

EXHIBIT 10.5


**PURCHASE AGREEMENT AND ESCROW INSTRUCTIONS**  
**THIS DOCUMENT IT IS INTENDED TO BE A LEGALLY BINDING AGREEMENT.**  
**READ IT CAREFULLY.**

This agreement is by and between Spencer Springs LLC ("Seller") and Roger Anderson and/or assignee ("Buyer") Within 10 business days of acceptance of this Agreement, Buyer shall deposit with the "Escrow Holder" in paragraph 4 below, the sum of Twenty Thousand dollars (\$20,000.00). This sum is a deposit ("Deposit") to be deposited into escrow and to be applied to the purchase price of that certain land and improvements thereon (collectively referred to as the "Property") located at 1725 E. Warm Springs Rd. City of Las Vegas, County of Clark, State of Nevada, and more particularly described as follows: A 24,336 square foot Shopping Center, 2.11 Acre parcel of land. APN # 177-11-101-004, APN # 177-11-101-005



**TERMS AND CONDITIONS**

Seller agrees to sell the Property, and Buyer agrees to purchase the Property, on the following terms and conditions:

- 1.) **PURCHASE PRICE:** The "Purchase Price" for the Property is Three Million Eight Seventy Five Dollars (\$3,875,000.00). The balance of the purchase price shall be payable at close of escrow pursuant to the terms stated herein.
- 2.) **DOWN PAYMENT:** Buyer shall make a cash down payment of (\$675,000.00) Six Hundred Seventy Five Thousand Dollars Firm.
- 3.) **EXISTING LOAN:** Buyer in certified funds on or before the close of escrow, Buyer to take existing mortgage subject to its current terms and conditions. This offer is subject to verification of pre-lim, existing loan balance, and its terms and conditions. Buyer to make first payment after the close of escrow. All payments, impounds and taxes to be current at close of escrow.
- 4.) **NEW SELLER LOAN:** Seller to carry back a second deed of trust in the amount of (\$950,000.00) Nine Hundred Fifty Thousand Dollars. Escrow shall prepare a deed of trust and note with the following terms and conditions; Interest to be 4% interest only payments or more if Buyer wish's all due in 3 years. Note shall be assumable by any other party with Sellers approval which shall not be unreasonably withheld. This shall be a non-recourse loan with no personal guarantee by Buyer. Once property is leased to 85% interest on Sellers carry back shall be increased to 7%.
- 5.) **ESCROW:** Buyer shall open escrow with Chicago Title ("Escrow Holder") by the simultaneous deposit of a copy of this executed agreement and Buyer's Deposit with Escrow Holder (defined as "Opening of Escrow"). Seller and Buyer shall execute such further documents or instruments, as Escrow Holder may deem necessary to close this transaction within Escrow Period. Close of escrow ("Closing Date") shall mean the date on which the deed transferring title to the Property is recorded. Escrow fees shall be paid by Seller and Buyer Split Equally. All other closing cost shall be paid in accordance with the custom in the county where the property is located.
- 6.) **PRORATIONS:** Rents (Rents are assumed collected when due), real property taxes, premiums on insurance, interest on any debt being assumed or taken subject to by Buyer, and any other expenses of the Property shall be prorated as of the Closing Date. All deposits, advance rentals, pre-paid contracts and the amount of any future lease credits, shall be credited to Buyer. The amount of any bond or assessment currently due, which is a lien and not customarily paid with real property taxes, shall be paid by Seller.
- 7.) **TITLE:** Within Seven (7) business days after acceptance of Purchase Agreement, Seller shall procure and cause to be delivered to Buyer a preliminary title report issued by Chicago Title (the "Title Company") on the Property. Within Five (5) business days following receipt thereof, Buyer shall deliver to Seller written notice of any exceptions to which Buyer reasonably objects. Failure of Buyer to object within this time period is a waiver of exceptions to title. If Buyer objects to any exceptions, Seller shall within Five (5) business days after receipt of Buyer's objections, deliver to Buyer written notice that either (i) Seller has removed, or prior to Close of Escrow will remove, the exception(s) to which Buyer has objected to, or (ii) Seller is unwilling or unable to eliminate said exception(s). If Seller fails to so notify Buyer or is unwilling or unable to remove any such exception by the Closing Date, Buyer within 48 hours of time period set forth above, may elect to terminate this Agreement and receive back the entire Deposit, in which event Buyer and Seller shall have no further obligations under this Agreement, or, alternatively within said stated 48 hour

BUYER  SELLER 

- time period, Buyer may elect to purchase the Property subject to such exception(s). Seller shall convey by grant deed to Buyer (or to such other person or entity as Buyer may specify) marketable fee title subject only to the exceptions approved by Buyer in accordance with this Agreement. Title shall be insured by a standard California Land Title Association (CLTA) owner's policy of title insurance issued by the Title Company in the amount of the purchase price with premium paid by Seller. Should Buyer desire an ALTA Policy, Buyer shall pay all cost for same in excess of the costs for the CLTA policy, including but not limited to an ALTA Survey, if required.
- 8.) **PERSONAL PROPERTY:** Title to any personal property located at the Property to be conveyed to Buyer in connection with the sale of the Property shall be conveyed to Buyer by Bill of Sale on the Closing Date free and clear of all encumbrances (except those approved by Buyer). The Price of these items shall be included in the purchase price for the Property.
- 9.) **BUYER'S INVESTIGATIONS & CONDITIONS OF PROPERTY:** It is understood and agreed that Buyer has, or will have prior to the Closing Date, inspected the Property as a part of these investigations. During business hours by appointment, Buyer and Buyer's agents, employees, contractors and inspectors shall have the right, privilege and license to enter onto the Property, at Buyer's sole cost and expense for the purposes of conducting their inspections.
- 10.) **DOCUMENT CONTINGENCIES:** Seller agrees to provide Buyer with items listed below within Ten (10) Business days following acceptance of this Agreement.
- a.) All rental agreements, leases, service and maintenance contracts affecting the property.
  - b.) All bonds and assessments affecting the property, currently known to Seller.
  - c.) All notes and security instruments affecting the Property, if they are going to be assumed or taken subject to.
  - d.) A complete and current rent roll, including a schedule of all tenant deposits, credits, fees and any other economic concessions that will have the effect of reducing the scheduled rental income.
  - e.) A written inventory of all items of Personal Property to be conveyed to Buyer at close of escrow.
  - f.) Copy of applicable Covenants, Conditions and Restrictions (CC&R's) affecting the property.
  - g.) Copy of Site Improvement Plans, Certificates of Completion and Occupancies, Copy of Contractor warranties.
  - h.) Seller shall provide any existing appraisals, environmental reports, physical inspection reports, and surveys to the extent that they are in Seller's possession.
- 11.) **PHYSICAL INSPECTION:** Buyer shall have until 45 days from acceptance of this offer to inspect the physical condition of the Property, including, but not limited to interior inspections, soil conditions and the presence or absence of hazardous materials on or about the Property. Physical inspection also to include Buyer's investigations of Federal, State and local laws to determine what change to the property, if any, are required, and to notify the Seller in writing if the Buyer disapproves same. If Buyer fails to timely disapprove of these items in writing, such items shall be deemed approved. If Buyer disapproves in writing the physical condition of the Property within the specified time, this Agreement shall be null and void and Buyer's entire Deposit shall be returned, and Buyer and Seller shall have no further obligations hereunder. All cost of any such inspection and testing shall be at Buyer's expense.
- 12.) **ESTOPPEL CERTIFICATES (LEASED PROPERTIES):** Seller shall deliver to Buyer, within ten (10) business days prior to the Closing Date, estoppel letters and subordination agreements (provided by Buyer's Lender), from each lessee or tenant. Buyer shall have three (3) business days after receipt to disapprove, in writing, the Estoppel Certificates. Buyer may only disapprove said certificates, and cancel the Agreement if the certificates reflect that gross income from the Property, a) is materially less than that previously represented by Seller, or b) the terms and/or conditions stated on the certificate do not reflect what was represented to Buyer. Upon such disapproval, Buyer's entire Deposit shall be returned, and the parties shall have no further obligations hereunder.

BUYER  SELLER 

- 13.) **RISK OF LOSS:** Risk of loss to the Property shall be borne by Seller until title has been conveyed to Buyer. In the event that the improvements on the Property are destroyed or materially damaged between acceptance of this Agreement and the date title is conveyed to Buyer, Buyer shall have the option of demanding and receiving back the entire Deposit and being released from all obligations hereunder, or alternatively, taking such improvements as Seller can deliver. Upon Buyer's physical inspection and approval of the Property, Seller shall maintain the Property through close of escrow in the same condition and repair as approved, reasonable wear and tear excepted.
- 14.) **POSSESSION:** Possession of the Property shall be delivered to Buyer on the Closing Date. All keys, leases, rental agreements, ongoing vendor contracts etc., shall be delivered to Buyer at close of escrow.
- 15.) **LIQUIDATED DAMAGES:** By placing their initials immediately below, Buyer and Seller agree that it would be impractical or extremely difficult to fix actual damages in the event of a default by Buyer, that the amount of Buyer's Deposit hereunder is the parties reasonable estimate of Seller's damages in the event of Buyer's default, and upon the Buyer's default in its purchase obligations under this Agreement, not caused by any breach by Seller, Seller shall be released from its obligation to sell the Property and shall retain Buyer's Deposit as liquidated damages, which shall be Seller's sole and exclusive remedy in law or at equity for Buyer's default.

Seller's Initials



Buyer's Initials



- 16.) **BUYER EXCHANGE:** 1031 Exchange. Seller shall cooperate, at no material cost to Seller, with Buyer in order to effectuate a tax deferred exchange under Section 1031 of the Internal Revenue Code of 1986, as amended, and in connection therewith Buyer shall be permitted to assign this Agreement to a qualified intermediary for the purpose of completing such exchange. This offer shall be subject to the successful close of Buyer's 1031 exchange(s). Buyer's exchange properties shall close during the above referenced contingency period. Should Buyer's exchange properties not successfully close during this time, either Buyer or Seller may terminate said transaction, and all deposit monies shall be returned to Buyer.
- 17.) **ARBITRATION OF DISPUTES:** Any disputes arising hereunder shall be resolved in a binding arbitration in accordance with the commercial arbitration rules of the American Arbitration Association. The prevailing party in such arbitration shall be entitled to its reasonable attorney's fees and cost.
- 18.) **SUCCESSORS & ASSIGNS:** This Agreement and any addenda hereto shall be binding upon and inure to the benefit of the heirs, successors, agents, representatives and assigns of the parties hereto. Buyer may assign this contract or any interest therein, without Seller's prior written consent which shall not unreasonably be withheld, to a Limited Liability Company or other similar entity.
- 19.) **ATTORNEY'S FEES:** In any litigation, arbitration or other legal proceeding which may arise between any of the parties hereto, the prevailing party shall be entitled to recover all of its costs, including the costs of arbitration, and reasonable attorney's fees in addition to any other relief to which such party may be entitled.
- 20.) **TIME:** Time is of the essence of this Agreement.
- 21.) **NOTICES:** All notices required or permitted hereunder shall be given to the parties in writing at their respective addresses as set forth below and shall be effective upon receipt. Should the date upon which any act required to be performed by this Agreement fall on a Saturday, Sunday or Legal Holiday, the time for performance shall be extended to the next business day.
- 22.) **FOREIGN INVESTOR DISCLOSURE:** Seller and Buyer agree to execute and deliver any instrument, affidavit or statement, and to perform any act reasonably necessary to carry out the provisions of the Foreign Investment in Real Property Tax and regulations promulgated thereunder.
- 23.) **OTHER TERMS & CONDITIONS:** Buyer and Seller also acknowledge that they each have a Real Estate License in the states of Nevada and California. Seller shall be responsible for the leasing of any and all vacant space in shopping center along with all cost associated with said leasing until such time as escrow closes. Once the shopping center is 85% leased Buyer shall start making interest or more payments on Seller's second deed of trust. No Commissions will be due or payable by either party.

BUYER



SELLER



Seller shall, prior to and as a condition of closing, provide Buyer with the following:

- a.) Seller will assign any contractors' warranty(s) on all buildings, structures, equipment, tenant improvements, and site improvements.
- 24.) **ENTIRE AGREEMENT; MODIFICATION:** Any addendum attached hereto and either signed or initialed by the parties shall be deemed a part hereof. This Agreement, including addenda, if any, expresses the entire agreement of the parties and supersedes any and all previous agreements between the parties with regard to the Property. There are no other understandings, oral or written, which in any way alter or enlarge its terms, and there are no warranties or representations of any nature whatsoever, either expressed or implied, except as set forth herein. Any future modification of this agreement will be effective only if it is in writing and signed by the party to be charged.
- 25.) **SELLERS DISCLOSURES:**
- a.) Authority: Seller has the full right, power and authority to sell the Property as provided herein, and this Agreement and all documents executed by Seller which are to be delivered to Buyer hereunder will be duly authorized, executed and delivered by Seller are legal, valid and binding obligations of Seller and do not violate the provisions of any agreement or judicial order to which Seller is a party or to which it is subject. Seller shall obtain board of directors approval no later than July 21, 2004.
- b.) Seller agrees to disclose, to the best of Seller's knowledge, any information regarding known hazardous materials located on the Property, known material defects of the Property, known non-compliance with applicable laws and flood zones as set forth on HUD "Special Flood Zone Area Maps".
- 26.) **LENGTH OF OFFER:** Buyer's signature hereon constitutes an offer to Seller to purchase the Property on the terms and conditions set forth herein. Unless acceptance hereof is made by Seller's execution of this Agreement and delivery of a fully executed copy to Buyer, in person or at the address shown below, on or before **5:00 PM Pacific Standard Time, July 21, 2004**, this offer shall be null and void, the Deposit shall be returned to Buyer, and neither Seller nor Buyer shall have any further rights or obligations hereunder. Delivery shall be effective upon personal delivery to Buyer or Buyer's agent or, if by mail, on the next business day following the date of postmark.
- 27.) **GOVERNING LAW:** This Agreement shall be governed by and construed in accordance with the laws of the State in which the subject property is located.

The undersigned Buyer hereby offers and agrees to purchase the above described Property for the price and upon the terms and conditions herein stated. This offer is made by Buyer to Seller on this 7<sup>th</sup> day of July, 2004. Buyer hereby acknowledges receipt of an executed copy of this Agreement.

BUYER:

Roger Anderson

DATE:

7-7-04

ADDRESS:

P.O. BOX 36069  
LAS VEGAS, NV 89133  
(702) 877-0100

#### SELLERS ACCEPTANCE

The undersigned Seller accepts the foregoing offer and agrees to sell the Property to Buyer for the price and on the terms and conditions stated herein. Seller acknowledges receipt of an executed copy of this Agreement and authorizes Agent to deliver an executed copy to Buyer.

SELLER:

William S. Biddle, VP  
Secured Diversified Investment, LTD  
By: William S. Biddle, VP Marketing & acquisitions

ADDRESS:

5030 Campus Dr.  
Newport Beach, CA 92660  
949-851-1050

SELLER:

DATE:

## COMMERCIAL ESCROW INSTRUCTIONS

July 26, 2004

ESCROW NUMBER: 04154283-113-SDL

ESCROW OFFICER: Sue Lietzow

### CHICAGO TITLE

1700 W. Horizon Ridge Pky #203,

Henderson, NV 89012

PHONE: (702) 492-6117

FAX: (702) 492-6134

The undersigned Spencer Springs, LLC ("SELLER"), and Roger Anderson ("BUYER"), hereby authorize, direct and instruct CHICAGO TITLE AGENCY OF NEVADA, INC. (CHICAGO TITLE), A NEVADA CORPORATION ("ESCROW AGENT"), as follows:

1. BUYER and SELLER have entered into that certain Purchase and Sale Agreement ("AGREEMENT"), a copy of which is attached hereto as EXHIBIT "A". Pursuant to the AGREEMENT, SELLER shall sell and BUYER shall buy certain real property of SELLER, described in attached EXHIBIT "B".
2. BUYER and SELLER desire to use ESCROW AGENT to receive and cause to be delivered the various documents and funds to be exchanged pursuant to the AGREEMENT, and to cause the requisite title policies to be issued.
3. These Escrow Instructions do not modify or amend the AGREEMENT between SELLER and BUYER unless such modification or amendment is specifically set forth herein.
4. ESCROW AGENT is hereby authorized and directed to examine the AGREEMENT and is empowered to perform all acts set forth in the AGREEMENT that are within the control of the ESCROW AGENT and are necessary or appropriate to close the transaction contemplated by the AGREEMENT. The delivery of funds and documents for recordation to ESCROW AGENT shall signify that all of the terms and conditions in the AGREEMENT have been complied with or waived to the satisfaction of BUYER and SELLER.
5. ESCROW AGENT is released from any liability or responsibility for any condition, agreement or provision in the AGREEMENT not within the control of the ESCROW AGENT or not necessary or appropriate to accomplish the closing.
6. Prorations, if required, shall be made on the basis of a thirty (30) day month.
7. "Close of Escrow" shall be defined as the date upon which all necessary documents are recorded with the appropriate County Recorder's Office.
8. When the conditions of this escrow have been complied with, ESCROW AGENT is authorized to deliver the instruments and funds required in connection with this escrow to the

WSP

persons entitled thereto. ESCROW AGENT will, at the close of escrow, record the documents necessary Deeds, Deeds of Trust and other instruments and issue the title insurance as set forth in the Agreement.

9. From funds due SELLER, ESCROW AGENT shall pay any encumbrances against the real property, except as set forth in the AGREEMENT. ESCROW AGENT shall pay any encumbrance(s) acting solely upon the written direction of the lienholder. It is expressly understood and agreed that ESCROW AGENT assumes no responsibility for the accuracy of any such statement or direction.

10. ESCROW AGENT shall charge to the appropriate party, all fees, expenses and charges incurred in connection with this transaction.

11. All disbursements by ESCROW AGENT shall be made in the form of a check, drawn on the account of CHICAGO TITLE AGENCY OF NEVADA, INC. All deposits made by or on behalf of the parties hereunder shall be in the form and manner, such as a Certified Check, Cashier's Check or bank wire. ESCROW AGENT shall not act upon nor disburse against any such deposits pending the clearance of same.

Chicago Title reserves the right to earn interest on all trust funds and said interest shall be retained by Chicago Title, unless otherwise instructed to invest such funds for the benefit of one or more parties in this escrow.

12. In the event these instructions provide for title to be vested in an "ASSIGNEE" or "NOMINEE", ESCROW AGENT is authorized to insert the name of said Assignee or Nominee in the deed and related documents prior to delivery and recording of the same.

13. ESCROW AGENT is authorized to compute and insert appropriate dates and amounts on new encumbrances and notes, if any.

14. Time is of the essence of these instructions and each party shall comply with all requirements necessary to place this escrow in condition to close as per the terms and conditions of the agreement provided, however, that if the closing date falls on a Saturday, Sunday or holiday, the time limit herein set out is hereby extended through the next full business day. In the absence of written direction to the contrary ESCROW AGENT is authorized to take any administrative steps necessary to effect the closing of this escrow subsequent to the date set forth herein.

15. ESCROW AGENT shall have no liability in connection with any personal property which is the subject of this escrow.

NSP

### GENERAL PROVISIONS

- a) Either party hereunder claiming right of cancellation of this escrow, shall file written notice and demand for cancellation in the office of ESCROW AGENT. ESCROW AGENT shall, within three (3) business days following receipt of such written notice, notify the other party by depositing a copy of said notice in the United States Mail, to the last address filed with ESCROW AGENT. Should no address be filed, ESCROW AGENT shall deposit such notice in the United States Mail c/o General Delivery. The notice shall be deemed to have been given upon deposit of said notice in the United States Mail, addressed as specified herein, with proper postage affixed thereto, and no further notice or evidence of receipt shall be required.

Unless written objection to the cancellation notice is received by ESCROW AGENT within ten (10) days following ESCROW AGENT'S mailing of the notice, ESCROW AGENT is authorized to comply with the notice and demand upon payment of its cancellation charges and expenses. In the event that such written objection shall be filed, or in the event of other dispute between SELLER or BUYER, ESCROW AGENT is Authorized to hold all money and instruments in this escrow pending agreement of SELLER and BUYER or final order of a court of competent jurisdiction. SELLER and BUYER expressly agree and consent that ESCROW AGENT shall have the absolute right, at its election, to file a suit in interpleader and obtain an order from the court requiring SELLER and BUYER to interplead and litigate in such court their several claims and rights amongst themselves. In the event such suit is brought, SELLER and BUYER hereby jointly and severally agree to pay ESCROW AGENT all costs, expenses and reasonable attorney fees which it may expend or incur in such interpleader suit. ESCROW AGENT shall thereupon be fully released and discharged from all obligation to further perform any duties or obligations otherwise imposed by these instructions.

Upon receipt of cancellation instructions and prior to initiating interpleader action, ESCROW AGENT is authorized and directed to charge a holding fee of \$20.00 per month for as long as such funds shall remain in ESCROW AGENT'S trust account. In the event of a cancellation of this escrow, ESCROW AGENT retains the right to impose a reasonable cancellation fee for services performed, the minimum amount of which shall be \$100.00. ESCROW AGENT is authorized to deduct this fee from the funds held in escrow at the time of cancellation, irrespective of the depositing party.

- b) In the event an action is instituted in connection with this escrow, in which ESCROW AGENT is named as a party or is otherwise compelled to make an appearance, all costs, expenses, attorney fees, and judgments ESCROW AGENT may expend or incur in said action, shall be the responsibility of the parties hereto.
- c) These instructions in all parts applies to, inures to the benefit of and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors and assigns, and whenever the context so requires, the masculine gender includes the feminine and neuter, and the singular includes the plural.
- d) In the event that funds from this transaction remain in an account held by Escrow Agent for such a period of time that they are deemed "abandoned" under the provisions of Chapter 120A of the Nevada Revised Statutes, Escrow Agent is hereby authorized to impose a charge upon the dormant escrow account. Said charge shall be no less than \$5.00 per month and may not exceed the highest rate of charge permitted by statute or regulation. Escrow Agent is further authorized and directed to deduct the charge from the dormant escrow account for as long as the funds are held by the Escrow Agent.
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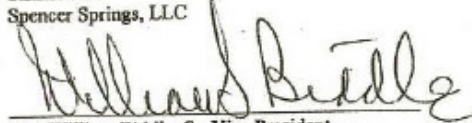
- e) These instructions may be executed in counterpart and each shall be considered an original.
- f) It is expressly understood and agreed that ESCROW AGENT, without any obligation to exercise such right, retains the right to resign as ESCROW AGENT, and/or to refrain from taking any act which, at the sole discretion of ESCROW AGENT is deemed inadvisable. No liability shall accrue to ESCROW AGENT for any such act or forbearance.
- g) Seller is hereby made aware that there is a regulation which became effective January 1, 1987 that requires all Escrow Agents to complete a modified 1099 form, based upon specific information known only between parties in this transaction and the Escrow Agent. You are hereby authorized and instructed to provide this information to the Internal Revenue Service after the close of escrow in the manner prescribed. It is understood that without this information, this transaction will not close with Chicago Title as the Escrow Agent.
- h) The parties acknowledge that, unless an exemption applies, FIRPTA requires that every buyer of real estate in the United States deduct and withhold from the Seller's proceeds an amount equal to 10% of the gross sales price, to be forwarded to the Internal Revenue Service. If the Buyer fails to deduct and withhold a sufficient amount on a non-exempt sale, the Buyer will be liable to the Internal Revenue Service for that amount of estimated tax.

The parties further acknowledge it is the Buyer's sole responsibility to ascertain the Seller's foreign status. ESCROW AGENT SHALL take no responsibility in connection with verification of Seller's foreign status nor with the withhold or payment of taxes in connection therewith.

SELLER and BUYER hereby acknowledge receipt of a complete copy of these instructions.

**SELLERS:**

Spencer Springs, LLC



By: William Biddle, Sr. Vice President



ADDRESS FOR NOTICES

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BUYERS:

  
Roger Anderson

ADDRESS FOR NOTICES

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-QSB

Quarterly Report Under Section 13 or 15(d)  
of the Securities and Exchange Act of 1934

For the Quarter Ended  
September 30, 2004

Commission File Number  
0-30653

SECURED DIVERSIFIED INVESTMENT, LTD.

-----  
(Name of small business issuer in its charter)

Nevada  
(State or other jurisdiction of  
incorporation or organization)

80-0068489  
(I.R.S. Employer I.D. No.)

5030 Campus Drive, Newport Beach California  
(Address of principal executive offices)

92660  
(Zip Code)

Issuer's telephone number, including area code (949) 851-1069  
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Check whether the Issuer (1) filed all reports required to be filed by section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such report(s)), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [ ]

State the number of shares outstanding of each of the registrant's classes of common equity, as of the latest practicable date:

As of November 12, 2004, issuer had 9,182,051 shares of its \$.001 par value common stock outstanding.

PART I FINANCIAL INFORMATION

Item 1. Financial Statements

SECURED DIVERSIFIED INVESTMENT, LTD.  
Consolidated Balance Sheet  
September 30, 2004  
(Unaudited)

ASSETS

Properties, at cost:

Building and improvements	\$ 4,776,578
Tenant improvements	7,202

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4,783,780  
(166,753)

Less accumulated depreciation and amortization

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4,617,027

Cash and cash equivalents

69,729

Accounts receivable

6,311

Inventory

19,763

Equipment, net of accumulated depreciation of \$24,951

44,973

Equity investment in real estate

355,161

Restricted cash

70,000

Prepaid and other assets

45,135

TOTAL ASSETS

-----  
\$ 5,228,099  
=====

LIABILITIES AND STOCKHOLDERS' DEFICIT

Mortgages Payable

\$ 3,648,073

Notes Payable, related parties

540,440

Accounts Payable, accrued expenses and other liabilities

1,190,321

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5,378,834

Minority Interest	194,076
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STOCKHOLDERS' DEFICIT

Series A Preferred Stock, 7,500,000 shares authorized, \$0.01 par value, 7,078,350 issued & outstanding	70,784
Series B Preferred Stock, 20,000,000 shares authorized, \$0.01 par value, 6,000,340 issued & outstanding	60,003
Series C Preferred Stock, 22,500,000 shares authorized, \$0.01 par value, 250,000 shares issued & outstanding	2,500
Common Stock, 100,000,000 shares authorized, \$0.001 par value, 9,182,051 issued and outstanding	9,182
Prepaid consulting fees	(420,000)
Note Receivable in lieu of issuance of shares	(32,832)
Paid In Capital	8,325,095
Accumulated Deficit	(8,359,543)
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	(344,811)
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TOTAL LIABILITIES & STOCKHOLDERS' DEFICIT	\$ 5,228,099
	=====

SEE ACCOMPANYING FOOTNOTES

SECURED DIVERSIFIED INVESTMENT, LTD  
CONSOLIDATED STATEMENTS OF OPERATIONS  
(UNAUDITED)

<TABLE>  
<CAPTION>

	THREE MONTHS ENDED SEPTEMBER 30		NINE MONTHS ENDED SEPTEMBER 30	
	2004	2003	2004	2003
	-----	-----	-----	-----
	<C>	<C>	<C>	<C>
REVENUES				
Rental Income	\$ 234,709	\$ 559,880	\$ 707,286	\$ 809,258
Hotel, net of \$ 107,222 for coupons and discounts	466,262	-	1,249,863	-
Other	6,112	-	12,679	-
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Total Revenues	707,083	559,880	1,969,828	809,258
EXPENSES				
Property operating	746,985	474,282	1,789,046	837,406
Property taxes	49,648	18,822	103,221	45,884
Depreciation and amortization	37,847	29,026	122,572	61,596
Interest	78,418	54,545	238,926	137,471
General and administrative	424,316	284,016	1,939,537	576,990
Impairment of real estate investment	27,039	-	27,039	448,403
Loss on Equity Investment	8,050		12,339	
Other	(13,540)	25,812	173	\$ (255,225)
Minority Interest	11,890	-	14,879	-
	-----	-----	-----	-----
NET LOSS	1,370,653	886,503	4,247,732	1,852,525
	(663,570)	(326,623)	(2,277,904)	(1,043,267)
	=====	=====	=====	=====
Basic and diluted income per common share				
Net loss per share	\$ (0.07)	\$ (0.06)	\$ (0.26)	\$ (0.24)
	=====	=====	=====	=====
Basic and diluted weight average shares	8,890,207	5,805,711	8,665,674	4,334,792
	=====	=====	=====	=====

</TABLE>

SEE ACCOMPANYING FOOTNOTES

SECURED DIVERSIFIED INVESTMENT, LTD  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
(UNAUDITED)

<TABLE>  
<CAPTION>

	NINE MONTH PERIODS ENDED SEPTEMBER 30	
	2004	2003
	-----	-----
	<C>	<C>
Cash flows from operating activities:		

Net Loss	\$ (2,277,904)	\$ (1,043,267)
Adjustment to reconcile net loss to net cash used by operating activities:		
Depreciation and Amortization	122,572	61,596
Minority interest	(14,879)	--
Impairment of real estate investment	27,039	
Loss on equity investment	12,339	--
Issuance of shares for consulting services	837,430	--
Issuance of shares for loan fees	53,000	--
Loss on sale of note receivable	--	45,000
Loss on sale of real estate	--	106,832
Impairment of real estate	--	448,403
Increase (decrease) in assets and liabilities		
Receivables	32,463	(64,908)
Inventory	4,218	(20,740)
Note Receivable	400,000	--
Prepaid expenses	(104)	(6,064)
Accounts payable, accrued expenses and other liabilities	614,334	443,537
	-----	-----
Net cash used by operating activities	(189,492)	(29,611)
CASH FLOW FROM INVESTING ACTIVITIES:		
Collection of note receivable	98	--
Purchase equipment and tenant improvements	(407,202)	(62,542)
Proceeds from sale of real estate	400,000	231,186
Investment in subsidiary	--	(109,703)
	-----	-----
Net cash provided (used) by investing activities	(7,104)	58,941
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from stock issuance	45,000	34,000
Minority interest	22,238	--
Proceeds from notes payable - related party	205,000	123,708
Payments on notes payable - related party	(314,580)	(72,021)
Proceeds from notes payable	225,000	45,000
Payments on notes payable	(41,878)	(18,483)
	-----	-----
Net cash provided by financing activities	140,780	112,204
	-----	-----
Net increase (decrease) in cash	(55,816)	141,534
Cash, beginning period	125,545	6,058
	-----	-----
Cash, end of period	\$ 69,729	\$ 135,476
	=====	=====
Supplemental disclosures:		
Cash paid for interest	\$ 226,993	\$ 137,397
	=====	=====
Cash paid for income tax	\$ --	\$ --
	=====	=====
Non-cash investing and financing activities:		
Property acquired through stock issuances, net of debt	\$ 367,500	\$ 1,077,974
	=====	=====
Property acquired through stock issuances, net of debt	\$ 33,930	\$ 411,738
	=====	=====
Stock issued to director for note payable	\$ 25,000	\$ --
	=====	=====
Stock issued for loan fees	\$ 53,000	\$ --
	=====	=====
Investment in subsidiary through stock issuance,	\$ --	
	=====	=====
net of debt	\$ --	\$343,610.00
	=====	=====
Conversion of note to stock	\$ --	\$500,000.00
	=====	=====
Note receivable acquired in real estate sale transaction	\$ --	\$425,000.00
	=====	=====
Assumption of note payable in real estate sale transaction	\$ --	\$194,230.00
	=====	=====

</TABLE>

SEE ACCOMPANYING FOOTNOTES

#### NOTE 1 - BASIS OF PRESENTATION AND GOING CONCERN

##### Basis of presentation:

The accompanying unaudited condensed consolidated interim financial statements have been prepared in accordance with the rules and regulations of the Securities and Exchange Commission for the presentation of interim financial

information, but do not include all the information and footnotes required by generally accepted accounting principles for complete financial statements. The audited consolidated financial statements for the year ended December 31, 2003 were filed on May 24, 2004 with the Securities and Exchange Commission and is hereby referenced. In the opinion of management, all adjustments considered necessary for a fair presentation have been included. Operating results for the nine-month period ended September 30, 2004 are not necessarily indicative of the results that may be expected for the year ended December 31, 2004.

