Institution of Chartered Surveyors and the Incorporated Society of Valuers and Auctioneers.

Structural Condition and Deleterious Materials: We have not carried out a structural survey nor inspected those parts which are covered, unexposed, or inaccessible, including roofs, and such parts have been assumed to be in good repair and condition. We cannot express an opinion about or advise upon the condition of uninspected parts, and our report should not be taken as making any implied representation or statement in such matters.

We have not arranged for any investigation to be carried out to determine whether or not high alumina cement, woodwool slabs (used as permanent shuttering), blue asbestos, calcium chloride or other deleterious materials have been used in the construction of the buildings, or have since been incorporated. Our valuations have been carried out on the assumption that these materials are not present.

Planning: Oral enquiries have been made of the local planning authorities. However, these enquiries will reveal only those proposals formally approved by the authorities and not those under consideration and therefore the properties may be affected by proposals currently under consideration of which we are unaware.

Environmental Contamination: We are not aware of the content of any environmental audits or other environmental investigations or soil surveys which may have been carried out on the properties and which may draw attention to any contamination or the possibility of any such contamination. In undertaking our work, we have assumed that no contaminative or potentially contaminative uses have ever been carried out on the properties. We have not carried out any investigations into past or present uses, either of the properties or of any neighbouring land, to establish whether there is any contamination or potential for contamination to the subject properties from the uses or sites. Our valuations have been carried out on the assumption that none exists.

However, should it be established subsequently that contamination, seepage or pollution exists at the properties or on any neighbouring land, or that the premises have been or are being put to a contaminative use, this might reduce the values reported.

Ground Conditions: We have not carried out any investigations into the ground conditions of the properties so we cannot certify that good ground conditions exist. For the purposes of our valuations we have assumed that the sites are physically capable of redevelopment and that no special or unusual costs would be incurred.

Services: We have not tested any of the services nor investigated the availability of services not supplied.

Compliance with Building Regulations & Related Approvals: We have assumed that the properties conform to the Fire Precautions Regulations, Building Regulations and to all other relevant legislation.

Year 2000 Compliance: In arriving at our valuations, we have assumed that the buildings, and any businesses operating from the buildings, are Year 2000 compliant.

Confidentiality and Publication

This certificate is provided for the stated purpose and for the sole use of the parties to whom it is addressed and the shareholders of Bizspace PLC. Consequently, no responsibility is accepted to any third party in respect of the whole or any part of its contents.

Before the certificate or any part of it is reproduced or referred to in any document, circular or statement, our written approval as to the form and context of such publication must be obtained.

Responsibility

We accept responsibility for this report for the purposes of paragraph 13(1) of the Public Offers of Securities Regulations 1995.

Yours faithfully
Drivers Jonas

Property	Description, Age and Tenure	Terms of existing occupational agreements	Rent Passing*
Shakespeare Business Centre, Coldharbour Lane, Brixton, London SW9	<p>At the junction with Shakespeare Road, a former Victorian warehouse arranged over ground and two/three upper floors with part mezzanine converted to comprise 2,304 sqm (24,799 sq ft) of multi-occupied light industrial (1,579 sqm), warehouse (331 sqm), office (275 sqm) and vacant (119 sqm) units.</p> <p>The property has brick elevations under a pitched slate roof. Access to the individual units is from a central courtyard area with limited loading facilities. There is a single lift to all floors. There is no on-site car parking. Freehold.</p>	<p>The commercial element of the property is 95% occupied under a number of individual licence agreements.</p> <p>There are also two flats included within the property, which have been sold off on long leases.</p>	£124,103 (excl. Service Charge)
Camberwell Business Centre, Lomond Grove, Camberwell, London SE5	<p>On the eastern side of Lomond Grove, a former Victorian bakery arranged over ground and one, two or three upper floors in three buildings converted to comprise 2,096 sqm (22,566 sq ft) multi-occupied light industrial (194 sqm), warehouse (314 sqm), studio (83 sqm), workshop (577 sqm), office (756 sqm) and vacant (172 sqm) units.</p> <p>The property predominantly has brick or rendered elevations under a part pitched slate and part flat roof. There is a central, shared (unadopted) access road leading to a loading area and parking for 11 cars. Freehold.</p>	The property is 92% occupied under a number of individual licence agreements.	£137,763 (excl. Service Charge)
Europa Business Park, Bird Hall Lane, Cheadle Heath, Stockport, Manchester	<p>On the eastern side of Bird Hall Lane, comprising four 1950s three and four storey office buildings with an ancillary 1960s single storey workshop consisting of 6,343 sqm (68,280 sq ft) multi-occupied warehouse (241 sqm), workshop (1,072 sqm), office (4,332 sqm) and vacant (698 sqm) units.</p> <p>The property is of concrete frame construction with brick cladding beneath a flat roof. There is a total site area of approximately 1.8 ha (4.52 acres) and parking for up to 300 cars. Freehold.</p>	The property is 91% occupied under a number of individual licence agreements.	£318,039 (excl. Service Charge)

*Source: Safeland plc as at 29 February 2000

PART IV

Pro forma balance sheet of the Group

The unaudited statement of pro forma net assets of Bizspace PLC and Bizspace Trading Limited (together the "Group") set out below is based on the audited balance sheet of Bizspace PLC at 10th May 2000 and the audited balance sheet of Bizspace Trading Limited at 10th May 2000 set out in the respective Accountants' Reports in Part II of this document. The table has been prepared for illustrative purposes only and, because of its nature, it cannot give a complete picture of the financial position of the Group.

	Bizspace PLC at 10 May 2000 £	Bizspace Trading Limited at 10 May 2000 £	Issue of preference shares in Bizspace PLC £	Net proceeds from Placing £	Repayment of bank debt and amounts due to Safeland plc £	Pro-forma net assets £
Fixed assets						
Tangible assets	–	5,035,200	–	–	–	5,035,200
	–	5,035,200	–	–	–	5,035,200
Current assets						
Debtors	2	2	–	–	–	4
Cash at bank and in hand	–	–	50,000	2,650,000	(1,552,280)	1,147,720
	2	2	50,000	2,650,000	(1,552,280)	1,147,724
Creditors: amounts falling due within one year	–	(1,662,000)	–	–	1,072,280	(589,720)
Net current assets/(liabilities)	2	(1,661,998)	50,000	2,650,000	(480,000)	558,004
Total assets less current liabilities	2	3,373,202	50,000	2,650,000	(480,000)	5,593,204
Creditors: amounts falling due in more than one year	–	(3,373,200)	–	–	480,000	(2,893,200)
Net assets	2	2	50,000	2,650,000	–	2,700,004

Notes:

- A The pro forma net asset statement has been prepared by the Company to illustrate the effect of the acquisition of Bizspace Trading Limited, the estimated proceeds of the Placing of £2.65 million and the issue of cumulative redeemable preference shares in Bizspace PLC. No account has been taken of any trading since 10th May, 2000.
- B The balance sheet at 10th May 2000 is extracted from the audited non-statutory financial statements of Bizspace PLC for the period from 8th May 2000 to 10th May 2000.
- C The balance sheet of 10th May 2000 of Bizspace Trading Limited is extracted from the audited non-statutory financial statements of that Company for the period from 28th March to 10th May 2000.
- D The net proceeds from the Placing of ordinary shares in Bizspace PLC of £2.65 million are shown after transaction costs of £350,000.
- E The Group is proposing to take advantage of the group reconstruction provisions of Financial Reporting Standard 6, Acquisitions and mergers, and merger accounting will be used on consolidation. The difference between the nominal value of the shares issued in Bizspace PLC and the nominal value of the shares acquired in Bizspace Trading Limited is recorded as a merger reserve within consolidated group reserves. No goodwill arises on consolidation.

