

## **Agreement**

for the sale and purchase of the business of Lydd Airport  
Group Limited

- (1) Hillgate (214) Limited
- (2) Lydd Airport Group Limited
- (3) The Covenantors

Dated *2<sup>nd</sup> May* 2001

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## **Osborne Clarke OWA**

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## Contents

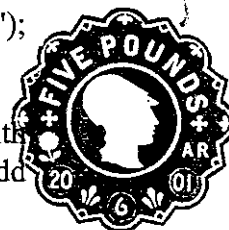
|  |    |
|--|----|
| 1. Definitions and interpretation .....                | 1  |
| 2. Conditions .....                                    | 13 |
| 3. Pre-completion obligations .....                    | 14 |
| 4. Sale of the Business and the Assets .....           | 16 |
| 5. Consideration .....                                 | 18 |
| 6. Value Added Tax .....                               | 18 |
| 7. Completion .....                                    | 20 |
| 8. Apportionments .....                                | 23 |
| 9. Liabilities .....                                   | 24 |
| 10. Contracts .....                                    | 25 |
| 11. Debts .....  | 26 |
| 12. Employees .....                                    | 26 |
| 13. Post Completion .....                              | 27 |
| 14. Warranties .....                                   | 28 |
| 15. Purchaser's remedies .....                         | 29 |
| 16. Limitations on liability .....                     | 30 |
| 17. Conduct of Claims .....                            | 31 |
| 18. Indemnities .....                                  | 32 |
| 19. Guarantee .....                                    | 33 |
| 20. General .....                                      | 34 |
| 21. Announcements .....                                | 37 |
| 22. Costs and expenses .....                           | 37 |
| 23. Notices .....                                      | 38 |
| 24. Contracts (Rights of Third Parties) Act 1999 ..... | 39 |
| 25. Governing law and jurisdiction .....               | 39 |
| Schedule 1 .....                                       | 41 |
| (The Covenantors) .....                                | 41 |
| Schedule 2 .....                                       | 42 |
| Part 1 .....   | 42 |
| (Description of the Property) .....                    | 42 |
| Part 2 .....   | 43 |
| (Provisions relating to the Property) .....            | 43 |
| Part 3 .....   | 46 |
| (The Property Encumbrances) .....                      | 46 |
| Part 4 .....   | 47 |
| (Standard Conditions of Sale, Third Edition) .....     | 47 |
| Part 5 .....   | 48 |
| (The Ancillary Leasehold Documents) .....              | 48 |
| Schedule 3 .....                                       | 50 |
| (The Warranties) .....                                 | 50 |
| Schedule 4 .....                                       | 67 |
| (Apportionment of Consideration) .....                 | 67 |
| Annexure A .....                                       | 68 |
| (Contracts) .....                                      | 68 |
| Annexure B .....                                       | 69 |
| (Employees) .....                                      | 69 |
| Annexure C .....                                       | 70 |

|                            |    |
|----------------------------|----|
| (Fixed Assets) .....       | 70 |
| Annexure D .....           | 71 |
| (Leasing Agreements) ..... | 71 |
| Annexure E .....           | 72 |
| (Motor Vehicles) .....     | 72 |
| Annexure F .....           | 73 |
| (CAA Licences) .....       | 73 |

This Agreement is made the Second day of May 2001

Between:

- (1) **Hillgate (214) Limited** (to be renamed London Ashford Airport Limited) (registered in England and Wales with company number: 4140620) whose registered office is at 4th Floor, Moreau House, 116 Brompton Road, Knightsbridge, London SW3 1JJ ("**the Purchaser**"); and
- (2) **Lydd Airport Group Limited** (registered in England and Wales with company number: 02107961) whose registered office is at Lydd Airport, Lydd, Romney Marsh, Kent TN29 9QL ("**the Vendor**"); and
- (3) **Those persons** whose names and addresses are set out in schedule 1 ("**the Covenantors**").



**Background:**

- (A) The Vendor has agreed to sell to the Purchaser and the Purchaser has agreed to purchase the Assets with a view to carrying on the Business as a going concern in succession to the Vendor on the terms of this Agreement.
- (B) In consideration, inter alia, of the Purchaser acquiring the Business, the Covenantors have agreed to guarantee the obligations of the Vendor under this Agreement and to join with the Vendor in giving warranties and indemnities pursuant to the terms of this Agreement.

**It is agreed as follows:**

**1. Definitions and interpretation**

**1.1 Definitions**

In this Agreement, unless the context otherwise requires, the following words have the following meanings:

|                     |   |
|---------------------|---|
| "the Accounts"      | the audited balance sheet as at the Accounts Date and the audited profit and loss account for the year ended on the Accounts Date of the Vendor, including all documents required by law to be annexed to them; |
| "the Accounts Date" | 31 March 2000;  |
| "the Act"           | the Companies Act 1985 (as amended);  |
| "this Agreement"    | this Agreement (including any schedule or annexure to it and any document referred  |

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|                               | to in it or in agreed form);   |
| <b>"Advance Payment"</b>      | the sum of £200,000 advanced on behalf of the Purchaser to the Vendor by LHL (as defined in the Shareholders Agreement) as part of the Consideration;  |
| <b>"Assets"</b>               | the assets to be sold pursuant to sub-clause 4.1 (Sale and purchase);  |
| <b>"the Bank"</b>             | HSBC Bank plc;   |
| <b>"the Bank Facility"</b>    | the borrowing facilities provided by the Bank to the Vendor, details of which have been Disclosed;   |
| <b>"Business"</b>             | the business of the ownership and operation of Lydd Airport as a national and international airport (and the exploitation of Lydd Airport's land, property and assets in connection with operating the airport) and developments required to improve efficiency of the airport which are ancillary to the operation of the airport now carried on by the Vendor;   |
| <b>"Business Day"</b>         | a day (other than a Saturday or a Sunday) on which clearing banks are open for business in the City of London;   |
| <b>"Business Information"</b> | all information, know how and techniques (whether or not confidential and in whatever form held) which in any way relates to: <ul style="list-style-type: none"> <li>(a) all or any part of the Business and Assets;</li> <li>(b) any products manufactured and/or sold or services rendered by the Business;</li> <li>(c) any formulas, designs, specifications, drawings, data, manuals or instructions;</li> <li>(d) the operations, management, administration of financial affairs of the Business including any</li> </ul> |

business plans or forecasts, information relating to future business development or planning, information relating to litigation or legal advice; and

- (e) the sale or marketing of any of the products manufactured and/or sold or services rendered by the Business, including, but without limitation, all customer names and lists, sales and marketing information (including but not limited to targets, sales and market share statistics, market surveys and reports on research);

**"CAA"**

Capital Allowances Act 1990;

**"CAA Licences"**

the licences and approvals to be applied for from the Civil Aviation Authority of the United Kingdom by the Purchaser for the purposes of operating the Business as set out in annexure F;

**"Capital Goods Scheme"**

the mechanism set out in Part XV of the Value Added Tax Regulations 1995 ("adjustments to the deduction of input tax on capital items") and all terms and expressions used in this Agreement in relation to that scheme shall unless the contrary intention appears have the meanings ascribed to them in those regulations;

**"Cash Consideration"**

the sum of £1,123,077 (exclusive of VAT) payable in cash to the Vendor at Completion as part of the Consideration;

**"Claim"**

a claim by the Purchaser against the Warrantors under the Warranties;

**"Completion"**

the performance by the parties of the obligations set out in clause 7 (Completion);

**"Completion Date"**

the date on which Completion takes place on the terms of this Agreement;

**"Computer System"**

all computer hardware, software and

networks owned or used by the Business including all arrangements relating to the provision of maintenance and support, security, disaster recovery, facilities management, bureau and on-line services to the Business;

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| <b>"Conditions"</b>           | as defined in sub-clause 2.1 (Conditions precedent);   |
| <b>"Consent"</b>              | the consent to the assignment of the Lease required from the Landlord (as defined in schedule 2) in relation to the transfer of the Lease to the Purchaser;  |
| <b>"Consideration"</b>        | the purchase price for the Business and Assets referred to in sub-clause 5.1 (Payment of the Consideration);   |
| <b>"Consideration Shares"</b> | 2,307,692 Ordinary Shares (representing approximately 37 per cent. of the enlarged issued share capital of the Purchaser immediately following Completion) to be allotted and issued to the Vendor at the Issue Price pursuant to clause 5 (Consideration);  |
| <b>"Contracts"</b>            | <ul style="list-style-type: none"><li>(a) the Leasing Agreements;</li><li>(b) the Intellectual Property Licences; and</li><li>(c) save for the contracts of employment, all undischarged contracts, pending contracts, commitments and orders entered into by or on behalf of the Vendor relating to the Business including, but not limited to, those contracts listed in annexure A;</li></ul> |
| <b>"Current Insurances"</b>   | the current insurances maintained by the Vendor in respect of the Business details of which have been Disclosed;   |
| <b>"Dangerous Substance"</b>  | any substance (whether in the form of a solid, liquid, gas or vapour) the generation, transportation, storage, treatment, use or disposal of which (whether alone or in combination with any   |

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|                                | other substance) gives rise to a risk of causing harm to human health, comfort or safety or harm to any other living organism or causing damage to the Environment or any waste (as defined in the Environmental Protection Act 1990);   |
| <b>"Debts"</b>                 | all amounts owing to the Vendor on Completion (whether or not then due and payable) in relation to the Business;   |
| <b>"Disclosed"</b>             | fully and fairly disclosed to the Purchaser expressly for the purposes of this Agreement in the Disclosure Letter and "fully and fairly" means disclosed with sufficient particularity to enable the Purchaser to assess the impact on the Business of the matter disclosed;   |
| <b>"Disclosure Letter"</b>     | the letter of the same date as this Agreement in the agreed form from the Vendor to the Purchaser together with any attachments, disclosing exceptions to the Warranties;  |
| <b>"Employees"</b>             | all the employees of the Vendor engaged in the Business at the date of this Agreement whose names are set out in annexure B and <b>"Employee"</b> means any of them;   |
| <b>"Encumbrance"</b>           | any interest or equity of any person (including any right to acquire, option or right of pre-emption or conversion) or any mortgage, charge, pledge, lien, assignment, hypothecation, security interest, title retention, or any other security agreement or arrangement, or any agreement to create any of the above; |
| <b>"Environment"</b>           | the environment as defined in Section 1(2) of the Environmental Protection Act 1990;   |
| <b>"Environmental Consent"</b> | any consent, approval, authorisation, permit, exemption, filing requirement, licence or registration from time to time required by the Business under Environmental Law;   |
| <b>"Environmental"</b>         | any common or statutory law, regulation,   |



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| <b>Law"</b>                     | directive, treaty, code of practice, circular, guidance note and the like, in each case of any jurisdiction, in force or enacted relating to the Environment, any Dangerous Substance, human health, comfort, safety or the welfare of any other living organism;  |
| <b>"Excluded Assets"</b>        | <p>(a) cash in hand or at bank and all cheques and other securities representing them other than those, if any, representing the Debts;</p> <p>(b) all policies of insurance relating to the Business together with the benefit of any claims under them;</p>  |
| <b>"the Expert"</b>             | an independent chartered accountant to be nominated by the Vendor and the Purchaser and in default of agreement between them within 5 Business Days of the obligation to appoint arising, on the request of either party by the President for the time being of the Institute of Chartered Accountants in England and Wales;   |
| <b>"Financial Records"</b>      | the originals of all accounting, financial and taxation records relating to the Business for the 6 years ending on the accounting reference date of the Vendor next following Completion;  |
| <b>"Fixed Assets "</b>          | all fixtures and fittings, plant, machinery, equipment and other tangible assets physically attached to any Property and owned or used by the Vendor in relation to the Business at Completion as listed in annexure C;  |
| <b>"Health and Safety Laws"</b> | all applicable statutes, statutory legislation, common law, treaties, regulations, directives, codes of practice, guidance notes including, without limitation, the Factories Act 1961, the Offices, Shops and Railway Premises Act 1963, the Fire Precautions Act 1971, the Health and Safety at Work etc. Act 1974 and the Construction (Design and Management) Regulations 1994 concerning the health and safety of those |

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|   | who work for the Business whether as employees or otherwise, visit the Properties or are in any way affected by the activities of the Business or by persons working for the Business;   |
| <b>"Hivedown Agreement"</b>             | the agreement in the agreed form to be entered into between the Vendor and Atlantic Bridge Aviation Limited ("ABA") relating to the purchase by the Vendor of the business and assets of Sky-Sure Engineering, a division of ABA;  |
| <b>"Holding Company"</b>                | any holding company within the meaning of Sections 736 and 736A of the Act and any parent undertaking within the meaning of Sections 258 and 259 of the Act from time to time;   |
| <b>"ICTA"</b>                           | the Income and Corporation Taxes Act 1988;   |
| <b>"the Information Memorandum"</b>     | the information memorandum issued by the Vendor and dated 24 January 2001 in the agreed form;  |
| <b>"Intellectual Property"</b>          | patents, trade marks or names and service marks (whether or not registered or capable of registration) registered designs, design rights, copyrights, database rights, domain names, the right to apply for and applications for any of the preceding items, together with the rights in inventions, processes, software, know-how, trade or business secrets, confidential information or any process or other similar right or asset capable of protection enjoyed, owned, used or licensed in relation to the Business; |
| <b>"Intellectual Property Licences"</b> | any licences and other agreements granted by third parties to the Vendor for the use of Intellectual Property;   |
| <b>"Issue Price"</b>                    | the price of £1 for each Consideration Share;  |
| <b>"the Lease"</b>                      | the lease, particulars of which are set out in schedule 2;   |

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| <b>"Leasing Agreements"</b> | any leasing, conditional sale, credit sale, hire purchase and like agreements to which the Vendor is a party, under which title to assets used by the Vendor in or in relation to the Business does not pass or has not passed to the Vendor, as listed in annexure D;                               |
| <b>"Liabilities"</b>        | all claims, liabilities, obligations and debts of the Vendor on Completion relating to the Business whether matured or not, fixed or contingent including but not limited to, any and all liabilities in respect of bank loans, overdrafts and other loans owing by the Vendor;                      |
| <b>"Long Stop Date"</b>     | the date being 60 days from the date of this Agreement (or such later date as the parties may agree);  |
| <b>"Motor Vehicles"</b>     | the motor vehicles owned or used by the Vendor in relation to the Business as listed in annexure E;  |
| <b>"Moveable Assets"</b>    | all plant, machinery, equipment, tools, furniture and other tangible assets not physically attached to any Property and owned or used by the Vendor in relation to the Business at Completion;   |
| <b>"the Names"</b>          | <i>"Lydd Airport"</i> or <i>"Lydd Airport Group"</i> or any representation or application of either of them, whether in terms of packaging, get-up or otherwise, as used in the Business on or before Completion and any other name which is similar to them or capable of being confused with them; |
| <b>"notice"</b>             | includes any notice, demand, consent or other communication;   |
| <b>"Ordinary Shares"</b>    | ordinary shares of £1 each in the capital of the Purchaser and having the rights and restrictions attaching to them as set out in the articles of association of the Purchaser;  |
| <b>"Planning Acts"</b>      | the Town and Country Planning Act 1990, the Planning (Listed Buildings and Conservation Areas) Act 1990, the Planning (Hazardous Substances) Act   |