#### Going concern:

The accompanying financial statements of Secured Diversified Investment, Ltd. (the "Company" or "SDI") are prepared using generally accepted accounting principles applicable to a going concern, which contemplates the realization of assets and liquidation of liabilities in the normal course of business. The Company since its inception has sustained net losses. Cash reserves are low and currently the Company's operations do not generate enough cash to cover its costs or to execute its business plan. Management intends to refinance existing properties and use the proceeds to fund operating shortfalls. There are no assurances that the refinancing will occur or that the cash it generates will be adequate to meet the Company's cash requirements. In addition, the Company intends to raise additional funds through a private placement of its securities. However, there are no assurances that the Company will be successful in this or any of its endeavors or become financially viable and continue as a going concern.

#### NOTE 2 - NATURE OF OPERATIONS

The Company was incorporated under the laws of the state of Utah on November 22, 1978. On July 23, 2002, the shareholders approved a change in domicile from Utah to Nevada. In accordance with Nevada corporate law, a change of domicile is effected by merging the foreign corporation with and into a Nevada corporation. On August 9, 2002, a merger between the Company and Book Corporation of America was completed. Upon completion of the merger Book Corporation of America was dissolved. On September 18, 2002, the OTCBB symbol for the Company's common stock was changed from BCAM to SCDI. The shareholders also approved amendments to the Company's Articles of Incorporation to change the par value of the Company's Common Stock from \$.005 to \$.001 and to authorize 50,000,000 shares of Preferred Stock, par value \$.01. On November 15, 2002, the Company changed its fiscal year end from October 31 to December 31.

During 2002, the Company began pursuing the acquisition of ownership interests in real estate properties that are geographically and functionally diverse in order to be more stable and less susceptible to devaluation resulting from regional economic downturns and market shifts. Currently, the Company owns

shopping centers in Dickinson, North Dakota; Las Vegas, Nevada; and Orange, California; the Company also owns a single story office building in Newport Beach, California, and a hotel in Dickinson, North Dakota. The Company is currently focusing on acquiring properties in markets with strong regional economies.

#### NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES

Consolidation. The accompanying consolidated financial statements include the accounts of the Company and its wholly and majority owned subsidiaries, which include Diversified Commercial Brokers (DCB) LLC (53.9%) - owner of 5030 Campus; Nationwide Commercial Brokers, Inc. (100%) - with limited operations to date; Dickinson Management, Inc. (100%) - manager of the Hospitality Inn; Spencer Springs LLC (87%) - owner of the Spencer Springs shopping center; Decatur Center LLC (100%) - an inactive company; and Diversified Commercial Mortgage LLC (100%) - an inactive company. All material inter-company transactions and balances have been eliminated.

Estimates. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures; for example, the estimated useful lives of assets and the fair value of real property. Accordingly, actual results could differ from those estimates.

Credit and concentration risk. The Company maintains deposit accounts in numerous financial institutions. From time to time, cash deposits may exceed Federal Deposit Insurance Corporation limits. No single institution holds more than the federally insured limit.

Revenue recognition. The Company's revenues are derived from rental income and from room and food revenues from hotel operations. Rental and hotel revenues are recognized in the period services and goods are provided.

Cash and cash equivalents. The Company considers all short term, highly liquid investments, that are readily convertible to known amounts within ninety days as

cash equivalents. The Company currently has no such investments.

Restricted cash. The Company is required by a lender to maintain a \$70,000 deposit in a bank account at the lenders financial institution. The deposit and 1st trust deed on real property serve as collateral for the loan. The deposit is returnable subject to the borrower meeting certain payment and financial reporting conditions.

Property and equipment. Property and equipment are depreciated over the estimated useful lives of the related assets. Leasehold improvements are amortized over the lesser of the lease term or the estimated life of the asset. Depreciation and amortization is computed on the straight-line method. Repairs and maintenance are expensed as incurred.

Investments. The equity method of accounting is used for all investments in associated companies in which the company's interest is 20% or more. Under the equity method, the Company recognizes its share in the net earnings or losses of these associated companies as they occur rather than as dividends are received. Dividends received are accounted for as a reduction of the investment rather than as dividend income. Losses from the equity investments reduce receivables from the associated companies.

Fair value. The carrying value for cash, prepaid, and accounts payable and accrued liabilities approximate fair value because of the immediate or short-term maturity of these financial instruments. Based upon the borrowing rates currently available to the Company for loans with similar terms and

average maturities, the fair value of long-term debt approximates its carrying value.

Impairment. The Company adopted SFAS 144, "Accounting for the Impairment and Disposal of Long-Lived Assets," which requires long-lived assets be reviewed for impairment whenever circumstances indicate the carrying value may not be recoverable.

Issuance of shares for service. The Company accounts for the issuance of equity instruments to acquire goods and services. The stocks were valued at the average fair market value of the freely trading shares of the Company as quoted on OTCBB on the date of issuance.

Loss per share. Basic loss per share is based on the weighted average number of common shares outstanding during the period. Diluted loss per share reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock. At September 30, 2004 and 2003, all potential common shares are excluded from the computation of diluted loss per share, as the effect of which was antidilutive.

Reclassification. For comparative purposes, prior period's consolidated financial statements have been reclassified to conform to report classifications of the current period.

Recent accounting pronouncements. In June 2003, the FASB approved SFAS 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity". SFAS 150 establishes standards for how an issuer classifies and measures certain financial instruments with characteristics of both liabilities and equity. This Statement is effective for financial instruments entered into or modified after May 31, 2003, and otherwise is effective at the beginning of the first interim period beginning after June 15, 2003. The Company's financial position reflects the effects of classifying certain mandatorily redeemable equity instruments as liabilities.

In December 2003, the Financial Accounting Standards Board (FASB) issued a revised Interpretation No. 46, "Consolidation of Variable Interest Entities" (FIN 46R). FIN 46R addresses consolidation by business enterprises of variable interest entities and significantly changes the consolidation application of consolidation policies to variable interest entities and, thus improves comparability between enterprises engaged in similar activities when those activities are conducted through variable interest entities. The Company does not hold any variable interest entities.

In March 2004, the Emerging Issues Task Force ("EITF") reached a consensus on Issue No. 03-1, "The Meaning of Other-Than-Temporary Impairment and its Application to Certain Investments." The EITF reached a consensus about the criteria that should be used to determine when an investment is considered impaired, whether that impairment is other-than-temporary, and the measurement of an impairment loss and how that criteria should be applied to investments accounted for under SFAS No. 115, "ACCOUNTING IN CERTAIN INVESTMENTS IN DEBT AND EQUITY SECURITIES." EITF 03-01 also included accounting considerations subsequent to the recognition of an other-than-temporary impairment and requires certain disclosures about unrealized losses that have not been recognized as other-than-temporary impairments. Additionally, EITF 03-01 includes new disclosure requirements for investments that are deemed to be temporarily

impaired. In September 2004, the Financial Accounting Standards Board (FASB) delayed the accounting provisions of EITF 03-01; however the disclosure

requirements remain effective for annual reports ending after June 15, 2004. The Company will evaluate the impact of EITF 03-01 once final guidance is issued.

In April of 2004, the EITF reached consensus on the guidance provided in EITF Issue No. 03-6, "Participating Securities and the Two-Class Method under SFAS No. 128 Earnings Per Share" ("EITF 03-6"). EITF 03-6 clarifies whether a security should be considered a "participating security" for purposes of computing earnings per share ("EPS") and how earnings should be allocated to a "participating security" when using the two-class method for computing basic EPS. The adoption of EITF 03-6 does not have a significant impact on the Company's financial position or results of operations.

In May of 2004, the FASB revised FASB Staff Position ("FSP") No. 106-1, "Accounting and Disclosure Requirements Related to the Medicare Prescription Drug, Improvement and Modernization Act of 2003" and issued FSP No. 106-2, "Accounting and Disclosure Requirements Related to the Medicare Prescription Drug, Improvement and Modernization Act of 2003" ("FSP No. 106-2"). FSP 106-2 provides accounting guidance to the employers who sponsor post retirement health care plans that provide prescription drug benefits; and the prescription drug benefit provided by the employer is "actuarially equivalent" to Medicare Part D and hence qualifies for the subsidy under the Medicare amendment act. The adoption of FSP 106-2 does not have a significant impact on the Company's financial position or results of operations.

SEC Staff Accounting Bulletin (SAB) No. 105, "APPLICATION OF ACCOUNTING PRINCIPLES TO LOAN COMMITMENTS," summarizes the views of the staff of the SEC regarding the application of generally accepted accounting principles to loan commitments accounted for as derivative instruments. SAB No.105 provides that the fair value of recorded loan commitments that are accounted for as derivatives under SFAS No. 133, "ACCOUNTING FOR DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES," should not incorporate the expected future cash flows related to the associated servicing of the future loan. In addition, SAB No. 105 requires registrants to disclose their accounting policy for loan commitments. The provisions of SAB No. 105 must be applied to loan commitments accounted for as derivatives that are entered into after March 31, 2004. The adoption of this accounting standard does not have a material impact on the Company's financial statements.

#### NOTE 4 - RELATED PARTY TRANSACTIONS

Seashore Diversified Investment Company (SDIC). Certain of the Company's directors and officers were also directors, officers and shareholders of SDIC. During 2004 and 2003, SDIC advanced monies to the Company under a revolving note, bearing interest at 9%. The advance is due on demand. At September 30, 2004, the outstanding balance totaled \$166,810 with \$19,755 in accrued interest.

Leonard, et al. The Hospitality Inn leases land from a director of the Company, Sumiye Leonard, her spouse, a significant shareholder, Robert Leonard, and the Akira and Hisako Imamura Family Trust, which is managed by the sister of Sumiye

Leonard. The lease expires in 2053. The current monthly ground lease payment is \$11,000 and will increase annually based on the Consumer Price Index, with a floor of 2% and a ceiling of 3%. Pursuant to the terms of the ground lease, the Company may purchase the land. To date during 2004 the Company is in default on the land lease payments. Additionally, Robert Leonard was paid \$5,000 for services rendered in connection with the sale of 100,000 shares of Series B preferred stock.

C. Wayne Sutterfield (Sutterfield). At September 30, 2004, the Company owed Sutterfield, a director and significant shareholder, \$67,000 and \$71,630 secured by 2nd trust deed on the T-Rex Plaza Mall and a 3rd trust deed on 5030 Campus. The notes bear interest at 8% and are due in 2006. Sutterfield is a minority owner in DCB LLC. In addition to the interest payment on the 3rd trust deed, the Company, pursuant to the terms of the operating agreement, pays Sutterfield a preferred return on his investment. Total payments to Sutterfield to date in 2004 total \$18,205. There is also \$9,754 in accrued interest payable. The Company retains the right to acquire all his interests. Pursuant to the operating agreement, the Company is responsible for any cash flow deficiencies.

William S. Biddle (Biddle). Biddle (director, officer and shareholder) and Sumiye Onodero-Leonard (director and shareholder) loaned \$150,000 to the Company; under a note secured by a 2nd trust deed on Spencer Springs, interest at 12% due August 17, 2004, with a six-month renewal option. On August 17, 2004, the Company exercised its option to extend the loan for six months to February 17, 2005. Biddle and Leonard each received 25,000 shares of common stock when the loan was initially made and received an additional 25,000 shares of common stock for the extension. Biddle also receives a monthly fee of \$2,500 from



Nationwide Commercial Brokers, Inc. ("NCB") in exchange for providing his brokers' license to NCB.

Prime Time Auctions, Inc (Prime Time). Prime Time is a shareholder of the Company. To date there are two outstanding loans due Prime Time totaling \$85,750 including accrued interest, all of which bears interest at 15%, secured by the underlying property, and maturing through 2005.

#### NOTE 5 - NOTES PAYABLE - RELATED PARTIES

<TABLE>

<CAPTION>

<S>	<C>
o Unsecured note, bearing interest at 9%, interest only, due on demand	\$ 166,810
Mortgage note, bearing interest at 12%, interest only, maturing February 17, 2005, secured by 2nd trust deed on Spencer Springs	150,000
o Mortgage note, bearing interest at 8%, interest only, maturing February 17, 2006, secured by 2nd trust deed on T-Rex Plaza Mall	67,000
o Mortgage note, bearing interest at 8%, interest only, maturing December 31, 2006, secured by 3rd trust deed on 5030 Campus	71,630
o	
o Mortgage note, bearing interest at 15%, matured October 1, 2004, interest only, secured by 1st trust deed on Hospitality Inn, past due	60,000
o Mortgage note, bearing interest at 15%, maturing July 1, 2005, interest only, secured by 2nd trust deed on Katella Center	25,000
o Total notes payable - related parties	----- 540,440 -----

</TABLE>

#### NOTE 6 - MORTGAGES PAYABLE

<TABLE>

<CAPTION>

<S>	<C>
o Unsecured note, bearing interest at 9%, maturing June 20, 2005, interest only	\$ 19,980
o Mortgage note, bearing interest at 11.5%, maturing May 15, 2005, interest only, secured by 1st trust deed on Katella Center	370,000
o Mortgage note, bearing interest at the "1 year constant maturity treasury rate" plus 3.5%, adjusting annually, currently 5.875%, principal and interest monthly, maturing February 2, 2013, secured by 1st trust deed on 5030 Campus	707,785
o Mortgage note, bearing interest at 8%, maturing February 8, 2008, interest only, secured by 2nd trust deed on 5030 Campus	110,000
o Mortgage note, bearing interest at the "6 month London Interbank Offer Rate" 2,215,328 plus 3%, adjusting every 6 months, currently 4.5%, maturing September 30, 2013 principal and interest due monthly, secured by 1st trust deed on Spencer Springs	
o Mortgage note, bearing interest at 12%, maturing July 19, 2006, interest only, secured by 1st trust deed on T-Rex Plaza Mall	224,980
Total mortgages payable	----- \$ 3,648,073 -----

</TABLE>

#### NOTE 7 - STOCKHOLDERS' EQUITY

In February 2003, the Company created three series of preferred stock, all of which are convertible at the option of the holder: (1) Series A consisting of 7,500,000 shares with a par value of \$0.01, a liquidation preference of \$1.00 per share, convertible into an equal number of common shares 36 months after issuance, with the same voting rights as common stock; (2) Series B consisting of 20,000,000 shares with a par value of \$0.01, a liquidation preference of \$0.50 per share, and convertible into an equal number of common shares 24 months after issuance; and (3) Series C consisting of 22,500,000 shares with a par value of \$0.01, a liquidation preference of \$3.00 per share, and convertible into an equal number of common shares 24 months after issuance. In the event the price of common stock is less than the purchase price of the preferred stock on the conversion date, the holder is entitled to convert at a rate equal to the purchase price divided by the common stock price.

On August 19, 2004, the Company obtained a written consent from the holders of a

majority of its outstanding shares of Common Stock and Series B Preferred Stock to amend the Certificate of Designation. Such consent amends the terms of the Series B Preferred Stock to permit the Board of Directors to permit conversion of the Series B Preferred Stock into Common Stock prior to the expiration of the two-year prohibition on conversion. All 250,000 shares of Series C Preferred Stock also consented to the amendment. The amendment to the Certificate of Designation became effective October 28, 2004.

During the nine month period ended September 30, 2004, the Company had the following equity transaction:

The Company acquired a property through stock issuances, net of debt in the amount of \$33,930.

The Company issued stock to a director in exchange for a note payable valued at \$25,000

The Company issued 250,000 shares of Series C preferred stock valued at \$367,500 for acquisition of an equity interest in a property in Las Vegas, Nevada.

The Company issued 474,765 shares of common stock for consulting services, valued at \$697,905.

The Company issued 50,000 shares of common stock, divided equally amongst two shareholders in exchange for loan fees valued at \$53,000

The Company issued 500,000 shares of common stock in exchange for consulting services valued at \$560,000. At September 30, 2004, \$140,000 of these services had been rendered and is included in operating and administrative costs. The remaining \$420,000 is reflected as prepaid consulting fees, a component of stockholder' equity, a contra equity account.

#### NOTE 8 - COMMITMENT AND CONTINGENCIES

Deferred maintenance. The Company has determined that T-Rex Plaza Mall needs repairs to its roof, heating and air conditioning ventilation units, the facade and parking lot. The estimated costs for said repairs are between \$150,000 and \$250,000. Additionally, the Company estimates deferred interior improvements needed at the Hospitality Inn between \$100,000 and \$200,000.

Lease agreements. The Company is obligated under various ground leases (T-Rex Plaza Mall, Katella Center, Hospitality Inn, and 5030 Campus), three of which include CPI increases, and an office lease requiring monthly payments through 2053.

Future annual minimum lease payments under existing agreements are as follows:

2005	\$ 385,082
2006	391,197
2007	397,436
2008	403,798
2009	410,289
Remaining after 5 yrs	15,998,725
	-----
Total minimum lease payment	\$ 17,986,527
	-----

The lease expenses were \$289,416 and \$170,031 for the nine month periods ended September 30, 2004 and 2003, respectively.

Unpaid taxes. The Company has not paid approximately \$68,000 in 2003 property taxes on the Hospitality Inn. These taxes were due October 1, 2004. This amount is currently delinquent.. The Company assumed unpaid payroll taxes attributable to the Hospitality Inn in the amount of \$50,000. These payroll taxes were paid during the quarter ended September 30, 2004.

Officer employment agreements. During 2003, the Company executed employment agreements with its officers that extend through 2006. The employment agreements

provide for the issuance of common stock and options vesting over the term of the agreement and expire 10 years from the date of grant. The Board did not approve the Stock Incentive Plan until late in 2003; therefore, no options were granted or stock issued during 2003. The options, once granted, are convertible to common stock at \$0.15/share. Twenty-five percent of the options vest immediately and the remaining options vest ratably over the term of the agreements on each officer's anniversary date. Under the terms of the agreements, the Company is obligated to issue 1,100,000 shares of common stock and grant 2,500,000 options. At September 30, 2004, approximately \$432,117 in officers' salaries and \$12,347 in Directors' compensation were unpaid. No amount was expensed related to the options to be granted as the exercise price per

share exceeded the market price per share on the effective date of grant.

#### NOTE 9 -EQUITY INVESTMENT IN REAL ESTATE

The Company entered into a tenant-in-common agreement on May 14, 2004 with Denver Fund, LLC to purchase a shopping center in Las Vegas, Nevada. The Company owns a 51% interest in the property and accounts for this interest under the equity method. Both parties to the agreement are jointly and severally liable for the obligations of the property and share in management decisions. The agreement provides the minority tenant with a preferential return on profits while operating losses are allocated based upon the pro-rata ownership interest. The following information is a summary of the balance sheet as of September 30, 2004:

Current Assets	\$ 9,401
Property and equipment, net	5,899,145
Other Assets	3,008
	-----
Total Assets	\$ 5,911,554
	=====
Current Liabilities	\$ 13,402
Long-Term Debt	4,279,623
	-----
Total Liabilities	4,293,025
Equity	1,618,529
Total liabilities and equity	\$ 5,911,554
	=====

Total revenues and net loss for the period ended September 30, 2004, were \$212,935 and \$24,192, respectively. The Company's 51% loss, \$12,339, from property operations for the period ended September 30, 2004, is included in other income and losses in the accompanying consolidated statements of operations.

#### NOTE 10. IMPAIRMENT OF INVESTMENT IN REAL ESTATE

On August 1, 2003, the Company acquired the Hospitality Inn ("the Hotel"), a 149 room full service hotel complete with meeting and banquet rooms as well as a restaurant and bar on leased land. The hotel was purchased from Seacrest Hospitality I, a limited partnership ("Seacrest") for \$2,500,000. The Company also acquired Dickinson Management Inc., a wholly owned subsidiary of Seacrest which operated the inn, owns the liquor license and is the registered entity for various permits and licenses necessary to operate the Hotel. In acquiring

Dickinson Management Inc, the Company has assumed certain tax liabilities. The purchase price was paid in stock consisting of 1,466,250 restricted shares of common stock and 2,443,750 restricted shares of Series A Preferred Stock. Certain officers, directors and shareholders of the Company, Clifford Strand, Sumiye Leonard, Robert Leonard, and Wayne Sutterfield, are limited partners of Seacrest. The Company recorded its investment in the building and equipment of the Hotel at \$666,235. At September 30, 2004 the net book value of these assets was \$626,360. On June 30, 2004 the Company evaluated its investment in the Hotel and in accordance SFAS 144, based upon the fair market value of similar assets, recognized an impairment loss in the amount of \$27,039.

#### NOTE 11. SEGMENTS AND MAJOR CUSTOMERS

The Company has two reportable segments consisting of (1) rental income from real estate) and (2) the operation of full service hotel. The accounting policies of the segments are the same as those described in the summary of significant accounting policies. The Company evaluates performance based on sales, gross profit margins and operating profit before income taxes.

The following is information for the Company's reportable segments for the nine months ended September 30, 2004:

<TABLE>  
<CAPTION>

	Real estate Segment	Hotel Segment	Unallocated	Total
(in thousands)	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>
Revenue	\$ --	\$ --	\$ --	\$ --
Gross margin	707,286	1,249,863	12,679	1,969,828
	-0-	0	-0-	0
Depreciation and amortization	74,918	25,364	22,290	122,572
Interest expense	230,406	8,520	-0-	238,926

Other, net	(2,470,356)	(1,415,878)	--	(3,886,234)
Loss from continuing operations before tax	(2,068,394)	(199,899)	(9,611)	(2,277,904)
Identifiable assets	3,809,294	812,936	638,701	5,260,931
Capital expenditures	7,202	-0-	-0-	-0-

The following is information for the Company's reportable segments for the three months ended September 30, 2004:

<TABLE>  
<CAPTION>

(in thousands)		Real estate Segment	Hotel Segment	Unallocated	Total
<S>		<C>	<C>	<C>	<C>
Revenue		\$ --	\$ --	\$ --	\$ --
		234,709	466,262	6,112	707,083
Gross margin		-0-	0	-0-	0
Depreciation and amortization		26,758	8,274	2,815	37,847
Interest expense		74,798	3,620	-0-	78,418
Other, net		(601,714)	(652,674)		(1,254,388)
Loss from continuing operations before tax		(468,561)	(198,306)	3,297	(663,570)
Identifiable assets		3,809,294	812,936	638,701	5,260,931
Capital expenditures		7,202	-0-	-0-	-0-

The Company had one reportable segment for the three and six month periods ended September 30, 2003.

#### NOTE 12 - SUBSEQUENT EVENTS

Spencer Springs - On October 28, 2004, the Company completed the sale of the Spencer Springs Retail Center in Las Vegas, Nevada, to an unaffiliated third party. The sales price was \$3,875,000, consisting of assumption of an existing loan in the principal amount of \$2,215,329, a note from the buyer in the amount of \$950,000 and \$675,000 in cash. The buyer's promissory note is secured by a second trust deed on Spencer Springs and bears interest at an annual rate of 7%. The note is due and payable in full in three years.

William S. Biddle and Sumiye Onodero-Leonard - The \$150,000 note held by Biddle and Onodera-Leonard secured by a second trust deed on Spencer Springs Retail Center was repaid on October 28, 2004.

#### Item 2. Management's Discussion and Analysis

##### Acquisitions and Dispositions of Assets

###### Sale of Spencer Springs Retail Center.

On October 28, 2004, the Company completed the sale of the Spencer Springs Retail Center in Las Vegas, Nevada, to Roger Anderson, an unaffiliated person. The sales price was approximately \$3,875,000, consisting of the buyer's assumption of an existing loan in the principal amount of approximately \$2,250,000, a note from the buyer in the amount of \$950,000 and \$675,000 in cash. The buyer's promissory note is secured by a second trust deed on Spencer Springs and bears interest at an annual rate of 7%. The note is due and payable in full in three years.

###### Sale of Hospitality Inn.

As of November 12, 2004, the Company executed that certain Business and Real Estate Leasehold Interest Purchase Agreement with Grand Dakota Management, LLC ("Buyer") pursuant to which Buyer agreed to purchase the Hospitality Inn, Dickinson, North Dakota. The Company anticipates that the sale of The Hospitality Inn will be consummated on or before November 18, 2004. The aggregate purchase price is approximately \$800,000, consisting of \$300,000 in cash (subject to certain closing adjustments) plus the unimproved lot adjacent to the hotel having a value agreed between the parties equal to \$500,000. The effective date of the transfer of ownership and assumption of liabilities will be as of the close of business on October 31, 2004.

The Company will sell all assets relating to the operation of the hotel; however Dickinson Management Inc., a subsidiary of the Company, will lease the Dakota Rose Lounge and the alcoholic beverage business of the hotel from Buyer until Buyer receives a liquor license, expected to be within 60 days.

Concurrently with the purchase of the hotel, Buyer acquired all of the land underlying the hotel and the adjacent lot from the Leonards, who acquired

the land from Seacrest Partners, L.P., the former owner of the hotel. The Buyer then delivered the lot to the Company as consideration for the purchase of the hotel assets. Buyer acquired the lot from the Leonards for \$500,000. The Company has granted to Buyer a three-year option to repurchase the lot for \$500,000.

Buyer is not affiliated with the Company or any of its affiliates.

#### Results of Operations

The comparability of the financial information discussed below is limited by acquisitions and dispositions completed after the end of the fiscal quarter ended September 30, 2004.

#### Three Months Ended September 30, 2004 and 2003

##### Income.

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Income consists of rental income from commercial properties pursuant to tenant leases and income from the operation of a full service hotel. As a result of these operations, income increased to \$707,083 for the three months ended

September 30, 2004, an increase of \$147,203 or 26%. During the comparable period ending September 30, 2003, the Company reported income of \$559,880. The increase is primarily attributable to the acquisition of real estate assets.

##### Operating Properties.

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Expenses related to operating properties totaled \$834,480 including property taxes and depreciation of \$49,648 and \$37,847, respectively, for the three-month period ended September 30, 2004. For the same period ended September 30, 2003, expenses totaled \$552,130 including property taxes and depreciation of \$18,822 and \$29,026, respectively.

##### Operating and Administrative Expenses.

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Operating and administrative expenses consist primarily of payroll expenses, legal and accounting fees and costs associated with the acquisition and ownership of real properties. These expenses increased \$140,300 to \$424,316 for the three months ended September 30, 2004, compared to \$284,016 for the three months ended September 30, 2003. The Company recognized an impairment loss on the Hospitality Inn in the amount of \$27,039 (see Footnotes to the Financial Statements, Note 10 Impairment of Investment in Real Estate).

Management anticipates that operating and administrative expenses will continue to increase throughout the remainder of 2004 as the Company seeks to acquire additional real estate holdings and expand its operations.

##### Depreciation.

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Depreciation for the three months ended September 30, 2004 was \$37,847 compared to \$29,026 for the three months ended September 30, 2003. The depreciation was attributable primarily to Katella Center, Hospitality Inn, Spencer Springs, 5030 Campus Drive and the Company's telephone system.

##### Interest and Other Expense.

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Interest expense consists of mortgage interest paid on the Company's properties. Interest expense of \$78,418 for the three months ended September 30, 2004 was attributable to the Katella Center, T-Rex Plaza Mall, 5030 Campus Drive and Spencer Springs properties. Interest from the comparable period ending September 30, 2003, was \$54,545.

##### Net Loss.

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The net loss was \$663,570 or \$(0.07) per share -- basic and diluted -- for the three months ended September 30, 2004 compared to a net loss of \$(326,623) or \$(0.06) per share -- basic and diluted -- for the three months ended September 30, 2003.

#### Nine Months Ended September 30, 2004 and 2003

Comparability of the financial information discussed below is materially impacted by the Company's acquisition of properties beginning in the first quarter of 2004.

##### Income.

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Income consists of rental income from commercial properties pursuant to tenant leases and income from the operation of a full service hotel. As a result of these operations, income increased to \$1,969,828 for the nine months ended

September 30, 2004, an increase of \$1,160,570 or 143%. During the comparable period ending September 30, 2003, the Company reported income of \$809,258. The increase is primarily attributable to the acquisition of real estate assets consummated after the end of the quarter ended September 30, 2003.

#### Operating Properties.

Expenses related to operating properties totaled \$2,014,839 including property taxes and depreciation of \$103,221 and \$122,572, respectively, for the nine-month period ended September 30, 2004. For the same period ended September 30, 2003, expenses totaled \$944,886 including property taxes and depreciation of \$45,884 and \$61,596, respectively. The Company recognized an impairment loss on the Hospitality Inn in the amount of \$27,039 (see Footnotes to the Financial Statements, Note 10 Impairment of Investment in Real Estate).

#### Operating and Administrative Expenses.

Operating and administrative expenses consist primarily of payroll expenses, legal and accounting fees and costs associated with the acquisition and ownership of real properties. These expenses increased \$1,362,547 to \$1,939,537 for the nine months ended September 30, 2004, compared to \$576,990 for the nine months ended September 30, 2003. The increase is attributable to the operation of acquired real estate.

Management anticipates that operating and administrative expenses will continue to increase throughout the remainder of 2004 as the Company seeks to acquire additional real estate holdings and expand its operations.

#### Depreciation.

Depreciation for the nine months ended September 30, 2004 was \$122,572 compared to \$61,596 for the nine months ended September 30, 2003. The depreciation was attributable primarily to Katella Center, Hospitality Inn, Spencer Springs, 5030 Campus Drive and the Company's telephone system.

#### Interest and Other Expense.

Interest expense consists of mortgage interest paid on the Company's properties. Interest expense of \$238,926 for the nine months ended September 30, 2004 was attributable to the Katella Center, T-Rex Plaza Mall, 5030 Campus Drive, the Hospitality Inn and Spencer Springs properties. Interest from the comparable period ending September 30, 2003, was \$137,471.

#### Net Loss.

The net loss was \$2,277,904 or \$(0.26) per share -- basic and diluted -- for the nine months ended September 30, 2004 compared to a net loss of \$1,043,267 or \$(0.24) per share -- basic and diluted -- for the nine months ended September 30, 2003.

### Liquidity and Capital Resources

#### Capital Resources

As stated in financial statement Note 1 Going Concern, the Company does not have significant cash or other liquid assets, nor does it have an established source of revenues sufficient to cover its operating costs and to allow it to continue as a going concern. Moreover, the Company does not currently possess a financial institution source of financing. The Company anticipates that it will be dependent for a significant period of time on additional investment capital to fund operating expenses, to meet debt service obligations, and to fund additional property acquisitions before achieving profitability. Since its inception, the Company has covered its capital requirement shortfall through additional financing from its control shareholders and by borrowings from independent third parties secured by real estate. Because of the Company's current negative equity position, fund-raising from non-affiliated third parties may be difficult resulting in continued reliance upon funding from its control shareholders. These control shareholders, however, are under no obligations and have made no commitments to continue to fund the Company.

At September 30, 2004, the Company had \$69,729 of cash and cash equivalents as compared to \$135,476 of cash and cash equivalents at September 30, 2003, to meet its immediate short-term liquidity requirements. This decrease in cash and cash equivalents resulted primarily from the use of cash for operating activities.

Operating cash flows are expected to increase as additional properties and investments in unconsolidated real estate are added to the Company's portfolio. Cash and cash equivalents decreased since June 30, 2004 primarily as a result of the Company's administrative and operating expenses.

To date, the Company has paid no dividends and does not anticipate paying dividends into the foreseeable future.

#### Cash Flows from Operating Activities

Net cash used by operating activities was \$189,492 for the nine months ended September 30, 2004 compared to net cash used by operating activities of \$29,611 for the nine months ended September 30, 2003. This increase in cash provided by operating activities relative to the prior period was primarily due to the Company's acquired real estate holdings and expenses relating to audit, legal and expanded compliance with federal and state securities laws.

Although management expects the cash flows from The Cannery West shopping center to increase, total cash flows from operating activities are expected to decrease in the short term until suitable replacement properties are acquired to replace the sale of Spencer Springs and The Hospitality Inn. Management is currently considering potential opportunities to acquire real estate. The decision to acquire one or more properties or investments in unconsolidated real estate will generally depend upon (i) receipt of a satisfactory environmental survey and property appraisal, (ii) an absence of any material adverse change

relating to the property, its tenants, or local economic conditions, and (iii) adequate financing. There is no assurance that any of these conditions will be satisfied or, if satisfied, that the Company will purchase any additional properties or make any further investments in unconsolidated real estate.