PART V

Additional Information

1. Bizspace and its subsidiary

- (a) Bizspace was incorporated and registered in England and Wales on 8th May, 2000 as a public company with limited liability under the Companies Act 1985 under the name Bizspace PLC. On 31 May, 2000 the Registrar of Companies issued the Company with a certificate to commence business and borrow pursuant to Section 117 of the Act.
- (b) The registered office of Bizspace is at 144 Great North Way, London, NW4 1EG.
- (c) The liability of the members of Bizspace is limited.
- (d) Following the Demerger, Bizspace will have one wholly owned subsidiary, Bizspace Trading (Company No. 3957501), which has the same registered office as Bizspace.
- (e) The principal activity of Bizspace is that of a holding company. The principal activity of Bizspace's subsidiary, Bizspace Trading, is the provision of serviced work space facilities.
- (f) The principal legislation under which the Company operates is the Act and the regulations made thereunder.

2. Share Capital

- (a) Bizspace was incorporated with an authorised share capital of £50,000 divided into 50,000 ordinary shares of £1 each. Two ordinary shares were issued to the subscribers of the Memorandum of Association of Bizspace which were subsequently transferred by the subscribers to an independent third party.
- (b) By an ordinary resolution passed on 30 May, 2000:
 - (i) each ordinary share of £1 in the authorised and issued share capital of Bizspace was subdivided into 20 ordinary shares of 5p each; and
 - (ii) the authorised share capital of Bizspace was increased by £1,500,000 from £50,000 to £1,550,000 by the creation of 50,000 Preference Shares of £1 each and an additional 29,000,000 Ordinary Shares.
- (c) On 30 May, 2000 50,000 Preference Shares were issued to Safeland at par.
- (d) The authorised and issued share capital of Bizspace as at the date of this document and as it will be immediately following completion of the Demerger and the Placing is set out below.

Authorised		Existing	Issued and fully paid	
Number	Amount		Number	Amount
30,000,000	£1,500,000	in Ordinary Shares of 5p each	40	£2
50,000	£50,000	in Preference Shares of £1 each	50,000	£50,000

Authorised		Following Admission	Issued and fully paid	
Number	Amount		Number	Amount
30,000,000	£1,500,000	in Ordinary Shares of 5p each	14,275,434	£713,771
50,000	£50,000	in Preference Shares of £1 each	50,000	£50,000

- (e) As at 8 June, 2000 no share options had been granted pursuant to the 2000 Scheme adopted on 30 May, 2000 and there are no immediate plans to grant options under the 2000 Scheme. The Company had conditionally granted options over 250,000 Ordinary Shares to each of Paul Davis and Larry Lipman.
- (f) There are no outstanding convertible securities issued by Bizspace.
- (g) By the following ordinary resolution passed on 30 May, 2000:
 - (i) The Directors were authorised in accordance with section 80 of the Act to allot relevant securities (defined in that section) up to an aggregate nominal value of £1,549,998 such power to expire (unless renewed, varied or revoked by Bizspace in general meeting) at the conclusion of the annual general meeting of Bizspace to be held next after the passing of this resolution or 15 months after the passing of this resolution (whichever is the earlier) save that Bizspace may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement as if the power conferred by this resolution had not expired;
 - (ii) all prior authorities to allot relevant securities were revoked but without prejudice to the allotment of any relevant securities already made or to be made pursuant to such authorities;

- (h) By the following special resolution passed on 8 June, 2000:
- (i) the Directors were authorised in accordance with section 95 of the Act to allot equity securities (within the meaning of section 94 of the Act) for cash pursuant to the authority to allot conferred on the Directors by the above resolution as if section 89(1) of the Act did not apply to such allotment provided that such power be limited to:
 - (1) the allotment of equity securities in connection with a rights issue, being an offer of equity securities to holders of Ordinary Shares in proportion to their respective holdings, subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with fractional entitlements or legal or practical problems arising under the laws or requirements of any regulatory body, stock exchange or otherwise in any territory;
 - (2) the allotment of 9,989,680 Ordinary Shares to Safeland Shareholders;
 - (3) the allotment of 4,285,714 Ordinary Shares under the Placing;
 - (4) the allotment of 500,000 Ordinary Shares under the Share Option Arrangements; and
 - (5) the allotment (otherwise than pursuant to subparagraph (1) to (4) above) of equity securities up to an aggregate nominal amount of £38,189 (being approximately 5 per cent. of the issued share capital on Admission);

such power to expire (unless renewed, varied or revoked by Bizspace at general meeting) at the conclusion of the annual general meeting of Bizspace to be held after the passing of this resolution or 15 months after the passing of this resolution (whichever is the earlier) save that Bizspace may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement as if the power conferred by this resolution had not expired; and
 - (ii) all prior powers granted under section 95 of the Act were revoked provided such revocation will not have retrospective effect.
- (i) There are no listed or unlisted securities issued by Bizspace not representing share capital.
 - (j) Save as disclosed in this paragraph 2, no capital of Bizspace has been allotted for cash or for consideration other than cash since incorporation.
 - (k) Save in respect of the Placing, the Demerger or pursuant to the exercise of the options over Ordinary Shares granted to Larry Lipman and Paul Davis or under the 2000 Scheme, no new capital of Bizspace is proposed to be issued or is under option or is agreed to be put under option.

3. Memorandum and Articles of Association

The principal objects of Bizspace under its Memorandum of Association are to carry on business as a general commercial company and to purchase, take on lease, exchange, lease or otherwise deal in and hold for the purpose of investment, development or resale and to traffic in any freehold, leasehold or other property for any estate or interest whatever and to purchase, exchange or otherwise deal in stocks, debentures, debenture stock, bonds, obligations or securities of any government, state or authority or of any public or private company, corporate or incorporate and, *inter alia*, to carry on any other trade or business whatever which can in the opinion of the Board be advantageously carried on in connection with or ancillary to any of the businesses of Bizspace.

The Articles of Association of Bizspace, which were adopted by special resolution passed on 30 May, 2000 contain, *inter alia*, provisions to the following effect:

- (a) **Voting rights**
At any general meeting, on a show of hands, every member holding Ordinary Shares who is present in person shall have one vote only and, in the case of a poll, every member who is present in person or by proxy shall have one vote for every Ordinary Share held by him. No member shall, unless the Directors otherwise determine, be entitled in respect of any share held by him, to vote at any general meeting or class meeting unless all calls or other sums presently payable by him in respect of that Ordinary Share have been paid or where the member has failed to comply with a disclosure notice under section 212 of the Act. In the case of an equality of votes, the chairman of the meeting shall be entitled to an additional or casting vote.
- (b) **Dividends**
Subject to the provisions of any relevant legislation, Bizspace may by ordinary resolution, from time to time, declare dividends to be paid in accordance with the respective rights of the members but no dividend shall be declared in excess of the amount recommended by the Board.

Dividends shall be apportioned and paid proportionately to the amounts paid up on the Ordinary Shares during any portion or portions of the period in respect of which the dividend is paid.

Any dividend which has remained unclaimed for a period of 12 years from the date the dividend was declared or became due for payment, shall be forfeited and cease to remain owing by Bizspace and shall revert to Bizspace.

There is no fixed date on which an entitlement to a dividend arises in respect of Ordinary Shares.

(c) ***Distribution of assets on a winding up***

If Bizspace shall be wound up, the liquidator may, with the sanction of an extraordinary resolution and, subject to any other sanction required by any relevant legislation:

- (i) divide among the members in specie the whole or any part of the assets of Bizspace and may, for such purpose, value any assets and determine how such division shall be carried out as between the members or different classes of members; and
- (ii) vest any part of the assets in trustees upon such trusts for the benefit of the members as the liquidator, with the like sanction, may determine,

but no member shall be compelled to accept any assets upon which there is any liability.

(d) ***Redemption***

There are no provisions relating to the redemption of Ordinary Shares.

(e) ***Variation of rights***

Subject to the provisions of any relevant legislation, all or any of the special rights attached to any class of share may be varied or abrogated in such manner as may be provided by such rights or in the absence of any such provision, with the consent in writing of the holders of threefourths in nominal value of the issued shares of that class or with the sanction of any extraordinary resolution passed at a separate meeting of the holders of the shares of that class.

A quorum at a separate meeting for holders of a particular class of shares shall be two who between them hold at least one third in nominal value of the issued shares in that class. Where there is only one holder of that particular class of shares, the quorum is the holder.

A quorum at an adjourned meeting for holders of a particular class of shares shall be two except where there is only one holder; in which case the quorum is the holder.