1990, the Planning (Consequential Provisions) Act 1990, the Planning and Compensation Act 1991 and all other statutes containing provisions relating to town and country planning;

**"Property"**

the freehold and leasehold property, details of which are set out in part 1 of schedule 2 and **"the Properties"** shall be construed accordingly;

**"Purchaser Bank Facility"**

the facility to be provided to the Purchaser by the Bank upon the terms agreed between the Purchaser and the Bank for the purposes of, inter alia, assuming the indebtedness of the Vendor to the Bank;

**"Purchaser Group"**

the Purchaser, any Subsidiaries of the Purchaser, any Holding Company of the Purchaser and any Subsidiaries of that Holding Company and **"Purchaser Group Company"** shall mean any of them;

**"Purchasers' Solicitors"**

Osborne Clarke OWA of Hillgate House, 26 Old Bailey, London EC4M 7HW;

**"Records"**

the originals of the Financial Records, sales literature, price lists, advertising and publicity material, customer and supplier lists, stock records, lists of outstanding and unfulfilled orders and contracts, and other files, books, correspondence and other records relating to the Business and the Employees, held on whatever medium, excluding any which the Vendor is required by law to retain and copies of those retained;

**"Relief"**

any relief, loss, allowance, exemption, set-off, deduction or credit in computing or against income, profits or gains or Taxation, including any right to repayment of Taxation;

**"Shareholders Agreement"**

the subscription and shareholders agreement in the agreed form to be entered into between the parties to this Agreement;

**"Statement of**

the statement of apportionments, agreed

|                           |  |
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| <b>"Apportionments"</b>   | between the parties in accordance with the terms of clause 8 (Apportionments);   |
| <b>"Stock"</b>            | all stock-in-trade, raw materials, components, finished and unfinished goods, bought-in goods, consumables, stores, packaging materials, packages and work in progress relating to the Business as at Completion;  |
| <b>"Subsidiaries"</b>     | any subsidiaries within the meaning of Sections 736 and 736A of the Act and any subsidiary undertakings within the meaning of Sections 258 and 259 of the Act from time to time;   |
| <b>"Tax Authority"</b>    | any taxing or other authority, body or official competent to administer, impose or collect any Taxation;   |
| <b>"Taxation"</b>         | all forms of taxation and statutory governmental, supra-governmental, state, provincial, local governmental or municipal impositions, duties contributions, and levies (including withholdings and deductions) whether of the United Kingdom or elsewhere in the world, whenever imposed and however arising (save for stamp duty) and all penalties, fines charges costs and interest, together with the cost of removing any charge or other Encumbrance, relating thereto and "Tax" shall be construed accordingly; |
| <b>"TUPE Regulations"</b> | the Transfer of Undertakings (Protection of Employment) Regulations 1981;  |
| <b>"VAT"</b>              | United Kingdom value added tax;  |
| <b>"VATA"</b>             | Value Added Tax Act 1994 and all other statutes statutory instruments, regulations and notices containing provisions relating to VAT;  |
| <b>"Vendor's Group"</b>   | the Vendor, the Vendor's Holding Company and any Subsidiaries or Holding Company of any such Holding Company and "Vendor Group Company" shall mean any of them;  |

|                               |   |
|-------------------------------|---|
| "Vendor's Solicitors"         | Whitehead Monkton of 72 King Street,<br>Maidstone, Kent ME14 1BL;   |
| "the Warranties"              | the representations and warranties referred<br>to in clause 14 (Warranties) and set out in<br>schedule 3 and "Warranty" means any of<br>them; and |
| "Warrantors"                  | the Vendor and the Covenantors;   |
| "Working Time<br>Regulations" | the Working Time Regulations 1998 (SI<br>No 1833).  |

## 1.2 *Interpretation*

In this Agreement, unless the context otherwise requires:

### (a) *Singulars and plurals*

words in the singular include the plural and vice versa and words in one gender include any other gender;

### (b) *Statutes and statutory provisions*

a reference to a statute or statutory provision includes:

- (i) any subordinate legislation (as defined in Section 21(1), Interpretation Act 1978) made under it;
- (ii) any repealed statute or statutory provision which it re-enacts (with or without modification); and
- (iii) any statute or statutory provision which modifies, consolidates, re-enacts or supersedes it;

### (c) *References*

a reference to:

- (i) any party includes its successors in title and permitted assigns;
- (ii) a "person" includes any individual, firm, body corporate, association or partnership, government or state (whether or not having a separate legal personality);
- (iii) clauses and schedules are to clauses and schedules of this Agreement and references to sub-clauses and paragraphs are references to sub-clauses and paragraphs of the clause or schedule in which they appear;

- (iv) any provision of this Agreement is to that provision as amended in accordance with the terms of this Agreement;
- (v) any document being "**in the agreed form**" means in a form which has been agreed by the parties on or before the date of this Agreement and for identification purposes signed by them or on their behalf by their solicitors; and
- (vi) "**indemnify**" and "**indemnifying**" any person against any circumstance include indemnifying and keeping him harmless from all actions, claims and proceedings from time to time made against him and all loss or damage and all payments, costs or expenses made or incurred by that person as a consequence of or which would not have arisen but for that circumstance;

(d) *The Act*

except as set out in sub-clause 1.1, terms defined in the Act have the meanings attributed to them by that Act;

(e) *Table of contents*

the table of contents and headings are for convenience only and shall not affect the interpretation of this Agreement;

(f) *General words*

general words shall not be given a restrictive meaning:

- (i) if they are introduced by the word "other" by reason of the fact that they are preceded by words indicating a particular class of act, matter or thing; or
- (ii) by reason of the fact that they are followed by particular examples intended to be embraced by those general words;

(g) *Joint and several liability*

where any liability or obligation is undertaken by 2 or more Covenantors or Warrantors, the liability of each of them shall be joint and several; and

(h) *Warrantors' awareness*

where any statement is qualified by the expression "**so far as the Warrantors are aware**" or "**to the best of the Warrantors' knowledge and belief**" or any similar expression

it shall be deemed to include an additional statement that it has been made after due and careful enquiry.

## **2. Conditions**

### **2.1 Conditions precedent**

Completion is in all respects conditional upon the satisfaction of the following conditions ("**the Conditions**"):

- (a) the CAA Licences having been unconditionally granted to the Purchaser (save in respect of any condition relating to the completion of this Agreement);
- (b) the Consent having been validly granted and the Lease having been unconditionally assigned to the Purchaser (save in respect of any condition relating to the completion of this Agreement);
- (c) there having been no material breach of Warranty between the date of the Agreement and the date of Completion;
- (d) there having been no material breach of the provisions of clause 3 (Pre-completion obligations) by the Vendor;
- (e) the Bank having granted an unconditional release to the Vendor (save in respect of any condition relating to the completion of this Agreement) in respect of the sale of the Business and Assets pursuant to this Agreement and confirming that any floating charge in its favour over the Vendor or any Vendor Group Company has not crystallised; and
- (f) the Purchaser Bank Facility having become unconditional (save in respect of any condition relating to the completion of this Agreement).

### **2.2 Satisfaction of the Conditions**

Each of the parties shall (so far as it lies within their powers) use their respective best endeavours to procure that each of the Conditions is satisfied as soon as possible and, in any event, not later than the Long Stop Date.

### **2.3 Failure to satisfy the Conditions**

If any of the Conditions is not satisfied in full by the Long Stop Date then::

- (a) the Purchaser and the Vendor shall, by mutual agreement between them, be entitled to extend the period for satisfying the unsatisfied Condition to a date not less than 7 nor more than 56 days after that date (in which case the provisions of this sub-



clause shall also apply as if the revised date were the Long Stop Date); or

- (b) in the absence of any agreement to extend the period for satisfying the unsatisfied Condition within 5 days pursuant to sub-clause (a) above, either the Vendor or the Purchaser shall be entitled to terminate this Agreement by notice in writing, in which case:
  - (i) no party to this Agreement shall have any liability to any other party save in relation to any breach of the Agreement occurring prior to termination under this sub-clause 2.3(b); and
  - (ii) the provisions of this Agreement shall terminate save in respect of the provisions of sub-clause 20.11 (Termination), sub-clause 20.9 (Confidentiality), clause 21 (Announcements), clause 22 (Costs and expenses), clause 23 (Notices) and clause 25 (Governing law and jurisdiction).

### **3. Pre-completion obligations**

#### **3.1 *Conduct of the Business***

The Vendor shall, pending Completion, procure that the Business is conducted as a going concern in the normal course and shall not without the consent of the Purchaser do anything which is not of a routine or unimportant nature. In particular, the Vendor will procure that (save with the prior written consent of the Purchaser):

##### **(a) *Notice of board meetings***

reasonable advance notice is given to the Purchaser of meetings of the board of directors of the Vendor relating to the Business (together with an agenda of the business to be transacted at such meetings and all supporting documents) and that a duly authorised representative of the Purchaser is permitted to attend and to participate fully in the discussions at all those meetings;

##### **(b) *Access***

the officers, employees and agents of the Vendor shall, upon the request of the Purchaser, supply to the Purchaser such information concerning the Business as the Purchaser may reasonably require, and allow representatives of the Purchaser access to the premises, employees and agents of the Business for the purpose of obtaining an intimate knowledge of the day to day activities of all aspects of the Business;

(c) *Current Insurances*

the Current Insurances are maintained in force;

(d) *Bank Facility*

the Bank Facility is operated in accordance with its terms and no borrowing is incurred in excess of the current limits thereunder;

(e) *Restricted transactions*

no:

- (i) debenture, mortgage, charge or other Encumbrance is created or agreed to be created over any of the Assets;
- (ii) capital expenditure commitments, hire purchase, leasing, borrowing arrangements, rental or conditional sale agreements or arrangements are entered into in relation to the Business;
- (iii) agreement is entered into which is either onerous, unprofitable or either outside the ordinary course of the Business, long term or otherwise material to the Business;
- (iv) sale, transfer or disposal of the whole or any part of the Business or any of the Assets takes place save for Stock in the ordinary course of business;
- (v) litigation is commenced nor compromised or settlement of any claim, dispute or other matter in which it is involved is made;
- (vi) change in the terms and conditions of employment of any Employee nor any dismissal of any Employee takes place;
- (vii) act is performed or omission allowed which would result in any of the Warranties being breached or becoming misleading at any time up to and including Completion; and
- (viii) material change in the nature or extent of the Business occurs;

(f) *Material breach of Warranty*

the Vendor shall immediately disclose to the Purchaser in writing any matter or thing which arises or becomes known to it

before Completion which is or might be breach of, or might reasonably be expected to cause or constitute a breach of, or is inconsistent with, or may render inaccurate or misleading, any of the Warranties or which is a breach of, or may otherwise give rise to a claim under, any other provision of this Agreement or which is material to be known by a Purchaser of the Business or Assets;

(g) *Material adverse effect*

the Vendor shall immediately disclose to the Purchaser in writing any matter or thing which arises or becomes known to it before Completion which has or is likely to have a material adverse effect upon the Business as presently conducted or upon the financial or trading position or prospects of the Business or which is otherwise material to be known to a purchaser of the Business or Assets.

**3.2 CAA Licences**

Forthwith after the date of this Agreement the Purchaser shall take all reasonable steps to apply to the Civil Aviation Authority for the CAA Licences and the Vendor shall render all reasonable assistance to the Purchaser for the purpose of obtaining the CAA Licences at the expense of the Purchaser.

**3.3 Disclosure Letter**

On the date of this Agreement, the Vendor shall deliver to the Purchaser the Disclosure Letter which the Purchaser shall duly receipt.

**4. Sale of the Business and the Assets**

**4.1 Sale and purchase**

The Vendor shall sell to the Purchaser and the Purchaser shall purchase as at Completion the Business and:

- (a) the Properties;
- (b) the Fixed Assets;
- (c) the Moveable Assets;
- (d) the Motor Vehicles;
- (e) the Stock;
- (f) the Computer System;
- (g) the Business Information;

- (h) the Intellectual Property;
- (i) the benefit of the Contracts;
- (j) the Debts;
- (k) the Records; and
- (l) all other property, rights and assets employed, exercised or enjoyed in or in connection with the Business whether or not owned by the Vendor on the date of this Agreement.

#### **4.2    *The Properties***

Each Property is sold in accordance with the terms set out in part 2 of schedule 2.

#### **4.3    *Encumbrances***

The Business and Assets are sold free from any Encumbrance. Part 1 of the Law of Property (Miscellaneous Provisions) Act 1994 shall not apply to any disposition made under or pursuant to this Agreement.

#### **4.4    *Vendor's indemnity***

The Vendor shall indemnify the Purchaser in respect of any outstanding Encumbrance relating to any Asset and subsisting at Completion.

#### **4.5    *Title and risk***

Title in, and risk of loss or damage to, the Assets shall pass to the Purchaser on Completion. From Completion the Vendor shall hold the Assets on trust for the Purchaser absolutely until they shall have been delivered, formally transferred or assigned to the Purchaser, and shall act in accordance with the Purchaser's instructions in respect of any Asset which it so holds as trustee at the expense of the Purchaser.

#### **4.6    *Excluded assets and liabilities***

The following are expressly excluded from the sale and purchase of the Business and the Assets:

- (a) the Liabilities;
- (b) the Excluded Assets;
- (c) any amount due or recoverable in respect of Taxation relating to the Business attributable to periods or transactions completed before Completion; and
- (d) the benefit of any and all insurance claims and repayments

arising prior to Completion in relation to the Business.

## **5. Consideration**

### **5.1 *Payment of the Consideration***

The Consideration is £3,430,769 to be satisfied as follows:

- (a) the payment by the Purchaser to the Vendor of the Cash Consideration; and
- (b) the allotment and issue of the Consideration Shares to the Vendor.