#### Cash Flows From in Investing Activities

Net cash used by investing activities amounted to \$7,104 for the nine months ended September 30, 2004 compared to net cash provided by investing activities of \$58,941 for the nine months ended September 30, 2003.

At September 30, 2004, the Company does not have any material planned capital expenditures resulting from any known demand based on existing trends. However, management may conclude that expenditures to improve properties are necessary and/or desirable.

#### Cash Flows from Financing Activities

Cash provided by financing activities amounted to \$140,780 for the nine months ended September 30, 2004 compared to \$112,204 provided by financing activities for the nine months ended September 30, 2003. The primary reason for the decrease was less proceeds from notes and the sale of preferred stock.

The Company intends to acquire additional properties and make additional investments in unconsolidated real estate and may seek to fund these acquisitions through proceeds received from a combination of subsequent equity offerings, debt financings or asset dispositions.

### Item 3. Controls and Procedures

#### (a) Evaluation of Disclosure Controls and Procedures.

The Company's Chief Executive Officer and Chief Financial Officer have conducted an evaluation of the Company's disclosure controls and procedures as of a date (the "Evaluation Date") within 90 days before the filing of this quarterly report. Based on their evaluation, the Company's Chief Executive Officer and Chief Financial Officer have concluded that the Company's disclosure controls and procedures are effective to ensure that information required to be disclosed by the Company in reports that it files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the applicable Securities and Exchange Commission rules and forms.

### PART II OTHER INFORMATION

### Item 2. Changes in Securities and Small Business Issuer Purchases of Equity Securities

#### Changes in Securities

On September 7, 2004, the Company filed and mailed to all shareholders a definitive Information Statement regarding the amendment of the Certificate of Designation for the Series B Preferred Stock of the Company. The Information Statement disclosed that a majority of shareholders had approved by written consent an amendment to the terms of the Series B Preferred Stock to

permit conversion into common stock prior to the end of original the two-year period prohibiting conversion. This amendment was intended to allow shareholders



to immediately convert into common stock. The amendment was effective on October 28, 2004.

Approximately 22 holders of Series B Preferred Stock owning an aggregate of 5,899,479 shares have elected to convert into common stock.

#### Recent Sales of Unregistered Securities

##### Seaside Investments, plc.

On August 19, 2004, the Company also entered into a Stock Purchase Agreement with Seaside Investments, PLC, an Investment Company located in London, England. The stock Purchase Agreement provides that the Company will issue and sell up to 1,400,000 shares of restricted common stock in exchange for a number of Seaside Ordinary Shares. The number of Ordinary Shares to be received will be determined by the fair market value of the Company common stock divided by (pound)1. The fair market value of Company common stock will be the average trading price during the ten trading days preceding the Closing. The Closing is conditioned upon Seaside completing the listing of its Ordinary Shares of the London Stock Exchange. The listing was expected to occur on or before September 30, 2004 but has not been accomplished as of November 12, 2004. The Company agreed to extend the date for closing until October 31, 2004, but has not agreed to any further extensions. Currently, the Company may terminate this agreement and withdraw from the transaction without liability, but has not made any decision to do so.

After the Closing, it is anticipated that Seaside will own less than 10% of the outstanding shares of Company common stock and, therefore, will not be deemed to be an affiliate of the Company as such term is defined in the rules and regulations of the Securities and Exchange Commission.

Commencing in the month during which the Seaside Ordinary Shares are listed on the London Stock Exchange, the Company may sell up to 10% of the Ordinary Shares. Any shares eligible for sale but not sold, may be cumulated and sold in the following month.

Seaside may not sell the Company's common stock for a period of one year. The Company has agreed to register the shares of common stock for resell by Seaside within one year. If such registration is not timely made, the Company will incur liquidated damages of 3% of the total outstanding shares of Company common stock. Commencing one year after the closing, in any calendar month Seaside may sell shares of Company common stock equal to 15% of the prior month's trading volume; however, Seaside may also sell blocks of 50,000 shares that will not be included in such 15%.

Seaside will withhold and place into escrow with its counsel, 30% of the Seaside Ordinary Shares that the Company would otherwise receive (the "Downside Protection Shares"). If the shares of Company common stock sold to Seaside declines in value prior to the date that is one year after the Closing, then Seaside will retain one percent of the Downside Protection Shares for each one percent decline in the price of Company common stock. If no decline occurs, the Downside Protection Shares will be delivered to the Company.

The Company has engaged Hunter Wise Financial Group, Inc. as an advisor in this transaction and has agreed to pay a fee equal to five percent of the Ordinary Shares received (including the Downside Protection Shares) and five percent of the shares of Company common stock issued to Seaside. As a result, the Company has issued into escrow 70,000 shares of Common Stock which will be earned upon closing.

The Company and Seaside have not previously engaged in any material relationship and Seaside is not, as of the date of the Agreement, an affiliate.

##### Round II Inc.

On August 19, 2004, the Company entered into an Investor Relations Agreement with Round II Inc. and its principal, Andrew Austin, El Cajon, California, pursuant to which the Company will issue 500,000 shares of restricted common stock to Round II in exchange for providing various investor relations services. Round II will perform certain mailings to the Company's investor base, initiate and respond to telephone calls with such investor base, monitor internet threads regarding the Company, regularly update the Company's profile, supervise press releases and other public communications and other related matters. Additionally, the Company will pay Round II \$1,500 per month to cover expenses of such activities. The Company and Round II have not previously engaged in any material relationship and Round II is not an affiliate of the Company.

William S. Biddle and Sumiye Leonard.  
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The Company issued 25,000 shares of Common Stock to each of William S. Biddle and Sumiye Leonard as consideration for the extension of the maturity date on the loan in the principal amount of \$150,000 bearing interest at the annual rate of 12%. The loan would otherwise become due and payable in August 2004. Mr. Biddle is a director of the Company and Sumiye Leonard is a former director and together with her husband, Robert Leonard, owns more than 10% of the outstanding shares of common stock of the company.

All of the shares identified above were issued without registration under the Securities Act of 1933 in reliance on an exemption from registration provided under Section 4(2) of the Securities Act, and from similar applicable state securities laws, rules and regulations exempting the offer and sale of these securities by available state exemptions. No general solicitation was made in connection with the offer or sale of these securities.

Item 4. Submission of Matters to a Vote of Security Holders

See the discussion of the Information Statement appearing under Part II, Item II above.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

Exhibit 10.1	Stock Purchase Agreement with Seaside Investments plc
Exhibit 10.2	Escrow Agreement with Seaside Investments plc and escrow agent
Exhibit 10.3	Registration Rights Agreement with Seaside Investments, plc
Exhibit 10.4	Investor Relations Agreement with Round II Inc.
Exhibit 10.5	Spencer Springs Purchase Agreement and Commercial Escrow Instructions
Exhibit 10.6	Business and Real Estate Leasehold Interest Purchase Agreement with Grand Dakota Management, LLC
Exhibit 31.1	Certification of Principal Executive Officer
Exhibit 31.2	Certification of Principal Financial Officer
Exhibit 32.1	Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

(b) Reports on Form 8-K

Current Report on Form 8-K filed with the Commission on August 25, 2004 included information regarding execution of a material contract and issuance of unregistered securities.

Current Report on Form 8-K filed with the Commission on September 3, 2004 included information regarding Item 5.02 Appointment of Principal Officers.

SIGNATURES

In accordance with the Securities Exchange Act of 1934, the registrant caused this report to be signed on its behalf, thereunto duly authorized.

SECURED DIVERSIFIED INVESTMENT, LTD.

Date: November 12, 2004	By: /S/ Luis Leon ----- Luis Leon, Principal Executive Officer
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Date: November 12, 2004	By: /S/ Munjit Johal ----- Munjit Johal, Principal Financial Officer
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STOCK PURCHASE AGREEMENT

BETWEEN

SECURED DIVERSIFIED INVESTMENT, LTD.

AND

SEASIDE INVESTMENTS PLC

AUGUST 19, 2004

Marked to show changes from 7/14/04 draft

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Schedule 3.1(g)	Litigation
Schedule 3.1(h)	Defaults and Violations

LIST OF EXHIBITS:

Exhibit A	Escrow Agreement
Exhibit B	Officer's Certificate
Exhibit C	Registration Rights Agreement

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THIS STOCK PURCHASE AGREEMENT (this "Agreement") is made and entered into as of August 19, 2004, between Secured Diversified Investment, Ltd., a corporation organized and existing under the laws of the State of Nevada (the "Target Company"), and Seaside Investments PLC, a corporation organized under the laws of England and Wales with its offices at 30 Farringdon Street, London EC4A 4HJ ( "Seaside").

WHEREAS, subject to the terms and conditions set forth in this Agreement, the Target Company desires to issue and sell to Seaside and Seaside desires to acquire from the Target Company 1,400,000 shares of the Target Company's common stock, par value \$0.001 (the "Common Stock") for the Total Purchase Price set forth in Section 2.1(b) below. The consideration to be paid by Seaside for the Common Stock shall be subject to certain downside price protection (the "Downside Price Protection") provided in Section 2 of the Escrow Agreement.

IN CONSIDERATION of the mutual covenants contained in this Agreement, the Target Company and Seaside agree as follows:

ARTICLE I  
CERTAIN DEFINITIONS

1.1 Certain Definitions. As used in this Agreement, and unless the context requires a different meaning, the following terms have the meanings indicated:

"Affiliate" means, with respect to any Person, any Person that, directly or indirectly, controls, is controlled by or is under common control with such Person. For the purposes of this definition, "control" (including, with correlative meanings, the terms "controlled by" and "under common control with") shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities or by contract or otherwise.

"Agreement" shall have the meaning set forth in the introductory paragraph of this Agreement.

"Business Day" means any day except Saturday, Sunday, any day which shall be a legal holiday or a day on which banking institutions in the State of

New York are authorized or required by law or other government actions to close.

"Closing" shall have the meaning set forth in Section 2.2(a) hereof.

"Closing Bid Price" shall mean the closing bid price for a share of Common Stock on such date on the OTCBB (or such other exchange, market, or other system that the Common Stock is then traded on), as reported on Bloomberg, L.P. (or similar organization or agency succeeding to its functions of reporting prices).

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"Closing Date" shall have the meaning set forth in Section 2.2(a) hereof.

"Closing Price" shall be the Closing Bid Price of the Common Stock on the day of Closing.

"Common Stock" shall have the meaning in the recital.

"Consideration Stock" shall have the meaning set forth in Section 2.1(a) hereof.

"Control Person" shall have the meaning set forth in Section 4.8(a) hereof.

"Disclosure Documents" means the Target Company's reports filed under the Exchange Act with the SEC.

"Downside Price Protection" shall have the meaning in the recital.

"Escrow Agent" means Gottbetter & Partners, LLP, 488 Madison Avenue, 12 Floor, New York, NY 10022; Tel: 212-400-6900; Fax: 212-400-6901.

"Escrow Agreement" means the escrow agreement, dated the date hereof, by and among the Target Company, Seaside and the Escrow Agent annexed hereto as EXHIBIT A.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"G&P" means Gottbetter & Partners, LLP.

"HW" means Hunter Wise Financial Group, LLC, and/or Hunter Wise Securities, LLC, a NASD registered Broker/Dealer, 2171 Campus Drive, Suite 200, Irvine, CA 92612; Tel: 949-852-1700; Fax: 949-852-1722, a non-exclusive corporate finance advisor to the Target Company.

"Indemnified Party" shall have the meaning set forth in Section 4.8(b) hereof.

"Indemnifying Party" shall have the meaning set forth in Section 4.8(b) hereof.

"Losses" shall have the meaning set forth in Section 4.8(a) hereof.

"Material Adverse Effect" shall have the meaning set forth in Section 3.1(a) hereof.

"Material" shall mean having a financial consequence in excess of \$25,000.

"NASD" means the National Association of Securities Dealers, Inc.

"Nasdaq" shall mean the Nasdaq Stock Market, Inc.(R)

"OTCBB" shall mean the NASD over-the counter Bulletin Board(R).

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"p" shall mean pence or 1/100th of a British Pound Sterling.

"Person" means an individual or a corporation, partnership, trust, incorporated or unincorporated association, joint venture, limited liability company, joint stock company, government (or an agency or political subdivision thereof) or other entity of any kind.

"Private Placement Memorandum" shall have the meaning set forth in Section 3.1(l) hereof.

"Proceeding" means an action, claim, suit, investigation or proceeding (including, without limitation, an investigation or partial proceeding, such as a deposition), whether commenced or threatened.

"Registration Rights Agreement" means the Registration Rights Agreement in the form of EXHIBIT C annexed hereto.

"Seaside" shall have the meaning in the introductory paragraph.

"Seaside Consideration Shares" shall have the meaning in Section 2.1(c) hereof.

"Seaside Escrow Shares" means the Seaside Consideration Shares deposited into escrow by the Target Company under the terms of the Escrow Agreement in EXHIBIT A.

"Seaside Protection Shares" means the Seaside Escrow Shares that the Target Company is required to sell to Seaside under the terms of the Escrow Agreement in EXHIBIT A.

"Seaside Shares" shall mean ordinary shares of 1.0p each in Seaside.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the Securities Act of 1933, as amended.

"Short Sales" shall have the meaning set forth in Section 4.12 hereof.

"Subsidiaries" shall have the meaning set forth in Section 3.1(a) hereof.

"Target Company" shall have the meaning set forth in the introductory paragraph.

"Total Purchase Price" shall have the meaning set forth in Section 2.1(b) hereof.

"Trading Day" means (a) a day on which the Common Stock is quoted on Nasdaq, the OTCBB or the principal stock exchange on which the Common Stock has been listed, or (b) if the Common Stock is not quoted on Nasdaq, the OTCBB or any stock exchange, a day on which the Common Stock is quoted in the over-the-counter market, as reported by the Pinksheets LLC (or any similar organization or agency succeeding its functions of reporting prices).

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"Transaction Documents" means this Agreement and all exhibits and schedules hereto and all other documents, instruments and writings required pursuant to this Agreement.

"U.S." means the United States.

## ARTICLE II

### PURCHASE AND SALE OF SHARES

#### 2.1 Purchase and Sale; Purchase Price.

(a) Subject to the terms and conditions set forth herein, the Target Company shall issue and sell and Seaside shall purchase One Million Four Hundred Thousand (1,400,000) shares of the Target Company's Common Stock (the "Consideration Stock").

(b) The total purchase price (the "Total Purchase Price")

shall be the number of shares of Consideration Stock multiplied by One Dollar Twenty-Five Cents (\$1.25) which is approximately equal to the average of the Closing Bid Price per share of Common Stock during the ten (10) Trading Days immediately preceding July 30, 2004.

(c) The Total Purchase Price shall be paid by delivery to the Target Company of the number of Seaside Shares (the "Seaside Consideration Shares") equal to the Total Purchase Price divided by the conversion rate of the British Pound Sterling to purchase US Dollars as determined below on the July 30, 2004. The Seaside Shares shall have a value of (pound)1 per share. The number of Seaside Shares to be issued will be based on the conversion rate of the British Pound Sterling to the US Dollar in effect as of the close of business on the day preceding the Closing Date, as quoted by Coutts & Co. as the commercial rate it gives to purchase US Dollars. For example, if the effective conversion rate is \$1.80/(pound) 1 and the Total Purchase Price is \$8,000,000, then the number of Seaside Shares the Target Company will receive shall equal the \$8,000,000/\$1.80, or 4,444,444 Seaside Shares. The Seaside Consideration Shares shall be subject to the "Downside Price Protection" provided in Section 2 of the Escrow Agreement.

## 2.2 Execution and Delivery of Documents; The Closing.

(a) The Closing of the purchase and sale of the shares of Consideration Stock (the "Closing") shall take place within sixty (60) days from the date hereof (the "Closing Date"). On the Closing Date,

(i) the Target Company shall execute and deliver to the Escrow Agent a certificate in the name of Seaside representing the shares of Consideration Stock;

(ii) the Target Company shall execute and deliver to Seaside a certificate of its President, in the form of EXHIBIT B annexed hereto, certifying that attached thereto is a copy of resolutions duly adopted by the Board of Directors of the Target Company authorizing the Target Company to

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execute and deliver the Transaction Documents and to enter into the transactions contemplated thereby, provided that the Target Company may execute such certificate upon the execution of this Agreement, in which case it will be held in escrow by the Escrow Agent and delivered at Closing;

(iii) Seaside shall execute and deliver to the Escrow Agent a certificate in the name of the Target Company or a provisional letter of allotment for a trading account in the name of the Escrow Agent representing the Seaside Escrow Shares and a certificate in the name of the Target Company or a provisional letter of allotment for a trading account in the name of Escrow Agent (to be held for the benefit of the Target Company) representing the balance of the Seaside Consideration Shares;

(iv) the Target Company and Seaside shall execute and deliver to each other an executed Registration Rights Agreement in the form annexed hereto as EXHIBIT C, provided that the Target Company and Seaside may execute the Registration Rights Agreement upon the execution of this Agreement, in which case it will be held in escrow by the Escrow Agent and delivered at Closing;

(v) the Target Company, Seaside and the Escrow Agent shall execute and deliver to each other an executed Escrow Agreement in the form annexed hereto as EXHIBIT A, provided that the Target Company, Seaside and Escrow Agent may execute the Escrow Agreement upon the execution of this Agreement, in which case it will be held in escrow by the Escrow Agent and delivered at Closing;

the Target Company shall execute and deliver to HW or its assigns certificates or access to a trading account in the name of HW representing the Consideration Stock and the Seaside Shares owed to HW pursuant to a separate advisory agreement between HW and the Target Company;

(vi) Seaside shall execute and deliver to the Escrow



Agent a stock power endorsed in blank relating to the Consideration Stock; and

(vii) the Target Company shall wire the monies owed to G&P pursuant to Section 5.1 hereof for legal fees with the following wire instructions:

Citibank, N.A.  
488 Madison Avenue  
New York, NY  
ABA Routing No.: 021000089  
Account Name: Gottbetter & Partners, LLP  
Account No. 49061322  
Reference: Secured Diversified Investment, Ltd.

(b) Prior to and as a condition of the Closing, Seaside shall have listed with the London Stock Exchange the Seaside Considerations Shares. In the event such list shall not have occurred on or before September 30, 2004, Target Company may, in its sole discretion, terminate and rescind this Agreement and the stock purchase by written notice delivered to Seaside. Such termination

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shall be without any further obligation under this Agreement or any related document or agreement and without any liability to Seaside.

#### ARTICLE III

##### REPRESENTATIONS AND WARRANTIES

3.1 Representations, Warranties and Agreements of the Target Company. The Target Company hereby makes the following representations and warranties to Seaside, all of which shall survive the Closing:

(a) Organization and Qualification. The Target Company is a corporation, duly incorporated, validly existing and in good standing under the laws of the jurisdiction of its formation, with the requisite corporate power and authority to own and use its properties and assets and to carry on its business as currently conducted. The Target Company has no subsidiaries other than as set forth on SCHEDULE 3.1(A) attached hereto (collectively, the "Subsidiaries"). Each of the Subsidiaries is a corporation or limited liability company, duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, with the full corporate power and authority to own and use its properties and assets and to carry on its business as currently conducted. Each of the Target Company and the Subsidiaries is duly qualified to do business and is in good standing as a foreign corporation in each jurisdiction in which the nature of the business conducted or property owned by it makes such qualification necessary, except where the failure to be so qualified or in good standing, as the case may be, would not, individually or in the aggregate, have a material adverse effect on the results of operations, assets, prospects, or financial condition of the Target Company and the Subsidiaries, taken as a whole (a "Material Adverse Effect").

(b) Authorization, Enforcement. The Target Company has the requisite corporate power and authority to enter into and to consummate the transactions contemplated hereby and by each other Transaction Document and to otherwise carry out its obligations hereunder and thereunder. The execution and delivery of this Agreement and each of the other Transaction Documents by the Target Company and the consummation by it of the transactions contemplated hereby and thereby has been duly authorized by all necessary action on the part of the Target Company. Each of this Agreement and each of the other Transaction Documents has been or will be duly executed by the Target Company and when delivered in accordance with the terms hereof or thereof will constitute the valid and binding obligation of the Target Company enforceable against the Target Company in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, liquidation or similar laws relating to, or affecting generally the enforcement of, creditors' rights and remedies or by other equitable principles of general application.

(c) Capitalization. The authorized, issued and outstanding capital stock of the Company is set forth on SCHEDULE 3.1(C). No shares of Common Stock are entitled to preemptive or similar rights, nor is any holder of

the Common Stock entitled to preemptive or similar rights arising out of any agreement or understanding with the Target Company by virtue of this Agreement. Except as disclosed in SCHEDULE 3.1(C), there are no outstanding options, warrants, script, rights to subscribe to, registration rights, calls or commitments of any character whatsoever relating to securities, rights or obligations convertible into or exchangeable for, or giving any person any right to subscribe for or acquire, any shares of Common Stock, or contracts, commitments, understandings, or arrangements by which the Target Company or any Subsidiary is or may become bound to issue additional shares of Common Stock, or securities or rights convertible or exchangeable into shares of Common Stock. Neither the Target Company nor any Subsidiary is in violation of any of the provisions of its Articles of Incorporation or Organization, bylaws or other charter documents.

(d) Issuance of Securities. The shares of Consideration Stock have been duly and validly authorized for issuance, offer and sale pursuant to this Agreement and, when issued and delivered as provided hereunder against payment in accordance with the terms hereof, shall be valid and binding obligations of the Target Company enforceable in accordance with their respective terms.

(e) No Conflicts. The execution, delivery and performance of this Agreement and the other Transaction Documents by the Target Company and the consummation by the Target Company of the transactions contemplated hereby and thereby do not and will not (i) conflict with or violate any provision of its Articles of Incorporation or bylaws (each as amended through the date hereof) or (ii) be subject to obtaining any consents except those referred to in Section 3.1(f), conflict with, or constitute a default (or an event which with notice or lapse of time or both would become a default) under, or give to others any rights of termination, amendment, acceleration or cancellation of, any agreement, indenture or instrument to which the Target Company is a party, or (iii) result in a violation of any law, rule, regulation, order, judgment, injunction, decree or other restriction of any court or governmental authority to which the Target Company or its Subsidiaries is subject (including, but not limited to, those of other countries and the federal and state securities laws and regulations), or by which any property or asset of the Target Company or its Subsidiaries is bound or affected, except in the case of clause (ii), such conflicts, defaults, terminations, amendments, accelerations, cancellations and violations as would not, individually or in the aggregate, have a Material Adverse Effect. The business of the Target Company and its Subsidiaries is not being conducted in violation of any law, ordinance or regulation of any governmental authority.

(f) Consents and Approvals. Except as specifically set forth in SCHEDULE 3.1(F), neither the Target Company nor any Subsidiary is required to obtain any consent, waiver, authorization or order of, or make any filing or registration with, any court or other federal, state, local or other governmental authority or other Person in connection with the execution, delivery and performance by the Target Company of this Agreement and each of the other Transaction Documents.

(g) Litigation; Proceedings. Except as specifically disclosed in SCHEDULE 3.1(G), there is no Proceeding threatened against or affecting the Target Company or any of its Subsidiaries or any of their respective properties

before or by any court, governmental or administrative agency or regulatory authority (federal, state, county, local or foreign) which (i) relates to or challenges the legality, validity or enforceability of any of the Transaction Documents or the shares of Consideration Stock, (ii) could, individually or in the aggregate, have a Material Adverse Effect or (iii) could, individually or in the aggregate, materially impair the ability of the Target Company to perform fully on a timely basis its obligations under the Transaction Documents.

(h) No Default or Violation. Except as set forth in SCHEDULE 3.1(H) hereto, neither the Target Company nor any Subsidiary (i) is in default under or in violation of any indenture, loan or credit agreement or any other

agreement or instrument to which it is a party or by which it or any of its properties is bound, except such conflicts or defaults as do not have a Material Adverse Effect, (ii) is in violation of any order of any court, arbitrator or governmental body, except for such violations as do not have a Material Adverse Effect, or (iii) is in violation of any statute, rule or regulation of any governmental authority which could (individually or in the aggregate) (a) adversely affect the legality, validity or enforceability of this Agreement, (b) have a Material Adverse Effect or (c) adversely impair the Target Company's ability or obligation to perform fully on a timely basis its obligations under this Agreement.

(i) Disclosure Documents. The Disclosure Documents are accurate in all material respects and do not contain any untrue statement of material fact or omit to state any material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading.

(j) Non-Registered Offering. Neither the Target Company nor any Person acting on its behalf has taken or will take any action (including, without limitation, any offering of any securities of the Target Company under circumstances which would require the integration of such offering with the offering of the Consideration Stock under the Securities Act) which might subject the offering, issuance or sale of the Consideration Stock to the registration requirements of Section 5 of the Securities Act.

(k) Placing Agent. The Target Company accepts and agrees that Dungarvon Associates, Inc. ("Dungarvon") is acting for Seaside and does not regard any person other than Seaside as its customer in relation to this Agreement, and that it has not made any recommendation to the Target Company, in relation to this Agreement and is not advising the Target Company, with regard to the suitability or merits of the Seaside Shares and in particular Dungarvon has no duties or responsibilities to the Target Company for the best execution of the transaction contemplated by this Agreement.

(l) Private Placement Representations. The Target Company (i) has received and carefully reviewed such information and documentation relating to Seaside that the Target Company has requested, including, without limitation, Seaside's Confidential Private Offering Memorandum, dated June 14, 2004 (the "Private Placement Memorandum"); (ii) has had a reasonable opportunity to ask questions of and receive answers from Seaside concerning the Seaside Shares, and all such questions, if any, have been answered to the full satisfaction of the Target Company; (iii) has such knowledge and expertise in financial and business matters that it is capable of evaluating the merits and risks involved in an investment in the Seaside Shares; (iii) understands that Seaside has determined

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that the exemption from the registration provisions of the Securities Act, provided by Section 4(2) of the Securities Act is applicable to the offer and sale of the Seaside Shares, based, in part, upon the representations, warranties and agreements made by the Target Company herein; and (iv) except as provided herein and in the Private Placement Memorandum, no representations or warranties have been made to the Target Company by Seaside or any agent, employee or affiliate of Seaside and in entering into this transaction the Target Company is not relying upon any information, other than the results of independent investigation by the Target Company.

Seaside acknowledges and agrees that the Target Company makes no representation or warranty with respect to the transactions contemplated hereby other than those specifically set forth in Section 3.1 hereof.

3.2 Representations and Warranties of Seaside. Seaside hereby makes the following representations and warranties to the Target Company, all of which shall survive the Closing:

(a) Organization; Authority. Seaside is a corporation, duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation with the requisite power and authority to enter into and to consummate the transactions contemplated hereby and by the other Transaction Documents and otherwise to carry out its obligations hereunder and thereunder. The acquisition of the shares of Consideration Stock to be purchased by Seaside hereunder has been duly authorized by all necessary action on the

part of Seaside. This Agreement has been duly executed and delivered by Seaside and constitutes the valid and legally binding obligation of Seaside, enforceable against it in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws relating to, or affecting generally the enforcement of, creditors rights and remedies or by other general principles of equity.

(b) Investment Intent. Seaside is acquiring the shares of Consideration Stock to be purchased by it hereunder, for its own account for investment purposes only and not with a view to or for distributing or reselling such shares of Consideration Stock, or any part thereof or interest therein, without prejudice, however, to Seaside's right, subject to the provisions of this Agreement, at all times to sell or otherwise dispose of all or any part of such shares of Consideration Stock in compliance with applicable federal and state securities laws.

(c) Experience of Seaside. Seaside, either alone or together with its representatives, has such knowledge, sophistication and experience in business and financial matters so as to be capable of evaluating the merits and risks of an investment in the shares of Consideration Stock to be acquired by it hereunder, and has so evaluated the merits and risks of such investment.

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(d) Ability of Seaside to Bear Risk of Investment. Seaside is able to bear the economic risk of an investment in the Consideration Stock to be acquired by it hereunder and, at the present time, is able to afford a complete loss of such investment.

(e) Access to Information. Seaside acknowledges that it has been afforded (i) the opportunity to ask such questions as it has deemed necessary of, and to receive answers from, representatives of the Target Company concerning the terms and conditions of the Consideration Stock offered hereunder and the merits and risks of investing in such securities; (ii) access to information about the Target Company and the Target Company's financial condition, results of operations, business, properties, management and prospects sufficient to enable it to evaluate its investment in the Consideration Stock; and (iii) the opportunity to obtain such additional information which the Target Company possesses or can acquire without unreasonable effort or expense that is necessary to make an informed investment decision with respect to the investment and to verify the accuracy and completeness of the information that it has received about the Target Company.

(f) Reliance. Seaside understands and acknowledges that (i) the shares of Consideration Stock being offered and sold to it hereunder are being offered and sold without registration under the Securities Act in a private placement that is exempt from the registration provisions of the Securities Act under Section 4(2) of the Securities Act and (ii) the availability of such exemption depends in part on, and that the Target Company will rely upon the accuracy and truthfulness of, the foregoing representations and Seaside hereby consents to such reliance.

(g) Regulation S. Seaside understands and acknowledges that (A) the shares of Consideration Stock have not been registered under the Securities Act, are being sold in reliance upon an exemption from registration afforded by Regulation S; and that such shares of Consideration Stock have not been registered with any state securities commission or authority; (B) pursuant to the requirements of Regulation S, the shares of Consideration Stock may not be transferred, sold or otherwise exchanged unless in compliance with the provisions of Regulation S and/or pursuant to registration under the Securities Act, or pursuant to an available exemption hereunder; and (C) the Target Company is under no obligation to register the shares of Consideration Stock under the Securities Act or any state securities law, or to take any action to make any exemption from any such registration provisions available.

Seaside is not a U.S. Person and is not acquiring the shares of Consideration Stock for the account of any U.S. Person; (B) no director or executive officer of Seaside is a national or citizen of the United States; and (C) it is not otherwise deemed to be a "U.S. Person" within the meaning of Regulation S.

Seaside was not formed specifically for the purpose of acquiring the

shares of Consideration Stock purchased pursuant to this Agreement.

Seaside is purchasing the shares of Consideration Stock for its own account and risk and not for the account or benefit of a U.S. Person as defined in Regulation S and no other person has any interest in or participation in the

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shares of Consideration Stock or any right, option, security interest, pledge or other interest in or to the shares of Consideration Stock. Seaside understands, acknowledges and agrees that it must bear the economic risk of its investment in the shares of Consideration Stock for an indefinite period of time and that prior to any such offer or sale, the Target Company may require, as a condition to effecting a transfer of the shares of Consideration Stock, an opinion of counsel, acceptable to the Target Company, as to the registration or exemption therefrom under the Securities Act and any state securities acts, if applicable.

Seaside will, after the expiration of the Restricted Period, as set forth under Regulation S Rule 903(b)(3)(iii)(A), offer, sell, pledge or otherwise transfer the shares of Consideration Stock only in accordance with Regulation S, or pursuant to an available exemption under the Securities Act and, in any case, in accordance with applicable state securities laws. The transactions contemplated by this Agreement have neither been pre-arranged with a purchaser who is in the U.S. or who is a U.S. Person, nor are they part of a plan or scheme to evade the registration provisions of the United States federal securities laws.

The offer leading to the sale evidenced hereby was made in an "offshore transaction." For purposes of Regulation S, Seaside understands that an "offshore transaction" as defined under Regulation S is any offer or sale not made to a person in the United States and either (A) at the time the buy order is originated, the purchaser is outside the United States, or the seller or any person acting on his behalf reasonably believes that the purchaser is outside the United States; or (B) for purposes of (1) Rule 903 of Regulation S, the transaction is executed in, or on or through a physical trading floor of an established foreign exchange that is located outside the United States or (2) Rule 904 of Regulation S, the transaction is executed in, on or through the facilities of a designated offshore securities market, and neither the seller nor any person acting on its behalf knows that the transaction has been prearranged with a buyer in the U.S.

