

Ms G Stuliglowa
Pension practitioner.com
Daws House
33-35 Daws Lane
LONDON
NW7 4SD

5 November 2015

Our Ref: 02/9236/SSAS JAK 2/JRC/JAK/APB – Please quote this reference in any reply
Direct Dial: 03445 440 611

Dear Georgina

Brighton Bed Centre Ltd Executive Pension Scheme

Thank you for your letters of 23 September 2015, 29 September 2015 and 7 October 2015 and I apologise for the delay in responding.

I am enclosing a copy of the Pension Review Forms that were prepared for Mr & Mrs Morris for their reviews due at 1 September 2014.

I can confirm that the fund as at 1 September 2014 was £170,520 and was split as follows:

• Colin Morris	£97,644	57.3%
• Margaret Morris	£44,910	26.3%
• Stuart Morris	£8,889	5.2%
• Philip Drayton-Morris	£19,077	11.2%

We have advised the members that a further pension review is due as at 1 September 2015, however, Mr Morris has asked us not to prepare these and that he will not pay for a new fund split at that date. Please confirm if this is acceptable to you. No contributions or transfers in have been received since 1 September 2014.

I can confirm that none of the members have any form of lifetime allowance protection in place.

The current holdings for the Pension Scheme are as follows:

• Royal Bank of Scotland account at 2 November 2015	£129,345.81
• Metro Bank account at 2 November 2015	£2.71
• Loan of £20,000 made 8 May 2014 – balance outstanding	£18,055.73
• Loan of £60,000 made 22 November 2013 – balance as at 1 August 2015	£54,525.69

continued...

page 2

I am enclosing a copy of the Loan Agreements as requested. I can confirm that the PSTR number for the Scheme is 00614506RC.

As you will be aware, the two loans are secured loans and therefore the Trustees will need to arrange for the removal of Rowanmoor Trustees Limited from all of the documentation. Please would you confirm that you will be arranging for this action to be taken.

Please would you confirm that all of the above information is satisfactory for your purposes, that you do not require us to prepare a fund split as at the date of removal, that is 23 September 2015, or pension reviews for Colin Morris or Margaret Morris. Please would you also confirm that you are arranging for the loan documentation to be updated to remove Rowanmoor Trustees Limited.

Thank you for your assistance.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Julie', written in a cursive style.

Julie King (Mrs)
Team Manager, SSAS Department

Encs



Pension Review Form

You should take financial advice before deciding which pension option is most suitable for your circumstances.

There are additional notes at the back of this form which should assist you and we recommend you consult your financial adviser before making a decision.

Member Name: Mrs M Morris

Scheme Name: Brighton Bed Centre Ltd Executive Pension Scheme

Scheme Reference: 02/9236

This form is for the review of a member's existing pension in payment from the scheme.

ADMINISTRATION FOR OFFICE USE ONLY

Initial:

Reference Date	01/09/2014 (see notes)
Nominated Date	01/08/2014
Quotation Date	01/08/2014

Value of member's fund at the nominated date £ 44,910

Please complete:

ONE of Sections A, B or C

A. Capped drawdown

The maximum annual pension which you can receive (150% of GAD) is: £ 5,591.28 (see notes)

The minimum annual pension which you must receive (0% of GAD) is: £ 0

Please confirm the initial annual pension you would like to receive £ 0

If a pension is to be paid under capped drawdown, please confirm whether you would like it to be paid:

Tick one box

☐ Monthly ☐ Half-Yearly

☐ Quarterly ☐ Annually

If a pension is to be paid, this will be paid through the Rowanmoor Pensions payroll, and this will give rise to a charge of £125+VAT for establishing a payroll record, plus an annual administration charge of £125+VAT.

All fees detailed are subject to review at the beginning of April each year.

Capped Drawdown payments should be paid to the following account.

Bank Name: _____

Sort Code: _____

Account Number: _____

Account Name: _____

The member must be named in the account name.