### **5.2 *The Advance Payment***

Notwithstanding the provisions of sub-clause 5.1(a), the Purchaser shall upon Completion be entitled to deduct by way of set off from the Cash Consideration a sum equivalent to the Advance Payment.

### **5.3 *Apportionment of Consideration***

The Consideration shall be apportioned between the Assets as set out in schedule 4.

### **5.4 *Consideration Shares to rank pari passu***

The Consideration Shares shall rank pari passu in all respects with the then existing issued Ordinary Shares save that they shall not rank for any dividend declared by reference to a record date prior to the date of issue.

## **6. Value Added Tax**

### **6.1 *Payment of VAT***

Where one party ("**the supplier**") makes or is deemed to make a supply to another party ("**the recipient**") for the purposes of VAT, whether the supply is for a monetary consideration or otherwise, the recipient shall pay to the supplier an amount equal to the VAT and any penalty or interest chargeable to the extent that it is attributable to any delay by the recipient in addition to the consideration provided in this Agreement. The recipient shall account to the supplier for any amount so payable upon presentation of a valid VAT invoice from the supplier.

### **6.2 *Erroneous payments***

If any amount paid by the recipient to the supplier in respect of VAT is subsequently found to have been paid in error, the supplier shall repay such amount to the recipient and the supplier shall at the same time present to the recipient a valid VAT credit note where by law it is

required so to do.

### **6.3 Demand for payment**

The supplier shall be entitled to demand any amount payable under sub-clause 6.1 at any time on or after the time of the supply and the recipient shall be entitled to demand any amount repayable under sub-clause 6.2 at any time after the error is discovered and any such amounts shall be paid or repaid within 5 Business Days following the date of the demand, but such amounts shall not be payable or repayable unless and to the extent that the supplier has issued to the recipient an invoice pursuant to sub-clause 6.1, or the error referred to in sub-clause 6.2 is discovered, within the period of three years referred to in Section 77(1)(a) of VATA (Assessments: time limits).

### **6.4 Transfer as a going concern**

The Vendor and the Purchaser agree that the sale of the Assets is for VAT purposes the transfer of the business of the Vendor as a going concern for the purposes of both Section 49 of VATA and Article 5 of the Value Added Tax (Special Provisions) Order 1995 ("Article 5"). The Vendor and the Purchaser shall use their reasonable endeavours to secure that pursuant to such provisions the sale of the Assets is treated as neither a supply of goods nor a supply of services for the purposes of VAT.

### **6.5 VAT registration**

The Purchaser warrants that:

- (a) it is or shall be at Completion be a taxable person and duly registered for the purposes of Value Added Tax; and
- (b) with effect from Completion it intends to use the Assets in carrying on the same kind of business as previously carried on by the Vendor.

### **6.6 Retention of VAT records**

The Vendor shall (or shall procure that the representative member of the VAT group of which it is a member shall) ask HM Customs & Excise ("Customs") for permission to retain such of the financial records as relate to VAT and shall retain them if Customs so determine. In this event, the Vendor shall (or shall procure that the representative member of the VAT group of which it is a member shall):

- (a) preserve such records in the United Kingdom for such period as may be required by law; and
- (b) allow the Purchaser and its agents (at the Purchaser's sole

expense) on giving reasonable notice and at all reasonable times to have access to such records.

#### **6.7 Delivery of records**

If Customs do not grant permission for the Vendor to retain such records, the Vendor shall (or shall procure that the relevant member of the VAT group of which it is a member shall) promptly notify the Purchaser of this and shall forthwith deliver such records to the Purchaser and sub-clause 6.6 above shall apply as if references to the Vendor were references to the Purchaser and vice versa.

#### **6.8 The Property**

The Vendor warrants that neither it nor a relevant associate has made an election, nor will prior to Completion make an election, to waive exemption from VAT pursuant to paragraph 2, Schedule 10 of VATA in relation to the Property ("**an election**") and that the sale of Property will not fall to be treated as a supply subject to VAT at the standard rate by virtue of it falling within item 1(a) of Group 1 of Schedule 9 of VATA. Accordingly:

- (a) the Purchaser need not elect to waive exemption pursuant to Article 5; and
- (b) notwithstanding the provisions of sub-clause 6.1 above the Purchaser shall not be liable to pay any VAT in respect of the Property and the consideration provided in this Agreement for the Property shall be deemed to be inclusive of VAT.

#### **6.9 Capital Goods Scheme**

The Vendor warrants that the Capital Goods Scheme will not apply to the Property at Completion.

### **7. Completion**

#### **7.1 Timing of Completion**

Completion shall take place at the offices of the Purchaser's Solicitors within 3 Business Days after the day on which the Conditions have been satisfied.

#### **7.2 Delivery of documents**

On Completion:

- (a) the Vendor shall permit the Purchaser to enter into and take possession of the Business and shall deliver or cause to be delivered to the Purchaser:

- (i) vacant possession of each Property;
  - (ii) if required by the Purchaser, duly executed agreements in agreed form for the assignment or novation of the benefit of the Contracts to the Purchaser, or as the Purchaser shall direct and all the requisite consents and licences for such assignments;
  - (iii) at each Property, the Assets which are capable of transfer by delivery;
  - (iv) any instruments of transfer which the Purchaser may reasonably require to vest title in the Assets (including, without limitation, transfers, conveyances and assignments) together with all deeds and documents of title relating to the Assets;
  - (v) those Records which are not stored at the Properties;
  - (vi) releases from the holders of all outstanding charges over the Business and/or any of the Assets;
  - (vii) a written resolution passed by Cranworth Limited (in its capacity as sole shareholder of the Vendor) changing the Vendor's name to a name which is in no way similar to the Names, together with a cheque in the sum of £100 made payable to Companies House; and
  - (viii) a form 287, duly signed by the secretary or director of the Vendor, changing its registered office;
  - (ix) the duly executed Hivedown Agreement;
  - (x) a duly executed counterpart of the Shareholders Agreement;
  - (xi) the written resignation of Ann Wright Gordon as an employee and director of the Vendor without claim for compensation for loss of office or otherwise;
- (b) the Covenantors shall deliver to the Purchaser a special resolution passed by the shareholders of London Ashford Airport plc ("LAA") changing its name to a name in no way similar to such name together with a cheque in the sum of £100 made payable to Companies House;
- (c) when the Vendor has complied with the provisions of sub-clause (a) the Purchaser shall:
- (i) execute counterparts of the service agreements between the Purchaser and each of Jonathan Gordon and Robin



Gordon in the agreed form;

- (ii) execute a counterpart of the Shareholders Agreement;
- (iii) allot and issue the Consideration Shares to the Vendor;
- (iv) pay the Cash Consideration (less the amount of the Advance Payment set-off pursuant to sub-clause 5.2 (The Advance Payment)) to the Vendor by telegraphic transfer to the client account of the Vendor's Solicitors at Lloyds TSB Bank plc, account number 0005763, sort code 30-95-37.

### **7.3 Irrevocable authorisation**

The Vendor irrevocably authorises the Vendor's Solicitors to receive all sums respectively due to it under this Agreement and receipt of the Vendor's Solicitors will constitute full and valid discharge for such payments.

### **7.4 Compliance with Completion requirements**

If any of the requirements of sub-clause 7.2 are not complied with on the date set for Completion under sub-clause 7.1, the Purchaser (in the case of the requirements of sub-clauses 7.2(a) and 7.2(b)) or the Vendor (in the case of the requirements of sub-clause 7.2(c)) may:

- (a) defer Completion to a date not less than 7 nor more than 28 days after that date (in which case the provisions of this sub-clause shall also apply to Completion as so deferred); or
- (b) proceed to Completion so far as practicable (including, at the Purchaser's or, as the case may be, the Vendor's option, completion of the purchase of some only of the Assets) but without prejudice to any other rights which it or they may have under this Agreement; or
- (c) terminate this Agreement by notice in writing.

### **7.5 Indemnification of the Purchaser**

The Vendor undertakes to indemnify the Purchaser against any loss, expense or damage which the Purchaser may suffer as a result of any document delivered to it under this clause being, as a result of its action or omission, unauthorised, invalid or for any other reason ineffective.

## **8. Apportionments**

### **8.1 *Pro-rata apportionment***

All charges and other outgoings and costs of a periodic nature payable in respect of the Business or any of the Assets and which are chargeable by reference to a period commencing before and ending after Completion, and all sums receivable in respect of the Business or any of the Assets which relate to a period commencing before and ending after Completion, shall be apportioned on a time basis pro rata.

### **8.2 *Statement of Apportionments***

The Vendor shall cause a Statement of Apportionments relating to the Business and the Assets to be prepared and delivered to the Purchaser within 10 Business Days from and including the Completion Date and the Purchaser will give to the Vendor all assistance reasonably necessary to enable the Vendor to do this.

### **8.3 *Agreement of Statement of Apportionments***

The Vendor and Purchaser shall use all reasonable endeavours to agree, within 10 Business Days of the date it was delivered to the Purchaser, the Statement of Apportionments and the net amount (if any) payable under it.

### **8.4 *Dispute procedure***

If the Statement of Apportionments and/or all the items set out in it are not agreed within the period stated in sub-clause 8.3 the following provisions shall apply:

- (a) either the Vendor or the Purchaser may require any item which is not agreed to be referred to the decision of an Expert. The Expert shall act as an expert and not as an arbitrator and his decision shall, in the absence of manifest error, be final and binding on the parties;
- (b) all the costs of the Expert shall be shared equally by the Vendor and the Purchaser unless the Expert decides otherwise;
- (c) the Vendor and the Purchaser shall each procure that the Expert is afforded all facilities and access to personnel, premises, papers, accounts, records and such other documents as may reasonably be required by him in order to reach his decision;
- (d) the Vendor and the Purchaser (or their professional advisers on their behalf) shall each be entitled to make one submission (or more at the request or with the agreement of the Expert) (whether written or oral or a combination of both) to the Expert in relation to any item or question referred to him;

- (e) the Vendor and the Purchaser shall each use all reasonable endeavours to procure that the Expert issues his determination within 30 Business Days of the initial reference to him under sub-clause (a) and shall accordingly co-operate with the Expert and with each other in agreeing, and complying with, any procedural requirements and any timetable suggested by the Expert or the other party; and
- (f) the items decided by the Expert shall be amalgamated with the items (if any) which had previously been agreed by the parties to ascertain a balance of money due by the Purchaser to the Vendor or vice versa.

#### **8.5 *Payment of balance***

As soon as the Statement of Apportionments has been agreed in accordance with sub-clause 8.3 or determined in accordance with sub-clause 8.4, then the party shown by this Statement of Apportionments to owe the balance of money to the other shall pay that amount to the other party within 2 Business Days after agreement is reached or determination is made, by way of electronic funds transfer for same day value to the credit of such account as the other may notify it for the purpose of this sub-clause.

### **9. *Liabilities***

#### **9.1 *Responsibility for Liabilities***

Save as expressly provided in this Agreement, the Vendor shall be solely responsible for the Liabilities, shall duly and punctually pay and discharge the Liabilities and shall indemnify the Purchaser fully at all times from and against them.

#### **9.2 *Assumption of Liabilities***

The Purchaser shall not be responsible for any liability in respect of the Business or Assets which is not expressly assumed by it under this Agreement and the Vendor shall indemnify the Purchaser accordingly.

#### **9.3 *The Bank Facility***

With effect from Completion, the Purchaser shall assume the liability of the Vendor to the Bank in respect of the Bank Facility and shall indemnify the Vendor fully in respect of any liability to the Bank assumed thereunder (save in respect of any breach of the terms of the Bank Facility prior to Completion).

## **10. Contracts**

### **10.1 *Benefit and burden***

With effect from Completion, the Purchaser shall assume the obligations, and become entitled to the benefits, of the Vendor under the Contracts.

### **10.2 *Assignment of Contracts***

The Vendor undertakes with effect from Completion to assign to the Purchaser or to procure the assignment of all of the Contracts which are capable of assignment without the consent of other contractual parties.

### **10.3 *Required consents***

If any Contract cannot be assigned by the Vendor to the Purchaser except by an agreement of novation or with a consent to assignment or without the assignment constituting an event of default or termination, no assignment takes place by virtue of this Agreement until legally able to do so, but:

- (a) the Vendor and the Purchaser shall (at the request of the Purchaser) together take all reasonable steps to procure that the Contract be novated or to obtain the consent or waiver to the event of default or to the termination (as the case may be);
- (b) unless or until the Contract has been novated or assigned or the provision waived, the Vendor shall hold it in trust for the Purchaser;
- (c) the Purchaser shall, at its own cost and for its own benefit, perform the Vendor's obligations under the Contract arising after the Completion Date to the extent Disclosed and shall carry out and complete it (or shall procure that it is carried out and completed), to the extent that it has not previously been carried out or completed, in the ordinary course in a proper and workmanlike manner and in accordance with its respective terms; and
- (d) unless the Purchaser is prevented by the other party to the contract from performing it, the Purchaser shall indemnify the Vendor against the defective or negligent performance or non-performance of the Contract.

### **10.4 *Sub-contracts***

If prior to the Completion Date, the Vendor has sub-contracted the performance of any Contract to any person, the Purchaser shall, on behalf of the relevant customer, seek or accept delivery from such

person of the goods or other products or services in respect of which that Contract was made and shall make it available to, or for collection by, such customer.

## **11. Debts**

The Vendor shall give the Purchaser such assistance and information as the Purchaser may reasonably require to assist the Purchaser to collect the Debts, including, if so requested by the Purchaser and at the Purchaser's cost, jointly sending a letter concerning the transfer of the Debts to the debtors.

## **12. Employees**

### **12.1 *Application of TUPE Regulations***

The parties acknowledge and agree that, pursuant to the TUPE Regulations, the contracts of employment between the Vendor and each of the Employees will (subject to the provisions of sub-clause 12.5) have effect from Completion as if made originally made between the Purchaser and each Employee.

### **12.2 *Compliance with TUPE Regulations***

The Vendor acknowledges and warrants to the Purchaser that it has complied with Regulation 10 of the TUPE Regulations.

### **12.3 *Vendor's indemnity***

The Vendor shall indemnify and keep the Purchaser indemnified against all costs, claims, losses, liabilities and expenses which the Purchaser may incur in relation to any Employee or any other person employed in the Business prior to Completion:

- (a) arising out of or in connection with any claim made by or on behalf of any person which relates to his employment by the Vendor prior to Completion;
- (b) arising out of or in connection with a dismissal by the Vendor of any employee and which the Purchaser may incur pursuant to the TUPE Regulations;
- (c) incurred by the Purchaser in dismissing any person (other than an Employee) whose employment transfers to the Purchaser as a consequence of the TUPE Regulations; and
- (d) arising out of the Vendor's failure to discharge its duty to consult with its Employees in accordance with Regulation 10 of TUPE.