Neither Seaside nor any Affiliate or any Person acting on Seaside's behalf, has made or is aware of any "directed selling efforts" in the United States, which is defined in Regulation S to be any activity undertaken for the purpose of, or that could reasonably be expected to have the effect of, conditioning the market in the United States for any of the shares of Consideration Stock being purchased hereby.

Seaside understands that the Target Company is the seller of the shares of Consideration Stock which are the subject of this Agreement, and that, for purpose of Regulation S, a "distributor" is any underwriter, dealer or other person who participates, pursuant to a contractual arrangement, in the distribution of securities offered or sold in reliance on Regulation S and that an "affiliate" is any partner, officer, director or any person directly or indirectly controlling, controlled by or under common control with any person in question. Seaside agrees that Seaside will not, during the Restricted Period set forth under Rule 903(b)(iii)(A), act as a distributor, either directly or through any affiliate, nor shall it sell, transfer, hypothecate or otherwise convey the shares of Consideration Stock other than to a non-U.S. Person.

Seaside acknowledges that the shares of Consideration Stock will bear a legend in substantially the following form:

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THE SHARES REPRESENTED BY THIS CERTIFICATE HAVE BEEN OFFERED AND SOLD IN AN "OFFSHORE TRANSACTION" IN RELIANCE UPON REGULATION S AS PROMULGATED BY THE SECURITIES AND EXCHANGE COMMISSION. ACCORDINGLY, THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 (THE "SECURITIES ACT") AND MAY NOT BE TRANSFERRED OTHER THAN IN ACCORDANCE WITH REGULATION S, PURSUANT TO REGISTRATION UNDER THE SECURITIES ACT, OR PURSUANT TO

AN AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT, THE AVAILABILITY OF WHICH IS TO BE ESTABLISHED TO THE SATISFACTION OF THE COMPANY. THE SECURITIES REPRESENTED BY THIS CERTIFICATE CANNOT BE THE SUBJECT OF HEDGING TRANSACTIONS UNLESS SUCH TRANSACTIONS ARE CONDUCTED IN COMPLIANCE WITH THE SECURITIES ACT.

THE SALE OF THE SHARES REPRESENTED BY THIS CERTIFICATE IS RESTRICTED PURSUANT TO THE TERMS OF A STOCK PURCHASE AGREEMENT, DATED AUGUST 19, 2004, BETWEEN THE COMPANY AND SEASIDE INVESTMENTS PLC, A COPY OF WHICH IS AVAILABLE UPON REQUEST.

The Target Company acknowledges and agrees that Seaside makes no representations or warranties with respect to the transactions contemplated hereby other than those specifically set forth in this Section 3.2.

#### ARTICLE IV

##### OTHER AGREEMENTS OF THE PARTIES

4.1 Manner of Offering. The Consideration Stock being issued pursuant to section 4(2) of the Securities Act and Regulation S thereunder. The Seaside Consideration Shares are being issued pursuant to section 4(2) of the Securities Act.

4.2 Notice of Certain Events. The Target Company shall, on a continuing basis, (i) advise Seaside promptly after obtaining knowledge of, and, if requested by Seaside, confirm such advice in writing, of (A) the issuance by any state securities commission of any stop order suspending the qualification or exemption from qualification of the shares of Consideration Stock, for offering or sale in any jurisdiction, or the initiation of any proceeding for such purpose by any state securities commission or other regulatory authority, or (B) any event that makes any statement of a material fact made by the Target Company in Section 3.1 or in the Disclosure Documents untrue or that requires the making of any additions to or changes in Section 3.1 or in the Disclosure Documents in order to make the statements therein, in the light of the circumstances under which they are made, not misleading, (ii) use its best efforts to prevent the issuance of any stop order or order suspending the qualification or exemption from qualification of the Consideration Stock under any state securities or Blue Sky laws, and (iii) if at any time any state securities commission or other regulatory authority shall issue an order suspending the qualification or

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exemption from qualification of the Consideration Stock under any such laws, and use its best efforts to obtain the withdrawal or lifting of such order at the earliest possible time.

4.3 Blue Sky Laws. The Target Company agrees that it will execute all necessary documents and pay all necessary state filing or notice fees to enable the Target Company to sell the shares of Consideration Stock to Seaside.

4.4 Integration. The Target Company shall not and shall use its best efforts to ensure that no Affiliate shall sell, offer for sale or solicit offers to buy or otherwise negotiate in respect of any security (as defined in Section 2 of the Securities Act) that would be integrated with the offer or sale of the shares of Consideration Stock in a manner that would require the registration under the Securities Act of the sale of the shares of Consideration Stock to Seaside.

4.5 Furnishing of Rule 144(c) Materials. The Target Company shall, for so long as any of the Consideration Stock remain outstanding and during any period in which the Target Company is not subject to Section 13 or 15(d) of the Exchange Act, make available to any registered holder of the Consideration Stock in connection with any sale thereof and any prospective purchaser of such Consideration Stock from such Person, such information in accordance with Rule 144(c) promulgated under the Securities Act as is required to sell the Consideration Stock under Rule 144 promulgated under the Securities Act.

4.6 Solicitation Materials. The Target Company shall not (i) distribute any offering materials in connection with the offering and sale of the shares of Consideration Stock other than the Disclosure Documents and any amendments and supplements thereto prepared in compliance herewith or (ii) solicit any offer to

buy or sell the shares of Consideration Stock by means of any form of general solicitation or advertising.

Listing of Common Stock. If the Common Stock is or shall become listed on the OTCBB or on another exchange, the Target Company shall (a) use its best efforts to maintain the listing of its Common Stock on the OTCBB or such other exchange on which the Common Stock is then listed until four (4) years from the date hereof, and (b) shall provide to Seaside evidence of such listing. Notwithstanding the foregoing, the Target Company may voluntarily cease to be listed on the OTCBB at such time as the Target Company becomes listed on another exchange.

#### 4.7 Indemnification.

##### (a) Indemnification

(i) The Target Company shall, notwithstanding termination of this Agreement and for a period of six (6) years, indemnify and hold harmless Seaside and its officers, directors, agents, employees and Affiliates, each Person who controls or Seaside (within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act) (each such Person, a "Control Person") and the officers, directors, agents, employees and Affiliates of each such Control Person, to the fullest extent permitted by applicable law, from and against any and all losses, claims, damages, liabilities, costs (including, without limitation, costs of preparation and attorneys' fees) and

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expenses (collectively, "Losses"), as incurred, arising out of, or relating to, a breach or breaches of any representation, warranty, covenant or agreement by the Target Company under this Agreement or any other Transaction Document.

(ii) Seaside shall, notwithstanding termination of this Agreement and for a period of six (6) years, indemnify and hold harmless the Target Company, its officers, directors, agents and employees, each Control Person and the officers, directors, agents and employees of each Control Person, to the fullest extent permitted by applicable law, from and against any and all Losses, as incurred, arising out of, or relating to, a material breach or breaches of any representation, warranty, covenant or agreement by Seaside under this Agreement or the other Transaction Documents, except for Losses solely arising out of negligence, bad faith or breach of this Agreement by the Target Company.

(iii) The Target Company and Seaside acknowledge that in the SEC's opinion, directors, officers and persons controlling a company subject to the Securities Act can not be indemnified for liabilities arising under the Securities Act by such company.

(b) Conduct of Indemnification Proceedings. If any Proceeding shall be brought or asserted against any Person entitled to indemnity hereunder (an "Indemnified Party"), such Indemnified Party promptly shall notify the Person from whom indemnity is sought (the "Indemnifying Party") in writing, and the Indemnifying Party shall assume the defense thereof, including the employment of counsel reasonably satisfactory to the Indemnified Party and the payment of all fees and expenses incurred in connection with defense thereof; provided, that the failure of any Indemnified Party to give such notice shall not relieve the Indemnifying Party of its obligations or liabilities pursuant to this Agreement, except (and only) to the extent that it shall be finally determined by a court of competent jurisdiction (which determination is not subject to appeal or further review) that such failure shall have proximately and materially adversely prejudiced the Indemnifying Party.

An Indemnified Party shall have the right to employ separate counsel in any such Proceeding and to participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of such Indemnified Party or Parties unless: (1) the Indemnifying Party has agreed to pay such fees and expenses; or (2) the Indemnifying Party shall have failed promptly to assume the defense of such Proceeding and to employ counsel reasonably satisfactory to such Indemnified Party in any such Proceeding; or (3) the named parties to any such Proceeding (including any impleaded parties) include both such Indemnified Party and the Indemnifying Party, and such Indemnified Party shall have been advised

by counsel that a conflict of interest is likely to exist if the same counsel were to represent such Indemnified Party and the Indemnifying Party (in which case, if such Indemnified Party notifies the Indemnifying Party in writing that it elects to employ separate counsel at the expense of the Indemnifying Party, the Indemnifying Party shall not have the right to assume the defense of the claim against the Indemnified Party but will retain the right to control the overall Proceedings out of which the claim arose and such counsel employed by the Indemnified Party shall be at the expense of the Indemnifying Party). The

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Indemnifying Party shall not be liable for any settlement of any such Proceeding effected without its written consent, which consent shall not be unreasonably withheld. No Indemnifying Party shall, without the prior written consent of the Indemnified Party, effect any settlement of any pending Proceeding in respect of which any Indemnified Party is a party, unless such settlement includes an unconditional release of such Indemnified Party from all liability on claims that are the subject matter of such Proceeding.

All fees and expenses of the Indemnified Party to which the Indemnified Party is entitled hereunder (including reasonable fees and expenses to the extent incurred in connection with investigating or preparing to defend such Proceeding in a manner not inconsistent with this Section) shall be paid to the Indemnified Party, as incurred, within ten (10) Business Days of written notice thereof to the Indemnifying Party.

No right of indemnification under this Section shall be available as to a particular Indemnified Party if the Indemnifying Party obtains a non-appealable final judicial determination that such Losses arise solely out of the negligence, breach of agreement or bad faith of such Indemnified Party in performing the obligations of such Indemnified Party under this Agreement or a breach by such Indemnified Party of its obligations under this Agreement.

(c) Contribution. If a claim for indemnification under this Section is unavailable to an Indemnified Party or is insufficient to hold such Indemnified Party harmless for any Losses in respect of which this Section would apply by its terms (other than by reason of exceptions provided in this Section), then each Indemnifying Party, in lieu of indemnifying such Indemnified Party, shall contribute to the amount paid or payable by such Indemnified Party as a result of such Losses in such proportion as is appropriate to reflect the relative benefits received by the Indemnifying Party on the one hand and the Indemnified Party on the other and the relative fault of the Indemnifying Party and Indemnified Party in connection with the actions or omissions that resulted in such Losses as well as any other relevant equitable considerations. The relative fault of such Indemnifying Party and Indemnified Party shall be determined by reference to, among other things, whether there was a judicial determination that such Losses arise in part out of the negligence or bad faith of the Indemnified Party in performing the obligations of such Indemnified Party under this Agreement or the Indemnified Party's breach of its obligations under this Agreement. The amount paid or payable by a party as a result of any Losses shall be deemed to include any attorneys' or other fees or expenses incurred by such party in connection with any Proceeding to the extent such party would have been indemnified for such fees or expenses if the indemnification provided for in this Section was available to such party.

(d) Non-Exclusivity. The indemnity and contribution agreements contained in this Section are in addition to any obligation or liability that the Indemnifying Parties may have to the Indemnified Parties.

4.8 Sale of Seaside Consideration Shares. Seaside shall assist the Target Company in setting up and maintaining a trading account at a registered broker in the United Kingdom to facilitate the sale of the Seaside Consideration Shares. Broker's commissions in the trading account shall not exceed one half percent (0.5%).

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4.9 Lock Up by Seaside. Seaside shall not sell, transfer or assign all or any of the shares of Consideration Stock for a period of one (1) year following the Closing, without the written consent of the Target Company, which consent may be withheld in the Target Company's sole discretion.



4.10 Short Sales. Seaside agrees it will not enter into any Short Sales (as hereinafter defined) until the date that Seaside no longer owns the shares of Consideration Stock. For purpose hereof, a "Short Sale" shall mean a sale of Common Stock by Seaside that is marked as a short sale and that is made at a time when there is no equivalent offsetting long position in the Common Stock by Seaside.

4.11 Liquidation of Consideration Stock. Commencing on the date occurring one (1) year after the Closing, Seaside may sell its shares of Consideration Stock at a monthly rate no greater than an amount equal to fifteen percent (15%) of the Target Company's prior month's trading volume, provided, however, that Seaside may execute block trades of 50,000 or more shares of Consideration Stock and such sales shall not count toward the fifteen percent (15%) limitation on the rate of liquidation. Seaside shall use the proceeds from these liquidations to re-purchase Seaside Shares in the marketplace.

4.12 Definitive Certificates. The definitive certificates evidencing the shares of Consideration Stock shall be held at the office of the Secretary of Seaside if and when the Consideration Stock is received from the Escrow Agent pursuant to the Escrow Agreement and shall remain with the Secretary until one (1) year from the date hereof.

4.13 London Stock Exchange. Seaside shall register the Seaside Consideration Shares for trading on the London Stock Exchange PLC by September 30, 2004.

4.15 Liquidation of Seaside Consideration Shares. Commencing with the month during which Seaside Shares are accepted for trading on the London Stock Exchange PLC, and during each calendar month thereafter, Target Company may sell its shares of Seaside Consideration Shares at a monthly rate that is no greater than ten percent (10%) of the total of the Seaside Consideration Shares (the "Sales Allowance"). Any unused portion of the Sales Allowance during any month may be carried over to subsequent months. The Seaside Escrow Shares, after they have been distributed to the Target Company, may be sold without restriction.

## ARTICLE II

### MISCELLANEOUS

5.1 Fees and Expenses. Except as set forth in this Agreement, each party shall pay the fees and expenses of its advisers, counsel, accountants and other experts, if any, and all other expenses incurred by such party incident to the negotiation, preparation, execution, delivery and performance of this Agreement. The Target Company shall pay all stamp and other taxes and duties levied in connection with the issuance of the shares of Consideration Stock pursuant hereto. Seaside shall be responsible for any taxes payable by Seaside that may arise as a result of the investment hereunder or the transactions contemplated by this Agreement or any other Transaction Document. The Target Company agrees to pay \$7,500 to G&P for legal fees associated with the

transactions contemplated by this Agreement at Closing. The Target Company shall pay all fees owed to HW pursuant to a separate advisory agreement between Hunter Wire and the Target Company. The Target Company shall pay all costs, expenses, fees and all taxes incident to and in connection with: (A) the issuance and delivery of the Consideration Stock, (B) the exemption from registration of the Consideration Stock for offer and sale to Seaside under the securities or Blue Sky laws of the applicable jurisdictions, and (C) the preparation of certificates for the Consideration Stock (including, without limitation, printing and engraving thereof), and (D) all fees and expenses of counsel and accountants of the Target Company.

5.2 Entire Agreement This Agreement, together with all of the Exhibits and Schedules annexed hereto, and any other Transaction Document contains the entire understanding of the parties with respect to the subject matter hereof and supersede all prior agreements and understandings, oral or written, with respect to such matters. This Agreement shall be deemed to have been drafted and negotiated by both parties hereto and no presumptions as to interpretation, construction or enforceability shall be made by or against either party in such regard.

5.3 Notices. Any notice or other communication required or permitted to be given hereunder shall be in writing and shall be deemed to have been duly given upon facsimile transmission (with written transmission confirmation report) at the number designated below (if delivered on a Business Day during normal business hours where such notice is to be received), or the first Business Day following such delivery (if delivered other than on a Business Day during normal business hours where such notice is to be received) whichever shall first occur. The addresses for such communications shall be:

If to the Target Company: Secured Diversified Investment, Ltd.  
5030 Campus Drive  
Newport Beach, CA 92660  
Attn: President and CEO  
Tel: (949) 851-1069  
Fax: (949) 851- 1024

With copies to: Christopher A. Wilson, Esq.  
5030 Campus Drive  
Newport Beach, CA 92660  
Tel: (949) 263-0333  
Fax: (949) 263-0533

If to Seaside: Seaside Investments PLC  
30 Farringdon Street  
London EC4A 4HJ  
Attn: Harry Pearl  
Tel: 44.207.569.0044  
Fax: 44.207.724.0090

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With copies to: Gottbetter & Partners, LLP  
488 Madison Avenue, 12th Floor  
New York, NY 10022  
Attn: Adam S. Gottbetter, Esq.  
Tel: (212) 400-6900  
Fax: (212) 400-6901

or such other address as may be designated hereafter by notice given pursuant to the terms of this Section 5.3.

5.4 Amendments; Waivers. No provision of this Agreement may be waived or amended except in a written instrument signed, in the case of an amendment, by both the Target Company and Seaside, or, in the case of a waiver, by the party against whom enforcement of any such waiver is sought. No waiver of any default with respect to any provision, condition or requirement of this Agreement shall be deemed to be a continuing waiver in the future or a waiver of any other provision, condition or requirement hereof, nor shall any delay or omission of either party to exercise any right hereunder in any manner impair the exercise of any such right accruing to it thereafter.

5.5 Headings. The headings herein are for convenience only, do not constitute a part of this Agreement and shall not be deemed to limit or affect any of the provisions hereof.

5.6 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and permitted assigns. The assignment by a party of this Agreement or any rights hereunder shall not affect the obligations of such party under this Agreement.

5.7 No Third Party Beneficiaries. This Agreement is intended for the benefit of the parties hereto and their respective permitted successors and assigns and is not for the benefit of, nor may any provision hereof be enforced by, any other person.

5.8 Governing Law; Venue; Service of Process. The parties hereto acknowledge that the transactions contemplated by this Agreement and the exhibits hereto bear a reasonable relation to the State of New York. The parties hereto agree that the internal laws of the State of New York shall govern this Agreement and the exhibits hereto, including, but not limited to, all issues related to usury. Any action to enforce the terms of this Agreement or any of

its exhibits, or any other Transaction Document shall be brought exclusively in the state and/or federal courts situated in the County and State of New York. If and only if New York declines jurisdiction within the State of New York, such action shall be brought in the State and County where the Target Company's principal place of business is situated. Service of process in any action by Seaside or the Target Company to enforce the terms of this Agreement may be made by serving a copy of the summons and complaint, in addition to any other relevant documents, by commercial overnight courier to the other party at its principal address set forth in this Agreement.

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5.9 Survival. The representations and warranties of the Target Company and Seaside contained in Article III and the agreements and covenants of the parties contained in Article IV and this Article V shall survive the Closing.

5.10 Counterpart Signatures. This Agreement may be executed in two or more counterparts, all of which when taken together shall be considered one and the same agreement and shall become effective when counterparts have been signed by each party and delivered to the other party, it being understood that both parties need not sign the same counterpart. In the event that any signature is delivered by facsimile transmission, such signature shall create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) the same with the same force and effect as if such facsimile signature page were an original thereof.

5.11 Publicity. The Target Company and Seaside shall consult with each other in issuing any press releases or otherwise making public statements with respect to the transactions contemplated hereby and neither party shall issue any such press release or otherwise make any such public statement without the prior written consent of the other, which consent shall not be unreasonably withheld or delayed, unless counsel for the disclosing party deems such public statement to be required by applicable federal and/or state securities laws. Except as otherwise required by applicable law or regulation, the Target Company will not disclose to any third party (excluding its legal counsel, accountants and representatives) the name of Seaside.

5.12 Severability. In case any one or more of the provisions of this Agreement shall be invalid or unenforceable in any respect, the validity and enforceability of the remaining terms and provisions of this Agreement shall not in any way be affected or impaired thereby and the parties will attempt to agree upon a valid and enforceable provision which shall be a reasonable substitute therefore, and upon so agreeing, shall incorporate such substitute provision in this Agreement.

5.13 Limitation of Remedies. With respect to claims by the Target Company or any person acting by or through the Target Company, or by Seaside or any person acting through Seaside, for remedies at law or at equity relating to or arising out of a breach of this Agreement, liability, if any, shall, in no event, include loss of profits or incidental, indirect, exemplary, punitive, special or consequential damages of any kind.

[ SIGNATURE PAGE FOLLOWS ]

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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first indicated above.

Target Company:

Secured Diversified Investment, Ltd.

By: /s/ Clifford L. Strand

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Name: Clifford L. Strand

Title: President

Seaside:

Seaside Investments Plc.

By: /s/ Rufus Pearl

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Name: Rufus Pearl

Title: Administrative Director

Exhibit 10.2

ESCROW AGREEMENT

ESCROW AGREEMENT (this "Agreement"), dated as of August 19, 2004, by and between Secured Diversified Investment, Ltd., a Nevada corporation with its principal place of business at 5030 Campus Drive, Newport Beach, CA 92660 (the "Target Company"); Gottbetter & Partners, LLP with its principal place of business at 488 Madison Avenue, New York, NY 10022 (the "Escrow Agent"); and Seaside Investments Plc, a corporation organized under the laws of England and Wales with its offices at 30 Farringdon Street, London EC4A 4HJ ("Seaside").

RECITALS

A. Simultaneously with the execution of this Agreement, Seaside and the Target Company entered into a Stock Purchase Agreement (the "Stock Purchase Agreement"), dated as of the date hereof and incorporated herein by reference, pursuant to which the Target Company has agreed to issue to Seaside the Consideration Stock in exchange for the Seaside Consideration Shares.

B. The parties have agreed that the Consideration Stock and Seaside Consideration Shares shall be deposited into escrow pursuant to this Agreement, including thirty percent (30%) of the Seaside Consideration Shares to be deposited into escrow as Downside Price Protection (the "Seaside Escrow Shares").

C. The Escrow Agent is willing to act as escrow agent pursuant to the terms of this Agreement with respect to the purchase of the shares of Consideration Stock.

D. All capitalized terms used but not defined herein shall have the meanings ascribed thereto in the Stock Purchase Agreement.

NOW, THEREFORE, IT IS AGREED:

1. DEPOSIT INTO ESCROW. At Closing, the parties shall deposit into escrow (i) the Seaside Consideration Shares, (ii) the Consideration Stock and (iii) the stock power executed by Seaside. The deposit of the Seaside Consideration Shares, at the election of Seaside, may be made as (i) a certificate in the name of the Target Company or a provisional letter of allotment for a trading account in the name of the Escrow Agent representing the Seaside Escrow Shares and (ii) a certificate in the name of the Target Company or a provisional letter of allotment for a trading account in the name of the Escrow Agent (to be held for the benefit of the Target Company) representing the balance of the Seaside Consideration Shares. The Escrow Agent shall hold the Seaside Consideration Shares and the Consideration Stock in escrow when delivered.

2. TERMS OF ESCROW. (a) If the Market Value of the Common Stock on the date occurring one year after Closing (the "One Year Anniversary") is less than the Closing Price, the Target Company shall sell to Seaside and Seaside shall purchase the number of Seaside Escrow Shares (the "Seaside

Protection Shares") equal to (a) the Seaside Consideration Shares multiplied by (b) the Percentage Decrease, at a purchase price of 1p per Seaside Consideration Share (the "Escrow Purchase Price"). The "Percentage Decrease" shall be equal to  $1 - \text{Market Value} / \text{the Closing Price}$ . "Market Value" shall be the average of the ten (10) closing bid prices per share of the Common Stock during the ten (10) trading days immediately preceding the One Year Anniversary.

Within three (3) Business Days of the One Year Anniversary, Seaside shall (i) send a notice ("Sale Notice") to the Target Company and the Escrow Agent of the Seaside Protection Shares to be sold by the Target Company to Seaside, if any, and (ii) deposit the Escrow Purchase Price with the Escrow Agent, if necessary. Within fourteen (14) Business Days of the Target Company's and the Escrow Agent's receipt of the Sale Notice and Escrow Agent's receipt of the Escrow Purchase Price, the Escrow Agent is authorized and directed

simultaneously (i) to pay the Escrow Purchase Price, if any, to the Target Company, (ii) to deliver the Seaside Protection Shares, if any, to Seaside and (iii) to deliver the remaining Seaside Escrow Shares, if any, to the Target Company.

(b) If at any time before September 30, 2004, the Escrow Agent receives written notice (the "LSE Notice") from Seaside that the Seaside Consideration Shares are listed on the London Stock Exchange plc (the "London Exchange"), the Escrow Agent is authorized and directed to distribute, within fourteen (14) Business Days of receipt of such LSE Notice, (i) the Consideration Stock to Seaside and (ii) seventy percent (70%) of the Seaside Consideration Shares to the Target Company. If the Escrow Agent does not receive such LSE Notice by September 30, 2004, the Escrow Agent is authorized and directed to distribute, no later than October 5, 2004, (i) the Consideration Stock and the stock power executed by Seaside to the Target Company and (ii) the Seaside Consideration Shares to Seaside; provided, however, that the Target Company shall have the option to extend the September 30, 2004 deadline by providing written notice to the Escrow Agent with a written acknowledgement from Seaside.

### 3. DUTIES AND OBLIGATIONS OF THE ESCROW AGENT.

(a) The parties hereto agree that the duties and obligations of the Escrow Agent shall be only those obligations herein specifically provided and no other. The Escrow Agent's duties are those of a depositary only, and the Escrow Agent shall incur no liability whatsoever, except as a direct result of its willful misconduct or gross negligence in the performance of its duties hereunder;

(b) The Escrow Agent may consult with counsel of its choice, and shall not be liable for any action taken, suffered or omitted to be taken by it in accordance with the advice of such counsel;

(c) The Escrow Agent shall not be bound in any way by the terms of any other agreement to which Seaside and the Target Company are parties, whether or not the Escrow Agent has knowledge thereof, and the Escrow Agent shall not in any way be required to determine whether or not any other agreement has been complied with by Seaside and the Target Company, or any other

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party thereto. The Escrow Agent shall not be bound by any modification, amendment, termination, cancellation, rescission or supersession of this Agreement unless the same shall be in writing and signed jointly by Seaside and the Target Company and agreed to in writing by the Escrow Agent;

(d) If the Escrow Agent shall be uncertain as to its duties or rights hereunder or shall receive instructions, claims or demands which, in its opinion, are in conflict with any of the provisions of this Agreement, the Escrow Agent shall be entitled to refrain from taking any action other than keeping safely the Consideration (as defined below) or taking certain action until the Escrow Agent is directed otherwise in writing jointly by Seaside and the Target Company or by a final judgment of a court of competent jurisdiction;

(e) The Escrow Agent shall be fully protected in relying upon any written notice, demand, certificate or document which the Escrow Agent, in good faith, believes to be genuine. The Escrow Agent shall not be responsible for the sufficiency or accuracy of the form, execution, validity or genuineness of documents or securities now or hereafter deposited hereunder or of any endorsement thereon, or for any lack of endorsement thereon, or for any description therein; nor shall the Escrow Agent be responsible or liable in any respect on account of the identity, authority or rights of the persons executing or delivering or purporting to execute or deliver any such document, security or endorsement;

(f) The Escrow Agent shall not be required to institute legal proceedings of any kind and shall not be required to defend any legal proceedings which may be instituted against it or in respect of the Consideration;

(g) If the Escrow Agent at any time, in its sole discretion, deems it necessary or advisable to relinquish custody of any of the securities

(to the extent delivered to the Escrow Agent pursuant hereto, the "Consideration"), it may do so by delivering the same to another Person that agrees to act as escrow agent hereunder and whose substitution for the Escrow Agent is agreed upon in writing by Seaside and the Target Company; provided, however that such successor Escrow Agent must be resident in the United States. If no such escrow agent is selected within three (3) days after the Escrow Agent gives notice to Seaside and the Target Company of the Escrow Agent's desire to so relinquish custody of the Consideration and resign as Escrow Agent, then the Escrow Agent may do so by delivering the Consideration to the clerk or other proper officer of a state or federal court of competent jurisdiction situate in the state and county of New York. The fee of any court officer shall be borne by the Target Company. Upon such delivery, the Escrow Agent shall be discharged from any and all responsibility or liability with respect to the Consideration and this Agreement and each of the Target Company and Seaside shall promptly pay all monies it may owe to the Escrow Agent for its services hereunder, including, but not limited to, reimbursement of its out-of-pocket expenses pursuant to paragraph (i) below;

(h) This Agreement shall not create any fiduciary duty on the Escrow Agent's part to Seaside or the Target Company, nor disqualify the Escrow Agent from representing either party hereto in any dispute with the other, including any dispute with respect to the Stock Purchase Agreement; provided, however, that in the event of such dispute, the Escrow Agent shall have the

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right to commence an interpleader action in any court of competent jurisdiction of the state of New York or of the United States located in the county and state of New York, deposit the Consideration with such court;

(i) The parties acknowledge and agree that the Escrow Agent is counsel to Seaside. The parties agree to, and agree not to object to, the Escrow Agent's engagement as Escrow Agent hereunder;

(j) Upon the full performance of this Agreement, the Escrow Agent shall be deemed released and discharged of any further obligations hereunder.

4. INDEMNIFICATION.

(a) Seaside hereby indemnifies and holds free and harmless the Escrow Agent from any and all losses, expenses, liabilities and damages (including but not limited to reasonable attorney's fees, and amounts paid in settlement) resulting from claims asserted by the Target Company against the Escrow Agent with respect to the performance of any of the provisions of this Agreement;

(b) The Target Company hereby indemnifies and holds free and harmless the Escrow Agent from any and all losses, expenses, liabilities and damages (including but not limited to reasonable attorney's fees, and amount paid in settlement) resulting from claims asserted by Seaside against the Escrow Agent with respect to the performance of any of the provisions of this Agreement;

(c) Seaside and the Target Company, jointly and severally, hereby indemnify and hold the Escrow Agent harmless from and against any and all losses, damages, taxes, liabilities and expenses that may be incurred by the Escrow Agent, arising out of or in connection with its acceptance of appointment as the Escrow Agent hereunder and/or the performance of its duties pursuant to this Agreement, the Stock Purchase Agreement and the securities, including, but not limited to, all legal costs and expenses of the Escrow Agent incurred defending itself against any claim or liability in connection with its performance hereunder, provided that the Escrow Agent shall not be entitled to any indemnity for any losses, damages, taxes, liabilities or expenses that directly result from its willful misconduct or gross negligence in its performance as Escrow Agent hereunder

(d) In the event of any legal action or Proceeding involving any of the parties to this Agreement which is brought to enforce or otherwise adjudicate any of the rights or obligations of the parties hereunder, the non-prevailing party or parties shall pay the legal fees of the prevailing party or parties and the legal fees, if any, of the Escrow Agent.

5. MISCELLANEOUS.

(a) All notices, including the Sale Notice, objections, requests, demands and other communications sent to any party hereunder shall be deemed duly given if (x) in writing and sent by facsimile transmission to the Person for whom intended if addressed to such Person at its facsimile number set

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forth below or such other facsimile number as such Person may designate by notice given pursuant to the terms of this Section 5 and (y) the sender has confirmation of transmission:

- (i) If to the Target Company: Secured Diversified Investment, Ltd.  
5030 Campus Drive  
Newport Beach, CA 92660  
Attn: CEO  
Tel: (949) 851-1069  
Fax: (949) 851-1024
- (ii) If to Seaside: Seaside Investments PLC  
30 Farringdon Street  
London EC4A 4HJ  
Attn: Harry Pearl  
Tel: 44.207.569.0044  
Fax: 44.207.724.0090
- (iii) If to the Escrow Agent: Gottbetter & Partners, LLP  
488 Madison Ave.  
New York, New York 10022  
Attn: Adam S. Gottbetter, Esq.  
Tel: (212) 400-6900  
Fax: (212) 400-6901

(b) This Agreement has been prepared, negotiated and delivered in the state of New York and shall be governed by and construed and enforced in accordance with the laws of the state of New York applicable to contracts entered into and performed entirely within New York, without giving effect to the principles of New York law relating to the conflict of laws.

(c) This Agreement may be executed in two or more counterparts, all of which when taken together shall be considered one and the same agreement and shall become effective when counterparts have been signed by each party and delivered to the other party, it being understood that both parties need not sign the same counterpart. In the event that any signature is delivered by facsimile transmission, such signature shall create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) the same with the same force and effect as if such facsimile signature page were an original thereof.

(d) This Agreement shall be binding upon and inure to the benefit of the parties and their successors and permitted assigns. The assignment by a party of this Agreement or any rights hereunder shall not affect the obligations of such party under this Agreement.