(f) ***Transfer of shares***

The instrument of transfer of any share shall be in any usual form in writing or in such other form as may be approved by the Directors and shall be executed by or on behalf of the transferor and if the share is not fully paid, by or on behalf of the transferee. The transferor shall remain the holder of the shares concerned until the name of the transferee is entered in the Registrar of Members. The Directors may in their absolute discretion without assigning any reason therefor refuse to register a transfer of any share which is not fully paid provided that this does not prevent dealings in partly paid shares taking place on an open and proper basis. Subject to the provisions relating to the suspension of registration of transfers for not more than 30 days in any year and in the suspension of rights referred to in paragraph (j) below, the Articles contain no restrictions on the free transferability of fully paid shares provided that the transfer is in respect of only one class of share, is stamped if so required and is in favour of not more than four transferees and is accompanied by the share certificate and any other evidence of title reasonably required by the Directors and that the provisions in the Articles relating to the deposit of instruments for transfer have been complied with.

Notwithstanding any other provision of the Articles, title to any shares may, in accordance with the Uncertificated Securities Regulations 1995 (the "Regulations") be evidenced and transferred without a written instrument by means of a relevant system (as defined in the Regulations) and the Directors shall have power to implement such arrangements as they think fit for such evidencing and transfer in accordance with the Regulations.

(g) ***Directors' interests***

Subject to the provisions of any relevant legislation and provided that he has disclosed to the Directors the nature and extent of any material interest of his, a Director may notwithstanding his office, be a party to or otherwise interested in any contract, transaction or arrangement with Bizspace or in which Bizspace is otherwise interested (including any insurance against any liability purchased or maintained by Bizspace for him or for his benefit), may be a director or other officer of or be employed by, or a party to any transaction

or arrangement with or otherwise interested in any body corporate promoted by Bizspace or in which Bizspace is otherwise interested, may hold any office or place of profit under Bizspace (except that of auditor to the Group) in conjunction with the office of Director and he (or any firm of which he is a member) may act in a professional capacity to Bizspace and be remunerated therefor in addition to or in lieu of any remuneration provided for by the Articles of Association and he shall not, by reason of his office, be accountable to Bizspace for any benefit which derives from any office or employment or from any such contract or transaction or arrangement or from any interest in any such body corporate and no such contract, transaction or arrangement shall be liable to be avoided on the ground of any such interest or benefit. A Director who, to his knowledge, is in any way, directly or indirectly, interested in any contract, transaction or arrangement with Bizspace shall declare the nature of such interest at the Directors' meeting at which the question of entering into the contract, transaction or arrangement is first considered if he knows his interest then exists or in any other case at the first Directors' meeting after he knows that he is or has been so interested.

Save as otherwise provided below, a Director shall not vote in respect of any resolution of the Directors or a committee thereof concerning any contract, transaction or arrangement or any other proposal whatsoever to which Bizspace is or is to be a party and in which he has any material interest, direct or indirect, otherwise than by virtue of his interests in shares or debentures or other securities of or otherwise in or through Bizspace. A Director shall not be counted in the quorum at a meeting in relation to any resolution on which he is debarred from voting. Subject to the provisions of any relevant legislation, a Director shall (in the absence of some material interest, direct or indirect, other than as indicated below) be entitled to vote (and be counted in the quorum) in respect of any resolution concerning any of the following matters:

- (1) the giving of any guarantee, security or indemnity to him in respect of money lent or obligations incurred by him or by any other person at the request of or for the benefit of Bizspace or any of its subsidiary undertakings;
- (2) the giving of any guarantee, security or indemnity to a third party in respect of a debt or obligation of Bizspace or any of its subsidiary undertakings for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;
- (3) any contract, transaction, arrangement or proposal concerning an offer of shares or debentures or other securities of or by Bizspace or any of its subsidiary undertakings in which offer he is or may be entitled to participate as a holder of securities or in the underwriting or subunderwriting thereof;
- (4) any contract, transaction, arrangement or proposal to which Bizspace is or is to be a party concerning any other body corporate in which he is interested, directly or indirectly and whether as an officer or shareholder or otherwise howsoever, provided that he together with persons connected with him is not the holder of or beneficially interested in 1 per cent. or more of the issued shares of any class of such body corporate (or of any third corporate through which his interest is derived) or of the voting rights available to members of the relevant body corporate;
- (5) any contract, transaction, arrangement or proposal concerning the adoption, modification or operation of a pension, superannuation or similar scheme or retirement, death or disability benefits scheme, or any scheme for enabling employees including full time executive directors to acquire shares of the company and/or any of its subsidiary undertakings under which he may benefit and which has been approved by or is subject to and conditional upon approval by the Board of Inland Revenue or under which the director benefits in a similar manner to employees and which does not accord any director as such any privilege or advantage not generally accorded to the employees to whom such scheme or arrangement relates;
- (6) any contract, transaction, arrangement or proposal concerning any insurance against any liability which Bizspace is empowered to purchase or maintain for or for the benefit of any Directors or group of persons who include Directors.

Where proposals are under consideration concerning the appointment (including fixing or varying the terms of the appointment) of two or more Directors to offices or employments with Bizspace or any body corporate in which Bizspace is interested, such proposals may be divided and considered in relation to each Director and in such case each of the Directors concerned (if not debarred from voting pursuant to the provisions referred to above) shall be entitled to vote and be counted in the quorum in the respect of each resolution except that concerning his own appointment.

An interest of a person who is, for the purposes of any relevant regulation connected with a Director shall be treated as an interest of the Director and an interest of the appointor of an alternate Director shall be treated as an interest of the alternate Director in addition to an interest which the alternate Director otherwise has.

Subject to the provisions of any relevant legislation, Bizspace may by ordinary resolution suspend or relax the provisions of the Articles of Association conferring limitations on the voting of interested Directors, in relation to a particular matter or ratify any transaction not duly authorised by reason of a contravention of such provisions.

(h) ***Pre-emption rights***

There are no rights of preemption under the Articles of Association of Bizspace in respect of transfers of issued ordinary shares. In certain circumstances, Ordinary Shareholders may have statutory preemption rights under the Act in respect of the allotment of new shares in Bizspace. The statutory preemption rights would require Bizspace to offer new shares for allotment to existing shareholders on a pro rata basis before allotting to other persons. In such circumstances, the procedure for the exercise of such statutory preemption rights would be set out in the documentation by which such shares would be offered to Ordinary Shareholders.

(i) ***Directors' Borrowing Powers***

The Directors may exercise all the powers of Bizspace to borrow money and to mortgage or charge its undertaking, property, assets and uncalled capital and, subject to Section 80 of the Act to issue debenture stock or any other securities whether outright or as collateral security for any debt, liability or obligation of Bizspace or of any third party. The aggregate amount at any one time remaining outstanding of all monies borrowed by Bizspace and all its subsidiaries and from time to time owing to persons outside the Group shall not at any time without the previous sanction of an ordinary resolution of Bizspace exceed a sum equivalent to the higher of £10 million or 3 times the aggregate of the share capital of Bizspace for the time being issued and paid up and the amounts standing to the credit of the consolidated capital and revenue reserves of Bizspace and each of its subsidiary companies.

(j) ***Suspension of rights***

If a member or any other person appearing to be interested in shares held by such shareholder has been duly served with notice under section 212 of the Act and is in default in supplying to Bizspace within such period as may be specified in such notice the information thereby required or make a statement which is false or inadequate in any material way, then (if the Directors so resolve) such member shall not be entitled to be present or to vote or to exercise any right conferred by membership in relation to meetings of Bizspace in respect of the shares which are the subject of such notice (the "default shares") and (where the holding represents at least 0.25 per cent. of the issued shares of that class) the payment of dividends may be withheld, and such transfers of the shares of that member may not be registered unless (i) the member is not himself in default in supplying the information requested and the shares transferred are not default shares or (ii) the transfer is an approved transfer.