#### **12.4 Purchaser's indemnity**

The Purchaser shall indemnify and keep the Vendor indemnified against all costs, claims, losses, liabilities and expenses whatsoever arising out of or in connection with:

- (a) any claim made at any time against the Vendor by or on behalf of an Employee arising from any change to the Employee's terms and conditions and/or working relationship to the detriment of the Employee and which is to take effect after the Completion Date (save to the extent that the relevant term or condition to which the change was made was not fully Disclosed prior to the date of this Agreement);
- (b) any claim made by or on behalf of any Employee which relates to his employment by the Purchaser on or after the Completion Date;
- (c) the employment or termination of employment of any Employee on or after the Completion Date;
- (d) any change in the working conditions of any Employee on or after the Completion Date; or
- (e) the Purchaser succeeding the Vendor as employer of the Employees pursuant to the TUPE Regulations.

#### **12.5 Notification**

As soon as reasonably practicable after Completion the Purchaser and the Vendor shall together deliver to the Employees a letter, in the agreed form, between them notifying the Employees of the transfer of their employment to the Purchaser.

### **13. Post Completion**

#### **13.1 Obligations following Completion**

Immediately after Completion:

- (a) the Vendor shall wholly discontinue carrying on the Business;
- (b) the parties shall, at the expense of the Purchaser, despatch to the suppliers and customers of the Business letters in a form agreed between them; and
- (c) the Purchaser shall file the written resolutions and form 287 referred to in sub-clause 7.2 (Delivery of documents) with the registrar of Companies in England and Wales and shall forward the Certificates of Incorporation on Change of Name to the Vendor as soon as reasonably practicable following receipt.

### **13.2 Forwarding of notices**

For a period of 12 months after Completion, the Vendor shall, forthwith upon receipt, forward to the Purchaser any notices, correspondence, information or enquiries which relate to the Business.

### **13.3 Preservation of corporate records**

The Vendor shall preserve or procure the preservation of all books, documents and records relating to the Business in respect of the period prior to Completion which it retains following Completion for a period of 7 years, and shall allow, upon being given reasonable notice and during business hours, the Purchaser and/or its agents, accountants or other representatives access to, and at its own expense to take copies of them.

### **13.4 Preservation of Financial Records**

The Purchaser shall preserve, or procure the preservation of Financial Records of the Business for a period of 7 years and shall permit and allow, upon giving reasonable notice and during business hours, the Vendor and/or its agents, accountants or other representatives access to, and at its own expense to take copies of, them.

### **13.5 Delivery of monies received**

If one party receives any monies after Completion which belong to the other party, the recipient shall (subject to any provisions to the contrary contained in this Agreement) hold them on trust for and account to that other party for them within 5 Business Days of receipt.

## **14. Warranties**

### **14.1 Joint and several liability**

The Warrantors jointly and severally warrant and represent to the Purchaser that each of the Warranties is true and accurate in all respects and not misleading at the date of this Agreement and will continue to be true and accurate in all respects and not misleading up to and including Completion.

### **14.2 Reliance on Warranties**

The Warrantors acknowledge that they give the Warranties with the intention of the Purchaser entering into this Agreement and that the Purchaser does so in reliance on the Warranties (as qualified by the Disclosure Letter).

### **14.3 Independence of Warranties**

Each of the Warranties is a separate and independent Warranty and

shall not be limited by reference to any other Warranty or anything in this Agreement save as to those matters Disclosed.

**15. Purchaser's remedies**

**15.1 *Disclosure***

Each of the Warrantors undertakes to disclose in writing to the Purchaser anything which is or may constitute a Claim or be inconsistent with the contents of the Disclosure Letter directly it comes to the notice of any of them either before, at the time of, or after Completion.

**15.2 *Material breach of Warranty***

If, between the date of this Agreement and Completion, the Purchaser becomes aware that there has been any material breach of the Warranties or any other term of this Agreement the Purchaser shall be entitled to terminate this Agreement by notice in writing to the Warrantors.

**15.3 *Rights and remedies***

The rights and remedies of the Purchaser in respect of any breach of the Warranties shall not be affected by Completion.

**15.4 *No Claim against employees or officers***

If any Claim is made, no Warrantor shall make any claim against any director or employee of the Business on whom he may have relied before agreeing to any terms of this Agreement or authorising any statement in the Disclosure Letter. This sub-clause shall not preclude any Warrantor from claiming against any other Warrantor under any right of contribution or indemnity to which he may be entitled.

**15.5 *Grossing-up***

If any amount payable to the Purchaser by the Warrantors, under or in accordance with any provision of this Agreement, is subject to Taxation, the amount to be paid to the Purchaser by the Warrantors shall be such so as to ensure that the net amount retained by the Purchaser after such Taxation has been taken into account is equal to the full amount which would be payable to the Purchaser had the amount not been subject to Taxation.

**15.6 *Pro-rata reduction***

Any amount paid by the Vendor to the Purchaser in respect of any of the provisions of this Agreement shall to the extent possible be treated as paid to the Purchaser by way of pro rata reduction in the consideration payable for the purchase of the Business and the Assets.



## 16. Limitations on liability

### 16.1 Specific limitations

In the absence of fraud, dishonesty or wilful non-disclosure on the part of any of the Warrantors:

(a) *Disclosure*

the Purchaser shall not have any claim under the Warranties in respect of any matter if, and to the extent that, it is Disclosed in the Disclosure Letter provided that nothing in the Disclosure letter shall limit the Warrantors' liability under the indemnities contained in clause 18 (Indemnities);

(b) *Notice of Claims and de minimis*

the Warrantors shall not be liable for any Claim unless:

- (i) they have received written notice from the Purchaser giving reasonable details of the Claim and, if practicable, the Purchaser's estimate of the amount involved on or before the expiration of 2 years from Completion or, in the case of any Claim relating to Taxation, not later than 7 years from Completion;
- (ii) the amount of the Claim, when aggregated with all other Claims made on the same occasion or previously, is equal to or exceeds £5,000 (in which case the Warrantors shall be liable for the whole amount and not simply the excess);

(c) *Aggregate liability*

the aggregate liability of the Warrantors in respect of the Warranties shall not exceed the sum of the Consideration and the indebtedness of the Vendor to the Bank assumed by the Purchaser ;

(d) *Limitations*

the Warrantors shall not be liable for any Claim if and to the extent that a liability arises or is increased as a result of:

- (i) any voluntary act or omission of the Purchaser (or any persons deriving title from it) after Completion done or suffered outside the ordinary course of business and other than pursuant to a legally binding obligation entered into by the Vendor before Completion; or
- (ii) to the extent that the Purchaser recovers any loss or

damage suffered by it under the terms of any insurance policy for the time being in force; or

- (iii) the retrospective imposition of taxation or by a change in the law (whether retrospectively or not) occurring after Completion or the withdrawal after Completion of any published concession or general practice of a Taxation Authority.

## **16.2 Remedy of breach**

Where the subject matter of the Claim is capable of remedy, the Warrantors shall not be liable for the Claim if the breach or default is remedied by them to the satisfaction of the Purchaser within 20 business days of receipt by them of the notification of the Claim pursuant to sub-clause 16.1(b)(i).

## **16.3 Repayment**

If the Warrantors make any payment to the Purchaser in relation to any Claim and the Purchaser subsequently receives from a third party any amount referable to, or any benefit which would not have been received but for the circumstances giving rise to, the subject matter of that Claim, the Purchaser shall, once it has received such amount or benefit, immediately repay or procure the repayment to the Warrantors of either:

- (a) the amount of such receipt (after deducting an amount equal to the reasonable irrecoverable costs of the Purchaser incurred in recovering such receipt and any Taxation payable on it); or if lesser
- (b) the amount paid by the Warrantors

together with any interest or repayment supplement paid to the Purchaser in respect of it.

## **17. Conduct of Claims**

### **17.1 Notification**

The Purchaser shall notify the Warrantors in writing of:

- (a) any claim made against it by a third party which may give rise to a Claim; and
- (b) any claim the Purchaser is entitled to bring against a third party which claim is based on circumstances which may give rise to a Claim.

### **17.2 Conduct of proceedings**

The Purchaser shall procure that the conduct, negotiation, settlement or litigation of the claim by or against such third party is, so far as is reasonably practicable, carried out in accordance with the wishes of the Warrantors and at their cost subject to their giving timely instructions to the Purchaser and providing reasonable security for any costs and expenses which might be incurred by the Purchaser.

### **17.3 Access**

The Purchaser shall provide to the Warrantors and the Warrantors' professional advisers reasonable access during business hours to premises and personnel and to any relevant assets, documents and records within their power, possession or control for the purpose of investigating any Claim and enabling the Warrantors to take the action referred to in sub-clause 17.2 and shall allow the Warrantors and their advisers upon reasonable request to take copies of any relevant documents or records at their expense.

## **18. Indemnities**

### **18.1 Warrantors' indemnities**

The Warrantors agree to indemnify and keep indemnified the Purchaser (and any member of the Purchaser's Group) against all losses, claims, liabilities (including, but not limited to, any Taxation), damages and demands suffered and all accompanying costs and expenses reasonably incurred by the Purchaser arising directly or indirectly in respect of or by reference to any of the following matters:

- (a) all breaches by the Vendor (or by its directors, officers, employees or agents) of any Environmental Law in relation to the contamination of the Properties more particularly Disclosed in the Disclosure Letter;
- (b) any enquiry or investigation by any Tax Authority (or any other government body, person or official, whether of the United Kingdom or elsewhere in the world) into the affairs, conduct or proceedings of any of the Warrantors (or any person either connected (within the meaning of section 839 of ICTA) or associated (within the meaning of section 416 of ICTA) with each or any of them), the settlement or closure of any such enquiry or investigation, the payment of (or the liability, or deemed liability, to make payment of) any Taxation by any of the Warrantors (or any person either connected (within the meaning of section 839 of ICTA) or associated (within the meaning of section 416 of ICTA) with each or any of them) or the failure to make a payment of Taxation by any of the Warrantors (or any person either connected (within the meaning

of section 839 of ICTA) or associated (within the meaning of section 416 of ICTA) with each or any of them);

- (c) any civil or criminal action commenced or taken anywhere in the world (whether ultimately successful or otherwise) by any Tax Authority, the Crown Prosecution Service or any other government body, person or official, whether of the United Kingdom or elsewhere in the world, against the Warrantors;
- (d) the delivery of the Records in accordance with the provisions of clause 6.7 (Delivery of records), the preservation of the Records in accordance with the provisions of clause 6.6 (retention of VAT records);
- (e) any action, claim, or demand by any Tax Authority as a result of or by reference to the loss or destruction of any Records of the Vendor.

## **18.2 Limitations on liability**

The aggregate liability of the Warrantors pursuant to sub-clause 18.1 above shall not exceed the sum of the Consideration and the indebtedness of the Vendor to the Bank assumed by the Purchaser and the Purchaser shall be obliged to mitigate its loss (so far as it is able) in respect of any claim made thereunder.

## **19. Guarantee**

### **19.1 Form of guarantee**

In consideration of the Purchaser agreeing to buy the Business and Assets on the terms of this Agreement, the Covenantors unconditionally and irrevocably guarantee:

- (a) the proper performance by the Vendor of all its obligations under this Agreement; and
- (b) the payment by the Vendor when due of any amount payable under this Agreement,

as if the Covenantors were the primary obligors under this Agreement and not merely a surety.

### **19.2 Covenantors' indemnity**

As an independent and primary obligation, without prejudice to sub-clause 19.1 the Covenantors hereby unconditionally and irrevocably agree to indemnify and keep indemnified the Purchaser against all and any losses, costs, claims, liabilities, damages, demands and expenses suffered or incurred by the Purchaser arising from failure of the Vendor to comply with any of its obligations or discharge any of its liabilities

under this Agreement or arising from the termination of this Agreement or by reason of the Vendor nor being at any time, or ceasing to be, liable in respect of the obligations and liabilities purported to be assumed by it in accordance with the express terms of this Agreement.

### **19.3 Continuing effect**

The guarantee and indemnity set out in this clause is a continuing guarantee and indemnity and shall remain in full force and effect until all the obligations of the Vendor guaranteed or indemnified by this clause have been discharged in full. It is in addition to and shall not prejudice nor be prejudiced by any other guarantee, indemnity or other security or right against any third party which the Purchaser may have for the due performance of these obligations.

### **19.4 No discharge of liability**

The Covenantors acknowledge that their liability under this clause shall not be discharged or affected in any way by time or any other indulgence or concession being granted to the Vendor or by any other act, omission, dealing, matter or thing whatsoever (including without limitation any change in the memorandum or articles of association of the Vendor any amendment to this Agreement or the liquidation, dissolution, reconstruction or amalgamation of the Vendor or the illegality or enforceability of this Agreement) which but for this provision might operate to release the Covenantors from their obligations under this clause.

## **20. General**

### **20.1 Entire Agreement**

- (a) This Agreement and all documents in the agreed form sets out the entire agreement and understanding between the parties in respect of the subject matter of this Agreement.
- (b) The Purchaser acknowledges that it has entered into this Agreement in reliance only upon the representations, warranties (as qualified by the Disclosure Letter) and promises specifically contained or incorporated in this Agreement and, save as expressly set out in this Agreement, the Warrantors shall have no liability in respect of any other representation, warranty or promise made prior to the date of this Agreement unless it was made fraudulently.

### **20.2 Assignment**

- (a) This Agreement shall be binding upon and enure for the benefit of the successors in title of the parties but, except as set out in

sub-clause 20.2 (b), shall not be assignable by any party without the prior written consent of the other.

- (b) The Purchaser may assign the benefit of this Agreement (including, without limitation, the Warranties) to any Purchaser Group Company or any successor in title.

### **20.3 Variation**

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

### **20.4 Effect of Completion**

Except to the extent already performed, all the provisions of this Agreement shall, so far as they are capable of being performed or observed, continue in full force and effect notwithstanding Completion.

### **20.5 Invalidity**

To the extent that any provision of this Agreement is found by any court or competent authority to be invalid, unlawful or unenforceable in any jurisdiction, that provision shall be deemed not to be a part of this Agreement, it shall not affect the enforceability of the remainder of this Agreement nor shall it affect the validity, lawfulness or enforceability of that provision in any other jurisdiction.