6. TERMINATION OF ESCROW. The term of this Escrow Agreement shall begin upon the date hereof and shall continue until terminated upon the earlier to occur of (i) the Seaside Escrow Shares are fully distributed or (ii) the written agreement of the parties to terminate this Agreement. Upon the termination of this Escrow Agreement pursuant to subsection (ii), the Escrow Agent shall

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distribute any of the Seaside Escrow Shares then held by it pursuant to the terms of the written agreement of the parties.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be signed the day and year first above written.



The Target Company:

Secured Diversified Investment, Ltd.

By: /s/ Clifford L. Strand

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Name: Clifford L. Strand  
Title: President

Seaside:

Seaside Investments Plc.

By: /s/ Rufus Pearl

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Name: Rufus Pearl  
Title: Administrative Director

Escrow Agent:

Gottbetter & Partners, LLP

By: /s/Adam S. Gottbetter

-----  
Name: Adam S Gottbetter  
Title: Managing Partner

REGISTRATION RIGHTS AGREEMENT

THIS REGISTRATION RIGHTS AGREEMENT (this "Agreement"), dated as of August 19, 2004, by and among Secured Diversified Investment, Ltd., a Nevada corporation, with its principal office located at 5030 Campus Drive, Newport Beach, CA 92660 (the "Target Company"), and Seaside Investments Plc., a company incorporated in England and Wales, with its principal place of business at 30 Farringdon Street, London EC4A 4HJ ("Seaside").

Simultaneously with the execution and delivery of this Agreement, Seaside and the Target Company have entered into a Stock Purchase Agreement, dated as of the date hereof (the "Purchase Agreement"), which Purchase Agreement is incorporated herein by reference, and pursuant to which the Purchaser has agreed to purchase the Target Company's common stock, par value \$0.001 (the "Common Stock"; and such shares of Common Stock purchased, the "Consideration Stock"), all as more particularly provided therein. All capitalized terms used herein without definition shall have the meaning ascribed thereto in the Purchase Agreement.

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Target Company and Seaside hereby agree as follows:

1. DEFINITIONS.

As used in this Agreement, the following terms shall have the following meanings:

(a) "Person" means a corporation, a limited liability company, an association, a partnership, an organization, a business, an individual, a governmental or political subdivision thereof or a governmental agency.

(b) "Register," "registered," and "registration" refer to a registration effected by preparing and filing one or more Registration Statements (as defined below) in compliance with the 1933 Act and pursuant to Rule 415 under the 1933 Act or any successor rule providing for offering securities on a continuous or delayed basis ("Rule 415"), and the declaration or ordering of effectiveness of such Registration Statement(s) by the United States Securities and Exchange SEC (the "SEC").

(c) "Registrable Securities" means the shares of Consideration Stock.

(d) "Registration Statement" means a registration statement under the 1933 Act which covers the Registrable Securities.

2. REGISTRATION.

(a) Subject to the terms and conditions of this Agreement, the Target Company shall prepare, file and cause to be declared effective, no later than twelve (12) months from the date of the Closing, with the SEC a registration statement on Form S-1 or SB-2 (or, if the Target Company is then eligible, on Form S-3) under the 1933 Act (the "Initial

Registration Statement") for the registration for the resale by Seaside, who purchased shares of Common Stock pursuant to the Purchase Agreement the shares of Consideration Stock. The Target Company shall cause the Registration Statement to remain effective until all of the Registrable Securities have been sold or until, in the opinion of counsel to the Target Company, Seaside shall be entitled to sell all of the Registrable Securities pursuant to Rule 144 in one transaction. Prior to the filing of the Registration Statement with the SEC, the

Target Company shall furnish a copy of the Initial Registration Statement to Seaside and Gottbetter & Partners LLP for their review and comment. Seaside and Gottbetter & Partners LLP shall furnish comments on the Initial Registration Statement to the Target Company within three (3) Business Days of the receipt thereof from the Target Company.

(b) Effectiveness of the Initial Registration Statement. The Target Company shall use its best efforts (i) to have the Initial Registration Statement declared effective by the SEC no later than one year anniversary from date hereof (the "Scheduled Effective Deadline") and (ii) to insure that the Initial Registration Statement and any subsequent Registration Statement remains in effect until the earlier of (A) all of the Registrable Securities have been sold, subject to the terms and conditions of this Agreement or (B) in the written opinion of counsel for the Target Company all of the Registrable Securities are eligible for sale without an effective Registration Statement under the 1933 Act.

(c) Failure to Obtain Effectiveness of the Registration Statement. In the event the Registration Statement is not declared effective by the SEC on or before the Scheduled Effective Deadline, sales cannot be made pursuant to the Registration Statement whether because of a failure to keep the Registration Statement effective, failure to disclose such information as is necessary for sales to be made pursuant to the Registration Statement, failure to register sufficient shares of Common Stock or otherwise (other than failure by Seaside to provide the information reasonably request by Target Company for inclusion in the Reegistration Statement) then as partial relief for the damages to any holder of Registrable Securities by reason of any such delay in or reduction of its ability to sell the underlying shares of Common Stock (which remedy shall not be exclusive of any other remedies at law or in equity), the Target Company will pay as liquidated damages (the "Liquidated Damages") to Seaside, at Seaside's option, either a cash amount or shares of the Target Company's Common Stock within three (3) business days, after demand therefore, equal to three percent (3%) of the Per Share Market Value of the Common Stock outstanding as Liquidated Damages.

(d) Liquidated Damages. The Target Company and Seaside hereto acknowledge and agree that the sums payable under subsections 2(c) above shall constitute liquidated damages and not penalties and are in addition to all other rights of Seaside, including the right to call a default. The parties further acknowledge that (i) the amount of loss or damages likely to be incurred is incapable or is difficult to precisely estimate, (ii) the amounts specified in such subsections bear a reasonable relationship to, and are not plainly or grossly disproportionate to, the probable loss likely to be incurred in connection with any failure by the Target Company to obtain or maintain the effectiveness of a Registration Statement, (iii) one of the reasons for the Target Company and Seaside reaching an agreement as to such

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amounts was the uncertainty and cost of litigation regarding the question of actual damages, and (iv) the Target Company and Seaside are sophisticated business parties and have been represented by sophisticated and able legal counsel and negotiated this Agreement at arm's length.

3. RELATED OBLIGATIONS.

(a) The Target Company shall keep the Registration Statement effective pursuant to Rule 415 at all times until the date on which Seaside shall have sold all the Registrable Securities covered by such Registration Statement or until the date on which, in the opinion of counsel to the Target Company, Seaside shall be entitled to sell all of the Registerable Securities pursuant to Rule 144 in one transaction (the "Registration Period"), which Registration Statement (including any amendments or supplements thereto and prospectuses contained therein) shall not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein, or necessary to

make the statements therein, in light of the circumstances in which they were made, not misleading.

(b) The Target Company shall prepare and file with the SEC such amendments (including post-effective amendments) and supplements to a Registration Statement and the prospectus used in connection with such Registration Statement, which prospectus is to be filed pursuant to Rule 424 promulgated under the 1933 Act, as may be necessary to keep such Registration Statement effective at all times during the Registration Period, and, during such period, comply with the provisions of the 1933 Act with respect to the disposition of all Registrable Securities of the Target Company covered by such Registration Statement until such time as all of such Registrable Securities shall have been disposed of in accordance with the intended methods of disposition by the seller or sellers thereof as set forth in such Registration Statement. In the case of amendments and supplements to a Registration Statement which are required to be filed pursuant to this Agreement (including pursuant to this Section 3(b)) by reason of the Target Company's filing a report on Form 10-KSB, Form 10-QSB or Form 8-K or any analogous report under the Securities Exchange Act of 1934, as amended (the "1934 Act"), the Target Company shall incorporate such report by reference into the Registration Statement, if applicable, or shall file such amendments or supplements with the SEC on the same day on which the 1934 Act report is filed which created the requirement for the Target Company to amend or supplement the Registration Statement.

(c) The Target Company shall furnish to Seaside, without charge, (i) at least one (1) copy of such Registration Statement as declared effective by the SEC and any amendment(s) thereto, including financial statements and schedules, all documents incorporated therein by reference, all exhibits and each preliminary prospectus, (ii) ten (10) copies of the final prospectus included in such Registration Statement and all amendments and supplements thereto (or such other number of copies as Seaside may reasonably request) and (iii) such other documents as

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Seaside may reasonably request from time to time in order to facilitate the disposition of the Registrable Securities owned by Seaside.

(d) The Target Company shall use its best efforts to (i) register and qualify the Registrable Securities covered by a Registration Statement under such other securities or "blue sky" laws of such jurisdictions in the United States as Seaside reasonably requests, (ii) prepare and file in those jurisdictions, such amendments (including post-effective amendments) and supplements to such registrations and qualifications as may be necessary to maintain the effectiveness thereof during the Registration Period, (iii) take such other actions as may be necessary to maintain such registrations and qualifications in effect at all times during the Registration Period, and (iv) take all other actions reasonably necessary or advisable to qualify the Registrable Securities for sale in such jurisdictions; provided, however, that the Target Company shall not be required in connection therewith or as a condition thereto to (w) make any change to its certificate of incorporation or by-laws, (x) qualify to do business in any jurisdiction where it would not otherwise be required to qualify but for this Section 3(d), (y) subject itself to general taxation in any such jurisdiction, or (z) file a general consent to service of process in any such jurisdiction. The Target Company shall promptly notify Seaside of the receipt by the Target Company of any notification with respect to the suspension of the registration or qualification of any of the Registrable Securities for sale under the securities or "blue sky" laws of any jurisdiction in the United States or its receipt of actual notice of the initiation or threat of any proceeding for such purpose.

(e) As promptly as practicable after becoming aware of such event or development, the Target Company shall notify Seaside in writing of the happening of any event as a result of which the prospectus included in a Registration Statement, as then in effect, includes an untrue statement of a material fact or omission to state a material fact required to be stated therein or necessary to make the statements

therein, in light of the circumstances under which they were made, not misleading (provided that in no event shall such notice contain any material, nonpublic information), and promptly prepare a supplement or amendment to such Registration Statement to correct such untrue statement or omission, and deliver ten (10) copies of such supplement or amendment to Seaside. The Target Company shall also promptly notify Seaside in writing (i) when a prospectus or any prospectus supplement or post-effective amendment has been filed, and when a Registration Statement or any post-effective amendment has become effective (notification of such effectiveness shall be delivered to Seaside by facsimile on the same day of such effectiveness), (ii) of any request by the SEC for amendments or supplements to a Registration Statement or related prospectus or related information, and (iii) of the Target Company's reasonable determination that a post-effective amendment to a Registration Statement would be appropriate.

(f) The Target Company shall use its best efforts to prevent the issuance of any stop order or other suspension of effectiveness of a Registration Statement, or the suspension of the qualification of any of the Registrable Securities for sale in any jurisdiction within the United States of America and, if such an order or suspension is issued, to obtain the withdrawal of such order or suspension at the earliest possible moment and to notify Seaside of the issuance of such order and

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the resolution thereof or its receipt of actual notice of the initiation or threat of any proceeding for such purpose.

(g) At the reasonable request of Seaside, the Target Company shall furnish to Seaside, on the date of the effectiveness of the Registration Statement and thereafter from time to time on such dates as Seaside may reasonably request (i) a letter, dated such date, from the Target Company's independent certified public accountants in form and substance as is customarily given by independent certified public accountants to underwriters in an underwritten public offering, and (ii) an opinion, dated as of such date, of counsel representing the Target Company for purposes of such Registration Statement, in form, scope and substance as is customarily given in an underwritten public offering, addressed to Seaside.

(h) The Target Company shall make available for inspection by (i) Seaside and (ii) one (1) firm of accountants or other agents retained by Seaside (collectively, the "Inspectors") all pertinent financial and other records, and pertinent corporate documents and properties of the Target Company (collectively, the "Records"), as shall be reasonably deemed necessary by each Inspector, and cause the Target Company's officers, directors and employees to supply all information which any Inspector may reasonably request; provided, however, that each Inspector shall agree, and Seaside hereby agrees, to hold in strict confidence and shall not make any disclosure (except to Seaside) or use any Record or other information which the Target Company determines in good faith to be confidential, and of which determination the Inspectors are so notified, unless (a) the disclosure of such Records is necessary to avoid or correct a misstatement or omission in any Registration Statement or is otherwise required under the 1933 Act, (b) the release of such Records is ordered pursuant to a final, non-appealable subpoena or order from a court or government body of competent jurisdiction, or (c) the information in such Records has been made generally available to the public other than by disclosure in violation of this or any other agreement of which the Inspector and Seaside has knowledge. Seaside agrees that it shall, upon learning that disclosure of such Records is sought in or by a court or governmental body of competent jurisdiction or through other means, give prompt notice to the Target Company and allow the Target Company, at its expense, to undertake appropriate action to prevent disclosure of, or to obtain a protective order for, the Records deemed confidential.

(h) The Target Company shall hold in confidence and not make any disclosure of information concerning Seaside provided to the Target Company unless (i) disclosure of such information is necessary to comply with federal or state securities laws, (ii) the disclosure of

such information is necessary to avoid or correct a misstatement or omission in any Registration Statement, (iii) the release of such information is ordered pursuant to a subpoena or other final, non-appealable order from a court or governmental body of competent jurisdiction, or (iv) such information has been made generally available to the public other than by disclosure in violation of this Agreement or any other agreement. The Target Company agrees that it shall, upon learning that disclosure of such information concerning Seaside is sought in or by a court or governmental body of competent jurisdiction or through other means, give prompt written notice to

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Seaside and allow Seaside, at Seaside's expense, to undertake appropriate action to prevent disclosure of, or to obtain a protective order for, such information.

(i) The Target Company shall use its best efforts either to cause all the Registrable Securities covered by a Registration Statement (i) to be listed on each securities exchange on which securities of the same class or series issued by the Target Company are then listed, if any, if the listing of such Registrable Securities is then permitted under the rules of such exchange or (ii) the inclusion for quotation on the National Association of Securities Dealers, Inc. OTC Bulletin Board for such Registrable Securities. The Target Company shall pay all fees and expenses in connection with satisfying its obligation under this Section 3(i).

(j) The Target Company shall cooperate with Seaside and, to the extent applicable, to facilitate the timely preparation and delivery of certificates (not bearing any restrictive legend) representing the Registrable Securities to be offered pursuant to a Registration Statement and enable such certificates to be in such denominations or amounts, as the case may be, as Seaside may reasonably request and registered in such names as Seaside may request.

(k) The Target Company shall use its best efforts to cause the Registrable Securities covered by the applicable Registration Statement to be registered with or approved by such other governmental agencies or authorities as may be necessary to consummate the disposition of such Registrable Securities.

(l) The Target Company shall make generally available to its security holders as soon as practical, but not later than ninety (90) days after the close of the period covered thereby, an earnings statement (in form complying with the provisions of Rule 158 under the 1933 Act) covering a twelve (12) month period beginning not later than the first day of the Target Company's fiscal quarter next following the effective date of the Registration Statement.

(m) The Target Company shall otherwise use its best efforts to comply with all applicable rules and regulations of the SEC in connection with any registration hereunder.

(n) Within two (2) business days after a Registration Statement which covers Registrable Securities is declared effective by the SEC, the Target Company shall deliver, and shall cause legal counsel for the Target Company to deliver, to the transfer agent for such Registrable Securities (with copies to Seaside whose Registrable Securities are included in such Registration Statement) confirmation that such Registration Statement has been declared effective by the SEC in the form attached hereto as Exhibit A.

(o) The Target Company shall take all other reasonable actions necessary to expedite and facilitate disposition by Seaside of Registrable Securities pursuant to a Registration Statement.

4. OBLIGATIONS OF SEASIDE.

Seaside agrees that, upon receipt of any notice from the Target Company of the happening of any event of the kind described in Section 3(f) or the first sentence of 3(e), Seaside will immediately discontinue disposition of Registrable Securities pursuant to any Registration Statement(s) covering such Registrable Securities until Seaside's receipt of the copies of the supplemented or amended prospectus contemplated by Section 3(e) or receipt of notice that no supplement or amendment is required. Notwithstanding anything to the contrary, the Target Company shall cause its transfer agent to deliver unlegended certificates for shares of Common Stock to a transferee of Seaside in accordance with the terms of the Securities Purchase Agreement in connection with any sale of Registrable Securities with respect to which Seaside has entered into a contract for sale prior to Seaside's receipt of a notice from the Target Company of the happening of any event of the kind described in Section 3(f) or the first sentence of 3(e) and for which Seaside has not yet settled. Seaside shall furnish the Target Company with such information as the Target Company reasonably requests for disclosure in the Registration Statement as required by the rules and regulations of the SEC.

5. EXPENSES OF REGISTRATION.

All expenses incurred in connection with registrations, filings or qualifications pursuant to Sections 2 and 3, including, without limitation, all registration, listing and qualifications fees, printers, legal and accounting fees shall be paid by the Target Company, except that Seaside shall pay all discounts and commission relating to the sale of Registrable Securities and the fees of any attorneys or advisors retained by Seaside.

6. INDEMNIFICATION.

With respect to Registrable Securities which are included in a Registration Statement under this Agreement:

(a) To the fullest extent permitted by law, the Target Company will, and hereby does, indemnify, hold harmless and defend Seaside, the directors, officers, partners, employees, agents, representatives of, and each Person, if any, who controls Seaside within the meaning of the 1933 Act or the 1934 Act (each, an "Indemnified Person"), against any losses, claims, damages, liabilities, judgments, fines, penalties, charges, costs, reasonable attorneys' fees, amounts paid in settlement or expenses, joint or several (collectively, "Claims") incurred in investigating, preparing or defending any action, claim, suit, inquiry, proceeding, investigation or appeal taken from the foregoing by or before any court or governmental, administrative or other regulatory agency, body or the SEC, whether pending or threatened, whether or not an indemnified party is or may be a party thereto ("Indemnified Damages"), to which any of them may become subject insofar as such Claims (or actions or proceedings, whether commenced or threatened, in respect thereof) arise out of or are based upon: (i) any untrue statement or alleged untrue statement of a material fact in a Registration Statement or any post-effective amendment thereto or in any filing made in connection with the qualification of the offering under the securities or other "blue sky" laws of any jurisdiction in

which Registrable Securities are offered ("Blue Sky Filing"), or the omission or alleged omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading; (ii) any untrue statement or alleged untrue statement of a material fact contained in any final prospectus (as amended or supplemented, if the Target Company files any amendment thereof or supplement thereto with the SEC) or the omission or alleged omission to state therein any material fact necessary to make the statements made therein, in light of the circumstances under which the statements therein were made, not misleading; or (iii) any violation or alleged violation by the Target Company of the 1933 Act, the 1934 Act, any other law, including, without limitation, any state securities law, or any rule or regulation there under relating to the offer or sale of the Registrable Securities pursuant to a Registration Statement (the matters in the foregoing clauses (i) through (iii) being, collectively, "Violations"). The Target Company shall reimburse Seaside and each such controlling person promptly as such expenses are incurred and are due

and payable, for any legal fees or disbursements or other reasonable expenses incurred by them in connection with investigating or defending any such Claim. Notwithstanding anything to the contrary contained herein, the indemnification agreement contained in this Section 6(a)(x) shall not apply to a Claim by an Indemnified Person arising out of or based upon a Violation which occurs in reliance upon and in conformity with information furnished in writing to the Target Company by Seaside expressly for use in connection with the preparation of the Registration Statement or any such amendment thereof or supplement thereto; (y) shall not be available to the extent such Claim is based on a failure of Seaside to deliver or to cause to be delivered the prospectus made available by the Target Company, if such prospectus was timely made available by the Target Company pursuant to Section 3(c); and (z) shall not apply to amounts paid in settlement of any Claim if such settlement is effected without the prior written consent of the Target Company, which consent shall not be unreasonably withheld. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of the Indemnified Person and shall survive the transfer of the Registrable Securities by Seaside pursuant to Section 9 hereof.

(b) In connection with a Registration Statement, Seaside agrees to severally and not jointly indemnify, hold harmless and defend, to the same extent and in the same manner as is set forth in Section 6(a), the Target Company, each of its directors, each of its officers, employees, representatives, or agents and each Person, if any, who controls the Target Company within the meaning of the 1933 Act or the 1934 Act (each an "Indemnified Party"), against any Claim or Indemnified Damages to which any of them may become subject, under the 1933 Act, the 1934 Act or otherwise, insofar as such Claim or Indemnified Damages arise out of or is based upon any Violation, in each case to the extent, and only to the extent, that such Violation occurs in reliance upon and in conformity with written information furnished to the Target Company by Seaside expressly for use in connection with such Registration Statement; and, subject to Section 6(d), Seaside will reimburse any legal or other expenses reasonably incurred by them in connection with investigating or defending any such Claim; provided, however, that the indemnity agreement contained in this Section 6(b) and the agreement with respect to contribution contained in Section 7 shall not apply to amounts paid in settlement of any Claim if such settlement is effected without the prior written consent of Seaside, which consent shall not be unreasonably withheld; provided, further, however, that Seaside

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shall be liable under this Section 6(b) for only that amount of a Claim or Indemnified Damages as does not exceed the net proceeds to Seaside as a result of the sale of Registrable Securities pursuant to such Registration Statement. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of such Indemnified Party and shall survive the transfer of the Registrable Securities by Seaside pursuant to Section 9. Notwithstanding anything to the contrary contained herein, the indemnification agreement contained in this Section 6(b) with respect to any prospectus shall not inure to the benefit of any Indemnified Party if the untrue statement or omission of material fact contained in the prospectus was corrected and such new prospectus was delivered to Seaside prior to Seaside's use of the prospectus to which the Claim relates.

(c) Promptly after receipt by an Indemnified Person or Indemnified Party under this Section 6 of notice of the commencement of any action or proceeding (including any governmental action or proceeding) involving a Claim, such Indemnified Person or Indemnified Party shall, if a Claim in respect thereof is to be made against any indemnifying party under this Section 6, deliver to the indemnifying party a written notice of the commencement thereof, and the indemnifying party shall have the right to participate in, and, to the extent the indemnifying party so desires, jointly with any other indemnifying party similarly noticed, to assume control of the defense thereof with counsel mutually satisfactory to the indemnifying party and the Indemnified Person or the Indemnified Party, as the case may be; provided, however, that an Indemnified Person or Indemnified Party shall have the right to retain



its own counsel with the fees and expenses of not more than one (1) counsel for such Indemnified Person or Indemnified Party to be paid by the indemnifying party, if, in the reasonable opinion of counsel retained by the indemnifying party, the representation by such counsel of the Indemnified Person or Indemnified Party and the indemnifying party would be inappropriate due to actual or potential differing interests between such Indemnified Person or Indemnified Party and any other party represented by such counsel in such proceeding. The Indemnified Party or Indemnified Person shall cooperate fully with the indemnifying party in connection with any negotiation or defense of any such action or claim by the indemnifying party and shall furnish to the indemnifying party all information reasonably available to the Indemnified Party or Indemnified Person which relates to such action or claim. The indemnifying party shall keep the Indemnified Party or Indemnified Person fully apprised at all times as to the status of the defense or any settlement negotiations with respect thereto. No indemnifying party shall be liable for any settlement of any action, claim or proceeding effected without its prior written consent; provided, however, that the indemnifying party shall not unreasonably withhold, delay or condition its consent. No indemnifying party shall, without the prior written consent of the Indemnified Party or Indemnified Person, consent to entry of any judgment or enter into any settlement or other compromise which does not include as an unconditional term thereof the giving by the claimant or plaintiff to such Indemnified Party or Indemnified Person of a release from all liability in respect to such claim or litigation. Following indemnification as provided for hereunder, the indemnifying party shall be subrogated to all rights of the Indemnified Party or Indemnified Person with respect to all third parties, firms or corporations relating to the matter for which indemnification has been made. The failure to deliver written notice to the indemnifying party within a reasonable time of the commencement of any such action shall not relieve such indemnifying party of any liability to the Indemnified

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Person or Indemnified Party under this Section 6, except to the extent that the indemnifying party is prejudiced in its ability to defend such action.

(d) The indemnification required by this Section 6 shall be made by periodic payments of the amount thereof during the course of the investigation or defense, as and when bills are received or Indemnified Damages are incurred.

(e) The indemnity agreements contained herein shall be in addition to (i) any cause of action or similar right of the Indemnified Party or Indemnified Person against the indemnifying party or others, and (ii) any liabilities the indemnifying party may be subject to pursuant to the law.

7. CONTRIBUTION.

To the extent any indemnification by an indemnifying party is prohibited or limited by law, the indemnifying party agrees to make the maximum contribution with respect to any amounts for which it would otherwise be liable under Section 6 to the fullest extent permitted by law; provided, however, that: (i) no seller of Registrable Securities guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the 1933 Act) shall be entitled to contribution from any seller of Registrable Securities who was not guilty of fraudulent misrepresentation; and (ii) contribution by any seller of Registrable Securities shall be limited in amount to the net amount of proceeds received by such seller from the sale of such Registrable Securities.

8. REPORTS UNDER THE 1934 ACT.

With a view to making available to Seaside the benefits of Rule 144 promulgated under the 1933 Act or any similar rule or regulation of the SEC that may at any time permit Seaside to sell securities of the Target Company to the public without registration ("Rule 144") the Target Company agrees to:

(a) make and keep public information available, as those terms are

understood and defined in Rule 144;

(b) file with the SEC in a timely manner all reports and other documents required of the Target Company under the 1933 Act and the 1934 Act so long as the Target Company remains subject to such requirements (it being understood that nothing herein shall limit the Target Company's obligations under Section 4(c) of the Securities Purchase Agreement) and the filing of such reports and other documents as are required by the applicable provisions of Rule 144; and

(c) furnish to Seaside so long as Seaside owns Registrable Securities, promptly upon request, (i) a written statement by the Target Company that it has complied with the reporting requirements of Rule 144, the 1933 Act and the 1934 Act, (ii) a copy of the most recent annual or quarterly report of the Target Company and such other reports and

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documents so filed by the Target Company, and (iii) such other information as may be reasonably requested to permit Seaside to sell such securities pursuant to Rule 144 without registration.

9. AMENDMENT OF REGISTRATION RIGHTS.

Provisions of this Agreement may be amended and the observance thereof may be waived (either generally or in a particular instance and either retroactively or prospectively), only with the written consent of the Target Company and Seaside. Any amendment or waiver effected in accordance with this Section 9 shall be binding upon Seaside and the Target Company. No such amendment shall be effective to the extent that it applies to fewer than all of the holders of the Registrable Securities. No consideration shall be offered or paid to any Person to amend or consent to a waiver or modification of any provision of any of this Agreement unless the same consideration also is offered to all of the parties to this Agreement.

10. MISCELLANEOUS.

(a) A Person is deemed to be a holder of Registrable Securities whenever such Person owns or is deemed to own of record such Registrable Securities. If the Target Company receives conflicting instructions, notices or elections from two (2) or more Persons with respect to the same Registrable Securities, the Target Company shall act upon the basis of instructions, notice or election received from the registered owner of such Registrable Securities.

(b) Any notices, consents, waivers or other communications required or permitted to be given under the terms of this Agreement must be in writing and will be deemed to have been delivered: (i) upon receipt, when delivered personally; (ii) upon receipt, when sent by facsimile (provided confirmation of transmission is mechanically or electronically generated and kept on file by the sending party); or (iii) one (1) business day after deposit with a nationally recognized overnight delivery service, in each case properly addressed to the party to receive the same. The addresses and facsimile numbers for such communications shall be:

If to the Target Company, to:	Secured Diversified Investment, Ltd.
	5030 Campus Drive
	Newport Beach, CA 92660
	Attention: CEO
	Telephone: (949) 851-1069
	Facsimile: (949) 851-1024

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If to Seaside:	Seaside Investments PLC
	30 Farringdon Street
	London EC4A 4HJ
	Attention: Harry Pearl

Written confirmation of receipt (A) given by the recipient of such notice, consent, waiver or other communication, (B) mechanically or electronically generated by the sender's facsimile machine containing the time, date, recipient facsimile number and an image of the first page of such transmission or (C) provided by a courier or overnight courier service shall be rebuttable evidence of personal service, receipt by facsimile or receipt from a nationally recognized overnight delivery service in accordance with clause (i), (ii) or (iii) above, respectively.

(c) Failure of any party to exercise any right or remedy under this Agreement or otherwise, or delay by a party in exercising such right or remedy, shall not operate as a waiver thereof.

(d) The laws of the State of California shall govern all issues concerning the relative rights of the Target Company and Seaside as its stockholders. All other questions concerning the construction, validity, enforcement and interpretation of this Agreement shall be governed by the internal laws of the State of New York, without giving effect to any choice of law or conflict of law provision or rule (whether of the State of New York or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of New York. Each party hereby irrevocably submits to the non-exclusive jurisdiction of the Courts of the State of New York, sitting in New York County and federal courts for the District of New York sitting New York, New York, for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby or discussed herein, and hereby irrevocably waives, and agrees not to assert in any suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of any such court, that such suit, action or proceeding is brought in an inconvenient forum or that the venue of such suit, action or proceeding is improper. Each party hereby irrevocably waives personal service of process and consents to process being served in any such suit, action or proceeding by mailing a copy thereof to such party at the address for such notices to it under this Agreement and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any manner permitted by law. If any provision of this Agreement shall be invalid or unenforceable in any jurisdiction, such invalidity or unenforceability shall not affect the validity or enforceability of the remainder of this Agreement in that jurisdiction or the validity or enforceability of any provision of this Agreement in any other jurisdiction. EACH PARTY HEREBY IRREVOCABLY WAIVES ANY RIGHT IT MAY HAVE, AND AGREES NOT TO REQUEST, A JURY TRIAL FOR THE ADJUDICATION OF ANY DISPUTE HEREUNDER OR IN CONNECTION HEREWITH OR ARISING OUT OF THIS AGREEMENT OR ANY TRANSACTION CONTEMPLATED HEREBY.

(e) This Agreement and the Purchase Agreement and related documents constitute the entire agreement among the parties hereto with respect to the subject matter hereof and thereof. There are no restrictions, promises,

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warranties or undertakings, other than those set forth or referred to herein and therein. This Agreement and the Purchase Agreement and related documents supersede all prior agreements and understandings among the parties hereto with respect to the subject matter hereof and thereof.

(f) This Agreement shall inure to the benefit of and be binding upon the permitted successors and assigns of each of the parties hereto.

(g) The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

(h) This Agreement may be executed in identical counterparts, each of which shall be deemed an original but all of which shall constitute one and the same agreement. This Agreement, once executed by a party, may be delivered to the other party hereto by facsimile transmission of a copy of this Agreement bearing the signature of the party so delivering this Agreement.

(i) Each party shall do and perform, or cause to be done and performed, all such further acts and things, and shall execute and deliver all

such other agreements, certificates, instruments and documents, as the other party may reasonably request in order to carry out the intent and accomplish the purposes of this Agreement and the consummation of the transactions contemplated hereby.

The language used in this Agreement will be deemed to be the language chosen by the parties to express their mutual intent and no rules of strict construction will be applied against any party.

(j) This Agreement is intended for the benefit of the parties hereto and their respective permitted successors and assigns, and is not for the benefit of, nor may any provision hereof be enforced by, any other Person.

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IN WITNESS WHEREOF, the parties have caused this Registration Rights Agreement to be duly executed as of day and year first above written.

TARGET COMPANY:  
SECURED DIVERSIFIED INVESTMENT, LTD.

By: /s/ Clifford L. Strand

-----  
Name: Clifford L. Strand  
Title: President

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Exhibit 10.4

INVESTOR RELATIONS AGREEMENT

This Investor Relations Agreement is made between ROUND II INC, with offices at 1761 Cono Drive EL Cajon, Ca 92020 hereafter referred to as "CONTRACTOR" and Secured Diversified Investments, Ltd with offices at 5030 Campus Drive Newport Beach, ca 92660 hereafter referred to as "CLIENT".

A. Recitals.

- o CONTRACTOR is engaged in the occupation of providing investor relations services to large and small businesses. The focus of these services concerns providing business entities with support for communicating with its investor base. These services include, but are not limited to, handling phone calls and mailing literature created by business entities to its investor base.
- o CLIENT is a business entity desirous of establishing a relationship with a firm to handle its communications with its investor base.

