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Freeth Cartwright LLP

Freeth Cartwright LLP
22/01/09

2758555

DATED 15 JANUARY 2009

(1) FIDUCIA GROUP LIMITED

(2) HENRY DAVIDSON DEVELOPMENTS LIMITED

AGREEMENT TO CANCEL INDEBTEDNESS

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THIS AGREEMENT IS ENTERED INTO ON 15 JANUARY

9
2008

BETWEEN:

(1) the Lender

FIDUCIA GROUP LIMITED

Company Number: 04649568

Registered Office: 4th Floor, City Gate East,
Tollhouse Hill, Nottingham,
NG1 5FS

(2) the Borrower

HENRY DAVIDSON DEVELOPMENTS LIMITED

Company Number: 2758555

Registered Office: 4th Floor, City Gate East,
Tollhouse Hill, Nottingham,
NG1 5FS

BACKGROUND

(A) This Agreement is supplemental to facilities made available by the Lender to the Borrower in the amount of £1,331,504.32 resulting from the novation of the obligations of a loan payable by the Borrower to Paul John Construction (Leicester) Limited to the Lender on 22 December 2008 (such amount being the "Loan").

(B) The parties wish to cancel the amount of £1,331,000 of the Loan in return for the issue of redeemable preference shares by the Borrower to the Lender.

OPERATIVE PROVISIONS

1. CANCELLATION OF LOAN

- 1.1. Subject to the Borrower complying with the terms of Clause 1.2, the Lender agrees to irrevocably cancel the amount of £1,331,000 of the Loan (being £1,331,000 and such amount (including any interest accrued thereon) shall no longer be repayable or incur interest (such cancellation being the "Debt Cancellation").
- 1.2. In consideration of the Lender allowing the Debt Cancellation, the Borrower undertakes to issue 1,331,000 £1 redeemable preference shares as created under a special resolution date 15/01/09 (the "Preference Shares") to the Lender within 5 days of the date of this Agreement.
- 1.3. If the Borrower fails to comply with the terms of Clause 1.2 above, the parties agree that the Debt Cancellation shall not be deemed to have occurred.

2. DIVIDEND

The parties agree that in return for the issue of the Preference Shares by the Borrower to the Lender, the Lender agrees that no dividend payable in respect of the Preference Shares will fall due until 31 December 2010. Those dividends accruing to the Preference Shares prior to such date shall continue to accrue and be payable on 31 December 2010.

3. THIRD PARTY RIGHTS

- 3.1. A person who is not a party to this agreement shall not have any rights under or in connection with it by virtue of the Contracts (Rights of Third Parties) Act 1999.
- 3.2. The rights of the parties to terminate, rescind or agree any variation, waiver or settlement under this agreement is not subject to the consent of any person that is not a party to this agreement.

4. GOVERNING LAW

- 4.1. This Agreement shall be governed by and construed in accordance with English law. The parties irrevocably agree that the courts of England shall have exclusive jurisdiction over any claim or matter or to settle any dispute which may arise out of or in connection with this Agreement and that accordingly any proceedings may be brought in such courts.

SIGNED by
HENRY DAVIDSON DEVELOPMENTS LIMITED
acting by []

.....*S. Davidson*.....
Director

SIGNED by
FIDUCIA GROUP LIMITED
acting by []

.....*D J TLC*.....
Director