B. Scheme pension

Scheme pension is a benefit option, which may be suitable in some cases. For example, it may be possible for a member with health conditions to achieve a higher income, through scheme pension. Scheme pension may also be suitable for a member who wishes to secure a guaranteed income at a lower level than that available through capped drawdown. If you are interested in taking a scheme pension we recommend that you seek advice from a suitably qualified adviser before contacting us for further information.

☐ Please tick if you are considering the option of a scheme pension.

C. Lifetime Annuity

☐ Please tick if you would like your pension to be secured by purchasing a lifetime annuity.
You will need to speak to your financial adviser to arrange this.

Declaration (to be signed in all cases)

I confirm that having received appropriate financial advice I wish to draw benefits from my pension scheme as selected in this form.

Member

Margaret Morris

Date:

30/7/15

Mrs M Morris 02/9236



Pension Review Form

You should take financial advice before deciding which pension option is most suitable for your circumstances.

There are additional notes at the back of this form which should assist you and we recommend you consult your financial adviser before making a decision.

Member Name: Mr C Morris

Scheme Name: Brighton Bed Centre Ltd Executive Pension Scheme

Scheme Reference: 02/9236

This form is for the review of a member's existing pension in payment from the scheme.

ADMINISTRATION FOR OFFICE USE ONLY

Initial: 



Reference Date

01/09/2014 (see notes)

Nominated Date

01/08/2014

Quotation Date

01/08/2014

Value of member's fund at the nominated date

£ 97,644

Please complete:

ONE of Sections A, B or C

A. Capped drawdown

The maximum annual pension which you can receive (150% of GAD) is:

£ 14,207.16 (see notes)

The minimum annual pension which you must receive (0% of GAD) is:

£ 0

Please confirm the initial annual pension you would like to receive

£ 0

If a pension is to be paid under capped drawdown, please confirm whether you would like it to be paid:

Tick one box

☐ Monthly

☐ Half-Yearly

☐ Quarterly

☐ Annually

If a pension is to be paid, this will be paid through the Rowanmoor Pensions payroll, and this will give rise to a charge of £125+VAT for establishing a payroll record, plus an annual administration charge of £125+VAT.

All fees detailed are subject to review at the beginning of April each year.

Capped Drawdown payments should be paid to the following account.

Bank Name: _____

Sort Code: _____

Account Number: _____

Account Name: _____

The member must be named in the account name.



B. Scheme pension

Scheme pension is a benefit option, which may be suitable in some cases. For example, it may be possible for a member with health conditions to achieve a higher income, through scheme pension. Scheme pension may also be suitable for a member who wishes to secure a guaranteed income at a lower level than that available through capped drawdown. If you are interested in taking a scheme pension we recommend that you seek advice from a suitably qualified adviser before contacting us for further information.

☐ Please tick if you are considering the option of a scheme pension.

C. Lifetime Annuity

☐ Please tick if you would like your pension to be secured by purchasing a lifetime annuity.
You will need to speak to your financial adviser to arrange this.

Declaration (to be signed in all cases)

I confirm that having received appropriate financial advice I wish to draw benefits from my pension scheme as selected in this form.

Member



Date:

30 : 7 : 15.

LOAN AGREEMENT

Dated 22 Day of November 2013

1.0 PARTIES

- 1.1 **ROWANMOOR TRUSTEES LIMITED** (Company number 01846413) whose registered office is at Rowanmoor House 46-50 Castle Street Salisbury SP1 3TS and **COLIN WYNN MORRIS** and **MARGARET MORRIS** both of 90 Woodland Drive Hove BN3 6DE **STUART LYNDEN MORRIS** of 12a Little Western Street Hove BN3 1AG and **PHILIP ROY DRAYTON-MORRIS** of 20 Whitelot Way Southwick BN24 4YF ("the Trustees")
- 1.2 **BRIGHTON BED CENTRE LIMITED** (Company number 04430404) whose registered office is at 85 Church Road Hove BN3 2BB ("the Borrower")

2.0 RECITALS

- 2.1 The Scheme (acting by the Trustees) has at the request of the Borrower agreed to make the Loan to the Borrower for the Term.
- 2.2 The Borrower has agreed to accept the Loan, to provide security as a first charge to the value of the Loan including Interest, to repay the Capital of the Loan and pay the Interest in accordance with the provisions of this Agreement.