WHEREFORE, CONTRACTOR AND CLIENT AGREE AS FOLLOWS:

1. Services to Be Performed.

CONTRACTOR agrees to perform the following financial consulting services on CLIENT'S behalf:

- a. Perform two mailings (up to 400 shareholders per mailing) from CLIENT to its investor base; this includes the process of gathering, managing and executing CLIENT'S investor relation's mailings;
- b. Respond to all Email questions and send hard copy files of all questions and responses quarterly.
- c. Perform phone call contacts with CLIENT'S investor base with information and content created by CLIENT; and, respond to all incoming calls from shareholders or prospective investors, as well as build and maintain call-inquires database (hard copy sent at close of contract).
- d. Attend and moderate all Due Diligence meeting either CLIENT or CONTRACTOR deem appropriate.
- e. Monitor the (Ragingbull & Yahoo) Internet threads and respond to inquiries about Client and its affiliates, subsidiaries and other holdings.
- f. Build a database of all contacts interested in Secured Diversified Investments, Ltd
- g. Consult with CLIENT in any matters that fall within the scope of this agreement.
- h. Will include a one-page company profile to be to be updated monthly included on [www.globalequitywatchers.com](http://www.globalequitywatchers.com) or one of CLIENT'S financial web pages.
- i. Prepare a monthly report on shareholder sentiment.
- j. Moderate and attend bimonthly conference calls providing client and contractor deem necessary.

2. Payment from CLIENT to CONTRACTOR for Services Rendered.

In consideration for the services to be provided by CONTRACTOR to CLIENT, CLIENT agrees to pay CONTRACTOR 500,000 shares of the common stock of Secured Diversified Investments, Ltd and \$ 1500.00 per month paid upon the signing of this agreement. All Shares will be 144 D and with a hold of no more than twelve months. Restricted shares will be taken at par value and as a one time retainer. Additional 1 cash payments will be made on the 15th of each month.

3. Terms of payment:

Within 7 days of the signing of this contract. No work shall begin until payment is received.

4. Expenses.

CLIENT shall be responsible for any and all costs related to the services to be performed by CONTRACTOR under this Agreement. These costs include, but are not limited to, postage, copying, long distance phone calls. CONTRACTOR will be responsible for the mailing of up to 400 shareholders/ Investors and introductory letter and company profile. CONTRACTOR will invoice CLIENT for all cost associated with the performance of this project. CLIENT will approve all expenses over \$ 100.00 in writing. CONTRACTOR will not bill any expenses unless they exceed \$1500.00 per month. Any expenses above \$1500.00 and over \$100.00 must be pre-approved in writing.

5. Independent Contractor Status.

CONTRACTOR is an independent contractor. Neither CONTRACTOR nor CONTRACTOR'S employees (if any) or contract personnel are, or shall be deemed, CLIENT'S employees. In his capacity as an independent contractor, CONTRACTOR agrees and represents, and CLIENT agrees as follows: CONTRACTOR reserves the right to perform services for others during the term of this Agreement; however, CONTRACTOR will not perform services for any competitors of CLIENT'S during the term of this Agreement, or for a period of two years after the services rendered under this Agreement have been

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completed. CONTRACTOR has the sole right to control and direct the means, manner and method by which he performs the services to be rendered pursuant to this Agreement. CONTRACTOR has the right to perform the services required under this Agreement at any place or location or at any time he determines is appropriate. CONTRACTOR has the power to hire assistants, subcontractors, or to use employees or contract personnel to provide the services agreed to herein. The services to be provided by CONTRACTOR to CLIENT are to be performed solely by CONTRACTOR, or any assistants, subcontractors, employees or contract personnel whom CONTRACTOR deems are necessary to perform said services. CLIENT shall not hire, supervise or control any assistants to help CONTRACTOR, and neither shall CLIENT provide any training to said personnel. CLIENT shall not require that CONTRACTOR, or any of CONTRACTOR'S employees, assistants, contract personnel or subcontractors devote full time to the services to be performed herein.

6. Permits and Licenses.

CONTRACTOR has complied with all federal, state and local laws requiring business permits, certificates, and licenses required to carry out the services to be performed under this Agreement.

7. State and Federal Taxes.

CLIENT will not withhold FICA from CONTRACTOR'S payments or make FICA payments on CONTRACTOR'S behalf; Client will not make state or federal unemployment compensation contributions on CONTRACTOR'S behalf; or, withhold state or federal income taxes from CONTRACTOR'S payments.

8. Fringe Benefits.

CONTRACTOR understands that neither CONTRACTOR nor Consultant's employees

or contract personnel are eligible to participate in any employee pension, health, vacation pay, sick pay, or other fringe benefit plan of CLIENT.

9. Workers' Compensation.

CLIENT shall not obtain workers' compensation insurance on behalf of CONTRACTOR or any of Consultant's employees, or contract personnel. If CONTRACTOR does have to hire employees or contract personnel in order to perform the services contemplated under this Agreement, then CONTRACTOR will bear all responsibility for acquiring workers' compensation insurance and agrees to hold CLIENT harmless from any claim for workers' compensation benefits filed by one of CONTRACTOR'S employees, subcontractors or contract personnel in performing the services rendered under this Agreement. CONTRACTOR also agrees to hold CLIENT harmless from all costs and attorney's fees in the event that any claim contemplated under this section by one of CONTRACTOR'S employees or contract personnel is filed.

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10. Unemployment Compensation.

CLIENT shall make no state or federal unemployment compensation payments on behalf of CONTRACTOR or any of Consultant's subcontractors, employees, or contract personnel. Consultant will not be entitled to these benefits in connection with work performed under this Agreement.

11. Insurance.

CLIENT shall not provide insurance coverage of any kind for CONTRACTOR or Consultant's employees or contract personnel. Further, CONTRACTOR shall hold CLIENT harmless from any loss or liability arising from performing services under this Agreement.

12. Term of Agreement.

This Agreement will become effective when signed by both parties and will terminate 6 months from the signing of this agreement.

13. Termination of the Agreement.

With reasonable cause, either CLIENT or CONTRACTOR may terminate this Agreement, effective immediately upon giving written notice to the party at the address noted in this Agreement, upon certified mail, return receipt requested. "Reasonable Cause" is limited to a material breach of this Agreement including, but not limited to, CLIENT'S failure to pay CONTRACTOR, or CONTRACTOR'S failure to perform the agreed to services herein.

14. Entire Agreement.

This Agreement is the entire agreement of the parties, and all other oral or written understandings, agreements, and promises are merged into this document.

15. Intellectual Property Ownership.

CONTRACTOR assigns to CLIENT all patent, copyright, trademark and trade secret rights in anything created or developed by CONTRACTOR under this Agreement. CONTRACTOR agrees to help CLIENT secure any formal intellectual property rights in said interests by completing any and all paperwork necessary. However, Client agrees to pay all of CONTRACTOR'S costs in this regard, including attorney's fees relevant to this assignment.

16. Confidentiality.

CONTRACTOR will not disclose or use, either during or after the term of this Agreement, any proprietary or confidential information of CLIENT without CLIENT'S prior written consent except to the extent necessary to perform services on CLIENT'S behalf. Proprietary or confidential information includes: Written, printed, graphic or electronically recorded materials furnished by CLIENT for CONTRACTOR to use; Business plans,

customer lists, operating procedures, financial statements, trade secrets, design formulas, accounting information, know-how, computer programs and/or inventories and improvements of any kind; and, Information belonging to any of CLIENT'S customers and suppliers about whom Consultant gained knowledge as a result of CONTRACTOR'S services to CLIENT.

17. Resolving Disputes.

Should a dispute between the parties arise over the services rendered under this Agreement, its interpretation, or any other aspect of the relationship between CONTRACTOR and CLIENT, the parties agree to submit the matter to binding arbitration in the San Diego County Superior Court and pursuant to the arbitration procedures outlined in the California Code of Civil Procedure. Costs shall be borne equally by the parties. Judgment by the arbitrator may be entered in any court of competent jurisdiction. Costs and fees may be awarded to the prevailing party.

18. Applicable Law.

This Agreement is governed and shall be construed according to the laws of the State of California.

19. Notices.

All notices and other communications in connection with this Agreement shall be in writing and shall be considered given either when delivered personally or five days after deposit into the U.S. Mail with full postage prepaid thereon, certified mail, return receipt requested.

20. No Partnership.

This Agreement does not create a partnership relationship. CONTRACTOR does not have the authority to enter into contracts on CLIENT'S behalf.

21. Assignment and Delegation.

CONTRACTOR may not assign any obligations under this Agreement without CLIENT'S prior written approval.

22. Authority to Bind Principals.

Both CLIENT and CONTRACTOR represent that the signatories hereto have complete authority to bind their principal corporations or other business entities to the terms of this Agreement.

CONTRACTOR:

ROUND II INC  
PRESIDENT  
ANDREW S. AUSTIN,

Dated: August 19, 2004

CLIENT:

SECURED DIVERSIFIED INVESTMENTS, LTD  
PRESIDENT AND CHAIRMAN OF THE BOARD  
CLIFFORD L. STRAND,

Dated: August 19, 2004





Exhibit 10.6

[CATELLUS GROUP, LLC LOGO]

CATELLUS GROUP, LLC  
REAL ESTATE INVESTMENT SERVICES  
220 East Boulevard, Suite 200  
Charlotte, NC 28203  
(704) 332-7052

AMENDED AND RESTATED  
BUSINESS AND REAL ESTATE LEASEHOLD INTEREST  
PURCHASE AGREEMENT

BY AND AMONG

GRAND DAKOTA MANAGEMENT LLC, A DELAWARE LIMITED LIABILITY COMPANY,  
ASSIGNEE FROM STOW-AWAY SELF-STORAGE LIMITED PARTNERSHIP  
A NORTH CAROLINA LIMITED PARTNERSHIP  
"BUYER"

AND

SECURED DIVERSIFIED INVESTMENT, LTD.  
A NEVADA CORPORATION  
"SELLER"

PRESENTED BY:

STEPHEN D. BARKER, CCIM, SEC  
CATELLUS GROUP LLC  
220 EAST BOULEVARD, SUITE 200  
CHARLOTTE, NORTH CAROLINA 28203  
704-332-7052

NOVEMBER 9, 2004

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[CATELLUS GROUP, LLC LOGO]  
CATELLUS GROUP, LLC  
REAL ESTATE INVESTMENT SERVICES  
220 East Boulevard, Suite 200  
Charlotte, NC 28203  
(704) 332-7052

AMENDED AND RESTATED  
BUSINESS AND REAL ESTATE LEASEHOLD INTEREST  
PURCHASE AGREEMENT

This AMENDED AND RESTATED BUSINESS AND REAL ESTATE LEASEHOLD INTEREST PURCHASE AGREEMENT (the "Agreement") dated November 9, 2004, by and among SECURED DIVERSIFIED INVESTMENT, LTD., a Nevada corporation whose address is 5030 Campus Drive, Newport Beach, California 92660, ( hereinafter "Seller") and GRAND DAKOTA MANAGEMENT LLC, a Delaware limited liability company (hereinafter "Buyer"), and assignee of STOW-AWAY SELF-STORAGE LIMITED PARTNERSHIP, a North Carolina limited partnership (hereinafter "Assignor").

PRELIMINARY RECITALS

Assignor and Seller entered into a certain Business and Real Estate Leasehold Interest Purchase Agreement dated July 7, 2004 (the "Original Agreement"). Assignor assigned all of its interests and rights in the Original Agreement to Buyer pursuant to an Assignment Agreement of even date herewith. Buyer and Seller hereby enter into this Agreement for the purpose of amending and restating the Original Agreement for all purposes.

Seller is engaged in a certain hospitality business located at 532 15th Street,

Dickinson, North Dakota (the "Business"); and Seller desires to sell to Buyer, and Buyer desire to purchase from Seller, the Business and including all of the personal property, leasehold interest and assets required to own and operate the Business, excluding the right to sell and the business of selling or offering for sale alcoholic beverages ( the "Alcoholic Beverage Business"), upon the terms and subject to the conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the mutual promises herein contained, the parties hereto hereby agree as follows:

#### ARTICLE 1

##### SALE AND PURCHASE OF THE PURCHASED ASSETS

1.1 AGREEMENT TO SELL. At the Closing hereunder (as hereinafter defined) effective as of November 1, 2004 (the "Effective Date"), and on the terms and subject to the conditions hereinafter set forth, Seller hereby sells, conveys, transfers, assigns and delivers to Buyer, free and clear of all Liens (as defined), except as set forth on SCHEDULE 1.2 and Buyer hereby purchases and acquires from Seller, the Business excluding the Alcoholic Beverage Business and all of Seller's right, title and interest in and to (a) the Business as a going concern, (b) the name "The Hospitality Inn" and all goodwill associated therewith, including the right to use this name in the name of the corporation or other entity selected by Buyer to conduct the Business after Closing, and (c) all of the properties, assets and rights of Seller constituting the Business, or used therein, of every kind and description, real, personal, mixed, tangible and intangible, and which are used in or arise out of the conduct of the Business or are considered to be assets of Seller wherever located and whether or not all or any of said property and assets appear on or are reflected upon Seller's books, records or financial statements, which Business, name, goodwill, assets, properties and rights are herein sometimes called the "Purchased Assets" (other than Excluded Assets as defined in SECTION 1.2), which PURCHASED ASSETS include, by way of example and not by way of limitation:

1.1.1 IMPROVEMENTS AND TANGIBLE PERSONAL PROPERTY. All buildings, structures, leasehold improvements, fixtures, machinery, equipment, vehicles (whether or not registered under motor vehicle registration laws), furniture, furnishings and equipment, goods and other personal property of Seller of every type or kind whether or not listed on SCHEDULE 1.1.1. All buildings, structures, leasehold improvements and

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fixtures conveyed herein are sometimes referred to herein as the "Real Estate Improvements." The parties hereto agree that the Real Estate Improvements shall be conveyed to Grand Dakota Partners LLC at Closing by warranty deed. In addition, Seller agrees to provide Grand Dakota Partners LLC with a quit claim deed conveying its interest in the underlying fee interest, if any ;

1.1.2 INVENTORIES AND SUPPLIES. All inventory of the Business, held for resale and display, and office and operating and other supplies whether or not any of the foregoing is listed on SCHEDULE 1.1.2;

1.1.3 PREPAID ASSETS. All prepaid assets, items and fees, expenses and costs of the Business; excluding reimbursements for pre-paid insurance premiums relating to periods after the Effective Date listed on SCHEDULE 1.1.3;

1.1.4 CONTRACT RIGHTS. All agreements, contracts and leases of equipment and personal property of the Business specified on SCHEDULE 1.1.4 as being assumed by Buyer;

1.1.5 PROPRIETARY RIGHTS. Any and all service marks, trademarks, service mark and trademark registrations and applications, trade-names, logos, copyrights, and other licenses thereof, know-how, trade secrets, listings of past and presents customers, potential customers, recorded knowledge, business plans, performance standards, research data, analyses and computer software programs, sales data, sales and advertising materials, scheduling and service methods, sales and service manuals and all other proprietary, confidential and other similar information (in whatever form or medium) relating to the

conduct of the Business (collectively, "Proprietary Rights") listed on SCHEDULE 1.1.5;

1.1.6 REAL ESTATE LEASES. All leases to real property, whether as Lessor or Lessee, as set out on SCHEDULE 1.1.6 wherein it is stipulated that such leases are being transferred to Buyer;

1.1.7 RECORDS. All records, files, documents and papers of Seller related to the conduct of the Business, including but not limited to, correspondence, customer records, customer lists and books of account;

1.1.8 CLAIMS. All causes of action, claims, rights of recovery and set-off of every kind and character pertaining or relating to the Purchased Assets, including all insurance, warranty and condemnation proceeds received after the Effective Date with respect to damage, destruction or loss of any Purchased Assets arising after the Effective Date;

1.1.9 NAME AND GOODWILL. The name "The Hospitality Inn" and all combinations and variations thereof, and any other names utilized in the Business together with all goodwill associated therewith and with the Business;

1.1.10 INTELLECTUAL PROPERTY. All rights under any patent, trademark, service mark, trade mark or copyright, whether registered or unregistered, and any applications therefore and all methods, formulas, data bases, know how, inventions, trade secrets and other intellectual property used in the Business or under development;

1.1.11 COMPUTER SOFTWARE. All computer software (including documentation and related object and source codes);

1.1.12 CHOSSES IN ACTION. All rights or choses in action arising out of occurrences before or after the Effective Date, including without limitation, all rights under express or implied warranties relating to the Purchased Assets;

1.1.13 DOCUMENTATION. All information, files, records, data, plans, contracts and recorded knowledge, including customer and supplier lists, related to the foregoing.

1.2 EXCLUDED ASSETS. All other properties and assets owned or held by Seller shall be retained by Seller and shall not be sold or transferred to Buyer hereunder, including, but not limited to, the following:

1.2.1 ORGANIZATIONAL RECORDS. Seller's formal corporate records, including its certificate of incorporation, by-laws, corporate seal, minute books, stock books and other records having exclusively to do with the corporate organization of Seller and the Business;

1.2.2 RIGHTS UNDER THIS AGREEMENT. Seller's rights pursuant to or under this Agreement;

1.2.3 ACCOUNTS RECEIVABLE. All accounts receivable, notes, bonds or other evidences of indebtedness of any corporation, entity or person held by Seller relating to the Business arising prior to the Effective Date, including any such receivables from officers, stockholders, employees and companies affiliated with Seller;

1.2.4 CASH AND CASH EQUIVALENTS. Any and all cash and cash equivalent assets of the Business as of the Effective Date, including rights to tax refunds, insurance deposits or premiums and rights to return of premiums;

1.2.5 PERSONAL ITEMS. The personal items located at the Business;

1.2.6 CERTAIN CONTRACTS. Rights under those Contracts, if any, set forth on SCHEDULE 1.2.6 and designated as not being assumed by Buyer hereunder;

1.2.7 REAL ESTATE LEASES. Certain leases to real property as set out on SCHEDULE 1.2.7 wherein it is stipulated that such leases are not being transferred to Buyer;

1.2.8 ACCESS TO RECORDS. Buyer shall retain the records of the Business that are included in the Purchased Assets for a period of five (5) years after Closing or, if earlier, until Buyer shall have sold or disposed of the Business, and during such period shall permit Seller to inspect such records during normal business hours upon seven (7) days prior request. Seller shall retain all organizational records of the Business for a period of three (3) year after Closing and shall permit Buyer to inspect such records and make copies and extracts thereof;

1.2.9 EMPLOYMENT RECORDS. Buyer shall maintain possession of the employee records of the Business for a period of five (5) years and during such period Buyer may, upon seven (7) days prior request, review and make copies of such records during normal business hours;

1.2.10 ACCOUNT PAYABLES. All obligations, trade payable and other indebtedness of Seller arising prior to the Effective Date; and

1.2.11 ALCOHOLIC BEVERAGE BUSINESS. Seller's license to sell and serve alcoholic beverages and the Alcoholic Beverage Business

The Purchased Assets shall be deemed to include property and assets now in existence and those hereafter acquired prior to the Closing (as defined in Section 9.1 hereof) excluding only such items as may be disposed of by Seller strictly in accordance with Section 6.1.1.

## ARTICLE 2

### PURCHASE PRICE

2.1 CLOSING AMOUNTS. The purchase price to be paid by Buyer to Seller for the Business and the Purchased Assets shall be EIGHT HUNDRED THOUSAND (\$800,000.00) DOLLARS, plus the dollar value of Seller's inventory at the lower of cost or current book value subject to the allocations as described in SCHEDULE 2.1, and the Closing Adjustments provided for by SECTION 9.6 hereof ("Purchase Price"). The parties will file Form 8594 with the Internal Revenue Services utilizing such allocations. Buyer and Seller shall not treat the allocation of Purchase Price inconsistently with the allocation under Section 2.1 and in no tax audit, tax examination, tax review or tax litigation will either Buyer or Seller claim or assert that the allocation of the Purchase Price is or should be inconsistent with Section 2.1 or was not separately bargained for at arm's length and in good faith. The Purchase Price is composed of the components set out in Section 2.2.

2.2 PAYMENT OF PURCHASE PRICE. The Purchase Price shall be paid as follows:

2.2.1 CASH PORTION. The Purchase Price in the amount of THREE HUNDRED THOUSAND AND NO/100 DOLLARS (\$300,000.00) plus the Inventory and Closing Adjustments pursuant to Section 2.2.3 shall be paid in cash or other immediately available funds at Closing.

2.2.2 PROPERTY PORTION. The Purchase Price in the amount of FIVE HUNDRED THOUSAND AND NO/100 DOLLARS (\$500,000.00) shall be paid by the conveyance from the Buyer (or an affiliate of Buyer) to the Seller of fee simple title to an approximate 1.6 acre parcel as more fully set forth on SCHEDULE 2.2.2(A) attached hereto (the "Dickinson Property"), together with all rights, privileges, and easements appurtenant to such property, including all water and air rights, mineral rights, rights of way, parking areas, roadbeds, alleyways, roadways, easements for vehicular, pedestrian and utility purposes and all other reversions and appurtenances used in connection therewith. The Dickinson Property will be conveyed by special warranty deed free from all liens and encumbrances but subject to the Permitted Exceptions described on SCHEDULE 2.2.2(B) attached and by reference made a part hereof.

2.2.3 INVENTORY PORTION AND CLOSING ADJUSTMENTS. The value of the Inventory of the Business immediately prior to the Effective Date valued at the lesser of its original cost or current net book value and the Closing Adjustments (as defined in Section 9.6 shall be added to the Purchase Price enumerated in Section 2.1 above and paid in cash pursuant to Section 9.2.2; and

2. 3 ASSUMED LIABILITIES. Buyer shall not assume or agree to pay, perform and discharge or in any manner be responsible for any debts, obligations or liabilities of Seller or the Business of any kind or nature whatsoever arising prior to the Effective Date.

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2.4 ACCOUNTS PAYABLE. As of October 31, 2004, Seller has outstanding certain obligations, trade payable and other indebtedness, including but not limited to, the accounts payable set forth Schedule 2.4 (the "Obligations"). Seller agrees that if Buyer, in its reasonable commercial judgment, pays any part of the Obligations to protect its business opportunity or so that such vendor will continue supplying services and/or products to Buyer, then Seller shall reimburse Buyer for such payment within fifteen (15) days of receipt of written notice from Buyer.

### ARTICLE 3

#### REVIEW RIGHTS

3.1 BUYER'S INSPECTIONS. Until November 12, 2004 (the "Review Period"), Buyer and its authorized contractors, engineers, inspectors, agents, representatives and employees shall be entitled to go upon the Property to make such inspections, examinations, surveys, tests and other studies as may be required by Buyer, including, without limitation: environmental audits and surveys the Purchased Assets; and inspections of the roofs and the structural, mechanical and other components (including, but not limited to, mechanical, heating, cooling, electrical and plumbing systems) of all Improvements leased or occupied by the Business. Buyer shall indemnify and hold Seller harmless from any liability, claims, damages or expenses (including reasonable attorneys' fees) proximately caused by its activities pursuant to the aforesaid permitted entry; provided, however, it is acknowledged that if Buyer or its contractors, agents, representatives or employees, as a result of its or their environmental audit activities, may be required to report certain facts and circumstances to governmental agencies having jurisdiction in respect of such matters, then it is agreed that the aforesaid indemnity shall not extend to or cover liabilities arising out of any such report. Seller agrees that Buyer shall incur no obligations other than as set out in this subparagraph by virtue of exercising any rights herein granted, and no exercise hereof shall diminish or otherwise affect any representations made by Seller in this Agreement, including, without limitation, the representations as to the condition of the structural and mechanical elements of the Improvements hereinafter set out.

3.1.1 DELIVERIES FOR INSPECTION. Seller has delivered to Buyer, and Buyer acknowledges receipt of, the following:

3.1.1.1 REVIEW OF PLANS AND SPECIFICATIONS. Buyer (and its contractors and representatives) with Seller's full cooperation shall be entitled to review and reproduce all of the Plans and Specifications from which any Improvements owned or occupied by the Business were constructed or renovated, including all building permits, curb cuts, utility agreements and other documentation relating to the construction of such Improvements (all plans and specification have been delivered to Buyer as of the date of the opening of escrow);

3.1.1.2 GOVERNMENTAL REGULATION AND FILINGS. Reports filed and significant correspondence with any state or federal regulatory agencies during the past five years.

3.1.1.3 PERMITS AND LICENSES. All material governmental permits and licenses of the Business.

3.2 DELIVERY OF SELLER MATERIAL AGREEMENTS. Seller has delivered to Buyer all material agreements, contracts or commitments relating to the Business, including:

3.2.1 Personnel policy manuals and literature relating to all current

programs and benefits and relating to programs and benefits to be proposed or implemented in the future;

3.2.2 All agreements, indentures, or other instruments which contain restrictions with respect to the sale or other transfer of a material portion of the Purchased Assets or properties;

3.2.3 All agreements, contracts or commitments relating to capital expenditures or the leasing, sale, distribution or purchase of any products or services;

3.2.4 All licensing agreements, franchise agreements, equipment leases and conditional sales contracts;

3.2.5 All loan agreements and all documentation relating to loans or advances to, or investments in, any other person, firm, corporation or other entity, and any agreements, contracts or commitments relating to the making of any such loan, advance or investment;

3.2.6 All guarantees in respect of any indebtedness or any obligation of any other person (other than endorsements of negotiable instruments for collection in the ordinary course of business);

3.2.7 All management, service, consulting and other similar type contracts;

3.2.8 All joint venture and partnership agreements relating to the Business;

3.2.9 All mortgages and deeds of trust relating to the Business to which Seller is a party or which cover property included in the Purchased Assets;

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3.2.10 All deeds to real estate used in the Business together with title reports and title insurance policies relating thereto and copies of all surveys of any such property;

3.2.11 All agreements, contracts or commitments which involve or create an obligation of the Business of \$5,000.00 or more and are not cancelable without penalty or costs within thirty days;

3.2.12 All agreements, contracts or commitments limiting the freedom of the Business to engage in any line of business or to compete with any other person;

3.2.13 All agreement, contracts, instruments, judgments or decrees that materially adversely affect the business practices, operations or conditions of the Business or any of the Purchase Assets or that would impair or prevent the consummation of the transactions contemplated by this Agreement;

3.2.14 All leases of real and personal property relating to the Business to which the Seller is a party either as lessor or lessee;

3.2.15 A schedule of all insurance policies carried by Seller relating to the Business as to each policy indicating the insurer, the amount of insurance, the items, lives or property thereby insured, the expiration date, the premium and all mortgagees;

3.2.16 A schedule of all patents, patent applications, service marks, trademarks, trade names, brands and copyrights owned or licensed by Seller relating to the Business;

3.2.17 All contracts and agreements with or pertaining to the Business and to which any directors, officers or owners of more than 5% of the stock of Seller are parties;

3.2.18 All documents relating to any other transaction between the Business and any directors, officers or owners of more than 5% of the stock of Seller; and

3.2.19 All documents pertaining to any receivables of the Business from or payable to any directors, officers or owners of more than 5% of the stock of Seller.

3.3 OTHER DOCUMENTS. Seller has delivered to Buyer, all litigation, administrative proceedings or governmental investigations or inquiries pending or threatened, affecting the Business or any of the Purchased Assets, including but not limited to;

3.3.1 Information regarding compliance with federal and state environmental protection acts, including copies of all environmental permits necessary for the operation of the Business; information regarding claims under environmental protection laws and all notices of violation with respect thereto, including any claims under and notices of violation with respect to the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA") and the Resource Conservation and Recovery Act ("RCRA"); if applicable, the CERCLA notification of hazardous substance disposal areas used by Seller and any RCRA or state law notices of underground storage tanks; information regarding OSHA citations and outstanding enforcement actions.

3.3.2 Information regarding the generation, treatment and disposal of hazardous substances and/or solid wastes; history of all problems with pollution control and environmental contamination and all communications with federal or state environmental agencies with respect thereto.

3.3.3 All consent decrees, judgments, administrative and other orders or decrees, settlement agreements and other agreements, if any, to which the Business is a party or is bound that requires or prohibits any future actions or activities.

3.3.4 A schedule of major suppliers and customers, giving the name, address, contact person and annual dollar amounts purchased or sold.

3.3.6 Backlog and order records.

#### ARTICLE 4

##### REPRESENTATIONS AND WARRANTIES OF SELLER

Seller hereby represents and warrants to Buyer as follows, all such representations and warranties as conditioned or qualified by the Schedules attached hereto:

4.1 ORGANIZATION; POWER; GOOD STANDING AND CAPITALIZATION OF SELLER. Seller is a corporation duly organized, validly existing, and in good standing under the laws of the State of Nevada and has full corporate power and authority to carry on the Business as now conducted and to own and operate the Purchased Assets. Seller has full corporate power and authority to execute and deliver this Agreement and the other agreements contemplated hereby, to perform its obligations hereunder and there under and to consummate the transactions contemplated hereby and thereby. To the best of Seller's 's knowledge and belief, Seller is not required to be qualified or licensed to do business as a foreign corporation in any jurisdiction(s) outside the State of Nevada except as set forth in SCHEDULE 4.1. The Articles of Incorporation and By-laws of Seller furnished to Buyer reflect all amendments thereto and are correct and complete in all material respects and have not been amended or modified in any respect.

4.2 CORPORATE AUTHORIZATION. The execution and delivery of this Agreement and the other agreements contemplated hereby and the performance by Seller of its obligations hereunder and there under have been, or by the Closing Date will be, duly authorized by all necessary corporate action and no other corporate act or proceeding on the part of Seller or its Board of Directors which is necessary to authorize the execution, delivery or performance by Seller of this Agreement or any other agreement contemplated hereby or the consummation of the transactions contemplated hereby or thereby. This Agreement has been duly executed by Seller, and constitutes, and the other agreements contemplated hereby, and the



instruments and documents to be delivered by Seller hereunder, also constitute, the legal, valid and binding obligations of each of Seller and is enforceable against the Seller in accordance with their respective terms.

4.3 VALIDITY OF CONTEMPLATED TRANSACTIONS. The execution, delivery and performance of this Agreement by the Seller does not and will not violate, conflict with or result in the breach of any term, condition, or provision of, ore require the consent of any other person under, (a) any existing law, ordinance or governmental rule or regulation to which Seller is subject, (b) any judgment, order, writ, injunction, decree, or award of any court, arbitrator or governmental or regulatory official, body or authority which is applicable to Seller, (c) the charter documents of Seller or any securities issued by Seller, (d) any mortgage, deed of trust, indenture, agreement, contract, lease, plan, authorization or other instrument, document, or understanding, oral or written, relating to the Business to which Seller is a party, by which the Business may have rights or by which the Business or the Purchased Assets may be bound or affected or give any party with rights there under the right to terminate, modify, accelerate or otherwise change the existing rights or obligations of Seller there under. Except as aforesaid, no authorization, approval or consent of, and no registration or filing with, any governmental or regulatory official, body or authority is required in connection with the execution, delivery, or performance of this Agreement by Seller.

4.4 ABSENCE OF UNDISCLOSED LIABILITIES. Seller has no liabilities or obligations with respect to the Business, direct or indirect, matured or unmatured or absolute, contingent or otherwise, except:

4.4.1 those liabilities or obligations set forth on the most recent financial statements of Seller delivered to and initialed by Buyer's representative and not heretofore paid or discharged;

4.4.2 liabilities arising in the ordinary course of business under any agreement, contract, commitment, lease or plan specifically disclosed to Buyer on SCHEDULE 4.4.2;

4.4.3 those liabilities or obligations incurred, consistently with past business practice, in or as a result of the normal and ordinary course of business since the date of the most recent financial statements of Seller delivered to and initialed by Buyer's representative.

For purposes of this Agreement, the term "liabilities" shall include, without limitation, any direct or indirect indebtedness, guaranty, endorsement, claim, loss, damage, deficiency, cost, expense, obligation or responsibility, fixed or unfixed, known or unknown, asserted or unasserted, choate or inchoate, liquidated or unliquidated, secured or unsecured.