4. Directors and Directors' Interests

- (a) The Directors have held within the past five years prior to the date of this document and continue to hold the following other directorships:

Larry Lipman

Current Directorships

25-34 Craven Street Limited	3A-D Heathurst Road Limited
Arden House Management Limited	Argonaut Properties Limited
Avenue Schools Limited	Beaconsview Services Limited
Belvedere Court Management Limited	Bizspace Trading Limited
Bluebelt Limited	Briardale Developments Limited
Bridgelink Limited	Bronzebelt Limited
Burnham Limited	Cranmer Finance Limited
Crowngate Properties Limited	Daisylane Limited
David Glass Associates Plc	Deepdale Properties Limited
Deltamile Limited	DGA Insurance Services Limited
Deacon Insurance Services Ltd	Dunlop Heywood & Co. Ltd.
Eagleworld Limited	Finlaw Forty-One Limited
Foxglade Properties Limited	Fruitcage Limited
Glenhurst Financial Services Limited	Goldenblaze Limited
Goldenlane Limited	Hampton Court 5 Limited
Hathaway Properties Limited	Headline Investments Limited
Hercules Properties Limited	Hercules Property Services Plc
Hercules Telecom Limited	Heritage Insurance Services Limited
H P S Property Limited	Laburnum Properties Limited
Limecorp Limited	Linkway Financial Services Limited
Long Term Reversions Limited	Longstone Property Company Limited
Matjo Limited	Marinekirk Properties Limited
Notewell Limited	Oceantide Limited
Oakmoor Financial Services Limited	Pink Affinity Limited
Placeadmit Limited	Property Connection Limited

Past Directorships

Paul Davis

Current Directorships

Pullpower Limited
Rainbow Estates Limited
Resolute Property Management Limited
Safeland (Ground Rents) Limited
Safeland Plc
Safeland Investments Limited
Saffron Developments Limited
Spypost Limited
Superior Properties Limited
Swanlane Estates Limited
Ultroflow Limited

Fable Estates
Metrostore Group Limited
Starmodex Limited

Parkbench Limited
Redgate Property Company Limited
Safestore Plc
Safeland (Ground Rents No.2) Limited
(formerly Gatestar Limited)
Safeland Properties Limited
Simmonds & Partners Limited
Sudbury Court Management Limited
(formerly Safeland Developments Limited)
Techbill Limited
Waterglen Limited

Maidwheel Limited
Safestore Trading Plc
24 Ellerdale Road Management Limited

Alexandra Court (Bournemouth)
Management Co Limited
Arden House Management Limited
Beaconview Services Limited
Bizspace Trading Limited
Bethany Court Management Co Limited
Briardale Developments Limited
Bridge 23 Management Limited
Caroline Registrars Limited
Cedra Court Management Limited
Crescent 25 Management Limited
Crown Gate Properties Limited
David Glass Associates Plc
Deepdale Limited
Deltamile Limited
Drummond Road Management Co. Limited
Emily Court (Parkstone) Management Limited
Foxglade Properties Limited
Glenhurst Financial Services Limited
Goldenlane Limited
Halebrose Grange Management Co. Limited
Headline Investments Limited
Hercules Telecom Limited
Laburnum Properties Limited
Longstone Property Company Limited
Melrose (Bournemouth) Management Limited
Milton 38 Managers Limited
Oakmoor Financial Services Limited
Pink Affinity Limited
Purbeck Management Limited
Property Connection Limited
Redvers Management Company Limited
Riverpath Properties Limited
Salmann Harman Healy Limited
Simmonds & Partners Limited
Streethandy Trading Limited
Surrey 26 Management Limited
Swanmore 50 Management Limited
Ultroflow Limited
Waterglen Limited
Safestore Plc

Past Directorships

Jonathan Radgick

Current Directorships

Past Directorships

Hammer Services Limited
Buttercup Properties Limited
Hercules Property Services Limited
S (UK) Limited (receivership May 1991)

Harman Healy Limited
Salmann Harman Healy Limited
S (UK) Holdings (receivership May 1991)

Stephen Landy

Current Directorships

Addison Beyer Green Limited
Discodata Limited
Marylebone Company Services Limited
PCS Training Solutions Limited
Percy Philips & Co Limited
Wilder Coe Limited
Wilder Coe Secretarial Services Limited

Brook Finance Limited
Marylebone Accounting Centre Limited
Orchidrate Limited
Psychological Consultancy Services Limited
Storeview Limited
Wilder Coe Management Services Limited
Vastchoice Limited

Past Directorships

Safestore Plc

- (b) Stephen Landy was appointed as a Partner in 1977 of Wilder Coe. In 1992 he was also appointed as a Partner of Addison Beyer Green & Co.

Save as disclosed above, the Directors have not held within the past five years and do not hold, any other directorships or partnerships.

- (c) No Director has:

- (i) any unspent convictions in relation to indictable offences;
- (ii) had any bankruptcy order made against him or entered into any individual voluntary arrangement;
- (iii) save as disclosed in paragraph (g) below, been a director of a company which has been placed into receivership, compulsory liquidation, creditors' voluntary liquidation, administration or which has entered into any company voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors, at the time of or within twelve months preceding such events;
- (iv) been a partner of any partnership which has been put into compulsory liquidation, administration or entered into partnership voluntary arrangements, at the time of or within twelve months preceding such events;
- (v) had a receivership of any asset of such Director or of a partnership where he was a partner at the time of or within the twelve months preceding such event; and
- (vi) save as disclosed in paragraph (g) below, been publicly criticised by statutory or regulatory authorities (including recognised professional bodies) nor has such Director ever been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company.

- (d) The interests of each of the Directors and their immediate families in the issued share capital of Bizspace which would be notifiable to Bizspace pursuant to sections 324 to 328 of the Act or which would be required to be entered in the register of Director's interests maintained by Bizspace pursuant to section 325 of the Act (all of which are beneficial save as referred to below) including interests of persons connected (within the meaning of section 346 of the Act) with a Director, which interests if such connected persons were Directors, would be required to be disclosed pursuant to the Act and the existence of which is known to or could with reasonable diligence be ascertained by the Directors, as at Admission are as follows:

Director	No. of Ordinary Shares on Admission	Percentage of issued share capital following Admission	No. of options over Ordinary Shares following Admission
Larry Lipman (Notes (i) and (ii))	198,011	1.39	250,000
Paul Davis	33,873	0.24	250,000
Jonathan Radgick	—	—	—
Stephen Landy	—	—	—

Notes:

- (i) Larry Lipman has also a one-third beneficial interest in the issued share capital of Safeland Holdings Corporation. Details of Safeland Holdings Corporation's interest in Ordinary Shares is set out in paragraph 6(a) below.
 - (ii) Larry Lipman is connected with Safeland plc (for the purposes of section 346 of the Act). Details of Safeland's interests in Ordinary Shares are set out in paragraph 6(a) below. In addition, Safeland is interested in 50,000 Preference Shares.
- (e) (i) Larry Lipman and Paul Davis have been seconded to the Company pursuant to the terms of the Secondment Agreements, details of which are set out in paragraph 9(d) of Part V of this document.
- (ii) Jonathan Radgick and Stephen Landy were appointed non-executive Directors on 8 May, 2000 and their appointment will continue unless terminated by either party giving to the other not less than 3 months notice in writing. Mr Radgick and Mr Landy will each be paid an annual fee of £5,000 each and both Directors will be entitled to reimbursement of reasonable expenses incurred in performing their duties.
- (iii) There are no service agreements in existence between any of the Directors and Bizspace or Bizspace Trading which cannot be determined by the employing company, without payment of compensation (other than statutory compensation) within one year.

- (f) It is estimated that the aggregate amount payable and the benefits in kind to be granted to the Directors by Bizspace for the year ending 28th February, 2001 will be £7,000.
- (g) (i) Mr Radgick was a director of each of S (UK) Holdings Limited and S (UK) Limited, both of which companies went into administrative receivership in May 1991. As at 10th June 1991, S (UK) Holdings Limited had a deficiency of £6,197,115. As at 8th May, 1995 the joint administrative receivers had realised in aggregate £1,175,049 and had paid out £1,165,347 in the administrative receivership of S (UK) Holdings Limited. In addition, as at the same date the joint administrative receivers of S (UK) Limited had realised in aggregate £710,044 and had paid out £703,841 in the administrative receivership of that company. The majority of the deficiency/shortfall is in S (UK) Holdings Limited.
- (ii) With the agreement of Wilder Coe, the Investigation Committee of the Institute of Chartered Accountants made an order in March 1995 that the firm be reprimanded, fined £350 and pay costs of £150 following a complaint that the firm handled two amounts of Investment Business Clients' Monies totalling £45,637, between 3rd February, 1993 and 10th February, 1994 when not authorised to do so. The reprimand was in relation to technical breaches and no party suffered any loss. Mr Landy was not the partner responsible for the matters in question.

