

Subject: RE: Business Transfer Agreement
From: Piers Larbey <Piers@Fletcherday.co.uk>
Date: 31/08/2016, 16:04
To: "Jason Earl, JET Group" <jason.earl@je-trading.com>

Thanks Jason and thanks for confirming the commercial terms are broadly as you were expecting.

I've asked Michael to provide the information to go into the schedules and will forward these on to you on receipt.

The information in the schedules is very important as legal implications are likely to arise from it based on the list of assets that are being transferred.

For example the sale purports to transfer the "Property" at Moor Place (details of which I have requested from Michael), a property cannot necessarily transfer under the terms of this agreement and has to be transferred separately (if in fact there is one). Similarly, as you know TUPE will apply to those employees that work (or substantially work) in the Business and the TUPE rules impose legal obligations on the parties that have to be followed otherwise the employees may be able to bring a claim against being made by an employee (I have asked Michael to confirm the numbers of affected employees that will determine which TUPE rules will apply).

Thanks for clarifying the terms of the loan. You mention that you would like to take security over all of the assets, which would typically be a debenture, are you comfortable that there will be sufficient assets of value (after the transfer) over which you can take security? If you are worried about the solvency of the company have you considered taking PG's from the directors?

I will make the amendment to clarify your employment situation and I can also tidy up the rest of the agreement to fill in the blanks, correct a few inconsistencies and make some changes to the legal wording (to help protect your position), which I do not think are likely to be contentious, I trust that is ok? The most important thing is, as you say, to know what you are buying and any legal implications that might flow from that.

Kind regards
Piers

Piers Larbey | Partner



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From: Jason Earl, JET Group [mailto:jason.earl@je-trading.com]
Sent: 31 August 2016 15:00
To: Piers Larbey <Piers@Fletcherday.co.uk>; Jason, JE Trading <jason@je-trading.com>
Subject: Re: Business Transfer Agreement

Hi, thanks for the summary. Yes, I've read through as well, and while the legal side is probably beyond me in some respects the commercial terms seem mostly to be fine, and is pretty much what I've agreed with the other side.

The point regarding employment. I think it needs to be amended as it should only be for 90 days also. I am not intent on providing services to RAN or them beyond that. And because it will only be for 90 days I don't need anymore detail on the employment than what is there - it is only to enable me to help them transition to their new stucture and to help them help me transition RANsquawk to JET. So I don't need to update the detail on employment but I do need it to be limited to 90 days please.

In regards to the loan - this is an OPTIONAL facility and yes if I provide the loan I would want it secured on "All Company Assets".

In regards to the lower settlement and arbitration - arbitration is something they wanted to include and I have agreed to a reduced amount because I fear they would fight / dispute larger amounts and I am not sure they have the ability to pay more and I am greatly concerned about their solvency in teh longer term.

In regards to the assets they were supposed to be populated already by Michael Edwards - RAN 's solicitor base on what I had agreed with them- We need this to be done as soon as possible now.

I am happy with 4.3 and the rest of it so please if you could attain the updates as requested and get the final copy from Michael as soon as possible please today.

Thank you for your advice it is has been valuable.

Cheers,
Jase.

On 31/08/16 13:34, Piers Larbey wrote:

Hi Jason

I've read through the transfer agreement and, leaving aside legal comments at this stage, can you confirm that the commercial terms as set out below have been agreed by you (I ask this as they are markedly different to your initial proposals and have made a few side comments in square brackets):

In short what is being proposed is that the Seller is acknowledging that the sum of £1.365m is owed by the Company to you (being 91 months of £15,000) for use of the IP. This will be satisfied by the payment of £50,000 in cash and the transfer of the business, which has a

deemed valuation of £720,000. In total that being £770,000. [It would appear that the balance is no longer going to be paid to you whereas we previously discussed that this would be paid to you over a period of time (and possibly secured noting the point regarding a statutory demand)].

In addition it is proposed that the parties have up to one year to revisit this valuation and seek an independent valuation, which if different can be used to adjust the purchase price (in cash). [Should this work only in your favour given that you are waiving the balance owing to you?]

Following completion of the transfer of assets you will grant a (i) free licence of your IP to Seller for 90 days; and (ii) a free licence of your client list indefinitely which relates to Tradersworld. There is some ambiguity in the wording of clause 4.3 but it would appear to suggest that you would be offering your/some of your business through this portal, which the seller will operate but that will not compete with your business.

You will then make a loan facility available to the Seller in the sum of £200,000 for a minimum period of 2 years and work for the Seller as, amongst other things, lead web developer [Would you like to secure this loan and also document the terms of your employment?]

Is all of the above accepted by you? If not or if there are any inaccuracies do please let me know. I am very happy to talk through the above over the telephone if that is easier for you?

With regard to the transfer of the business generally, do you know what assets you are going to be buying (the itemised lists in the schedules have not yet been completed) and would you like us to undertake any due diligence (which is something that we would always recommend)?

I look forward to your instructions or discussing this with you before responding to RAN's solicitor.

Kind regards
Piers

Piers Larbey | Partner



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