

4524346

CERTIFIED TRUE COPY

Dundas & Wilson

Dated: 8 December 2003

**LONDON & REGIONAL
INVESTMENT HOLDINGS LIMITED**
(the "First Party")

- and -

**LONDON & REGIONAL
(EMPIRE) LIMITED**
(the "Second Party")

EXCHANGE AGREEMENT

relating to:

the transfer of shares in the company specified in column 1 of
Schedule 1 in exchange for new shares in London & Regional
(Empire) Limited.

D&W

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THIS EXCHANGE AGREEMENT (this "**Agreement**") is made on the 8th day of December 2004

BETWEEN:

1. **LONDON & REGIONAL INVESTMENT HOLDINGS LIMITED**, a company incorporated in England and Wales (Registered No. 4525492) whose registered office is at 4th Floor, St. Alphage House, 2 Fore Street, London EC2Y 5DH (the "**First Party**"); and
2. **LONDON & REGIONAL (EMPIRE) LIMITED**, a company incorporated in England and Wales (Registered No. 4524346) whose registered office is at 4th Floor, St. Alphage House, 2 Fore Street, London EC2Y 5DH (the "**Second Party**").

WHEREAS:

The First Party wishes to sell to the Second Party and the Second Party wishes to acquire from the First Party the First Party Shares in consideration for receiving the Second Party Shares, on the terms and subject to the conditions set out in this Agreement.

IT IS AGREED THAT:

1. DEFINITIONS AND INTERPRETATION

1.1 Definition

In this Agreement the following terms shall have the following meanings:

"Agreed Form"	means, in relation to any document, a document in the terms signed or initialed by or on behalf of the First Party and the Second Party for identification;
"Board"	means the duly constituted governing Board of Directors of the First Party or the Second Party (as the context may require);
"Business Day"	means a day (other than a Saturday or Sunday or public holiday) on which banks are open for ordinary banking business in London;
"Completion"	completion of the sale and purchase of the First Party Shares in consideration for the Second Party Shares in accordance with Clause 3;
"Director"	means a director of the First Party or the Second Party (as the case may be) from time to time;
"Encumbrance"	includes any interest or equity of any person (including any right to acquire, option or right of pre-emption), any mortgage, charge, pledge, lien, assignment, hypothecation, security interest (including any created by law), encumbrance, title retention or other security agreement or arrangement; and any rental, hire purchase, credit sale or other agreement for payment on deferred terms;

"First Party Shares"	means the shares in the company listed in column 1 of Schedule 1 owned by the First Party;
"Party"	means the First Party and the Second Party, and "Parties" shall be construed accordingly;
"Person"	means any individual, corporation, partnership, limited partnership, limited liability partnership, joint venture, association, limited liability company, joint-stock company, trust, unincorporated organisation or government or agency or political subdivision thereof (including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business); and
"Second Party Shares"	means the shares to be issued by the Second Party, as set out in column 3 of Schedule 1.

1.2 Interpretation

For the purposes of this Agreement:

- 1.2.1 references to, or to any provision of, any treaty, statute, directive, regulation, decision, order, instrument, by-law, or any other law of, or having effect in, any jurisdiction ("Laws") shall be construed also as references to all other Laws made under the Law referred to, and to all such Laws as amended, re-enacted, consolidated or replaced or as their application is modified by other Laws from time to time, in each case, prior to Completion;
- 1.2.2 references to sections, Clauses and Schedules are references to sections and Clauses of and Schedules to this Agreement, references to paragraphs are, unless otherwise stated, references to paragraphs of the Schedule in which the reference appears, and references to this Agreement includes the Schedule;
- 1.2.3 references to the singular shall include the plural and vice versa; and references to the masculine, the feminine and the neuter shall include each other such gender;
- 1.2.4 the headings and sub-headings are inserted for convenience only and shall not affect the construction of this Agreement; and
- 1.2.5 references are to the Parties hereto including their respective successors in title, permitted assigns, estates and legal personal representatives as the case may be.