5. Share Option Arrangements

(i) *Bizspace PLC 2000 Unapproved Executive 2000 Scheme (the "2000 Scheme")*

On 30 May, 2000 Bizspace adopted the 2000 Scheme for which Inland Revenue approval will not be sought. The principal terms of the Scheme are as follows:

(A) *Eligibility*

Any director or employee of the Company or any participating company (as defined in the rules of the 2000 Scheme) is eligible to participate in the 2000 Scheme as is any employee of Safeland or its subsidiaries who performs services for Bizspace or a participating company. No eligible executive will be entitled to participate as of right and the extent of each individual's participation will be at the discretion of Bizspace's Remuneration Committee of the Board of Directors of Bizspace comprising a majority of nonexecutive directors ("the Committee"), subject to the limits referred to in paragraphs (B) and (C) below.

(B) *Individual Terms*

No individual may be granted an option if the subscription cost of that option together with the amount paid or payable on the exercise of options granted to him under the 2000 Scheme and under any other discretionary share option scheme established by Bizspace in the previous ten years (including any options which shall have lapsed or been cancelled, surrendered or waived) would exceed four times his basic annual salary and bonuses for the current or preceding year of assessment (whichever is the greater). If a participant has no such emoluments then the Committee will decide the extent of his or her participation.

(C) *Overall Limits*

The maximum number of ordinary shares of Bizspace over which options may be granted under the 2000 Scheme on any date, when aggregated with the number of ordinary shares of Bizspace issued or issuable in respect of rights granted within the previous ten years under the 2000 Scheme and any other share option scheme of Bizspace must not exceed 5 per cent. of the issued ordinary share capital of Bizspace on the day preceding that date and, when aggregated also with the ordinary shares of Bizspace issued or issuable in respect of rights granted within the previous ten years under any other share option scheme adopted by Bizspace and ordinary shares of Bizspace issued under any profit sharing scheme of Bizspace, must not exceed 10 per cent. of the issued ordinary share capital of Bizspace on the date preceding that date.

The maximum number of ordinary shares of Bizspace over which options may be granted under the 2000 Scheme and any other share option scheme of Bizspace in any consecutive period of three years shall not exceed 3 per cent. of the issued ordinary share capital of Bizspace at the end of that three year period.

Options which lapse or are renounced, surrendered or cancelled or which are granted before or within 42 days of Admission (whether under the 2000 Scheme or otherwise) do not fall into account for the purposes of these overall limits.

(D) *Subscription Price*

The price per ordinary share at which an option may be exercised will be determined by the Committee but will in any event be not less than the higher of its nominal value and the market value of a share as determined by the Auditors of Bizspace for the time being in accordance with paragraph VIII of the Taxation of Chargeable Gains Act 1992 or, if the ordinary shares of Bizspace are listed on the London Stock Exchange, the average midmarket quotation of an ordinary share as derived from the London Stock Exchange Daily Official List for the three dealing days following the relevant announcement date referred to in paragraph (F) below.

(E) *Share Rights*

Ordinary shares of Bizspace issued on the exercise of an option will rank *pari passu* in all respects from the date of their allotment with the then existing ordinary shares of Bizspace except that they will not entitle their holders to receive any dividends or other distributions declared or any payment to holders of shares on the register of members on a date which precedes the date of exercise of the option.

(F) *Timing of and consideration for Grant of Options*

Offers and grants of options may be made at any time after the date of the adoption of the 2000 Scheme save that, after Admission, grants may only be made in the period of 42 days after Admission, and thereafter within the period of forty two days commencing on the dealing day immediately following the date on which Bizspace makes an announcement of its results for the preceding financial year, half year or other period.

Offers and grants of options shall only otherwise be made at times where, in the absolute discretion of the Committee, circumstances are considered to be exceptional so as to justify the grant of an option. The Committee may not grant an option to an executive to whom the Model Code for transactions in securities by directors of AIM companies or such other code governing the conduct of the directors of Bizspace as Bizspace may adopt from time to time ("the Model Code") applies if the Committee is aware that such grant would be in breach of the Model Code. The consideration for the grant of each option will be the sum of £1. The Committee may terminate the 2000 Scheme at any time (without affecting options already granted).

(G) *Exercise of Options*

No option will be exercisable before the expiry of three years from the date of its grant, except in specific circumstances, nor after the expiry of ten years from that date. An option may be exercised (whether or not the initial three year period has expired) in the following circumstances:

- (1) if a participant leaves the employment of Bizspace or any participating company because of injury, disability, retirement or redundancy, he may exercise his option within six months of the date of the cessation of the employment failing which it will lapse;
- (2) if a participant leaves the employment of Bizspace or any participating company for any reason other than as specified in (1) above or death, his option will automatically lapse unless and to the extent that the Committee in its discretion permits exercise and notifies the participant prior to or within 14 days of such cessation that it may be exercised, in which case it may be exercised within six months of receipt of such notification, failing which it will lapse;
- (3) if a participant dies, his personal representatives may exercise his option within twelve months of the date of his death, failing which it will lapse;
- (4) if another company acquires control of Bizspace as a result of a general offer to acquire the whole of the issued share capital of Bizspace or an offer which is made on condition that if it is satisfied the person making the offer will have control of the Company or a general offer to acquire all the shares of the same class as the option shares then any option may be exchanged for an option equivalent in terms to the old option over shares in the acquiring company if the acquiring company so agrees. Otherwise a participant may exercise his option within six months of the change of control failing which it will lapse, except where the acquiring company becomes entitled to acquire shares in the Company compulsorily, in which event the option will lapse at the end of the period for which the acquiring company is so entitled; and
- (5) if notice is duly given of a resolution for the voluntary winding up of the Company (unless the winding up is for the purpose of a reorganisation or reconstruction which makes provision for the adjustment or cancellation of the options), a participant will be entitled, until the commencement of the winding up, to exercise his option, failing which it will lapse.

No option may be exercised by an individual to whom the Model Code applies if such exercise would be in breach of the Model Code.

(H) *Variation of Capital*

In the event of any capitalisation issue, rights issue or consolidation of shares or subdivision or reduction of the share capital of the Company, the subscription price and number of ordinary shares subject to an option may be adjusted by the Committee subject to written confirmation from the Company's auditors that in their option the adjustment is fair and reasonable.

(I) *Performance Related Conditions*

The exercise of any option may be made subject to such objective condition or conditions as the Committee may determine. The Committee may, in its absolute discretion, waive or amend the condition in accordance with the terms specified in relation to that condition. The intention of the Company is, in all cases, to make options granted under the Scheme subject to appropriate and challenging objective performance conditions.

Any objective condition or conditions imposed shall not be required to be fulfilled on exercise of an Option as a result of the cessation of the participant's employment by reason of death, injury, ill health, disability and redundancy (as referred to in paragraph (G) above) or in the circumstances referred to in paragraphs (G)(4) and (5).

(J) *Cash Equivalent*

Where an individual seeks to exercise an option granted under the 2000 Scheme the Company may determine instead that the individual be paid a sum equal to the cash equivalent of the relevant number of shares. If at the time of exercise the Company's shares are listed on the London Stock Exchange, this cash equivalent is the amount by which the middle market quotation for an ordinary share on the dealing day last preceding the date of notice of exercise of the option as derived from the London Stock Exchange exceeds the subscription price payable for the ordinary share multiplied by the number of ordinary shares over which the relevant option has been granted. If at the time of exercise, the Company's shares are not so listed, their then market value will be determined by the Auditors. If the Company in its discretion so decides, it may allot shares to the individual at the market value of the shares by reference to which the cash equivalent has been calculated in respect of the whole or part of the sum payable as a cash equivalent.