4.5 NO ILLEGAL PAYMENTS. With respect to the Business, Seller has not made or committed to make any bribe, kickback payments or other illegal payments.

4.6 NO CONTRACT MODIFICATION. No party (including Seller) has accelerated, terminated, modified, or canceled any contract, lease, sublease, license, sublicense or other agreement set forth on the Schedules attached hereto.

4.7 TITLE TO PURCHASED ASSETS. Except for the Excluded Assets, the Purchased Assets constitute all of the property and assets which are used in or considered part of the Business as presently conducted and all assets which were used to conduct the Business since the date of the Latest Balance Sheet, other than assets sold or disposed in the ordinary course of business to nonaffiliated third parties. Except as set forth in SCHEDULE 4.7.1, Seller owns good and marketable title, free and clear of all Liens (as defined below) to all of its properties and assets, real, personal and mixed, which would be included in the Purchased Assets if the Closing took place on the date hereof, which Seller

purports to own, including without limitation all of the real and personal property and assets shown on the latest Balance Sheet or acquired thereafter and all real, intangible and personal property and assets of Seller included within the Purchased Assets. Seller has the right to convey, and upon consummation of the transactions which are the subject of this Agreement, Buyer will be vested with good and marketable title to the Purchased Assets, free and clear of all liens, mortgages, charges, security interests, pledges, or other encumbrances

(collectively, "Liens").

4.8 INVENTORY. The inventories of the Business are in a good and merchantable condition and quality; consists substantially of a quality, quantity and condition useable, leasable and saleable in the ordinary course of business; is valued at reasonable amounts based on costs; and is not subject to any write-down or write-off. Seller is not under any liability or obligation with respect to the return of inventory in the possession of wholesalers, retailers or customers. None such inventory is of a type which is not utilized or readily useable in conducting the Business as of the date hereof.

4.9 NO PATENTS, TRADEMARKS, ETC. The Business has no patents and no registered trademarks or service marks. The Business has not trademark or service mark, trade name and logo. The Seller has no other copyrights, licenses and other similar rights.

4.10 CONTRACTS AND AGREEMENTS. SCHEDULE 4.10 identifies every agreement, license, lease and contract, written or oral, to which Seller is a party that relates to the Business and/or the Purchased Assets (the "Contracts"), and except as disclosed on SCHEDULE 4.10, all of such Contracts may be assigned and transferred to Buyer without the consent, approval, novation or waiver (collectively, "Defined Consents") of any party to such contract (other than Seller) or any other third party or governmental authority or instrumentality. To the best of Seller's knowledge or belief, Seller is not in default, and no event has occurred which with the giving of notice or the passage of time or both would constitute a default, under any Contract made or obligation owed by Seller with respect to its Business or the Purchased Assets which default would adversely affect, either individually or together with such other defaults, the financial condition, assets or properties of Seller and no default and no event has occurred which with the giving of notice or the passage of time or both would constitute a default by any other party to any such Contract or agreement. Seller has furnished to Buyer accurate and complete copies of all of the agreements and Contracts referred to in the first sentence of this SECTION 4.10 and a summary of all oral agreements and contracts so listed.

4.11 LICENSES AND PERMITS. Seller holds all the permits, licenses (including any licenses held by any employees pertaining to the Business), and approvals of governmental authorities and agencies necessary or desirable for the current conduct of the Business and the ownership, use, occupancy, or operation of the Purchased Assets, all of which are identified on SCHEDULE 4.11 ("Permits"). Without limitation of the foregoing, Seller holds all such Permits which relate specifically to, are unique to, or are otherwise required for the Business. Seller, the Business and the Purchased Assets are in compliance with such Permits and Seller has received no notices to the contrary. Except as disclosed in SCHEDULE 4.12, each of the Permits is freely transferable and will constitute party of the Purchased Assets.

4.12 COMPLIANCE WITH LAWS. Except as set forth in SCHEDULE 4.12, Seller has complied with each, and is not in violation of any, law, ordinance, or governmental or regulatory rule or regulation, whether federal, state, local or foreign, to which the Business or the Purchased Assets are subject ("Regulations"). Seller own, holds, possesses or lawfully uses in the operation of the Business all franchises, licenses, permits, easements, rights, applications, filings, registrations and other authorizations ("Authorizations") which are in any manner necessary for it to conduct its business as now or previously conducted or for the ownership and use of the Purchased Assets or used by Seller of the Business, free and clear of all liens, charges, restrictions and encumbrances and in compliance with all Regulations. All such Authorizations are listed and described on SCHEDULE 4.12. Seller is not in default, nor has it received any notice of any claim of default, regarding any such Authorization. All such Authorizations are renewable by their terms or in the ordinary course of business without the need to comply with any special qualifications procedures or to pay any amounts other than routine filing fees. None of such Authorizations will be adversely affected by consummation of the transactions contemplated hereby. No director, officer, employee or former director, officer or employee of Seller owns or has any proprietary, financial or other interest (direct or indirect) in any Authorization which Seller owns, possesses or uses in the operation of the Business as now or previously conducted.

4.13 PERSONNEL AGREEMENTS, PLANS AND ARRANGEMENTS. Except as listed in SCHEDULE 4.13, Seller is not a party to or obligated in connection with its Business with respect to any (a) outstanding contracts with current or former employees,

agents, consultants, advisers, salesmen, sales representatives, distributors, sales agents or dealers or (b) collective bargaining agreements or contracts with any labor union or other representative of employees or any employee benefits provided for by any such agreement. Seller has furnished Buyer with a true and complete copy of each document listed in SCHEDULE 4.13. Except as listed in SCHEDULE 4.13, no strike, union organizational activity, allegation, charge or complaint of employment discrimination or other similar occurrence has occurred during Seller's past five completed fiscal years, or is pending or threatened against Seller; nor does Seller know any basis for any such allegation, charge, or complaint. Except as listed in SCHEDULE 4.13, Seller has complied with all applicable laws relating to the employment of labor, including provisions thereof relating to wages, hours, equal opportunity, collective bargaining and the payment of social security and other taxes. Except as listed on SCHEDULE 4.13 there are no administrative charges or court complaints pending or, to Seller's best knowledge, threatened against the Seller before the U.S. Equal Employment Opportunity Commission or any state or federal court of agency concerning alleged employment discrimination or any other matter relating to the

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employment of labor. Except as listed in SCHEDULE 4.13, there is no unfair labor practice charge or complaint pending or threatened against Seller before the National Labor Relations Board ("NLRB") or any similar state or local body.

4.14 EMPLOYEE SALARIES. Attached hereto as SCHEDULE 4.14 is a correct and complete list setting forth (i) the names and current salaries of the employees of the Business, regardless of the amount of annual compensation, and (ii) the names and total annual compensation for all independent contractors who render services on a regular basis to the Business whose current annual compensation is \$10,000 or more. Except as listed in SCHEDULE 4.14 the Business has no promise to any employee orally or in writing of any bonus or increase in compensation or a general increase or change in any Employee Benefit Plan, whether or not legally binding.

4.15 LITIGATION. Except as described in SCHEDULE 4.15 to the best of Seller's knowledge and belief, there is no claim, counter-claim, action, suit, arbitration, other proceeding or governmental investigation pending before any court, arbitrator or governmental or regulatory official or, to the best knowledge of Seller, threatened against or involving Seller with respect to or affecting the Business or Purchase Assets or relating to the transactions contemplated hereby, before any court, agency, commission, board, bureau or other governmental body or instrumentality. Seller does not know of or have any reasonable grounds to know of any basis for any such claim, action, suit, proceeding or governmental investigation. Neither the Business nor the Purchased Assets is directly subject to or affected by any order, judgment, decree or ruling of any court or governmental agency. Seller has not received any opinion or memorandum or legal advice from legal counsel to the effect that the Business is exposed, from a legal standpoint, to any liability or disadvantage which may be material to Seller, the Business or the Purchased Assets.

4.16 TAXES. Except as listed on SCHEDULE 4.16 all taxes due and payable by the Seller with respect to the Business or Purchased Assets have been paid in full. Seller has timely paid all taxes and filed all federal, state, county, local and foreign tax returns (including without limitation all income tax, unemployment compensation, social security, payroll, sales and use, excise, privilege, property, ad valorem, franchise, license, school, water and sewer, and other tax or similar governmental charge) which it is required to have paid and filed the returns with respect thereto, and such returns are complete and correct. Any deficiencies proposed as a result of any federal state or local audits have been paid or settled, and there are no present disputes as to taxes payable by Seller. There are no unexpired waivers by Seller of any statute of limitations with respect to any taxes, and Seller is not a party to any action or proceedings by any governmental authority for the collection or assessment of taxes.

4.17 NO LEGAL OBSTRUCTION. All consents and approvals by governmental agencies that are required for the consummation of transactions contemplated hereby or the other agreements contemplated hereby or by third parties that are required in order to prevent a breach of, or a default under, or a termination or modification of, any instrument, contract, lease or other agreement to which the Purchased Assets are subject, and releases of all Liens, charges and other restrictions on the Purchased Assets, have been obtained on terms and conditions

no less favorable to Buyer than they are to Seller.

4.18 INSURANCE POLICIES. Attached hereto as SCHEDULE 4.18 are copies of all insurance policies which include policy numbers, names and addresses of insurers and expiration dates, of all insurance policies owned by Seller with respect to the Business or the Purchased Assets. Such policies are in full force and effect, and there is no existing default or event which, with the giving of notice or lapse of time or both, would constitute a default there under. Seller has not received any notice of (i) cancellation or intent to cancel or, (ii) increase or intent to increase premiums, with respect to such insurance policies. Seller has not been refused any insurance, nor has its coverage been limited, by any insurance carrier during the past five years. SCHEDULE 4.18 also contains a true and complete description of all bonds and other surety arrangements issued or entered into in connection with the business, assets and liabilities of Seller, if any.

4.19 INTEREST OF SELLER IN CUSTOMERS; AFFILIATED, ETC. Except as set forth in SCHEDULE 4.19, neither the Seller nor any of its affiliates has any direct or indirect interest in any competitor, supplier or customer of the Business or in any person from whom or to whom the Seller leases any real or personal property or in any other person with whom the Seller has any business relationship. An affiliate means any person or entity controlling, controlled by or under common contract with Seller.

4.20 ENVIRONMENTAL REPRESENTATIONS, WARRANTIES AND INDEMNIFICATION. Seller hereby represents and warrants to Buyer, their heirs, successors and assigns that:

4.20.1 To the best of its knowledge, there are no violations regarding the Purchased Assets of any federal, state or local statute, law, ordinance, code, or regulation that creates standards of conduct or imposes liability concerning petroleum products, flammables, explosives, radioactive materials, and any other hazardous, toxic, explosive, or other dangerous wastes, substances or materials ("Hazardous Materials"); and

4.20.2 During the period of Seller's ownership of the Purchased Assets (up to and including the Effective Date) there has been no litigation brought or threatened against Seller nor any settlements reached by or with any party or parties alleging the presence, disposal, release or threatened release of any Hazardous Materials in, from, or under the premises on which the Purchased Assets is located.

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4.21 SURVIVAL. All representation and warranties made Seller in this Agreement or any certificate, schedule, statement, document or instrument furnished or to be furnished to Buyer pursuant hereto, or in connection with the negotiation, execution or performance of this Agreement shall survive the Closing for a period of three (3) years. Notwithstanding any investigation, audit or review conducted before or after Closing, Buyer shall be entitled to rely upon the representations and warranties set forth herein and therein.

4.22 DISCLOSURE. To the best of Seller's knowledge and belief, neither this ARTICLE 4 nor any writing delivered by Seller to Buyer in connection with the transactions contemplated hereby contains any untrue statement of a material fact or omits a material fact necessary to make the statements contained herein and therein, in light of the circumstances in which they were made, not misleading. There is no material fact which has not been disclosed to Buyer which materially adversely affects or could reasonably be anticipated to materially adversely affect the Business or the Purchased Assets or Seller's ability to consummate the transactions contemplated hereby.

4.23 CONDITIONS AFFECTING SELLER. There is no fact, development or threatened development with respect to the markets, products, services, clients, customers, facilities, computer software data bases, personnel, vendors, suppliers, operations, assets, or prospects of the Business which are known to Seller which would materially adversely affect the business, operations or prospects of the Business considered as a whole, other than such conditions as may affect the economy generally. Seller has used its best efforts to keep available for Buyer the services of the employees, agent, customers and suppliers of Seller who are active in the conduct of the Business. Seller does not have any reason to

believe that any loss of any employee, agent, customer or supplier or other advantageous arrangement will result because of the consummation of the transactions contemplated by this Agreement.

4.24 CONDITION OF TANGIBLE ASSETS. All buildings, structures, facilities, equipment and other material items of tangible property and assets which could be included in the Purchased Assets if the Closing took place on the date hereof are in good operating condition and repair, subject to normal wear and tear, are useable in the regular and ordinary course of business and conform to all applicable laws, ordinances, codes, rules and regulations and Authorizations relating to their construction, use and operation and none of the said tangible assets require any repair or replacement except for maintenance in the ordinary course of Seller's operations. No person other than Seller has any ownership interest in any of the Seller's tangible assets unless disclosed on SCHEDULE 4.24 attached to this Agreement.

4.25 LEASES. All leases of real and personal property leased by the Seller and utilized in the Business, including all such leases with related parties or affiliates are listed on SCHEDULE 4.25, which Schedule lists the name and address of each landlord or sub landlord, and as to each lease or sublease, itemizes the description and square footage of the leased space, the commencement and expiration date or each lease term, all renewal options, the rent rates (including base rent and all additional rents [and how such additional rents are computed or derived]) for the initial and all renewal terms of lease, the security deposit made by Seller, whether Seller may assign each such lease to Buyer, and whether Seller must obtain the consent of its lessor or any other person to the assignment of the lease to Buyer. Within sixty (60) days of the date Seller has received a fully executed copy of this Agreement, Seller shall deliver to Buyer accurate and complete copies of all such leases and subleases. As to each such lease:

(i) Seller enjoys peaceful and undisturbed possession under each such of the leases, and each such Lease is, and at Closing shall be, in full force and effect and has not been assigned, modified, supplemented or amended, and neither Seller nor the landlord or sub landlord from whom Seller leases such premises is in default, and no state of facts or circumstance exists which, with the giving of notice or passage of time, or both, would permit such landlord or sub landlord to terminate the lease or claim the right to invoke any remedy available under the lease or at law upon the occurrence of default by Seller;

(ii) The real property which Seller possesses under such leases is in good condition and repair with adequate plumbing, heating and air conditioning and with access to public roads and adequate public utility service as required for the conduct of the Business;

(iii) At Closing, Seller shall assign to Buyer all right, title and interest of Seller in and to all Leases and shall deliver to Buyer original copies of all consents required for such assignments;

(iv) Seller has received no oral or written notice, and has not reason to believe, that any governmental body having the power of eminent domain over any premises leased by Seller has commenced or intends to exercise its power of eminent domain; and, if any leasehold to be assigned or transferred hereunder is hereafter taken by eminent domain, or is threatened to be taken or notice of any such taking is given, prior to Closing, then Buyer may elect to terminate this Agreement; provided if Buyer does not terminate, then (a) Buyer shall have the sole right, in the name of Seller, to negotiate for, claim, contest and receive all damages on account thereof, (b) Seller shall be relieved of its obligation to transfer the leasehold to Buyer, (c) at Closing, Seller shall assign to Buyer all of Seller's rights to damages payable for such taking or injury to such premises and shall pay to Buyer all damages

theretofore paid to Seller by reason thereof, and (d) following Closing, Seller shall give Buyer such further assurances of such rights and assignments as Buyer may from time to time reasonable request;

(v) All premises leased by Seller and used in the Business comply with the Regulations of all governmental bodies having jurisdiction thereof; and Seller has received no notices, oral or written, from any governmental body, and has no reason to believe, that any leased premises or the uses conducted thereon or therein, violate any Regulations having jurisdiction there over;

(vi) Between the date hereof and Closing, Seller shall not encumber or transfer or suffer the transfer of any of its leased premises and shall not do or permit any act which diminishes the title to or value of any such leased premises

4.26 REPORTS AND RECORDS. Seller has not ordered, nor is it in possession of, analyses (within the last two years) of the Business or its industry prepared by investment bankers, engineers, management consultants or others, including marketing studies, credit reports and financial and other types of reports. Seller does not have projections, budgets or business plans of the Business for the past three years and for any future periods.

4.27 ABSENCE OF CERTAIN DEVELOPMENTS. Since December 31, 2003, Seller has conducted the Business only in the ordinary course of business consistent with past custom and practice, and has incurred no liabilities other than in the ordinary course of business consistent with past custom and practice. Without limitation of the foregoing, since December 31, 2003 Seller has not:

(i) sold, assigned or transferred any of the Purchased Assets, or mortgaged, pledged or subjected them to any Lien, charge or other restriction, except for Liens for current property taxes not yet due and payable;

(ii) made or granted any bonus or any wage or salary increase to any employee or made any other change in employment terms for any employee, except as set forth on SCHEDULE 4.27;

(iii) made or granted any increase in or amended or terminated, any existing plan, program, policy or arrangement, including without limitation, any Employee Benefit Plan (as defined) or arrangement or adopted any new Employee Benefit Plan or arrangement, or entered into any new collective bargaining agreement or multiemployer plan, except as set forth on SCHEDULE 4.27;

(iv) conducted its cash management customs and practices (including the timing of collection of receivables and payment of payable and other current liabilities) and maintained its books and records other than in the usual and ordinary course of business consistent with past customs and practice;

(v) made any loans or advances to, or guarantees for the benefit of, or entered into any transaction with any employee, officer or director of Seller;

(vi) suffered any extraordinary loss, damage, destruction or casualty loss to the Purchased Assets or the Business or waived any rights of material value, whether or not covered by insurance and whether or not in the ordinary course of business;

(vii) received notification that any customer will stop or decrease in any material respect the rate of business done with the Business except as disclosed on SCHEDULE 4.27;

(viii) declared, set aside or paid any dividend or distribution of cash or other property to any stockholder or

purchased, redeemed or otherwise acquired any shares of its capital stock, or made any other payments to any stockholder;

(ix) entered into any other material transaction, other than in the ordinary course of business consistent with past custom and practice; or

(x) has committed to do any of the foregoing.

4.28 NO OTHER WARRANTIES. Except the specific representations made in this Agreement, Buyer acknowledges and agrees that Seller has not made, does not make and specifically negates and disclaims any representations or warranties whatsoever whether express or implied, oral or written, past, present or future, with respect to (i) the value, nature, quality or condition of the Purchased Assets, (ii) the income or losses to be generated by the Purchased Assets, (iii)

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the suitability of the Purchased Assets for any or all activities that the Buyer desires to conduct, (iv) the compliance of the Purchased Assets with any laws, rules, ordinances or regulations of any governmental authority or body, (v) the habitability, merchantability, marketability, profitability or fitness for a particular purpose of the Purchased Assets, (vi) the manner or quality of construction of any improvements included in the Purchased Assets, and (vii) the manner, quality, state of repair or lack of repair of the Purchased Assets. Buyer has been given an opportunity to inspect, and has inspected the Purchased Assets. Buyer is relying on its own investigation of the Purchased Assets and not on any information provided by Seller other than this Agreement and the Schedules and Exhibits hereto. Buyer further acknowledges that any information provided by Seller to Buyer regarding the Purchased Assets other than this Agreement has been obtained from a variety of sources and the Seller has not made an independent investigation as to the accuracy or completeness of the information.

ARTICLE 5

REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer represents and warrants to Seller as follows, all such representations and warranties as conditioned or qualified by the Schedules attached hereto:

5.1 ORGANIZATION; POWER; GOOD STANDING AND CAPITALIZATION OF SELLER. Buyer is a limited liability company duly organized, validly existing, and in good standing under the laws of the State of Delaware and has full power and authority to carry on the Business as now conducted and to own and operate the Purchased Assets. Buyer has full power and authority to execute and deliver this Agreement and the other agreements contemplated hereby, to perform its obligations hereunder and there under and to consummate the transactions contemplated hereby and thereby. Buyer is authorized to do business in North Dakota and to acquire title to the Purchased Assets.

5.2 AUTHORIZATION. The execution and delivery of this Agreement and the other agreements contemplated hereby and the performance by Buyer of its obligations hereunder and there under have been duly authorized by necessary partnership action, to the extent (if any) that is required, and no other act or proceeding on the part of Buyer is necessary to authorize the execution, delivery or performance by Buyer to this Agreement or any other agreement contemplated hereby or the consummation of the transactions contemplated hereby or thereby. This Agreement has been duly executed by Buyer and constitutes, and the other agreements contemplated hereby, the legal, valid and binding obligations of and enforceable against Buyer in accordance with their respective terms.

5.3 NO BREACH. The execution, delivery and performance by Buyer of this Agreement and the other agreements contemplated hereby and the consummation of the transactions contemplated hereby and thereby do not (i) violate, conflict with, result in any breach of, constitute a default under, result in the termination or acceleration of, create in any party the right to accelerate, terminate, modify or cancel, or require any notice under any contract, agreement, indenture, loan agreement, lease, sublease, license, sublicense, franchise, permit, obligation or instrument to which Buyer is a party or by which Buyer is bound or affected (ii) other than as provided in this Agreement, require any authorization, consent, approval, exemption or other

person or entity under, the provisions of any law, statute, rule, regulation, judgment, order or decree or any contract, agreement, lease, sublease, license, franchise, permit, indenture, obligation or instrument to which Buyer is subject, bound or affected or (iii) violate or require any consent or notice under law, statute, regulation, rule, judgment, decree, order, stipulation, injunction, charge or other restriction of any government, governmental agency or court to which Buyer is subject, bound or affected.

5.4 ABSENCE OF UNDISCLOSED LIABILITIES. Buyer has no liabilities or obligations with respect to the Dickinson Property, direct or indirect, matured or unmatured or absolute, contingent or otherwise, except:

5.4.1 those liabilities or obligations set forth on the most recent financial statements of Buyer delivered to and initialed by Seller's representative and not heretofore paid or discharged;

5.4.2 liabilities arising in the ordinary course of business under any agreement, contract, commitment, lease or plan specifically disclosed to Seller on SCHEDULE 5.4.2;

5.4.3 those liabilities or obligations incurred, consistently with past business practice, in or as a result of the normal and ordinary course of business since the date of the most recent financial statements of Buyer delivered to and initialed by Seller's representative.

For purposes of this Agreement, the term "liabilities" shall include, without limitation, any direct or indirect indebtedness, guaranty, endorsement, claim, loss, damage, deficiency, cost, expense, obligation or responsibility, fixed or unfixed, known or unknown, asserted or unasserted, choate or inchoate, liquidated or unliquidated, secured or unsecured.

5.5 TITLE TO DICKINSON PROPERTY. Seller owns good and marketable title to the Dickinson Property, free and clear of all Liens. Seller has the right to convey, and upon consummation of the transactions which are the subject of this Agreement, Buyer will be vested with good and marketable title to the Dickinson Property, free and clear of all Liens.

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5.6 INTENTIONALLY OMITTED.

5.7 NO ILLEGAL PAYMENTS. With respect to the Dickinson Property, Buyer has not made or committed to make any bribe, kickback payments or other illegal payments.

5.8 NO CONTRACT MODIFICATION. No party (including Buyer) has accelerated, terminated, modified, or canceled any contract, lease, sublease, license, sublicense or other agreement set forth on the Schedules attached hereto.

5.9 TAXES. Except as listed on SCHEDULE 5.9 all taxes due and payable by the Buyer with respect to the Dickinson Property have been paid in full. Buyer has timely paid all taxes and filed all federal, state, county, local and foreign tax returns (including without limitation all income tax, unemployment compensation, social security, payroll, sales and use, excise, privilege, property, ad valorem, franchise, license, school, water and sewer, and other tax or similar governmental charge) which it is required to have paid and filed the returns with respect thereto, and such returns are complete and correct. Any deficiencies proposed as a result of any federal state or local audits have been paid or settled, and there are no present disputes as to taxes payable by Buyer. There are no unexpired waivers by Buyer of any statute of limitations with respect to any taxes, and Buyer is not a party to any action or proceedings by any governmental authority for the collection or assessment of taxes.

5.10 NO LEGAL OBSTRUCTION. All consents and approvals by governmental agencies that are required for the consummation of transactions contemplated hereby or the other agreements contemplated hereby or by third parties that are required in order to prevent a breach of, or a default under, or a termination or modification of, any instrument, contract, lease or other agreement to which the Dickinson Property subject, and releases of all Liens, charges and other restrictions on the Dickinson Property, have been obtained on terms and conditions no less favorable to Seller than they are to Buyer.



5.11 ENVIRONMENTAL REPRESENTATIONS, WARRANTIES AND INDEMNIFICATION. Buyer hereby represents and warrants to Seller, their heirs, successors and assigns that during the period of Buyer's ownership of the Dickinson Property (up to and including the Closing Date) there has been no litigation brought or threatened against Buyer nor any settlements reached by or with any party or parties alleging the presence, disposal, release or threatened release of any Hazardous Materials in, from, or under the Dickinson Property.

5.12 BROKER'S FEES. No agent, broker, investment banker, or other person or firm acting on behalf of Buyer or under its authority is or will be entitled to any broker's or finder's fee or any other commission or similar fee, directly or indirectly, from Buyer in connection with the transactions contemplated by this Agreement. If applicable, Seller agrees to pay any and all fees or commissions regarding the sale of its property to duly authorized brokerage agents.

5.13 LITIGATION. There are no legal, administrative, arbitration or other proceedings or governmental investigations pending or threatened against Buyer or the Dickinson Property that would give any third party the right to enjoin the transactions contemplated by this Agreement.

5.14 SURVIVAL. All representation and warranties made by Buyer in this Agreement or any certificate, schedule, statement, document or instrument furnished or to be furnished to Seller pursuant hereto or in connection with the negotiation, execution or performance of this Agreement shall survive the Closing for a period of three (3) years. Notwithstanding any investigation, audit or review conducted before or after Closing, Seller shall be entitled to rely upon the representations and warranties set forth herein and therein.

5.15 NO WARRANTIES. Except the specific representations made in this Agreement, Seller acknowledges and agrees that Buyer has not made, does not make and specifically negates and disclaims any representations or warranties whatsoever whether express or implied, oral or written, past, present or future, with respect to (i) the value, nature, quality or condition of the Dickinson Property, (ii) the income or losses to be generated by the Dickinson Property, (iii) the suitability of the Dickinson Property for any or all activities that the Seller desires to conduct, (iv) the compliance of the Dickinson Property with any laws, rules, ordinances or regulations of any governmental authority or body, and (v) the habitability, merchantability, marketability, profitability or fitness for a particular purpose of the Dickinson Property. Seller has been given an opportunity to inspect, and has inspected the Purchased Assets. Buyer is relying on its own investigation of the Dickinson Property and not on any information provided by Buyer other than this Agreement and the Schedules and Exhibits hereto. Seller further acknowledges that any information provided by Buyer to Seller regarding the Dickinson Property other than this Agreement has been obtained from a variety of sources and Buyer has not made an independent investigation as to the accuracy or completeness of the information.

## ARTICLE 6

### AGREEMENTS PENDING CLOSING

6.1 AGREEMENTS OF SELLER PENDING CLOSING. Seller covenants and agrees with Buyer that, pending the Closing and except as otherwise agreed to in writing by Buyer:

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6.1.1 BUSINESS IN THE ORDINARY COURSE. Seller shall use commercially reasonable efforts to operate the Business in the ordinary course consistent in all material respects with past practices; use reasonable commercial efforts to preserve the Business' present operations, organization and goodwill and to preserve Seller's present relationships with customers, suppliers and other persons having business dealings with the Business; and to the extent practicable, keep available the services of Seller's present employees relating to the Business; use its best efforts to conduct the Business in such a manner that on the Closing Date, the representations and warranties of Seller contained in this Agreement shall be true, except as otherwise contemplated in Article 6, as though such representations and warranties were made on such date. Seller will cooperate with Buyer and use its best efforts to cause all of the conditions to the obligations of Seller under this Agreement to be satisfied on or prior to the

Closing Date.

6.1.2 MAINTAIN THE PURCHASED ASSETS. Seller shall use and operate the Purchased Assets in a reasonable manner and maintain all of the tangible Purchased Assets in substantially their current condition, ordinary wear and tear excepted;

6.1.3 UPDATE SCHEDULES. Seller shall promptly disclose to Buyer any information contained in its representations and warranties or the Schedules which, because of an event occurring after the date hereof, is incomplete or no longer correct as of all times after the date hereof until the Closing Date; provided none of such disclosures shall be deemed to modify, amend or supplement the representations and warranties of Seller or the schedules hereto for the purposes of Article VII hereof, unless Buyer shall have consented thereto in writing.

6.1.4 SALE OR ENCUMBRANCE OF ASSETS; NEGOTIATIONS. Seller shall not directly or indirectly sell, lease, pledge or otherwise dispose of any of the Purchased Assets, except for dispositions of Inventory in the ordinary course of Business consistent with past practice or initiate or participate in any discussions or negotiations or enter into any agreement to do any of the foregoing. Seller shall not provide any confidential information concerning the Business or its properties or assets to any third party other than in the ordinary course of business.

6.1.5 ACCESS. Seller shall give to Buyer's employees, counsel, accountants and other representatives and agents free and full access to and the right to inspect during normal business hours the Purchased Assets and the records, contracts and other documents relating thereto or identified in the schedules delivered hereunder or referred to in documents delivered with or pursuant to such schedules, and Seller shall permit them to consult with the officers, employees, accountants, counsel, representatives and agents of Seller for the purpose of making such investigations and reviews of the Business and/or the Purchased Assets (including the Seller's Financial Statements delivered or to be delivered to Buyer) provided such investigation and review shall not unreasonable interfere with Seller's business operations. Further, Seller shall furnish to Buyer all such documents and copies of documents and records and information with respect to the Purchased Assets and the Business and its conduct by Seller (and working papers with respect thereto) as Buyer shall from time to time reasonably request and shall permit Buyer and its agents to make physical inventories and inspections of the Purchased Assets as Buyer may request from time to time.

6.1.6 TAX RETURNS AND PAYMENTS.

(i) All tax returns, estimates, and reports required to be filed by Seller prior to the Closing Date or relating to periods prior to the Closing Date will be timely filed by Seller when due with the appropriate governmental agencies; and

(ii) All Federal, state and local taxes, including but not limited to, pro rated ad valorem, withholding and unemployment taxes, pertaining to ownership of the Purchased Assets or operation of the Business prior to the Closing Date will be paid by Seller when due and payable.

6.1.8 CONVEYANCE FREE AND CLEAR OF LIENS. At or prior to the Closing, Seller shall obtain the release of all liens and encumbrances disclosed in the Schedules hereto and any other liens or encumbrances on the Purchased Assets and shall duly file releases of all such liens in each governmental agency or office in which any such lien or evidence thereof shall have been previously filed, and Seller shall transfer and convey, been previously filed, and Seller shall transfer and convey, or cause to be transferred and conveyed, to Buyer at Closing good and marketable title to all of the Purchased Assets free and clear of all liens and encumbrances with the exception of that certain land lease noted herein.

6.1.9 PRESS RELEASE. Except as required by applicable law, Seller shall

not give notice to third parties or otherwise make any public statement or releases concerning this Agreement or the transactions contemplated hereby except for such written information as shall have been approved in writing as to form and content by Buyer, which approval shall not be unreasonably withheld.

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6.1.10 EMPLOYEES AND BUSINESS RELATIONS. Seller shall use its best efforts to keep available the present employees and agents of the Business and to maintain the relations and goodwill with the suppliers, customers, distributors and any others having business relations with the Business.

6.1.11 MAINTENANCE OF INSURANCE. Seller shall notify Buyer of any changes in the terms of the insurance policies and binders referred to on SCHEDULE 4.18.

6.1.12 MAINTENANCE OF FRANCHISES, ETC. Seller shall use its best efforts to maintain in full force and affect all Franchises currently in effect used in the conduct of the business of the Business.

6.1.13 COMPLIANCE WITH LAWS, ETC. Seller shall comply with all laws, ordinances, rules, regulations and orders applicable to the Business or Seller's operations, assets or properties in respect thereof, the noncompliance with which might materially affect the Business or the Assets.