### **20.6 Releases and waivers**

- (a) The rights, powers and remedies conferred on the Purchaser by this Agreement and remedies available to it are cumulative and are additional to any right, power or remedy which it may have under general law or otherwise.
- (b) The Purchaser may, in whole or in part, release, compound, compromise, waive or postpone, in its absolute discretion, any liability owed to it or right granted to it in this Agreement by any other party or parties without in any way prejudicing or affecting its rights in respect of that or any other liability or right not so released, compounded, compromised, waived or postponed.
- (c) No single or partial exercise, or failure or delay in exercising any right, power or remedy by the Purchaser shall constitute a waiver by it of, or impair or preclude any further exercise of, that or any right, power or remedy arising under this Agreement or otherwise.

### **20.7 Further assurance**

After Completion, each party shall execute such documents and take such steps as the other party may reasonably require to fulfil the provisions of and to give to each party the full benefit of this Agreement.

### **20.8 Counterparts**

- (a) This Agreement may be executed in any number of counterparts and by the parties on separate counterparts, but shall not be effective until each party has executed at least one counterpart.
- (b) Each counterpart, when executed, shall be an original of this Agreement and all counterparts shall together constitute one instrument.

### **20.9 Confidentiality**

- (a) Except as referred to in sub-clause 20.9(b), each party shall treat as strictly confidential all information received or obtained as a result of entering into or performing this Agreement which relates to the provisions or subject matter of this Agreement, to any other party or the negotiations relating to this Agreement.
- (b) Any party may disclose information which would otherwise be confidential if and to the extent:
  - (i) it is required to do so by law or any securities exchange or regulatory or governmental body to which it is subject wherever situated;
  - (ii) it considers it necessary to disclose the information to its professional advisers, auditors and bankers provided that it does so on a confidential basis;
  - (iii) the information has come into the public domain through no fault of that party; or
  - (iv) each party to whom it relates has given its consent in writing.

### **20.10 Default Interest**

If any party defaults in the payment when due of any sum payable under this Agreement (whether payable by agreement or by an order of a court or otherwise), the liability of that party shall be increased to include interest on that sum from the date when such payment was due until the date of actual payment at a rate per annum of 4 per cent. above the base rate from time to time of Lloyds TSB Bank Plc. Such

interest shall accrue from day to day and shall be compounded annually.

#### **20.11 Termination**

Without prejudice to any remedy available to any party arising out of any outstanding breach of this Agreement on the part of any other party, if this Agreement is terminated in accordance with its terms, the following shall occur:

- (a) the restrictions contained in sub-clause 20.9 (Confidentiality), clause 21 (Announcements) and clause 23 (Notices) shall continue to apply;
- (b) except as referred to in sub-clause (a), all obligations of the Purchaser under this Agreement shall cease; and
- (c) the Advance Payment shall continue to be treated as a loan from the Purchaser to the Vendor for a term of two years and bearing interest at the base lending rate of the Bank from time to time and compounded on a daily basis and secured by a legal charge (in a form satisfactory to the Purchaser) ranking only second in priority to the Bank and the Warrantors undertake to execute, or procure the execution of, such documents and take such steps as the Purchaser or the Bank may reasonably require in order to procure that such security is granted as soon as possible thereafter.

### **21. Announcements**

#### **21.1 Consent**

Except as referred to in sub-clause 21.2, no announcement concerning the terms of this Agreement shall be made by or on behalf of any of the parties without the prior written consent of the others, such consent not to be unreasonably withheld or delayed.

#### **21.2 Announcements required by law**

Any announcement or circular required to be made or issued by any party by law may be made or issued by that party without consent if it has first sought consent and given the other parties a reasonable opportunity to comment on the subject matter and form of the announcement or circular (given the time scale within which it is required to be released or despatched).

### **22. Costs and expenses**

#### **22.1 Costs**

Subject to sub-clause 22.2, each party shall bear its own costs and



expenses incurred in the preparation, execution and implementation of this Agreement.

**22.2 Stamp duty and other expenses**

The Purchaser shall pay all stamp and other transfer duties and registration fees applicable to any document to which it is a party and which arises as a result of or in consequence of the transfer of the Business and Assets pursuant to this Agreement.

**23. Notices**

**23.1 Form of notice**

Any notice to a party under this Agreement shall be in writing signed by or on behalf of the party giving it and shall, unless delivered to a party personally, be left at, or sent by prepaid first class post, prepaid recorded delivery, or facsimile to the address of the respective party as set out on page 1 or the schedules of this Agreement or as otherwise notified in writing from time to time.

**23.2 Deemed notice**

Except as referred to in sub-clauses 23.3 and 23.4, a notice shall be deemed to have been served:

- (a) at the time of delivery if delivered personally;
  - (i) 48 hours after posting in the case of an address in the United Kingdom and 96 hours after posting for any other address;
  - (ii) 2 hours after transmission if served by facsimile on a business day prior to 3pm or in any other case at 10 am on the business day after the date of despatch.
- (b) If the deemed time of service is not during normal business hours in the country of receipt, the notice shall be deemed served at or, in the case of faxes, two hours after the opening of business on the next business day of that country.

**23.3 When deemed service shall not apply**

The deemed service provisions set out in sub-clause 23.2 do not apply to:

- (a) a notice served by post, if there is a national or local suspension, curtailment or disruption of postal services which affects the collection of the notice or is such that the notice cannot reasonably be expected to be delivered within 48 hours or 96 hours (as appropriate) after posting; and

- (b) a notice served by facsimile, if, before the time at which the notice would otherwise be deemed to have been served, the receiving party informs the sending party that the notice has been received in a form which is unclear in any material respect, and, if it informs the sending party by telephone, it also despatches a confirmatory facsimile within two hours.

#### **23.4 Proof of service**

In proving service it will be sufficient to prove:

- (a) in the case of personal service, that it was handed to the party or delivered to or left in an appropriate place for receipt of letters at its address;
- (b) in the case of a letter sent by post, that the letter was properly addressed, stamped and posted; and
- (c) in the case of facsimile, that it was properly addressed and despatched to the number of the party.

#### **23.5 Delayed service**

A party shall not attempt to prevent or delay the service on it of a notice connected with this Agreement.

#### **23.6 Address for service**

Each Covenantor and the Vendor ("**the appointor**") hereby irrevocably authorises and appoints the Vendor's Solicitors (or such person or persons, being a firm of solicitors resident in England, as the appointor may hereafter as regards himself by notice in writing to the Purchaser from time to time substitute) to accept on his behalf service of all legal process arising out of or in connection with this Agreement. Service of such process on the time being authorised under this sub-clause to accept it on behalf of the appointor shall be deemed to be valid service of that process on the appointor.

#### **24. Contracts (Rights of Third Parties) Act 1999**

The parties agree that the provisions of this Agreement are personal to them and are not intended to confer any rights of enforcement on any third party. The Contracts (Rights of Third Parties) Act 1999 shall not apply to this Agreement or any of its provisions.

#### **25. Governing law and jurisdiction**

##### **25.1 Governing law**

This Agreement shall be governed by and construed in accordance with English law.

## **25.2 Jurisdiction**

Each of the parties irrevocably submits for all purposes in connection with this Agreement to the non-exclusive jurisdiction of the courts of England.

**This Agreement** is made on the date appearing at the head of page 1.

## Schedule 1

(The Covenantors)

| Name                             | Address   |
|----------------------------------|---|
| Jonathan Michael Gordon          | 15 Mermaid Street, Rye, East Sussex TN31 7ET    |
| Atlantic Bridge Aviation Limited | Lydd Airport, Lydd, Romney Marsh, Kent TN29 9QL |
| Cranworth Limited                | Lydd Airport, Lydd, Romney Marsh, Kent TN29 9QL |

## Schedule 2

### Part 1

#### (Description of the Property)

1. The leasehold property known as The Airport, Lydd, Romney Marsh, Kent and demised by the Lease as the same is registered at H M Land Registry as to part with absolute leasehold title under title number K534821 and as to the remainder with good leasehold title under title number K537593 ("**the Leasehold Property**").
2. The freehold property known as land adjoining Lydd Airport, Romney Marsh, Kent as the same is registered at HM Land Registry with title absolute under title number K561277 ("**the Freehold Property**")

(together "**the Property**").

## Part 2

### (Provisions relating to the Property)

#### 1. Definitions and interpretation

- 1.1 In this schedule, unless the context otherwise requires, the following words have the following meanings:

|                                 |   |
|---------------------------------|---|
| "Ancillary Leasehold Documents" | the documents ancillary to the Lease details of which are set out in part 5 of schedule 2;                |
| "Consent"                       | as defined in paragraph 3.1;  |
| "the Property Encumbrances"     | the matters contained or referred to in part 3 of schedule 2;   |
| "the Landlord"                  | The District Council of Shepway;  |
| "the Lease"                     | the lease dated 15 April 1982 made between The District Council of Shepway (1) and Drakecoat Limited (2); |

#### 2. Conditional agreement

- 2.1 The sale and purchase of the Leasehold Property shall be conditional upon the Consent being obtained from the Landlord.
- 2.2 If at the Long Stop Date the condition in paragraph 2.1 remains unsatisfied the provisions of clause 2.3 (Failure to satisfy the Conditions) of this Agreement shall apply.

#### 3. Landlord's licence

- 3.1 The Vendor will (if it has not already done so) immediately make an application to the Landlord for consent to assign the Lease ("the Consent") to the Purchaser and the Purchaser will immediately on request supply all information and references required by the terms of the Lease and/or reasonably requested by the Landlord.
- 3.2 The Vendor will pursue the application made under paragraph 3.1 with its best endeavours in order to satisfy the condition in paragraph 2.1 before the Long Stop Date.
- 3.3 If the Landlord requires that its licence to assign is contained in a deed the Vendor (if necessary) and the Purchaser shall execute the deed as soon as practicable on receipt.
- 3.4 The Vendor will pay the costs including Value Added Tax and disbursements incurred by the Landlord, its managing agents,

surveyors and solicitors in dealing with the application made by the Vendor under paragraph 3.1.

**4. Completion Date**

- 4.1 (Subject to the terms of this Agreement) completion of the sale and purchase of the Property shall take place on the Completion Date.
- 4.2 For the avoidance of doubt it is agreed and declared that the completion of the sale and purchase of the Leasehold Property is conditional on the simultaneous completion of the sale and purchase of the Freehold Property and vice versa.

**5. Title**

(Subject to the provisions of this Agreement) the Vendor will sell with full title guarantee but:

- (a) in respect of the Leasehold Property the Vendor shall not be liable under any of the covenants set out in section 3 or section 4 of the Law of Property (Miscellaneous Provisions) Act 1994 for the consequences of any breach of the terms of the Lease; and except that
- (b) in respect of the Property the words "at his own cost" in the covenant implied by section 2(1)(b) of the Law of Property (Miscellaneous Provisions) Act 1994 are replaced with the words "at the Purchaser's cost."

**6. Transfer**

- 6.1 The transfer to the Purchaser of the Leasehold Property shall contain the following covenants by the Purchaser:

"The Purchaser for the purposes of affording to the Vendor a full and sufficient indemnity but not further or otherwise covenants with the Vendor that the Purchaser and those deriving title under it will at times from the date of this Transfer:

- (a) pay the rent reserved by the Lease and perform and observe the covenants on the part of the tenant and the conditions in the Lease throughout the remainder of the term of the Lease (including any statutory continuation of the tenancy created by the Lease); and
- (b) keep the Vendor indemnified against all proceedings, costs, claims and expenses whatsoever in respect of the Purchaser's obligations contained in sub-clause (a) or in any way relating to them".

**7. Adverse matters**

- 7.1 The Property is sold subject to the covenants conditions and terms of the Lease, the Ancillary Leasehold Documents and the Property Encumbrances and the Purchaser will raise no requisitions on them save for matters disclosed in pre-completion searches.
- 7.2 (Subject to the provisions of this Agreement) the Purchaser shall be given vacant possession of the Property on actual completion.

**8. Standard conditions of sale**

- 8.1 This Agreement incorporates the Standard Conditions of Sale (Third Edition) amended as set out in part 4 of schedule 2.
- 8.2 If there is any conflict between these Conditions and this Agreement, then this Agreement prevails.



### Part 3

#### (The Property Encumbrances)

1. All matters contained or referred to in the property and charges registers of the registered titles of the Property (save for any financial charges)

## Part 4

### (Standard Conditions of Sale, Third Edition)

- I. The following conditions shall not apply: 2.2.2, 2.2.3, 3.4, 4.1, 4.2.3, 4.3.2, 4.5.2, 5.1, 5.2, 6.7(a), 6.7(b), 7.3.4, 8.3 and 9.1
- II. Add the following words at the end of condition 3.1.1: "provided that where this condition is inconsistent with the provisions for Title Guarantee (or the lack of any such Title Guarantee) under the terms of this Agreement the latter shall prevail."
- III. In condition 3.1.2(c) insert the word "reasonably" before the word "know".
- IV. In condition 3.1.2 (d) delete the words "except those" and insert the words "but not any mortgages or charges protected by such entries in registers."
- V. Add the following words at the end of condition 4.2.2: "beginning with the Root of Title."
- VI. Insert the following condition 5.1:
  - 5.1.1 The Vendor shall be under no duty to insure the Property unless the Property is leasehold and the lease imposes an obligation on the seller to insure.
  - 5.1.2 If the Property is damaged or destroyed before the date of actual completion, and the buyer's insurance proceeds are reduced because of any insurance effected by the seller, the Purchase Price shall be abated by the amount of such reduction. This provision shall not apply where the seller is obliged by any statute or other legal obligations to apply the proceeds of any insurance policy to the reinstatement of the Property.
  - 5.1.3 Section 47 of the Law of Property Act 1925 shall not apply."
13. Delete condition 6.3.2 and substitute the following words:

"Apportionment is to be made with effect from the date of actual completion of the sale and purchase of the Property or, if earlier, the date upon which the buyer takes up occupation of the Property. The seller shall also be entitled to compensation under condition 7.3, if appropriate."
14. Add at the end of condition 7.4 the words "except any obligation of the seller under condition 3.1."