(K) *General*

- (1) Options are personal to participants and are not transferable save for transmission on death to their personal representatives in accordance with the rules of the 2000 Scheme. An option will lapse if the participant attempts to deal with it or he is adjudicated bankrupt. Participation in the 2000 Scheme does not form part of an employee's terms of employment nor does it afford to any participant any additional right to compensation on termination of employment.
- (2) No option may be granted under the 2000 Scheme more than ten years after the date of its adoption by the Company nor may an option be granted to an individual within two years of his normal retirement date.
- (3) The Company must keep available sufficient of its authorised but unissued ordinary share capital to satisfy all outstanding options granted under the 2000 Scheme.
- (4) The Committee may not alter the 2000 Scheme to the advantage of those who are eligible to participate or of participants (present or future) without the prior consent of the shareholders of the Company in general meeting (except for minor amendments to benefit the administration of the 2000 Scheme, to take account of changes in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants or any participating company).

(ii) *Share Option arrangements for Larry Lipman and Paul Davis*

Larry Lipman and Paul Davis have each conditionally been granted options over 250,000 Ordinary Shares, subject to the approval of the shareholders of Safeland at the extraordinary general meeting to be held on 26 June, 2000 and Admission, pursuant to option agreements made between the Company and each of Larry Lipman and Paul Davis dated 8 June, 2000. Each option is exercisable at a price of 5p per share at any time after eighteen months and before ten years from Admission. If Larry Lipman or Paul Davis ceases to be a director of Bizspace then their option lapses save where such cessation is as a result of ill health, permanent incapacity or retirement, death or following a take-over of Bizspace, a scheme of arrangement or a proposal for the voluntary winding up of Bizspace in which case specific provisions govern the timing and extent of the exercise of the options. The options are only exercisable if for the five dealing days prior to the date on which Larry Lipman or Paul Davis seeks to exercise his options, the average of closing middle market quotations for an Ordinary Share as derived from the appropriate sections of the Daily Official List of the London Stock Exchange shall be at least 80p.

In the event of any capitalisation issue, rights issue or consolidation of shares or subdivision or reduction of capital, the subscription price and/or the number of ordinary shares subject to an option and/or the other terms on which the option may be exercised may be adjusted by the Company to such extent and in such manner as the Company's auditors shall confirm in writing to the Company to be fair and reasonable provided that the subscription price shall not be reduced below the nominal value of a share.

6. Substantial Shareholders

- (a) As far as the Directors are aware on Admission the following persons (excluding the Directors) will be interested directly or indirectly in 3 per cent. or more of the issued ordinary share capital of Bizspace.

Shareholder	Number of Ordinary Shares	Percentage of issued Ordinary share capital following Admission
Safeland	1,428,571	10.0%
SHC	3,667,701	25.7%
RBSTB Nominees Limited	1,739,362	12.2%

Safeland is also the holder of 50,000 Preference Shares, being all the Preference Shares in issue.

- (b) As at the date of this document there are 40 Ordinary Shares in issue all of which are owned by an independent third party and which together with the 50,000 Preference Shares owned by Safeland, represent the entire issued share capital of Bizspace.
- (c) Save as disclosed under paragraph 4(d) and paragraphs (a) and (b) above, so far as the Directors are aware, there is no person who, directly or indirectly, jointly or severally exercises or could exercise control over Bizspace or who is interested in 3 per cent. or more of the issued share capital of Bizspace.

7. Litigation

No company in the Bizspace Group is, or has been engaged in any legal or arbitration proceedings which are having or may have had a significant effect on the financial position of Bizspace, nor are any such proceedings pending or threatened.

8. Working Capital

In Bizspace's opinion, having made due and careful enquiry, the working capital available to it will, from Admission, taking into account available bank facilities, be sufficient for its present requirements, that is for at least the 12 months following publication of this document.

9. Material Contracts

The following contracts (not being entered into in the ordinary course of business) have been entered into by the Bizspace Group within a two year period immediately preceding the date of this document and are or may be material:

- (a) an agreement dated 8 June, 2000 made between (1) Safeland and (2) Bizspace relating to the acquisition by Bizspace of the whole of the issued share capital of Bizspace Trading. The consideration for such acquisition is the issue of 9,989,680 Ordinary Shares to Safeland to be distributed in specie to Safeland Shareholders. The agreement contains provisions for the repayment of the loan owing by Bizspace Trading to Safeland and the release of the guarantee given by Safeland to HSBC Bank plc. The agreement is conditional on, *inter alia*, Safeland Shareholders' approval of the Demerger and Admission;
- (b) a management agreement dated 9 May, 2000 made between (1) Dunlop Heywood and (2) Bizspace Trading whereby Dunlop Heywood has agreed to manage the Bizspace Properties for an initial fee of £10,000 and an annual fee of £51,000 payable on a monthly basis;
- (c) the Placing Agreement dated 8 June, 2000 between Bizspace (1), Safeland (2), the Directors (3), John East & Partners (4) and Insinger Townsley (5) pursuant to which conditional upon, *inter alia*, Admission taking place on or before 8.00 am on 3 July, 2000 (or such later time and/or date as John East & Partners, Insinger Townsley and Bizspace may agree, being not later than 31 July, 2000);
- (i) John East & Partners has agreed to act as nominated adviser to Bizspace; and
- (ii) Insinger Townsley has agreed to use reasonable endeavours to procure subscribers for 4,285,714 Ordinary Shares proposed to be issued by Bizspace at a price of 70 pence per Ordinary Share.

The agreement contains warranties and indemnities from Bizspace, Safeland and the Directors in favour of John East & Partners and Insinger Townsley, together with provisions which enable John East & Partners and Insinger Townsley to terminate the agreement in certain circumstances prior to Admission, including where any warranties are found not to be true or accurate in any material respect, and in certain force majeure events. The liability of the Company and Safeland is capped at £2 million. If Admission takes place, John East & Partners will receive a corporate finance fee of £60,000 and Insinger Townsley will receive a fee of £20,000. In addition, Insinger Townsley will be entitled to receive a commission represented by 3 per cent. of the total funds raised via the Placing. Each of the Directors and Safeland have undertaken that, during the 12 months following Admission, they will not, save in the event of an intervening court order, a takeover becoming or being declared unconditional or, as regards an individual, in the event of the death of that individual, dispose of any Ordinary Shares and for the 12 months thereafter will not dispose of any Ordinary Shares without the consent of John East & Partners and Insinger Townsley, such consent not to be unreasonably withheld or delayed.

John East & Partners has agreed to act as nominated adviser and financial adviser to Bizspace for an annual fee of £18,000 for a period of 2 years from Admission or, if later, 30 days after the posting of the audited accounts of the Company for the year ending 28th February 2002 and thereafter subject to not less than 3 months notice.

If Admission does not take place on or before 3 July, 2000, (or such later date as Bizspace, John East & Partners and Insinger Townsley may agree, not being later than 31 July, 2000), the obligations of John East & Partners and Insinger Townsley will terminate. Bizspace will meet all fees and expenses associated with the Placing;

- (d) the Secondment Agreements dated 8 June, 2000 made between (1) Safeland (2) the Company and (3) Mr Lipman and between (1) Safeland (2) the Company and (3) Mr Davis pursuant to which Safeland agreed to provide the services of Mr Lipman and Mr Davis as Executive Chairman and Finance Director respectively. The secondees are seconded for the purposes of carrying out their duties at such times as necessary for the proper performance of their duties save that Safeland can require the secondees to devote their time during any particular period when circumstances dictate to the Safeland Group. No fee is payable for the first year by Bizspace but thereafter the fees for the secondments are to be agreed between the remuneration committees of Safeland and the Company and reviewable on an annual basis. The agreement is terminable by any party on three months' notice in writing to expire on or after the first anniversary. Mr Lipman and Mr Davis will seek the approval of the board of Safeland, before either of them introduces to Bizspace any suitable property of which they become aware. Should Mr Lipman or Mr Davis obtain an opportunity to purchase property in the course of their duties as directors of Bizspace which they wish to offer to Safeland (because, for example, the opportunity is unsuitable for Bizspace) then they will first seek the approval of the non-executive directors of Bizspace. Bizspace agreed to indemnify Safeland against losses arising from claims brought by the secondees under the secondments;
- (e) the facility agreement dated 22 May, 2000 between HSBC Bank plc ("Bank") and Bizspace Trading pursuant to which the Bank agreed to lend the sum of £3.36 million to Bizspace Trading for a term of 10 years on which sum interest is payable at 2 per cent. over the Bank's base rate from time to time. Bizspace Trading paid an arrangement fee of £20,000 to the Bank. A prepayment fee is payable in the event of prepayment. To secure the loan the Bank took security over the Bizspace Properties and Bizspace Trading granted a debenture and unlimited cross guarantees to the Bank.