2. EXCHANGE OF SHARES

2.1 Purchase of the First Party Shares from the First Party

The First Party shall sell (or shall procure the sale of), and the Second Party will acquire, the First Party Shares, free from all Encumbrances and subject to the terms of this Agreement.

2.2 Consideration for the First Party Shares

As consideration for the sale of the First Party Shares referred to in Clause 2.1, the Second Party shall cause to be issued to the First Party the Second Party Shares. The number of Second Party Shares to be apportioned to the company listed in column 1 of Schedule 1 is as specified in column 3 of Schedule 1.

3. COMPLETION

3.1 Date and Place of Completion

Completion shall be effective as at 11.59pm on 8 December 2003. Completion shall take place at a place that both Parties shall mutually agree.

3.2 The First Party's Obligations

At Completion, the First Party shall deliver (or procure to be delivered) to the Second Party:

- 3.2.1 transfers of the First Party Shares to be sold to the Second Party in accordance with Clause 2.1, duly executed by the First Party in favour of the Second Party (or its nominee) together with the relative share certificates; and
- 3.2.2 such waivers or consents as the Second Party may reasonably require to enable the Second Party (or its nominees) to acquire full title to the First Party Shares free from Encumbrances and to be registered as the holders of the First Party Shares, in Agreed Form.

3.3 The Second Party's Obligations

At Completion, the Second Party shall:

- 3.3.1 allot the Second Party Shares to be issued to the First Party in accordance with Clause 2.2, and cause the First Party (or its nominees) to be entered in the register of members of the Second Party as the holder(s) of such Second Party Shares; and
- 3.3.2 deliver to the First Party:
 - (a) such waivers or consents as the First Party may reasonably require to enable the First Party (or its nominees) to acquire full title to the Second Party Shares free from Encumbrances and to be registered as the holders of the Second Party Shares, in Agreed Form; and
 - (b) share certificate(s) in relation to the Second Party Shares allotted to the First Party (or its nominees) pursuant to this Agreement.

3.4 Additional Obligations

Each Party shall procure that a Board meeting of each Party is held at which the Directors:

- 3.4.1 approve the transfer of the First Party Shares to the Second Party (or its nominee(s)) and the allotment of the Second Party Shares to the First Party (or its nominee(s)) (as applicable) and enter, or procure the entry of, the relevant transferee(s) and allottee(s) in the register of members of the company specified in column 1 of Schedule 1 and the Second Party (as the case may be), together with the issue of share certificates to the relevant transferee(s) and allottee(s); and
- 3.4.2 pass such other resolutions as the other Party may require to give effect to this Agreement.

4. WARRANTIES

4.1 First Party Warranties

The First Party hereby warrants and represents to and for the benefit of the Second Party that:

- 4.1.1 the First Party has full power and authority to enter into and perform its obligations under this Agreement, and may execute and deliver this Agreement and perform its obligations under this Agreement without requiring or obtaining the consent of any other Person, authority or body;
- 4.1.2 subject to 4.1.3, the First Party is the registered and sole beneficial owner of the First Party Shares, free from any Encumbrances and
- 4.1.3 the First Party is the sole beneficial owner of and Louvre Nominees One Limited and Allied Nominees Limited are together the legal owners of the company numbered 1 in column 1 of Schedule 1.

4.2 Second Party Warranties

The Second Party hereby warrants and represents to and for the benefit of the First Party that:

- 4.2.1 the Second Party has full power and authority to enter into and perform its obligations under this Agreement, and may execute and deliver this Agreement and perform its obligations under this Agreement without requiring or obtaining the consent of any other Person, authority or body; and
- 4.2.2 it has full power and authority to allot the Second Party Shares to the First Party and that the issuance of such new shares by the Second Party is permissible under, and in accordance with, its Memorandum and Articles of Association.

4.3 Limitations on Liability under the Warranties

The liability of either Party for all claims in relation to the warranties referred to in Clauses 4.1 and 4.2 (as applicable) shall be limited to the value for the time being of the First Party Shares (in the case of the First Party) and the Second Party Shares (in the case of the Second Party).