## Part 5

### (The Ancillary Leasehold Documents)

| Property  | Parties  | Term  | Rent   |
|---|--|---|--|
| 1 Office Suite at Lydd Airport  | Lydd Airport Group Ltd (1)<br>Cinque Ports Aviation Ltd (2)                                | Tenancy at Will from 12 February 2001   | Peppercorn   |
| 2 Office Suite, 1st Floor, D Block at Lydd Airport  | Lydd Airport Group Ltd (1)<br>Euroceltic Airways Ltd (2)                                   | One year from 27 March 2000   | £7,000 p.a. inclusive of business rates and building insurance |
| 3 Site at Lydd Airport  | Lydd Airport Group Ltd (1)<br>DAT Enterprises Ltd (2)                                      | Tenancy at Will dated 27 November 1999  | Nil  |
| 4 Office Suite, 1st Floor, D Block at Lydd Airport  | Lydd Airport Group Ltd (1)<br>Saffron Travel Limited (2)                                   | 6 months less 1 day from and including 14 January 2001  | £3,500 p.a.  |
| 5 960 sq ft of office space, locker and rest room space and kitchen space at Lydd Airport | A D McGrindle on behalf of Drakecoat Ltd (1)<br>Secretary of State for the Environment (2) | 3 years from 19 October 1985 and continuing thereafter until determined by either party on 3 months notice to expire on a quarter day | £2,750 p.a.  |
| 6 Examination Station Approval  | Lydd Airport Group Ltd (1)<br>Commissioners of Customs & Excise (2)                        | Dated 3 December 2000   | No rental provisions in document                               |

- 7 Land adjoining Lydd Airport One year from £288 p.a.  
Lydd Airport, Group Ltd (1) 10 September  
Kent (Farm CRF Apps (2) 2000  
business  
tenancy)
- 8 Land at Lydd Lydd Airport 20 years from 29 £420 p.a.  
Airport, Kent Group Ltd (1) November 2000  
(Farm business CRF Apps (2)  
tenancy)

### Schedule 3

#### (The Warranties)

##### The Vendors

##### 1. *Capacity*

- 1.1 The Vendor has the requisite power and authority to enter into and perform this Agreement.
- 1.2 This Agreement constitutes and imposes valid legal and binding obligations on the Vendor fully enforceable in accordance with its terms.

##### 2. *Arrangements between the Business and the Vendor's Group*

There are no contracts, arrangements, engagements, orders or liabilities, actual or contingent outstanding or remaining in whole or in part to be performed affecting the Business between the Vendor and any member of the Vendor's Group or any person connected (within the meaning of Section 839 of ICTA) with a shareholder of any member of the Vendor's Group.

##### 3. *Other interests of the Vendor's Group*

No member of the Vendor's Group or Covenantor has or intends to acquire any interest, direct or indirect, in any business which has a close trading relationship with or which competes or is likely to compete with the Business.

##### Information

##### 4. *Accuracy and adequacy of information*

- 4.1 The information contained in schedules 1 and 2 to this Agreement is accurate and complete.
- 4.2 There are fully and accurately disclosed in the Disclosure Letter all matters, information and documents which are or could on reasonable enquiry be known to the Warrantors and which are necessary to qualify the paragraphs of this schedule in order for such statements when so qualified to be fair, accurate and not misleading.
- 4.3 The information contained in the Disclosure Letter and all written information supplied to the Purchaser or its advisers by or on behalf of any member of the Vendor's Group or their advisers is complete and accurate and is not misleading because of any omission or ambiguity or for any other reason and where the information is expressed as an opinion, it is truly and honestly held and not given casually, recklessly or without due regard for its accuracy.

- 4.4 So far as the Warrantors are aware, there is no fact or circumstance relating to the Business and Assets or the business and assets of any Vendor Group Company, which if Disclosed to the Purchaser or any of its advisers, might reasonably be expected to influence the decision of the Purchaser to purchase the Business and Assets on the terms contained in this Agreement and which has not been so Disclosed

## **Financial matters**

### **5. *Insolvency***

- 5.1 No distress, execution or other process has been levied against the Vendor in relation to the Business or the Assets nor action taken to repossess any goods of the Business in the Vendor's possession.
- 5.2 No receiver (including an administrative receiver), trustee or administrator has been appointed of the whole or any part of the assets or undertaking of the Vendor which relates to or would or might affect the Business or the Assets and the Warrantors are not aware of any circumstances likely to give rise to the appointment of any such receiver, trustee or administrator.
- 5.3 The Vendor has not been a party to any transaction with any third party or parties which relates to or would or might affect the Business or any of the Assets and which would, if any such third party went into liquidation or had a bankruptcy or administration order made in relation to it, constitute (in whole or in part) a transaction at an undervalue, preference or invalid floating charge or otherwise would or might constitute any other transaction or transfer at an undervalue or involving an unauthorised reduction of capital.
- 5.4 No Vendor Group Company is insolvent, nor has failed or is unable to pay, nor has any reasonable prospect of being unable to pay, any of its debts as they fall due, as those expressions are defined in Section 123 of the Insolvency Act 1986.

### **6. *Preparation and contents of the Accounts***

- 6.1 To the extent that the Accounts relate to the Business they were prepared in accordance with the requirements of all relevant statutes and generally accepted United Kingdom accounting practices including, without limitation, all applicable Financial Reporting Standards issued by the Accounting Standards Board, Statements of Standard Accounting Practice issued by the Institute of Chartered Accountants of England and Wales and Statements from the Urgent Issues Task Force current at the Accounts Date and, where the accounting practice used to prepare the Accounts differs from those applicable in previous financial periods, the effect of any such difference is disclosed in the Disclosure Letter.

6.2 Without prejudice to the generality of sub-paragraph 6.1:

(a) the Accounts:

- (i) give a true and fair view of the state of affairs of the Business at the Accounts Date and the profits or losses of the Business for the financial period ending on that date;
- (ii) contain proper provision or reserve for all liabilities and for all capital and revenue commitments of the Business as at the Accounts Date;
- (iii) disclose all the assets of the Business as at the Accounts Date and none of the values placed in the Accounts on any of those assets was in excess of its market value at the Accounts Date;
- (iv) make proper provision for bad and doubtful debts;
- (v) do not include any figure which is referable to the value of an intangible asset; and
- (vi) make proper provision for depreciation of the fixed assets of the Business having regard to their original cost and life.

6.3 The profits and losses of the Business shown in the Accounts were not, save as disclosed in the Accounts or in any note accompanying them, to any material extent affected by any extraordinary, exceptional, unusual or non-recurring income, capital gain or expenditure or by any other factor known to the Warrantors rendering any such profit or loss for such period exceptionally high or low.

## 7. *Accounting records*

7.1 The accounting records of the Vendor comply with the requirements of Sections 221 and 222 of the Act, do not contain or reflect any material inaccuracy or discrepancy and present and reflect in accordance with generally accepted accounting principles and standards the financial position of and all transactions entered into by the Vendor or to which it has been a party.

7.2 All relevant financial books and records of the Business are in the possession of the Vendor or otherwise under its direct control.

7.3 Where any of the records of the Business are kept on computer, the Vendor:

- (a) is the owner of all hardware and all software necessary to enable it to use the records as they have been used in the

Business to the date of this Agreement and to Completion;

- (b) does not share any hardware or software relating to the records with any person; and
- (c) maintains adequate back up records and support in the event of any fault or failure of such computer hardware and software.

8. *Management accounts*

The management accounts of the Vendor relating to the Business for the period from 1 April 2000 to 28 February 2001 have been prepared on a basis consistent with the Accounts, fairly reflect the trading position of the Business as at their date and for the period to which they relate and are not affected by any extraordinary, exceptional, unusual or non-recurring income, capital gain or expenditure or by any other factor known by the Warrantors rendering profits or losses for the period covered exceptionally high or low.

9. *Events since the Accounts Date*

9.1 Since the Accounts Date there has been no material change in:

- (a) the financial or trading position or prospects of the Business;
- (b) the value or state of assets or amount or nature of liabilities as compared with the position disclosed in the Accounts; or
- (c) in the turnover, direct or indirect expenses or the margin of profitability of the Business as compared with the position disclosed for the equivalent period of the last financial year.

9.2 The Vendor has since the Accounts Date carried on the Business in the ordinary course and without interruption, so as to maintain it as a going concern and paid its creditors in the ordinary course and within the credit periods agreed with such creditors.

9.3 Since the Accounts Date no supplier of the Business has ceased or restricted supplies or threatened so to do, there has been no loss or material curtailment of the business transacted with any customer which at any time in the preceding financial year represented one per cent or more of the turnover of the Business and the Warrantors are not aware of any circumstances likely to give rise to any of the above.

9.4 Since the Accounts Date, in relation to the Business the Vendor has not:

- (a) incurred or committed to incur:
  - (i) material capital expenditure; or



- (ii) any liability whether actual or contingent except for full value or in the ordinary course of business;
- (b) acquired or agreed to acquire:
  - (i) any asset for a consideration higher than its market value at the time of acquisition or otherwise than in the ordinary course of business; or
  - (ii) any business or substantial part of it or any share or shares in a body corporate; or
- (c) disposed of or agreed to dispose of, any of its assets except in the ordinary course of business and for full value;

## **Trading and Contracts**

### **10. *Contracts and commitments***

- 10.1 True and complete copies of the Contracts have been Disclosed to the Purchaser as an annexure to the Disclosure Letter and are listed in annexure A to this Agreement.
- 10.2 None of the Contracts:
  - (a) is expected to have material adverse consequences in terms of expenditure or revenue;
  - (b) relate to matters outside the ordinary course of the Business or were entered into other than on arms' length terms;
  - (c) can be terminated in the event of any change in the underlying ownership or control of the Business or would be materially affected by such change; or
  - (d) cannot readily be fulfilled or performed by it on time.
- 10.3 In relation to the Business there are no outstanding bids, tenders, sales or service proposals which are material or which, if accepted, would be likely to result in a loss.
- 10.4 The Warrantors are not aware of any actual, potential or alleged breach, invalidity, grounds for termination, grounds for rescission, grounds for avoidance or grounds for repudiation of any Contract.

### **11. *Terms of trade***

The Vendor has not given any guarantee or warranty (other than any implied by law) or made any representation in respect of any product or services sold or supplied by the Business nor has it accepted any liability to service, maintain, repair or otherwise do or refrain from

doing anything in relation to such goods or services after they have been sold or supplied by it except for those contained in its standard conditions of trading, complete and accurate copies of which are contained in the Disclosure Letter.

**12. *Licences and consents***

- 12.1 Other than in relation to Intellectual Property or the Properties, complete and accurate details of all licences, consents, permissions, authorisations and approvals required for the carrying on of the Business have been disclosed to the Purchaser and all of them have been obtained by the Business and are in full force and effect.
- 12.2 Other than in relation to Intellectual Property or the Properties, all reports, returns and information required by law or as a condition of any such licence, consent, permission, authorisation or approval to be made or given to any person or authority in connection with the Business have been made or given to the appropriate person or authority and there are no circumstances which indicate that any licence, consent, permission, authorisation or approval might not be renewed in whole or in part or is likely to be revoked, suspended or cancelled or which may confer a right of revocation, suspension or cancellation.

**13. *Competition and trade regulation law***

- 13.1 In relation to the Business, the Vendor is not nor has it been a party to, or is or has been concerned in any agreement or arrangement, or is conducting or has conducted itself, whether by omission or otherwise, in a manner which:
- (a) contravenes, is invalidated in whole or in part by or has been, or should have been, registered under the Restrictive Trade Practices Acts 1976 and 1977;
  - (b) contravenes the provisions of the Resale Prices Act 1976, the Trade Description Acts 1968 and 1972, the Fair Trading Act 1973 or any secondary legislation made under either of those Acts;
  - (c) infringes Articles 81 or 82 of the EC Treaty or any regulation or directive made under it or any other anti-trust or similar legislation in any jurisdiction in which the Business is carried on or where its activities may have any effect; or
  - (d) infringes Chapter 1 or Chapter 2 of the Competition Act 1998 or any secondary legislation made under it.
- 13.2 In relation to the Business, the Vendor has not:
- (a) given an undertaking to, or is subject to, any order of or

investigation by, or has received any request for information from;

- (b) received, nor so far as the Warrantors are aware, is likely to receive any process, notice or communication, formal or informal by or on behalf of; or
- (c) been or is a party to, or is or has been concerned in, any agreement or arrangement in respect of which an application for negative clearance and/or exemption has been made to;

the Office of Fair Trading, the Competition Commission, the Secretary of State, the European Commission or any other governmental or other authority, department, board, body or agency of any country having jurisdiction in anti-trust or similar matters in relation to the Business.

#### **14. *Compliance with law***

- 14.1 The Vendor has not in relation to the Business committed nor is it liable for, and no claim has been or, so far as the Warrantors are aware, will be made that it has committed or is liable for, any criminal, illegal, unlawful or unauthorised act or breach of any obligation or duty whether imposed by or pursuant to statute, contract or otherwise.
- 14.2 The Vendor has not in relation to the Business received notification that any investigation or inquiry is being, or has been, conducted by, or received any request for information from any governmental or other authority, department, board, body or agency in respect its affairs and, so far as the Warrantors are aware, there are no circumstances which would give rise to such investigation, inquiry or request.
- 14.3 None of the activities, contracts or rights of the Business is ultra vires, unauthorised, invalid or unenforceable or in breach of any contract or covenant and all documents in the enforcement of which it may be interested are valid.

#### **15. *Litigation and disputes***

- 15.1 Except for actions to recover any debt incurred in the ordinary course of the Business owed to the Vendor where each individual debt and its costs outstanding amounts to less than £1,000:
  - (a) neither the Vendor nor any person for whose acts the Vendor may be liable is in relation to the Business engaged in any litigation, arbitration, administrative or criminal proceedings, whether as plaintiff, defendant or otherwise;
  - (b) no litigation, arbitration, administrative or criminal proceedings by or against the Vendor or any person for whose acts it may be liable relating to the Business are threatened or expected and, as far as the Warrantors are aware, none are pending; and

- (c) there are no facts or circumstances likely to give rise to any litigation, arbitration, administrative or criminal proceedings against the Vendor or any person for whose acts it may be liable in relation to the Business.

15.2 The Vendor is not in relation to the Business subject to any order or judgment given by any court or governmental or other authority, department, board, body or agency or has not been a party to any undertaking or assurance given to any court or governmental or other authority, department, board, body or agency which is still in force, nor are there any facts or circumstances likely to give rise to it becoming subject to such an order or judgment or to be a party to any such undertaking or assurance.

#### **Assets**

##### **16. *Ownership and condition of the Assets***

16.1 Each of the Assets is owned both legally and beneficially by the Vendor free from any third party rights and, if capable of possession, is in its possession.

16.2 Each item of Equipment is:

- (a) in good repair and condition, regularly maintained and certified safe and without risk to health when used;
- (b) capable and will remain capable of doing the work for which it was designed or purchased until the time when (on the basis of depreciation adopted in the Accounts) it will have been written down to a nil value;
- (c) not surplus to requirements; and
- (d) not expected to require replacement or additions within 6 months of Completion.