10. Taxation

(a) UK Taxation of Dividends

The following information is based upon the laws and practice currently in force in the UK and may not apply to persons who do not hold their Ordinary Shares as investments.

Under current UK tax legislation, no tax is withheld from dividends paid by the Company.

UK resident individual shareholders are treated as having received income of an amount equal to the sum of the dividend and its associated tax credit, the rate of tax credit being 10 per cent. of the sum of the dividend and the tax credit (ie the tax credit will be one ninth of the dividend). The tax credit will effectively satisfy a UK resident individual shareholder's lower and basic rate (but not higher rate) income tax liability in respect of the dividend. UK resident individual shareholders who are subject to tax at the higher rate will have to account for additional tax. The special rate of tax set for higher rate taxpayers who receive dividends is 32.5 per cent. of the sum of the dividend and the tax credit. After taking account of the 10 per cent. tax credit, such a taxpayer would have to account for additional tax of 22.5 per cent. of the sum of the dividend and the tax credit. In determining what tax rates apply to a UK resident individual shareholder, dividend income is treated as his top slice of income.

Prior to 6th April, 1999, in appropriate cases, individuals, pension funds and charities were able to reclaim all or part of the tax credit attaching to a dividend in cash from the Inland Revenue. From 6th April, 1999 they are no longer able to do so. Over a transitional period to 2003/04, charities (but not individuals or pension funds) will be able to claim a compensatory payment calculated as a percentage payment of their dividend income.

A UK resident (for tax purposes) corporate shareholder will generally not be liable to UK corporation tax on any dividend received from another UK resident corporate.

Shareholders not resident in the UK are generally not taxed in the UK on dividends received by them (unless, exceptionally, the investment is managed by a UK investment manager acting, broadly, on arm's length terms). By virtue of double taxation agreements between the UK and other countries, some overseas shareholders are able to claim payment of all or part of the tax credits carried by the dividends they receive from UK companies. Persons who are not resident in the UK should consult their own tax advisers on the possible applicability of such provisions, the procedure for claiming repayment and what relief or credit may be claimed in respect of such tax credit in the jurisdiction in which they are resident.

(b) ***Capital Gains***

United Kingdom resident individual holders of Ordinary Shares may, depending on their personal circumstances, be liable to capital gains tax on any chargeable gain realised on the disposal of their Ordinary Shares whilst they are resident or ordinarily resident for tax purposes in the United Kingdom, subject to any allowances, reliefs or exemptions that may be available to them. United Kingdom resident corporate holders of Ordinary Shares may be liable to corporation tax on chargeable gains realised on the disposal of their Ordinary Shares, subject to certain beliefs and exemptions.

An Ordinary Shareholder who is not resident in the United Kingdom but who carries on a trade, profession or vocation in the United Kingdom through a branch or agency, and has used, held or acquired their Ordinary Shares for the purposes of such trade, profession or vocation or such agency, may be subject to United Kingdom taxation on chargeable gains arising from the sale of their Ordinary Shares.

An Ordinary Shareholder who is an individual and who has on or after 17 March, 1998 ceased to be resident or ordinarily resident in the United Kingdom for a period of less than five years and who disposes of Ordinary Shares during that period may also be liable to United Kingdom taxation on chargeable gains arising from the sale of their Ordinary Shares.

(c) ***Stamp duty and stamp duty reserve tax***

No charge to stamp duty or stamp duty reserve tax ("SDRT") will arise on the issue or registration of applications for Ordinary Shares under the Placing. Transfers of or sale of Ordinary Shares will be subject to ad valorem stamp duty (payable by the purchaser and generally at the rate of 0.5 per cent. of the stampable consideration given). An unconditional agreement to transfer such shares, if not completed by a duly stamped stock transfer form within two months of the day on which such agreement is made or becomes unconditional, will be subject to SDRT (payable by the purchaser and generally at the rate of 0.5 per cent.). However, if within six years of the date of the agreement, an instrument of transfer is executed pursuant to the agreement and stamp duty is paid on the instrument, any liability to SDRT will be cancelled or repaid. Paperless transfers of Ordinary Shares within CREST will generally be charged to SDRT (generally at the rate of 0.5 per cent.) rather than stamp duty CREST is obliged to collect SDRT on relevant transactions settled within the system.

The above is a summary of certain aspects of current law and practice in the UK. A Shareholder who is in any doubt as to his tax position, or who is subject to tax in a jurisdiction other than the UK, should consult his or her professional adviser.

11. The Preference Shares

The Preference Shares carry the following rights and are subject to the following restrictions:

(a) ***Income***

Each Preference Share confers on the holder thereof the right to receive out of the profits available for distribution in respect of each financial year of Bizspace a fixed cumulative preferential dividend ("Preference Dividend") in priority to any payment of dividend to the holders of all other shares in the capital of Bizspace at a rate of 5 per cent. per annum (increasing to 10 per cent. per annum in the event that the Preference Shares are not redeemed after 2 years from the date of issue) (excluding the amount of any associated tax credit on the nominal amount of each Preference Share from time to time paid up thereon). The Preference Dividend shall accrue on a daily basis from the day on which each Preference Share is issued and shall be payable yearly in arrears on 28th February in each year (each date being referred to as a "Dividend Date") in respect of the twelve month period ending on that date provided that the first

Preference Dividend shall be paid on the next subsequent Dividend Date in respect of the period from the date of issue of the relevant Preference Shares to such Dividend Date (or if the Dividend Date is a Saturday, Sunday or public holiday in England on the next subsequent business day). Any Preference Dividend not so paid shall be a debt due by Bizspace which shall bear interest at the rate of 4 per cent. per annum above the base rate of Barclays Bank plc from time to time from the relevant Dividend Date until payment.

(b) **Capital**

Each Preference Share shall confer on the holder thereof the right on a return of capital on a winding up or otherwise (other than on conversion, redemption or purchase by Bizspace of its own shares in accordance with its Articles of Association) to receive in priority to any payment to the holders of all other shares in the capital of Bizspace firstly a sum equal to all arrears of the Preference Dividend together with interest on such Preference Share calculated down to and including the date of commencement of the winding up or of the return of capital and secondly a sum equal to the nominal amount paid up on the Preference Share.