6.1.14 UPDATE SCHEDULES. Seller shall promptly disclose to Buyer any information contained in its representations and warranties or the Schedules which, because of an event occurring after the date hereof, is incomplete or is no longer correct as of all times after the date hereof until the Closing Date; provided, however, that none of such disclosures shall be deemed to modify, amend or supplement the representations and warranties of Seller or the schedules hereto for the purposes of Article 4 hereof, unless Buyer shall have consented thereto in writing.

6.2 AGREEMENTS OF BUYER PENDING THE CLOSING. Buyer covenants and agrees with Seller that, pending the Closing and except as otherwise agreed to in writing by Seller:

6.2.1 CONDUCT OF BUSINESS. Buyer shall use its best efforts to conduct its business in such a manner that on the Closing Date the representations and warranties of Buyer contained in this Agreement shall be true, except as specifically contemplated by this Article 6, as though such representations and warranties were made on and as of such date. Furthermore, Buyer shall cooperate with Seller and use its best efforts to cause all of the conditions to the obligations of Buyer and Seller under this Agreement to be satisfied on or prior to the Closing Date.

6.2.2 SALE OR ENCUMBRANCE OF ASSETS; NEGOTIATIONS. Buyer shall not, directly or indirectly, sell or encumber all or any part of the Dickinson Property, other than in the ordinary course of business consistent with past practice or initiate or participate in any discussions or negotiations or enter into any agreement to do any of the foregoing. Buyer shall not provide any confidential information concerning Buyer or the Dickinson Property to any third party other than in the ordinary course of business.

6.2.3 CONFIDENTIALITY. Unless and until the Closing has been consummated, Buyer will hold, and shall cause their counsel and independent public accountants, appraisers and other representatives to hold in confidence any confidential data or information made available to Buyer in connection with this Agreement with respect to the Business using the same standard of care to protect such confidential data and information as is used to protect Buyer's confidential information. If the transactions contemplated by this Agreement are not consummated, Buyer agrees that it shall return to Seller all written materials and all copies thereof that were supplied to Buyer by Seller and that contain such confidential data or information.

6.2.5 PRESS RELEASE. Except as required by applicable law, Buyer shall not give notice to third parties or otherwise make any public statement or releases concerning this Agreement or the transactions contemplated hereby except for such written information as shall have been approved in writing as to form and content by Seller, which approval shall not be unreasonably withheld.

6.2.6 CONVEYANCE FREE AND CLEAR OF LIENS. At or prior to the Closing, Buyer shall obtain the release of all liens and encumbrances disclosed in the Schedules hereto and any other liens or encumbrances on the Dickinson Property and shall duly file releases of all such liens in each governmental agency or office in which any such lien or evidence thereof shall have been previously filed, and Buyer shall transfer and convey, or cause to be transferred and conveyed, to Seller at Closing good and marketable title to all of the Dickinson Property free and clear of all liens and encumbrances.

6.2.7 INTENTIONALLY OMITTED.

6.2.8 COMPLIANCE WITH LAWS, ETC. Buyer shall comply with all laws, ordinances, rules, regulations and orders applicable to its business or operations, assets or properties in respect thereof, the noncompliance with which might materially affect Buyer or the Dickinson Property.

6.2.9 UPDATE SCHEDULES. Buyer shall promptly disclose to Seller any information contained in its representations and warranties or the Schedules which, because of an event occurring after the date hereof,

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is incomplete or is no longer correct as of all times after the date hereof until the Closing Date; provided, however, that none of such disclosures shall be deemed to modify, amend or supplement the representations and warranties of Buyer or the schedules hereto for the purposes of Article 6 hereof, unless Seller shall have consented thereto in writing.

## ARTICLE 7

### CONDITIONS PRECEDENT TO THE OBLIGATION OF BUYER TO CLOSE

All of Buyer's obligations under this Agreement are subject to the satisfaction and fulfillment on or prior to the Closing Date, of each of the following conditions precedent unless waived by Buyer in writing:

7.1 ACCURACY OF REPRESENTATIONS AND WARRANTIES. The representations and warranties of Seller contained in this Agreement or in any other Document shall be true and correct in all material respects on the date hereof and at the Closing Date with same effect as though made at such time.

7.2 COMPLIANCE WITH THIS AGREEMENT. Seller shall have performed or complied with all agreements and conditions required by this Agreement to be performed or complied with by it prior to or at the Closing.

7.3 INTENTIONALLY OMITTED.

7.4 OPINIONS OF COUNSEL FOR SELLER. Seller shall have delivered to Buyer a written opinion of its legal counsel, dated the Closing Date, in the form of EXHIBIT A hereto with only such changes as shall be in form and substance reasonably satisfactory to Buyer and its counsel.

7.5 NO THREATENED OR PENDING LITIGATION. On the Closing Date, no suit, action or other proceeding, or injunction or final judgment relating thereof, shall be threatened or pending before any court or governmental or regulatory official, body or authority in which relief is sought to restrain or prohibit or to obtain damages or other relief in connection with this Agreement or the consummation of the transactions contemplated hereby, and no investigation that might result in any such suit, action or proceeding shall be pending or threatened.

7.6 CONSENTS AND APPROVALS. The holders of debt of the Seller, the lessors and lessees of any real or personal property or assets leased by Seller, the parties

(other than Seller) to any contract, commitment, or agreement, to which Seller is a party or subject, any governmental or regulatory official, body or authority or any other person that owns or has authority to grant any Franchise and any governmental, judicial or regulatory official, body or authority having jurisdiction over, Seller or Buyer to the extent that their consent or approval is required or necessary under the pertinent debt, lease, contract, commitment, agreement or other document or instrument or under applicable orders, laws, rules or regulations, for the consummation of the transactions contemplated hereby in the manner herein provided, shall have granted such consent or approval.

7.7 ESCROW AGREEMENT. Seller and Escrow Agent shall have executed and delivered the Escrow Agreement, a copy of which is attached as EXHIBIT B.

7.8 CLOSING OF BUYER'S ACQUISITION OF LAND. Concurrently with Closing or immediately prior thereto, Buyer shall have consummated its acquisition of the land underlying the Purchased Assets and the Dickinson Property from Robert Leonard et al.

7.9 OPTION AGREEMENT. Buyer and Seller shall enter into an Option Agreement whereby Buyer shall have the option to purchase the Dickinson Property for a period of three years for \$500,000.00 (the "Option Agreement").

#### ARTICLE 8

##### CONDITIONS PRECEDENT TO THE OBLIGATIONS OF SELLER TO CLOSE

The obligation of Seller to close the transaction contemplated by this Agreement is subject to the satisfaction, on or prior to the Closing Date, of the following conditions, unless waived by Seller in writing:

8.1 ACCURACY OF REPRESENTATIONS AND WARRANTIES. The representations and warranties of Buyer herein contained shall be true in all material respects at the date hereof and at the Closing Date with the same effect as though made at such time.

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8.2 COMPLIANCE WITH THIS AGREEMENT. Seller shall have performed or complied with all agreements and conditions required by this Agreement to be performed or complied with by it prior to or at the Closing.

8.3 INTENTIONALLY OMITTED.

8.4 OPINIONS OF COUNSEL FOR BUYER. Buyer shall have delivered to Seller a written opinion of its legal counsel, dated the Closing Date, in the form of EXHIBIT C hereto with only such changes as shall be in form and substance reasonably satisfactory to Seller and its counsel.

8.5 NO THREATENED OR PENDING LITIGATION. On the Closing Date, no suit, action or other proceeding, or injunction or final judgment relating thereof, shall be threatened or pending before any court or governmental or regulatory official, body or authority in which relief is sought to restrain or prohibit or to obtain damages or other relief in connection with this Agreement or the consummation of the transactions contemplated hereby, and no investigation that might result in any such suit, action or proceeding shall be pending or threatened.

8.6 CONSENTS AND APPROVALS. The holders of debt of Buyer, the lessors and lessees of any real or personal property or assets leased by Buyer, the parties (other than Buyer) to any contract, commitment, or agreement, to which Buyer is a party or subject, any governmental or regulatory official, body or authority or any other person that owns or has authority to grant any Franchise and any governmental, judicial or regulatory official, body or authority having jurisdiction over Seller or Buyer to the extent that their consent or approval is required or necessary under the pertinent debt, lease, contract, commitment, agreement or other document or instrument or under applicable orders, laws, rules or regulations, for the consummation of the transactions contemplated hereby in the manner herein provided, shall have granted such consent or approval.

8.7 CLOSING OF BUYER'S ACQUISITION OF LAND. Concurrently with Closing or immediately prior thereto, Buyer shall have consummated its acquisition of the

land underlying the Purchased Assets and the Dickinson Property from Robert Leonard et al.

8.8 MANAGEMENT AGREEMENT. Buyer shall have entered into that certain Management Agreement with Dickinson Management Inc.

#### ARTICLE 9

##### CLOSING, ITEMS TO BE DELIVERED, THIRD PARTY CONSENTS, CHANGE IN NAME AND FURTHER ASSURANCES

9.1 Closing. The closing (the "Closing") of the sale and purchase of the Purchased Assets shall take place at 10:00 a.m., local time, on or before November 12, 2004 or on such other date as may be mutually agreed upon in writing by Buyer and Seller. The date of the Closing is sometimes herein referred to as the "Closing Date". The effective date of the transfer of the Purchased Assets shall be October 31, 2004. The Escrow Holder shall be Alliance Title Company, (affiliate of First American Title), % Brenda Barnett, 18831 Von Karman, Irvine, California, 92614, 949-724-4900, Cell: 949-795-5114.

The Closing shall be held simultaneously with the exchange by and between Grand Dakota Partners, LLC and Robert and Sumiye Leonard et al herewith, concerning that certain exchange agreement by and among the parties which is attached hereto and made an integral part hereof. The Closing of this Agreement is contingent upon the simultaneous closing of the aforementioned exchange agreement.

9.2 Items to be delivered at Closing. At the Closing and subject to the terms and conditions herein contained:

9.2.1 Seller shall execute, acknowledge in form sufficient for recording and deliver to Buyer the following:

(i) such bills of sale with covenants of warranty, assignments, endorsements and other good and sufficient instruments and documents of conveyance and transfer, in form reasonably satisfactory to Buyer and its counsel, as shall be necessary and effective to transfer and assign to, and vest in, Buyer all of Seller's rights, title and interest in and to the Purchased Assets free and clear of all liens and encumbrances, which instruments and documents shall include, without limitation, (A) good and valid title in and to all of the Purchased Assets owned by Seller, (B) good and valid leasehold interests in and to all of the Purchased Assets leased by Seller as lessee, and (C) all of Seller's rights under all agreements, contracts, commitments, leases, plans, bids, quotations, proposals, instruments and other documents included in the Purchased Assets to which Seller is a party or by which it has rights on the Closing Date: and

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(ii) all of the agreements, contracts, commitments, leases, plans, bids, quotations, proposals, instruments, computer programs and software, databases, whether in the form of computer tapes or otherwise, related object and source codes, manuals and guidebooks, price books, and price lists, customer and subscriber lists, supplier lists, sales records, files, correspondences, legal opinions, rulings issued by governmental entities and other documents, books, records, papers, files, office supplies and data belonging to Seller which are part of the Purchased Assets;

(iii) Certified resolutions of the Board of Directors of Seller approving the execution and delivery of this Agreement and each of the other Documents and authorizing the consummation of the transactions contemplated hereby and thereby;

(iv) Such additional information and materials as Buyer shall have reasonably requested to evidence the satisfaction of the conditions to its obligations hereunder, including without

limitation, evidence that all consents and approvals required as a condition to Buyer's obligation to close hereunder have been obtained, and any other documents expressly required by this Agreement to be delivered by Seller at Closing;

(v) A Closing Statement describing with particularity the source and application of the funds payable at Closing and simultaneously with such delivery, all such steps will be taken as may be required to put Buyer in actual possession and operating control of the Purchased Assets; and

(vi) A warranty deed conveying the Real Estate Improvements and a quit claim deed conveying Seller's interest in the underlying fee interest, if any.

9.2.2 Buyer shall deliver to Seller the following:

(i) the Cash Portion in an accordance with Sections 2.2.1 and 2.2.3 hereof;

(ii) a warranty deed to the Dickinson Property in form suitable for recording;

(iii) Certified resolutions of the Board of Directors of Buyer approving the execution and delivery of this Agreement and each of the other Documents and authorizing the consummation of the transactions contemplated hereby and thereby;

(iv) Such additional information and materials as Seller shall have reasonably requested to evidence the satisfaction of the conditions to its obligations hereunder, including without limitation, evidence that all consents and approvals required as a condition to Seller's obligation to close hereunder have been obtained, and any other documents expressly required by this Agreement to be delivered by Buyer at Closing; and

(v) A Closing Statement describing with particularity the source and application of the funds payable at Closing and simultaneously with such delivery, all such steps will be taken as may be required to put Seller in actual possession and operating control of the Dickinson Property.

At or prior to the Closing, the parties hereto shall also deliver to each other the agreements, opinions, certificates and other documents and instruments referred to in Article 7 and 8 to the extent such are not specifically required to be delivered pursuant to Article 9.

9.3 THIRD PARTY CONSENTS. To the extent that Seller's rights under any agreement, contract, commitment, lease, Authorization (as defined in Section 4.12) or other Purchased Asset to be assigned to Buyer hereunder may not be assigned without the consent of another person which has not been obtained, this Agreement shall not constitute an agreement to assign the same if an attempted assignment would constitute a breach thereof or be unlawful, and Seller, at its expense, shall use its best efforts to obtain any such required consent(s) as promptly as possible. To the extent that Buyer's rights under any agreement, contract, commitment, lease, Authorization (as defined in Section 4.12) may not be assigned without the consent of another person which has not been obtained, this Agreement shall not constitute an agreement to assign the same if an attempted assignment would constitute a breach thereof or be unlawful, and Buyer, at its expense, shall use its best efforts to obtain any such required consent(s) as promptly as possible. If any such consent shall not be obtained or if any attempted assignment would be ineffective or would impair a party's rights under the asset in question so that such party would not in effect acquire the benefit of all such rights, each party, to the maximum extent permitted by law, shall act after the Closing as the other party's agent in order to obtain for it the benefits there under and shall cooperate, to the maximum extent permitted by law, in any other reasonable arrangement designed to provide such benefits to appropriate party.

9.4 FURTHER ASSURANCES. Seller, from time to time after the Closing at Buyer's request, will execute, acknowledge and deliver to Buyer such other instruments of conveyance and transfer and will take such other actions and execute and

deliver such other documents, certifications and further assurances as Buyer may reasonably require in order to vest more effectively in Buyer or to put Buyer more fully in possession of any of the Purchased Assets. Each of the parties hereto will cooperate with the other and execute and deliver to the other parties hereto such other instruments and documents and take such other actions as may be reasonably requested from time to time by any other party hereto as necessary to carry out, evidence and confirm the intended purposes of this Agreement.

9.6 CLOSING ADJUSTMENTS. Set forth on Schedule 9.6 is a list of all Closing Adjustments which shall be added to or subtracted from the Cash Portion of the Purchase Price to be paid at Closing. Such Closing Adjustment shall include the following items:

9.6.1 TAXES. Set forth on Schedule 9.6 is a list of all taxes relating to the Purchased Assets for period after the Effective Date that have been paid or advanced by the Seller. All real estate and personal property taxes, ad valorem taxes and any other taxes that are or will become a lien upon the Purchased Assets or the Dickinson Property or an obligation of the Tenant under all Leases assumed by Buyer or Seller, shall be prorated for the year of Closing as of the Effective Date. Any delinquent taxes or assessments on the Purchased Property or the Dickinson Property, and all personal property taxes and other assessments and charges, shall be paid by the transferor thereof prior to or at Closing. Proration shall be made on the basis of the most recent mill levy assessment and valuation; provided however, if the levy rate or valuation increases after the Closing, each transferee reserves the right to require an equitable re-proration thereof from its transferor. The provisions of this Paragraph shall survive the Closing.

9.6.2 EXPENSES. All expenses of operation of the leased premises of all leaseholds to be transferred to Buyer at Closing and of the Dickinson Property to be transferred to Seller, whether billed or unbilled (including rent payments, utilities and maintenance) shall be the responsibility of the owner and transferor until the day of Effective Date and shall be so prorated. Thereafter, such expenses are the responsibility of the transferee.

9.6.3 PREPAIDS. Set forth on Schedule 9.6 is a list of all payments and premiums relating to the Purchased Assets for period after the Effective Date. The parties shall prorate the payments or premiums, relating to periods after the Effective Date, with regard to any warranties, service, management or brokerage contracts, maintenance agreements or insurance policies which each party has elected or agreed to assume. As of the date of Effective Date, Buyer and Seller shall prorate operating expenses relating to the Purchased Assets not specified above.

9.6.4 RENTAL RECEIPTS. As of the day before the date of closing, each of the parties shall prorate rentals from tenants and other receipts, revenues and income from the property it is transferring for the month of closing and each transferee shall receive a credit for rents actually received by the transferor for the month of closing. Any prepaid rents shall be adjusted and the transferor shall receive a credit from the transferee for the amount of payment relating to any period after the Closing Date.

9.6.5 EMPLOYEE COSTS. On or before Closing, Buyer will inform Seller of any employees it intends to hire. If Buyer elects to hire any of Seller's employees as provided above, either Seller shall pay or Buyer shall receive a credit against the Cash Portion of the Purchase Price due at Closing for the value of said accrued but unpaid wages and salaries and all employee's sick leave, vacation or other employee benefits earned but not yet paid or used, whether accrued on Seller's books or not.

9.6.6 ESCROW FEES AND COSTS. Seller and Buyer shall pay the costs and expenses of the escrow agent, title insurance and related matters as set forth on Schedule 9.6.



9.7 TRANSFER OF THE ALCOHOLIC BEVERAGE BUSINESS. Upon receipt by Buyer of a valid license to sell alcoholic beverages under North Dakota law and the ordinances of Dickinson, North Dakota, but not later than the expiration date of the Management Agreement, Seller hereby agrees to transfer, convey and assign to Buyer the Alcoholic Beverage Business for additional consideration of \$1.00. Seller and Buyer acknowledge and agree that such sale and transfer of the Alcoholic Beverage Business is an inherent and inseparable part of the consideration for the purchase of the Business. Until the date the Alcoholic Beverage Business is transferred to Buyer, Dickinson Management Inc. shall remain the owner of and in control of the Alcoholic Beverage Business pursuant to the terms of the Management Agreement.

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#### ARTICLE VI

#### ARTICLE 10

##### 6.1 INDEMNIFICATION

10.1 INDEMNITY BY SELLER. Without limitation of any other provision of this Agreement or any other rights and remedies available to Buyer at law or in equity, Seller covenants and agrees to protect, indemnify, defend and hold harmless Buyer and its business and properties (including the Business, the Purchased Assets, and any other properties transferred to the Buyer hereunder) and Buyer's affiliates, officers, directors, employees, representatives, successors and assigns from all liabilities, losses, claims, demands, damages, interest, penalties, fines, costs and expenses, whether or not arising out of third party claims (including without limitation, diminution in value and consequential damages, reasonable attorneys' and accountants' fees and expenses) actually or allegedly arising out of, in connection with or relating to (i) any act or omission, or any condition (including without limitation any environmental condition) occurring or existing, or any contract performed, on or prior to the Effective Date, in each case by or with respect to the Business or its operations or properties, and (ii) any misrepresentation, breach of warranty or nonfulfillment of any agreement or covenant on the part of Seller under this Agreement or from any misrepresentation in or omission from any certificate, schedule, statement document or instrument furnished to Buyer pursuant hereto or in connection with the negotiation, execution or performance of this Agreement, and (iii) any debts, obligations or liabilities (including contingent liabilities) incurred by Seller, excepting only those specific limited Assumed Liabilities assumed by Buyer in accordance with this Agreement; and (iv) any and all actions, suits, claims, proceedings investigations, demands, assessments, audits, fines, judgments, costs and other expenses (including without limitation reasonable attorneys fees and expenses) incident to any of the foregoing or to the enforcement of this Section.

10.2 INDEMNITY BY BUYER. Without limitation of any other provision of this Agreement, Buyer covenants and agrees to protect, indemnify, defend and hold harmless Seller from all third party liabilities, obligations, losses, suits, claims, breaches, demands, damages, judgments, interest, penalties, fines, costs and expenses (including reasonable attorneys' and accountants' fees and expenses) actually or allegedly arising out of, or in connection with, or relating to (i) only those specific limited Assumed Liabilities expressly assumed by Buyer as of the Effective Date in accordance with this Agreement; (ii) any act or omission occurring or arising after the Effective Date and caused by the wrongful acts or omissions of Buyer; (iii) any breach of any covenant, representation or warranty of Buyer; or (iv) any debts, obligations or liabilities incurred by Buyer.

10.3. PROCEDURE AND PAYMENT. If after the Closing Date either Seller or the Buyer or their representatives, directors or officers (the "Indemnitee") shall receive notice of any third party claim or alleged third party claim asserting the existence of any matter of the nature as to which the Indemnitee has been indemnified against under this ARTICLE 10 by the other party hereto ("Indemnitor"), Indemnitee shall promptly notify Indemnitor in writing with respect thereto. Indemnitor shall have the right to defend against any such claim provided (i) Indemnitor shall, within 10 days after the giving of such notice by Indemnitee, notify Indemnitee that it disputes such claim, give reasons therefore together with a copy of any complaint or other documents asserting such claim, and that Indemnitor will, at its own cost and expense,

defend the same, and (ii) such defense is instituted and continuously maintained in good faith by Indemnitor. In such event the defense may, if necessary, be maintained in the name of Indemnatee. Indemnatee may, if it so elects, designate its own counsel and at its own cost and expense to participate with the counsel selected by Indemnitor in the conduct of such defense. Indemnitor shall not permit any lien or execution to attach to the assets of the Indemnatee as a result of such claim, and the Indemnitor shall provide such bonds or deposits as shall be necessary to prevent the same. In any event Indemnatee shall be kept fully advised as to the status of such defense. If Indemnitor shall be given notice of a claim as aforesaid and shall fail to notify Indemnatee of its election to defend such claim within the time and as prescribed herein, or after having so elected to defend such claim shall fail to institute and maintain such defense in accordance with the foregoing, or if such defense shall be unsuccessful then, in any such event, the Indemnitor shall fully satisfy and discharge the claim within twenty (20) days after notice from Indemnatee requesting Indemnitor to do so.

#### ARTICLE 11

##### MISCELLANEOUS

#### 11.1 SURVIVAL OF REPRESENTATIONS AND WARRANTIES; ASSIGNMENT.

11.1.1 The representations and warranties of Seller in this Agreement or in any certificate or document delivered prior to or on the Closing Date shall survive the Closing for a period of three (3) year subsequent to the Closing Date and shall be considered in effect thereafter for claims alleging a breach thereof as to which Seller, and have been notified in writing during such period; provided, that the

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representations and warranties of Seller set forth at SECTION 4.16 hereof regarding Taxes shall survive for a period not less than the statutes of limitations applicable to the matters addressed therein. In addition, the rights to indemnity provided in ARTICLE 10 shall survive the Closing of this Agreement and shall inure to the parties' respective successors and assigns. This Agreement shall not be assigned by any party without the prior written consent of the other party, provided that Seller hereby consent to the Assignment by Buyer of Buyer's benefits hereunder to the lenders of Buyer as security for borrowings, or to any affiliates of Buyer. Subject to the foregoing, this Agreement shall be for the benefit of and shall be binding upon the parties hereto and their respective successors and assigns.

11.1.2 The representations and warranties of Buyer in this Agreement or in any certificate or document delivered prior to or on the Closing Date shall survive the Closing for a period of three (3) year subsequent to the Closing Date and shall be considered in effect thereafter for claims alleging a breach thereof as to which Buyer, and have been notified in writing during such period; provided, that the representations and warranties of Buyer set forth at SECTION 5.9 hereof regarding Taxes shall survive for a period not less than the statutes of limitations applicable to the matters addressed therein. In addition, the rights to indemnity provided in this agreement shall survive the Closing of this Agreement and shall inure to the parties' respective successors and assigns. This Agreement shall not be assigned by any party without the prior written consent of the other party, provided that Buyer hereby consent to the Assignment by Seller of Seller's benefits hereunder to the lenders of Seller as security for borrowings, or to any affiliates of Seller. Subject to the foregoing, this Agreement shall be for the benefit of and shall be binding upon the parties hereto and their respective successors and assigns.

11.2 CONSTRUCTION. This Agreement shall be construed and enforced in accordance with, and all questions concerning this construction, validity, interpretation and performance of this Agreement shall be governed by, the laws of the state of North Dakota without giving effect to provisions thereof regarding conflict of laws.

11.3 CONSENT TO JURISDICTION. Seller and Buyer hereby consent to the jurisdiction of any state or federal courts located in the State of North Dakota

and irrevocably agree that all actions or proceedings arising out of or relating to this Agreement or the other related documents shall be litigated in such courts. Seller and Buyer each accept for itself and in connection with its properties, generally and unconditionally, the nonexclusive jurisdiction of the aforesaid courts and waive any defense of forum non convenience, and irrevocably agree to be bound by any judgment rendered thereby in connection with this Agreement.

11.4 NOTICES. All necessary notices, demands and requests required or permitted to be given hereunder shall be deemed duly given when personally delivered subject to the subsequent designation of another address, addressed as follows:

If to Buyer:

Grand Dakota Management, LLC  
220 East Boulevard, Suite 200  
Charlotte, NC 28203  
Attention: Stephen D. Barker  
704-332-7052

With a copy to:

% Joe F. Teague, Jr.  
Johnson, Allison and Hord, Attorneys at Law,  
610 East Morehead Street,  
Charlotte, North Carolina 28202  
(704)332-1181, Fax (704) 376-1628

If to Seller:

% William Biddle  
Secured Diversified Investment, Ltd.  
5030 Campus Drive,  
Newport Beach, California 92660

With a copy to:

Christopher A. Wilson, Esq.  
5030 Campus Drive  
Newport Beach, CA 92660

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If to Escrow Agent:

% Brenda Barnett  
Alliance Title Company,  
(Affiliate of First American Title)  
18831 Von Karman Avenue, Suite 380  
Irvine, California 92612  
(949)-724-4900, Cell: (949)-795-5114.

Such notice shall be effective immediately upon personal delivery, twenty-four (24) hours after delivery through a national courier service or three (3) business days after deposit in the U.S. mail.

11.5 HEADINGS; PRONOUNS. The captions in this Agreement are for convenience of reference only and shall not define or limit any of the terms or provisions hereof. Pronouns used herein shall include the other genders whether used in the masculine, feminine or neuter gender, and the singular shall include the plural whenever and as often as may be appropriate.

11.6 COUNTERPARTS. This Agreement may be executed in counterparts, all of which shall be considered one and the same agreement, and shall become effective when one or more counterparts have been signed by each of the parties hereto and delivered to the other.

11.7 BROKERS. Each party warrants to the other that it has not employed or used the services of any broker or finder in connection with the transaction contemplated by this Agreement and shall indemnify and hold the other party harmless from any loss or damage arising from any claim made by any broker or finder claiming to have acted on behalf of or at the instance of such indemnifying party.

11.8 RELIANCE. All covenants, warranties and representations made herein by any party shall be deemed to be material and relied upon by the other party, notwithstanding any investigation by or knowledge of such other party.

11.9 EXPENSES WITH RESPECT TO TRANSACTION. Each party hereto shall pay all fees, costs and expenses incurred by it in connection with this transaction.

11.10 COMPLETENESS OF AGREEMENT. This Agreement, and the Schedules hereto and the other documents referred to or provided for herein represent the entire contract among the parties with respect to the subject matter hereof, and shall not be modified or affected by any offer, proposal, statement or representation, oral or written, and by or for any party in connection with the negotiation of the terms hereof.

11.11 AMENDMENT AND WAIVER. This Agreement may be amended, or any provision of this Agreement may be waived, provided that any such amendment or waiver will be binding only if such amendment or waiver is set forth in a writing executed by the party to be charged. The waiver of any party hereto of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any other breach. Any waiver shall be effective only if in writing and then only in accordance with its express terms.

11.12 PREAMBLE; PRELIMINARY RECITALS. The Preliminary Recitals set forth in the Preamble hereto are hereby incorporated and made a part of this Agreement.

11.13 THIRD PARTIES. Nothing herein expressed or implied is intended or shall be construed to confer upon or give to any person, firm or corporation, other than the parties hereto and their respective permitted successors and assigns, any rights or remedies under or by reason of this Agreement, such third parties specifically including, without limitation, any employees of Seller. Except as otherwise provided herein, this Agreement shall insure to the benefit of and be binding upon the parties hereto and their respective successors or and permitted assigns.

11.14 ASSIGNMENT. This Agreement and any rights hereunder shall not be assignable by either party hereto without the prior written consent of the Buyer. Buyer may assign this Agreement, but such assignment shall not relieve it of its duties hereunder.

11.15 GOVERNING LAW. This Agreement shall in all respects be governed by and construed in accordance with the laws of the State of North Dakota, including all matters of construction, validity and performance applicable to contracts made and to be performed in such state.

11.16 AMENDMENTS AND WAIVERS. No term or provision of this Agreement may be amended, waived, discharged or terminated orally but only by an instrument in writing signed by the party against whom the enforcement of such amendment, waiver, discharge or termination is sought. Any waiver shall be effective only in accordance with its express terms and conditions.

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11.17 SEVERABILITY. Any provision of this Agreement which is unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such unenforceability without invalidating the remaining provisions hereof, and any such unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. To the extent permitted by applicable law, the parties hereto hereby waive any provision of law now or hereafter in effect which renders any provision hereof. Pronouns used herein shall include the other genders whether used in the masculine, feminine or neuter gender, and the singular shall include the plural whenever the plural whenever and as often as may be appropriate.

11.18 COUNTERPARTS. This Agreement may be executed in any number of counterparts, and by either party on separate counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

11.19 REFERENCES. All references in this Agreement to Articles and Sections are to Articles and Sections contained in this Agreement unless a different document is expressly specified.

11.20 SCHEDULES. Unless otherwise specified herein, each Schedule referred to in this Agreement is attached hereto, and each such Schedule is hereby incorporated by reference and made a part hereof as if fully set forth herein. Any disclosure contained in any Schedule to this Agreement shall be deemed to be included in all other Schedules required by this Agreement as if specifically included therein and each party shall be deemed to have knowledge of any disclosure contained in all Schedules.

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IN WITNESS WHEREOF, Seller, Buyer and Escrow Agent each have caused this Agreement to be duly executed, sealed and delivered in its name and on its behalf, all as of the day and year first above written.

[GRAPHIC OMITTED]

"BUYER"

GRAND DAKOTA PARTNERS, LLC  
A DELAWARE LIMITED LIABILITY COMPANY

-----  
BY: STEPHEN D. BARKER, MANAGER

[GRAPHIC OMITTED]

"SELLER"

SECURED DIVERSIFIED INVESTMENT, LTD.  
A NEVADA CORPORATION

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By: C.L. Strand  
Its: President

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Exhibit 31.1

Section 302 Certification of Chief Executive Officer

CERTIFICATIONS

I, Luis Leon, certify that:

1. I have reviewed this annual report on Form 10-QSB of Secured Diversified Investment, Ltd.;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and the registrant's have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this annual report based on such evaluation; and

c) Disclosed in this annual report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 15, 2004

/s/ Luis Leon

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Luis Leon  
Chief Executive Officer

Exhibit 31.2

Section 302 Certification of Chief Financial Officer

CERTIFICATIONS

I, Munjit Johal, certify that:

1. I have reviewed this annual report on Form 10-QSB of Secured Diversified Investment, Ltd.;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and the registrant's have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared; b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this annual report based on such evaluation; and c) Disclosed in this annual report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 15, 2004

/s/ Munjit Johal

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Munjit Johal  
Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Secured Diversified Investment, Ltd. (the "Company") on Form 10-QSB for the year ending December 31, 2003 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Luis Leon, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

November 15, 2004

/s/ Luis Leon

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Luis Leon, Chief Executive Officer