16.3 The Assets comprise all assets necessary for the continuation of the Business as it is currently carried on and no Asset is shared by the Business with any other person.

16.4 The Business does not depend upon any assets, facilities or services owned or supplied by the Vendor or any member of the Vendor's Group.

##### **17. *Stock***

No part of the Stock is redundant, obsolete, obsolescent, defective, or otherwise unsaleable.

**18. *Charges and encumbrances over the Assets***

- 18.1 No Encumbrance on, over or affecting the Assets is outstanding and, apart from this Agreement, there is no agreement or commitment to give or create any of them and no claim has been made by any person to be entitled to any of them.
- 18.2 No floating charge created by the Vendor has crystallised and there are no circumstances likely to cause such a floating charge to crystallise.
- 18.3 The Vendor has not received notice from any person intimating that it will enforce any security which it may hold over any of the Assets and there are no circumstances likely to give rise to such a notice.

**19. *Intellectual Property***

- 19.1 Save in respect of "off the shelf" software packages, the Vendor does not licence or use any Intellectual Property of any third party in relation to the Business.
- 19.2 The Vendor owns or has the right to use all Intellectual Property rights required in connection with the conduct of its business as presently carried on or expected to be carried on in the future.
- 19.3 None of the processes employed, or products or services dealt in by the Business infringes any rights of any third party relating to intellectual property nor makes the Vendor liable to pay a fee or royalty and no claims have been made, threatened or so far as the Warrantors are aware are pending, in relation to any such Intellectual Property against it.
- 19.4 Except in the ordinary course of business and on a confidential basis, no disclosure has been made of any of the confidential information, know how, technical processes, financial or trade secrets or customer or supplier lists of the Business.
- 19.5 Any names used by the Business other than the corporate name of the Vendor are contained in the Disclosure Letter and do not infringe the rights of any person.

**Employment**

**20. *Directors and Employees***

- 20.1 Complete and accurate details of the terms and conditions of employment of all the Employees, including their dates of birth and commencement of employment, their remuneration (including bonus, commission, profit sharing, share options, permanent health insurance, medical expenses insurance, life assurance and pension benefits), notice periods and any arrangements or assurances (whether or not legally binding) for the payment of compensation on termination of

employment are contained in the Disclosure Letter.

- 20.2 The Vendor has maintained up-to-date, adequate and suitable records regarding the service and terms and conditions of employment of each of the Employees.
- 20.3 The Vendor has maintained up-to-date adequate and suitable records for the purposes of the Working Time Regulations and has complied with all other obligations to its workers (as "workers" is defined in Regulation 2 of the Working Time Regulations) and there are no claims capable of arising or pending or threatened by any officer or employee or former officer or employee or the Health and Safety Executive or any local authority Environmental Health Department or any trade union or employee representative related to the Working Time Regulations.
- 20.4 True and complete copies of all contracts of employment and other documents relating to the employment of the Employees are contained in the Disclosure Letter.
- 20.5 Since the Accounts Date there has been no material alteration in the terms of employment or any material change in the number of employees employed in the Business.
- 20.6 Other than salary for the current month and accrued holiday pay, no amount is owing to any Employee.
- 20.7 No Employee has given notice or is under notice of dismissal nor are there any service contracts between the Vendor and any of the Employees which cannot be terminated by the Vendor by 12 weeks' notice or less without giving rise to a claim for damages or compensation (other than a statutory redundancy payment).

## **21. *Industrial relations***

- 21.1 In relation of the Business, the Vendor is not a party to any contract, agreement or arrangement with any trade union or other body or organisation representing any of the Employees.
- 21.2 In relation to its officers, the Employees and former employees, the Vendor has complied with all relevant legislation (including without limit the TUPE Regulations and The Working Time Regulations 1998), conditions of service, customs and practices and, where relevant, all collective agreements and recognition agreements workforce agreements and relevant agreements for the time being.
- 21.3 No dispute has arisen between the Vendor and a material number or category of the Employees nor are there any present circumstances known to the Warrantors which are likely to give rise to any such dispute.

## 22. *Pensions*

Save as disclosed in the Disclosure Letter, the Vendor does not:

- (a) operate or participate in any pension arrangements; or
- (b) have any legal obligation to provide "relevant benefits" within the meaning of Section 612(1) of the Income and Corporation Taxes Act 1988; or
- (c) operate or participate in or have any legal obligation to contribute to any permanent health insurance, private health provision or accident benefit

and in relation to any such scheme disclosed, all contributions which are payable by the Vendor in respect of it have been duly made and the Vendor has fulfilled its obligations under it.

## *Properties*

### 23. *Title*

- 23.1 The Properties comprise all the properties presently owned, occupied, held, controlled or otherwise used by the Vendor in relation to the Business and the Vendor is in actual and exclusive occupation and is the legal and beneficial owner of each Property.
- 23.2 The Vendor's title to each Property is good and marketable.
- 23.3 Each Property is occupied or otherwise used by the Vendor by right of ownership or under a lease, the terms of which permit its occupation or use as tenant and not under any provision allowing the parting of or sharing of possession with group or associated companies and there are no outstanding circumstances which would restrict the continued possession and enjoyment of each Property or any part of it.
- 23.4 All deeds and documents necessary to prove title to each Property are in the possession and control of the Vendor and consist of original deeds and documents or properly examined abstracts.
- 23.5 No person is in adverse possession of any Property or has acquired or is acquiring any rights or overriding interests (as defined by Section 70 of the Land Registration Act 1925) adversely affecting any Property.
- 23.6 The Vendor has not had occasion to make any claim or complaint in relation to any neighbouring property or its use or occupation and there are no disputes, claims, actions, demands or complaints in respect of any Property which are ongoing nor are any disputes, claims, actions, demands or complaints anticipated and no notices materially affecting any Property have been given or received and not complied with.

## **24. *Encumbrances***

- 24.1 No Property is subject to any outgoings other than business rates, water rates and insurance premiums and, in the case of leasehold properties, rent, insurance rent and service charges.
- 24.2 No Property is subject to any restrictive covenant, reservation, stipulation, easement, profits à prendre, wayleave, licence, grant, restriction, overriding interest, agreement for sale, estate contract, option, right of pre-emption or other similar agreement or right vested in third parties.
- 24.3 No matter exists which is registered or is properly capable of registration against any Property as a Land Charge, Local Land Charge, caution, inhibition, notice or restriction.

## **25. *Planning matters***

- 25.1 Planning permission has been obtained, or is deemed to have been granted for the purposes of the Planning Acts for each Property, no permission is the subject of a temporary or personal consent, or has been modified or revoked; no application for planning permission is awaiting decision; no planning permission has been granted within the last 3 months and the validity of no planning permission is currently or may be challenged.
- 25.2 Building regulation consents have been obtained with respect to all development, alterations and improvements to each Property.
- 25.3 No claim or liability under the Planning Acts or any other legislation actual or contingent, is outstanding.

## **26. *Statutory obligations***

- 26.1 The Vendor has not received any notification of and the Warrantors are not aware of any infringement of any applicable statutory and by-law requirements with respect to each Property, and in particular of the requirements as to fire precautions under the Fire Precautions Act 1971 and under the Public Health Acts, the Offices, Shops and Railway Premises Act 1963, the Health and Safety at Work Act 1974, the Factories Act 1961 and the Shops Acts 1950 to 1956.
- 26.2 No licences are required in relation to any Property under the Licensing Act 1988.

## **27. *Adverse orders***

- 27.1 There are no compulsory purchase notices, orders or resolutions affecting any Property and so far as the Warrantors are aware there are no circumstances likely to lead to any being made.



27.2 There are no closing, demolition or clearance orders, enforcement notices or stop notices affecting any Property and so far as the Warrantors are aware there are no circumstances likely to lead to any being made.

**28. *Condition of each Property***

28.1 The principal means of access to each Property is over roads which have been adopted by the local or other highway authority and which are maintainable at the public expense and no means of access to any Property is shared with any other person nor subject to rights of determination by any other person.

28.2 Each Property enjoys the mains services of water and electricity.

**29. *Leasehold properties***

29.1 Each Lease is valid and in full force and there are no circumstances which would entitle any landlord or other person to exercise any power of entry or take possession of any Property.

29.2 The Vendor has paid the rent and observed and performed the covenants on the part of the tenant and the conditions contained in any Lease to which it is a party, and the last demands (or receipts for rent if issued) were unqualified.

29.3 All licences, consents and approvals required from the landlord and any superior landlords for the grant of each Lease and during the continuance of each Lease have been obtained and any covenants on the part of the tenant contained in those licences, consents and approvals have been duly performed and observed.

29.4 There are no rent reviews outstanding or in progress under any Lease.

29.5 In the case of a lease granted for more than 21 years, the lease is registered at HM Land Registry with absolute title.

29.6 The Vendor has not in the past been the tenant of or guarantor of any leasehold premises not listed in schedule 1 in respect of which any obligations or liabilities could still accrue to the Vendor.

**30. *Tenancies***

30.1 No Property is held subject to, and with the benefit of, any tenancy.

30.2 Where sub-paragraph 30.1 has been disclosed against in the Disclosure Letter, in relation to each tenancy disclosed the Disclosure Letter contains complete and accurate details of:

- (a) the rent and any rent reviews and, with respect to rent reviews, the date for giving notice of exercise of the reviews and the

operative review date;

- (b) the term and any rights to break or renew the term;
- (c) the obligations of the landlord and tenant in respect of outgoings, repairs, user, insurance services and service charge;
- (d) any options, pre-emption or first refusal rights;
- (e) the user required or permitted under the terms of the tenancy;
- (f) any entitlement of a tenant of the whole or any part of any Property to compensation on quitting the premises let to him in respect of disturbance and improvements or otherwise; and
- (g) any unusual provisions.

30.3 The Vendor is not aware of any material or persistent breaches of covenant or agreement by a tenant of any Property.

## **Environment**

### **31. *Environmental matters***

31.1 So far as the Warrantors are aware, the Vendor holds and has always held all Environmental Consents.

31.2 The Vendor has not received any notification that any Environmental Consent it holds is or is likely to be modified, restricted or withdrawn and no works or other upgrading or investment are or will be necessary to secure compliance with or to maintain any such Environmental Consent.

31.3 The Vendor has not breached the terms, conditions or provisions of any Environmental Consent.

31.4 The Vendor has not received any notification or informal indication that further Environmental Consents will be required under Environmental Law in order for it to continue its present business.

31.5 In relation to the Business, the Vendor (and each of its officers, employees and agents in the course of its business) has, so far as the Warrantors are aware complied in all material respects with all applicable Environmental Laws and has never received any notification under Environmental Law requiring it to take or omit to take any action.

31.6 In relation to the Business, the Vendor has not been threatened with any investigation or enquiry by any organisation, or received any complaint, in connection with the Environment.

### 32. *Information Memorandum*

The Information Memorandum has been honestly and diligently prepared and:

- (a) to the best of the Warrantors' knowledge, information and belief, all factual information contained in the Information Memorandum is true and accurate and not misleading;
- (b) the assumptions, forecasts and opinions as to the future prospects of the business and affairs of the Vendor and the Business contained in the Information Memorandum have been carefully considered and are reasonable having regard to the information available to them and to the market conditions currently prevailing;
- (c) the Warrantors have made all enquiries in the circumstances which are necessary to ascertain all the information and conditions which are relevant to the preparation of the Information Memorandum; and
- (d) there is no fact, matter or circumstance the non-disclosure of which would render any information contained in the Information Memorandum untrue or misleading.

### 33. *CAA Licence*

- 33.1 All CAA licences and approvals maintained by and granted to the Vendor ("**Vendor CAA Licences**") are in full force and effect and have not been terminated, suspended or revoked.
- 33.2 There has been no breach of any provision of the Vendor CAA Licences.
- 33.3 No event has occurred, and no proceedings are pending or, so far as the Warrantors are aware, threatened, which is reasonably likely to give rise to the termination, suspension or revocation of the Vendor CAA Licences or prejudice the Purchaser's application for the CAA Licences pursuant to the terms of this Agreement.
- 33.4 There are no other regulatory licences, consents or authorisations required by the Vendor for the carrying on of the Business which have not been Disclosed.

### 34. *Data Protection Act*

- 34.1 The Vendor has complied in all material respects with the provisions of the Data Protection Act 1998 (as amended) and the Data Protection Act 1998 ("**DPA**") and the principles contained in the DPA.
- 34.2 The has not been served with any notice under the DPA nor are there

any circumstances which might give rise to the Vendor being served with such a notice in the future.

**35. *Health and safety***

- 35.1 So far as the Warrantors are aware there are no facts or circumstances which may lead to any breach of any Health and Safety Laws.
- 35.2 The Vendor has not received any prohibition or improvement notices from any enforcement body, including but without limitation the Health and Safety Executive and the relevant local authority, with regard to breaches of Health and Safety Laws or otherwise in respect of the Business.
- 35.3 There have been no claims, investigations or proceedings against or threatened against the Vendor or any of its directors, officers or employees in respect of accidents, injuries, illness, disease or any other harm to the health and safety of employees, contractors or any other persons caused by breaches of Health and Safety Laws or otherwise in respect of the Business and so far as the Warrantors are aware there are no facts or circumstances which may lead to any such claims, investigations or proceedings.

**Taxation**

**36. *Stamp Duty***

All documents relating to the Business or the Assets have been duly and properly stamped and no such document has been executed and retained outside the United Kingdom in circumstances in which a liability to stamp duty would arise if such document were to be brought into the United Kingdom.

**37. *Capital Allowances***

- 37.1 None of the Assets is a long life asset for the purposes of Chapter IVA Part II of the CAA.
- 37.2 None of the Assets is a fixture for the purposes of Chapter VI Part II of the CAA.
- 37.3 The provisions of sections 75 and 76 of the CAA (Restrictions on allowances), 76A of the CAA (special provisions for finance leases) and 77 of the CAA (successions to trades) do not apply to any of the Assets or to the lease of any asset entered into in respect of the Business.
- 37.4 The provisions of Schedule 12 of the Finance Act 1997 (leasing arrangements) do not apply to any of the Assets or to the lease of any asset entered into in respect of the Business.