(c) **Redemption and Purchase**

- (i) Bizspace may, subject to the Act and any other act, order, regulation or other subordinate legislation made pursuant thereto ("Statutes"), at any time and from time to time after the date of issue of the Preference Shares to be redeemed, but in any event prior to the second anniversary of such issue, on giving to the holders of the relevant Preference Shares at that date not less than 28 days prior written notice of the date when such redemption is to be effected, redeem all or any of such Preference Shares. In the case of partial redemption such redemption shall be *pro rata* to individual holdings of Preference Shares.
- (ii) Bizspace shall, subject to the Statutes, redeem on the second anniversary of the date of issue of any of the Preference Shares all such Preference Shares (if any) in issue on that date (or if such date is a Saturday, Sunday or public holiday in England on the next subsequent business day).
- (iii) Subject to the Statutes, Bizspace shall be authorised at any time and from time to time to purchase all or any of the Preference Shares from time to time outstanding in the market or by tender (available to all holders of Preference Shares alike) or by private treaty in each case at any price.
- (iv) If Bizspace shall not redeem all or any of the relevant Preference Shares on the appropriate date of redemption then Bizspace shall redeem such number of Preference Shares as may lawfully be redeemed at such time *pro rata* (disregarding any fractional entitlements) to the proportionate number of such Preference Shares held by each holder. The Preference Dividend payable will increase to 10 per cent. per annum in respect of Preference Shares not redeemed on the second anniversary. Bizspace shall redeem as soon after such date or dates as it shall be lawfully permitted so to do, the remaining number of Preference Shares which would otherwise have fallen to be redeemed on such date.
- (v) There shall be paid on each Preference Share so redeemed the nominal amount paid up thereon together with a sum equal to all arrears of the Preference Dividend on such Preference Share and any interest thereon calculated down to and including the appropriate date of redemption.
- (vi) As from the relevant date of redemption the Preference Dividend shall cease to accrue on the Preference Shares due for redemption. Such Shares shall be treated as having been redeemed whether or not certificates therefor have been delivered and the redemption monies paid. Redemption monies, if remaining unpaid, shall constitute a debt of Bizspace subject to all the provisions of its Articles of Association relating to monies payable on or in respect of the shares.
- (vii) If any offer is made to the holders of Bizspace Shares (or all such shareholders other than the offeror and any company controlled by the offeror and/or any persons acting in concert with the offeror) to acquire the whole or any part of the issued ordinary share capital of Safestore or if any person proposes a scheme with regard to such acquisition and either the offer becomes or is declared unconditional in all respects or Bizspace becomes aware that the right to cast more than 50 per cent. of the votes which may ordinarily be cast on a poll at a general meeting of Bizspace has or will become vested in the offeror and/or such companies or persons Bizspace shall give written notice thereof to all holders of Preference Shares within 14 days of its becoming so aware and each such holder shall be entitled within a period of 42 days from the date of such notice to require Safestore to redeem his Preference Shares by giving not less than seven days prior notice in writing to Bizspace.

(d) **Further Participation**

The Preference Shares do not entitle their holders to participate in the profits or assets of Bizspace beyond such rights as set out above.

(e) **Voting**

The Preference Shares do not entitle their holders to attend or vote at general meetings.

(f) **Priority**

Bizspace shall not allot or issue any new class of shares save such as rank as to dividend and capital after the Preference Shares and Bizspace shall not allot or issue any further Preference Shares and no right shall be granted by Bizspace to subscribe for or convert shares or other securities into any new class of shares save such as rank to dividend and capital after the Preference Shares and no right shall be granted by Bizspace to subscribe for or convert shares or other securities into Preference Shares.

12. General

(a) The accounting reference date of the Company is 28th February.

(b) The minimum amount which, in the opinion of the Directors, must be raised by the Company under the Placing to provide the sums required in respect of certain of the matters specified in paragraph 21 of Schedule 1 to the POS Regulations is £2,999,999, which will be applied as follows:

(i) approximately £350,000 (excluding VAT) in respect of the expenses of the Placing;

(ii) the sum of approximately £1.5 million to repay loans to Safeland and HSBC Bank plc incurred in connection with the acquisition of the Bizspace Properties; and

(iii) the balance of the proceeds of the Placing receivable by the Company after payment of the sums described above will be used as working capital.

(c) There are no amounts to be provided otherwise than from the proceeds of the Placing in respect of the matters specified in paragraphs 21(a)(i) to (iv) of Schedule 1 of the POS Regulations.

(d) For the purposes of paragraph 25 of Part IV of Schedule 1 to the POS Regulations, the subscription lists for the Placing will open at 10.00 a.m. on 8 June, 2000 and may be closed at any time thereafter but not later than 29 June, 2000.

(e) Other than as referred to in this document, the Group has no significant investments in progress.

(f) Save as disclosed in this Part V above, no person, (other than professional advisers disclosed in this document and trade suppliers), has received, directly or indirectly, from Bizspace, within the 12 month preceding the date of this document; or entered into contractual arrangements (not otherwise disclosed in this document) to receive, directly or indirectly, from Bizspace on or after Admission any of the following:

(i) fees totalling £10,000 or more;

(ii) securities in Bizspace with a value of £10,000 or more (calculated by reference to the amount at which the Ordinary Shares will be issued to Safeland Shareholders credited as fully paid); or

(iii) any other benefit with a value of £10,000 or more at the date of this document.

(g) The total costs and expenses payable by the Company in connection with the Placing and Admission (including professional fees, commissions, the costs of printing and the fees payable to the registrars, John East and Partners and Insinger Townsley are estimated to amount to approximately £350,000 (excluding estimated irrecoverable VAT)).

(h) Safeland of 144 Great North Way, London NW4 1EG is or may be a promoter of Bizspace.

(i) Save as disclosed in this document, there have been no significant recent trends concerning the development of Bizspace's business since 8th May, 2000, the date of its incorporation.

(j) The Bizspace Group is not dependent on any patents or other intellectual property rights, licences or particular contracts, which are or may be of fundamental importance to Bizspace's business save as disclosed in paragraph 9 above and the agreements to occupy work space entered into in the ordinary course of business.

(k) Monies received by applicants pursuant to the Placing will be held in accordance with the terms of the placing letters issued by Insinger Townsley until such time as the Placing Agreement becomes unconditional in all respects. If the Placing Agreement does not become unconditional in all respects by 31 July, 2000 application monies will be returned to applicants at their risk without interest.

(l) Share certificates representing the Ordinary Shares to be issued pursuant to the Placing are expected to be despatched to applicants who do not wish to receive shares in uncertificated form by post at their risk on Admission. Temporary documents of title will not be issued in connection with the Placing.

- (m) The Directors have applied for the Ordinary Shares to be admitted to CREST with effect from Admission. Accordingly, it is expected that the Ordinary Shares will be enabled for settlement in CREST following Admission. Under the Placing, placees who are system members (as defined in the Uncertified Securities Regulations 1995) may elect to have the Placing Shares allocated to them in uncertificated form through CREST.
- (n) Deloitte & Touche, Chartered Accountants of Hill House, 1 Little New Street, London EC4A 3TR have been auditors to Bizspace since incorporation.
- (o) John East & Partners has given and has not withdrawn its written consent to the issue of this document with the inclusion of its name in the form and context in which it appears.
- (p) Insinger Townsley has given and has not withdrawn its written consent to the issue of this document with the inclusion of its name in the form and context in which it appears.
- (q) Drivers Jonas has given and has not withdrawn its written consent to the issue of this document with the inclusion of its name in the form and context in which it appears.
- (r) Deloitte & Touche, Chartered Accountants, have given and not withdrawn their written consent to the inclusion of their reports on the Company and Bizspace Trading in the form set out in Sections A and B of Part II of this document and the references to such reports in the form and context in which they appear and accept responsibility for such reports in accordance with paragraph 45(8)(b) of Schedule 1 to the POS Regulations.
- (s) Smith & Williamson, Chartered Accountants, have given and not withdrawn their written consent to the inclusion of their report on the Bizspace Properties in the form set out in Section C of Part II of this document and the reference to such report in the form and context in which it appears and accept responsibility for such report in accordance with paragraph 13(1) of the POS Regulations.
- (t) The financial information relating to the Company for the period from 8 May 2000 to 10 May 2000 and to Bizspace Trading for the period from 28 March 2000 to 10 May 2000 set out in Part II of this document does not constitute statutory accounts within the meaning of section 240 of the Act. No statutory accounts have been prepared for either company.

13. Documents available for inspection

Copies of the following documents will be available for inspection during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the offices of Titmuss Sainer Dechert, 2 Serjeants' Inn, London EC4Y 1LT for a period of 14 days from the date of this document.

- (a) the Memorandum and Articles of Association of the Company;
- (b) the reports from the reporting accountants set out in Part II of this document;
- (c) the report from the valuers set out in Part III of this document;
- (d) the Secondment Agreements and letters of appointment referred to in paragraph 4 of this Part V;
- (e) the 2000 Scheme referred to in paragraph 5 of this Part V;
- (f) the Share Option arrangements for Larry Lipman and Paul Davis referred to in paragraph 5 of this Part V;
- (g) the material contracts referred to in paragraph 9 of this Part V; and
- (h) the consent letters referred to in paragraphs 12(o),(p), (q), (r) and (s) of this Part V.

Dated 8 June, 2000