5. PROVISIONS RELATING TO THIS AGREEMENT

5.1 Whole Agreement and Variations

5.1.1 This Agreement, together with any documents referred to in it, constitutes the whole agreement between the Parties relating to its subject matter and supersedes and extinguishes any prior drafts, agreements, and undertakings, whether in writing or oral, relating to such subject matter.

5.1.2 No variation of this Agreement shall be effective unless made in writing and signed by each of the Parties.

5.2 Except insofar as they have been fully performed at Completion, the provisions of this Agreement will continue in full force and effect notwithstanding Completion.

5.3 No failure to exercise nor any delay in exercising any right, power, privilege or remedy under this Agreement shall operate as a waiver thereof in whole or in part.

5.4 No single or partial exercise of any right, power, privilege or remedy under this Agreement shall prevent any further or other exercise thereof or the exercise of any other right, power, privilege or remedy.

6. FURTHER ASSURANCE

At any time after Completion, the Parties hereto shall, at the request of the other Party, execute or procure the execution of such documents and do or procure the doing of such acts and things as may be reasonably necessary for the purposes of vesting the First Party Shares in the Second

Party and the Second Party Shares in the First Party and otherwise giving effect to the terms of this Agreement.

6.1 Invalidity

If any provision of this Agreement shall be held to be illegal, void, invalid or unenforceable under the Laws of any jurisdiction, the legality, validity and enforceability of the remainder of this Agreement in that jurisdiction shall not be affected, and the legality, validity and enforceability of the whole of this Agreement in any other jurisdiction shall not be affected.

6.2 Counterparts

This Agreement may be executed in any number of counterparts, which shall together constitute one Agreement. Each Party may enter into this Agreement by signing any such counterpart.

6.3 Notices

6.3.1 Any notice or other communication required to be given under this Agreement or in connection with the matters contemplated by it shall, except where otherwise specifically provided, be in writing in the English language and may be:

- (a) personally delivered, in which case it shall be deemed to have been given upon delivery at the relevant address; or
- (b) sent by pre-paid priority airmail or mail (as the case may be), in which case it shall be deemed to have been given seven Business Days after the date of posting; or

6.3.2 sent by fax, in which case it shall be deemed to have been given when dispatched, subject to confirmation of uninterrupted transmission by a transmission report, provided that any notice dispatched by fax after 17.00 hours (at the place where such fax is to be received) on any day shall be deemed to have been received at 08.00 on the next Business Day.

6.4 Assignment

This Agreement shall not be assigned by operation of law or otherwise by either Party hereto save with the previous consent in writing of the other Party (such consent not to be unreasonably withheld or delayed).

7. LAW AND JURISDICTION

7.1 Law

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

7.2 Jurisdiction

In relation to any legal action or proceedings to enforce this Agreement or arising out of or in connection with this Agreement, each Party irrevocably submits to the jurisdiction of the English courts.

IN WITNESS WHEREOF this Agreement has been entered into the day and year first above written.



SCHEDULE 1

First Party Shares and Second Party Shares

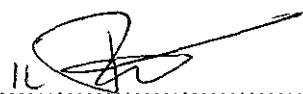

<u>No.</u>	<u>Company details (incl. full name, registered no. and registered office address)</u>	<u>Description and number of shares owned by First Party in company in column 1 to be transferred to Second Party (the "First Party Shares")</u>	<u>Description and number of shares to be issued by Second Party to First Party (the "Second Party Shares")</u>
	(1)	(2)	(3)
1.	Black Pearl Property Limited (incorporated in Guernsey with registered number 34982, having its registered office at Suite 7, Provident House, Havilland Street, St Peter Port, Guernsey GY1 2QE)	2 ordinary shares of £1 each	1,455,000 ordinary shares of £1 each

TOTAL SECOND PARTY SHARES	<div style="border-top: 1px solid black; border-bottom: 3px double black; padding: 2px 0;">1,455,000</div>
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Signed by)
and)
for and on behalf of)
LONDON & REGIONAL)
INVESTMENT HOLDINGS)
LIMITED)


.....
Director

.....
Director/Secretary

Signed by)
and)
for and on behalf of)
LONDON & REGIONAL)
(EMPIRE) LIMITED)


.....
Director

.....
Director/Secretary