38. *Disputes, Records Etc*

- 38.1 The treatment of the Business or Assets for Taxation purposes has not to any material extent depended on any concession, agreement, dispensation or other formal or informal arrangement with any Tax Authority.
- 38.2 The Vendor has sufficient records relating to past events concerning the Business and the Assets to enable the Purchaser to calculate any relief available in respect of any Assets or any liability to Taxation arising on the disposal or realisation of any Asset, and such records remain complete and accurate.
- 38.3 The Vendor has kept and maintained complete and accurate accounting records, invoices and other documents appropriate or requisite and all proper returns and payments for Taxation purposes have been duly and punctually made, including for the avoidance of doubt all payments in respect of VAT, PAYE and National Insurance Contributions.
- 38.4 In the six years prior to the date of this agreement there have been no disputes or disagreements with any Tax Authority, and there are no unsettled or outstanding assessments or appeals, in either such case in respect of Taxation or the availability of any Relief relating to the Business or the Assets and there are no circumstances which may give rise to such a dispute or disagreement after Completion.
- 38.5 None of the Assets the subject of any charge or other encumbrance in respect of Taxation and no circumstances exist under which a power of sale could be exercised by any person in respect of any Asset.

#### Schedule 4

##### (Apportionment of Consideration)

|  | £                |
|--|------------------|
| Property   | 4,100,000        |
| Fixed Assets   | 10,000           |
| Moveable Assets  | 72,895           |
| Motor Vehicles   | 77,870           |
| Stock  | 30,000           |
| Computer System  | 5,000            |
| Business Information   | 1                |
| Intellectual Property  | 1                |
| The benefit of the Contracts   | 1                |
| Debts  | 35,000           |
| Records  | 1                |
| Assumption of indebtedness of Vendor to the Bank under the Bank Facility | (900,000)        |
| <b>Total</b>   | <b>3,430,769</b> |

## **Annexure A**

### **(Contracts)**

1. Aviation Fuel Supply Agreement between the Vendor and Esso Air International Limited dated 17 August 1999
2. Supplemental Aviation Fuel Supply Agreement between the Vendor and Esso Air International Limited dated 17 August 1999
3. Fuel Supply Agreement between the Vendor and Total Oil Great Britain Limited dated 16 July 1996
4. Electricity Supply Contract between the Vendor and Yorkshire Electricity Group Plc
5. Supply Agreement between the Vendor and Carlsberg-Tetley
6. Pest Control Service Agreement between the Vendor and Bounty Pest Control & Environmental Systems
7. Sales and Service Agreement between the Vendor and Initial Textile Services
8. Bulk Gas Supply Agreement between the Vendor and Shell Gas Limited
9. Storage Agreement between the Vendor and Mr Jenness in regard to a dismantled aircraft with the registration number G-ASER

## **Annexure B**

### **(Employees)**

1. Jonathan Gordon.
2. Robin Gordon.
3. Nicholas Bowden.
4. Barbara Brazier.
5. Debra Clarke.
6. Michael Daly.
7. Ian Smith.
8. Unnamed Chef
9. Diane Bull.
10. Kerri Shipman.
11. Lisa Masters.
12. Nichola Poulton.
13. Sandra Glynn.
14. Simon Oldfield.
15. Jamie Morgan.
16. Alan Harradine.



# Atlantic Bridge Aviation Limited

## Engineering Equipment

|  | Cost/NBV B/F<br>£ | NBV<br>1.4.99<br>£ | Dep'n<br>£ | NBV<br>31.3.00<br>£ | Dep'n<br>£ | NBV<br>31.3.01<br>£ | Market<br>Value<br>£ |
|--|-------------------|--------------------|------------|---------------------|------------|---------------------|----------------------|
| Balance at 1.4.99 NBV                                  | 3,518.00          | 3,518.00           | 1,172.67   | 2,345.33            | 1,172.67   | 1,172.67            | 1,172.67             |
| <b>2000 Additions</b>                                  |                   |                    |            |                     |            |                     |                      |
| Sundry additions                                       | 1,039.91          | 1,039.91           | 346.64     | 693.27              | 346.64     | 346.64              | 1,039.91             |
| Build shelving and racking in store                    | 1,000.00          | 1,000.00           | 333.33     | 666.67              | 333.33     | 333.33              | 1,000.00             |
| Build PT6 engine compressor washer                     | 7,000.00          | 7,000.00           | 2,333.33   | 4,666.67            | 2,333.33   | 2,333.33            | 7,000.00             |
| Build refuelling defuelling rig as required by JAR-145 | 6,000.00          | 6,000.00           | 2,000.00   | 4,000.00            | 2,000.00   | 2,000.00            | 6,000.00             |
| Build nitrogen charging trolley                        | 3,500.00          | 3,500.00           | 1,166.67   | 2,333.33            | 1,166.67   | 1,166.67            | 3,500.00             |
| Construction of F27 heavy duty tow bar and coupling    | 2,500.00          | 2,500.00           | 833.33     | 1,666.67            | 833.33     | 833.33              | 2,500.00             |
| Various minor platforms, engine rigs, prop stands      | 5,000.00          | 5,000.00           | 1,666.67   | 3,333.33            | 1,666.67   | 1,666.67            | 5,000.00             |
| Rebuild aircraft tug                                   | 5,000.00          | 5,000.00           | 1,666.67   | 3,333.33            | 1,666.67   | 1,666.67            | 5,000.00             |
| Rebuild of hanger doors (betterment - strengthening)   | 5,000.00          | 5,000.00           | 1,666.67   | 3,333.33            | 1,666.67   | 1,666.67            | 5,000.00             |

The assets  
have not  
significantly  
depreciated  
since purchase

|           |           |           |           |           |           |
|-----------|-----------|-----------|-----------|-----------|-----------|
| 39,557.91 | 13,185.97 | 26,371.94 | 13,185.97 | 13,185.97 | 37,212.58 |
|-----------|-----------|-----------|-----------|-----------|-----------|

# Lydd Airport Group Ltd

## Plant & Machinery

|                                  | Cost/NBV B/F<br>£ | NBV<br>1.4.99<br>£ | Dep'n<br>£ | NBV<br>31.3.00<br>£ | Dep'n<br>£ | NBV<br>31.3.01<br>£ | Market<br>Value<br>£                                      |
|----------------------------------|-------------------|--------------------|------------|---------------------|------------|---------------------|---|
| Balance at 1.4.99                | 2,207.00          | 2,207.00           | 735.67     | 1,471.33            | 735.67     | 735.67              | 10735.67 Kitchen equipment is valued<br>at approx £10,000 |
| Grill                            | 532.00            | 532.00             | 177.33     | 354.67              | 177.33     | 177.33              | see above   |
| <b>2000 Additions</b>            |                   |                    |            |                     |            |                     |   |
| Radios and accessories           | 2,926.00          | 2,926.00           | 894.06     | 2,031.94            | 975.33     | 1,056.61            | 1,056.61  |
| VDF direction finder             | 2,000.00          | 2,000.00           | 611.11     | 1,388.89            | 666.67     | 722.22              | 722.22  |
| Refrigerator                     | 475.00            | 475.00             | 52.78      | 422.22              | 158.33     | 263.89              | see above   |
| Various from Bournemouth Airport | 18,000.00         | 18,000.00          | 1,500.00   | 16,500.00           | 6,000.00   | 10,500.00           | 18000   |
| Transport on above               | 380.00            | 380.00             | 21.11      | 358.89              | 126.67     | 232.22              |   |
| Transport on above               | 380.00            | 380.00             | 21.11      | 358.89              | 126.67     | 232.22              |   |
| Transport on above               | 1,425.00          | 1,425.00           | 79.17      | 1,345.83            | 475.00     | 870.83              |   |
| Fuel Bowser                      | 275.00            | 275.00             | 7.64       | 267.36              | 91.67      | 175.69              | 2000  |
| Sewage Plant                     | 617.00            | 617.00             | 17.14      | 599.86              | 205.67     | 394.19              | 394.19  |

|                  |                  |                 |                  |                 |                  |                  |
|------------------|------------------|-----------------|------------------|-----------------|------------------|------------------|
| <u>29,217.00</u> | <u>29,217.00</u> | <u>4,117.12</u> | <u>25,099.88</u> | <u>9,739.00</u> | <u>15,360.88</u> | <u>32,908.69</u> |
|------------------|------------------|-----------------|------------------|-----------------|------------------|------------------|

Lydd Airport Group Ltd

Motor Vehicles

|                              | Cost/NBV B/F<br>£ | NBV<br>1.4.99<br>£ | Dep'n<br>£       | NBV<br>31.3.00<br>£ | Dep'n<br>£       | NBV<br>31.3.01<br>£ | Market<br>Value<br>£ |
|------------------------------|-------------------|--------------------|------------------|---------------------|------------------|---------------------|----------------------|
| Balance at 1.4.99            | NBV<br>6,187.00   | 6,187.00           | 2,062.33         | 4,124.67            | 2,062.33         | 2,062.33            | 2,062.33             |
| 2000 Additions               |                   |                    |                  |                     |                  |                     |                      |
| Scammell Fire Engine         | 6,808.51          | 6,808.51           | 1,134.74         | 5,673.77            | 2,269.50         | 3,404.27            | 55,000.00            |
| Strip and respray Scammell   | 25,000.00         | 25,000.00          | 6,250.00         | 18,750.00           | 8,333.33         | 10,416.67           |                      |
| Mechanical works to Scammell | 15,000.00         | 15,000.00          | 3,750.00         | 11,250.00           | 5,000.00         | 6,250.00            |                      |
| Strip and respray Land Rover | 5,000.00          | 5,000.00           | 1,250.00         | 3,750.00            | 1,666.67         | 2,083.33            | 2,083.33             |
| Betterment of Land Rover     | 3,500.00          | 3,500.00           | 875.00           | 2,625.00            | 1,166.67         | 1,458.33            | 1,458.33             |
| Refuelling Bowser            | 14,000.00         | 14,000.00          | 2,333.31         | 11,666.69           | 4,666.67         | 7,000.02            | 7,000.02             |
|                              | <u>75,495.51</u>  | <u>75,495.51</u>   | <u>17,655.38</u> | <u>57,840.13</u>    | <u>25,165.17</u> | <u>32,674.96</u>    | <u>67,604.02</u>     |

## **Annexure D**

### **(Leasing Agreements)**

1. Rental Agreement between the Vendor and Britvic Soft Drinks Limited
2. Hire Agreement between the Vendor and PHS Washroom Services
3. Hire Purchase Agreement between the Vendor and CMB Communication in relation to the Airport's telephone system
4. Hire Purchase Agreement between the Vendor and GE Capital Equipment Finance Limited in relation to compressors at the Airport
5. Purchase Plan Agreement between Atlantic Bridge Aviation Limited and GE Capital Equipment Finance Limited

**Annexure E**  
**(Motor Vehicles)**

1. Scammell Fire Engine.
2. Tac-R2 Fire Engine.
3. Nubian Fire Engine.
4. Land Rover Fire Engine.
5. Refuelling Bowser.
6. Bedford De-icing Truck.
7. Tractor.
8. Two Ford Coaches.

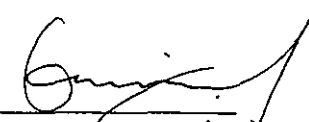
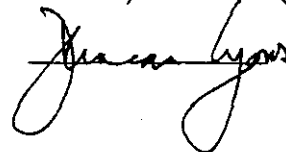
**Annexure F**  
**(CAA Licences)**

1. Aerordrome Licence.
2. Establishment and maintenance of aeronautical lights.
3. Aeronautical Radio Station.
4. Non-directional Beacon.
5. Distance Measuring Equipment.
6. JAR 145.
7. Calibration of Digital Frequency Meter.
8. Calibration of Signal Generator.
9. Calibration of Modulation Meter.
10. Aerodrome Bird Hazard Control Certificate.

**Executed as a Deed** )  
(but not delivered until the date )  
appearing at the head of page 1) by )  
**Hillgate (214) Limited** )  
acting by: )

Director

Director/Secretary

**Executed as a Deed** )  
(but not delivered until the date )  
appearing at the head of page 1) )  
by **Jonathan Michael Gordon** )  
in the presence of: )

*Signature of witness:* \_\_\_\_\_

*Name:* \_\_\_\_\_

*Address:* \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

*Occupation:* \_\_\_\_\_

**Executed as a Deed** )  
(but not delivered until the date )  
appearing at the head of page 1) by )  
**Cranworth Limited** )  
acting by: )

Director

Director/Secretary

\_\_\_\_\_  
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Executed as a Deed )  
(but not delivered until the date )  
appearing at the head of page 1) by )  
**Hillgate (214) Limited** )  
acting by: )

Director \_\_\_\_\_

Director/Secretary \_\_\_\_\_

Executed as a Deed )  
(but not delivered until the date )  
appearing at the head of page 1) )  
by **Jonathan Michael Gordon** )  
in the presence of: )

Signature of witness:



Name:

RHYS LOWELLYN

Address:

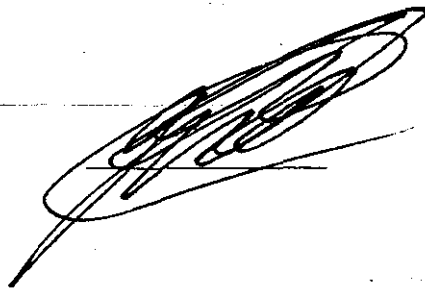
72 KING STREET

MAIDSTONE

KENT

Occupation:

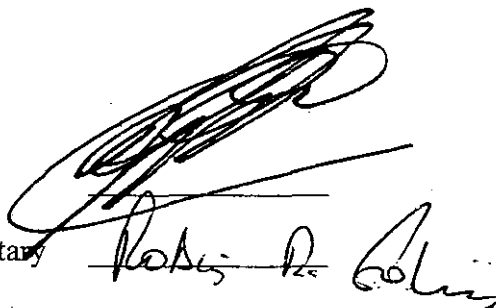
TRAINING SOLICITOR



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**Cranworth Limited** )  
acting by: )

Director \_\_\_\_\_

Director/Secretary \_\_\_\_\_

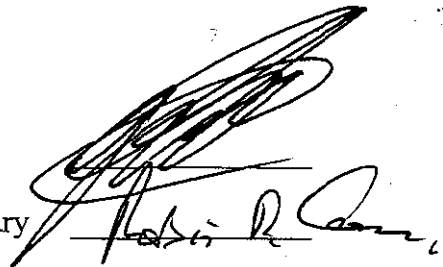




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**Atlantic Bridge Aviation Limited** )  
acting by: )

Director

Director/Secretary



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(but not delivered until the date )  
appearing at the head of page 1) by )  
**Lydd Airport Group Limited** )  
acting by: )

Director

Director/Secretary