3.0 DEFINITIONS

- 3.1 "Effective Date" means 22 November 2013, being the date monies provided under the Loan are first drawn down by the Borrower.
- 3.2 "Scheme" means Brighton Bed Centre Ltd Executive Pension Scheme (of which the Trustees are the trustees).
- 3.3 "Loan" means the sum of £60,000 (Sixty Pounds).
- 3.4 "Loan Purpose" means to purchase two bed making machines and to clear bank overdraft.
- 3.5 "HMRC" means HM Revenue and Customs.
- 3.6 "Operative Date" means the sixth Business Day of the month in which the Effective Date falls (or such other date as is from time to time defined as such by HMRC in connection with the calculation of Interest).
- 3.7 "Reference Date" means the date which is twelve Business Days before the Operative Date (or such other date as is from time to time defined as such by HMRC in connection with the calculation of Interest).

- 3.8 "Interest" means 3% above the average base lending rate of six High Street banks, rounded up to the nearest multiple of $\frac{1}{4}\%$, calculated in accordance with The Pension Schemes (Prescribed Interest Rates for Authorised Employer Loans) Regulations, by equivalent legislation or as otherwise described by HMRC in their guidance, or such other interest rate as the Trustees determine from time to time, being not less than the minimum rate the Trustees are from time to time required to charge in order to constitute a "commercial rate of interest" in order that the loan is permitted by law and/or does not attract an unauthorised payments charge from HMRC.

Interest rates are calculated using the interest rate prevailing at the Reference Date and fixed for the term of the Loan. Interest shall accrue and be paid before as well as after any judgment. Interest will be determined on a compound basis.

- 3.9 "Term" means a period of 5 years commencing on the Effective Date of this Agreement and expiring at 6.00 p.m. on 21 November 2018.

- 3.10 "Interest Period" means quarterly ending on the 22 day of February, the 22 day of May, the 22 day of August, and the 22 day of November in each year.

- 3.11 "Capital Repayment" means a payment of the Loan principal due quarterly in arrears with effect from the Effective Date in line with the Interest Period. The amount paid each quarter will ensure full repayment of the loan by the end of the term.

- 3.12 "Business Day" means a day on which clearing banks are open for business in London (other than a Saturday or Sunday and other than Bank Holidays).

- 3.13 In this Agreement wherever the context permits words importing the masculine gender shall include the feminine and neuter genders and words importing the singular shall include the plural and in both cases vice versa and any agreement on the part of two or more persons shall be deemed to be made by such persons jointly and severally and the terms used herein for the parties hereto shall mean and include their respective successors in title.

4.0 OPERATIVE PROVISIONS

- 4.1 In consideration of the Scheme agreeing to make the Loan to the Borrower, the Borrower agrees as follows:

- 4.1.1 The Loan will at all times be used for the Loan Purpose and consistently with the purpose or purposes permitted by the Memorandum and Articles of Association of the Borrower.

- 4.1.2 To pay Interest to the Scheme on the last day of each Interest Period in respect of such amounts as shall have been outstanding from time to time throughout that Interest Period.

- 4.1.3 To pay the Capital Repayments to the Scheme in accordance with paragraph 3.11 above.

- 4.1.4 As a condition precedent to drawdown of any monies under the Loan, to provide the Scheme with a first fixed charge over the property 258 Portland Road, Hove. The Trustees require the Registered Proprietor of the property to act as Surety in respect of the loan.
- 4.1.5 Notwithstanding the other provisions hereof and in any event to repay the Loan and any accrued Interest by not later than the last day of the Term provided that notwithstanding the foregoing the Trustees shall always have the right to demand repayment in full by the Borrower of the balance of the Loan for the time being and any accrued Interest upon the Trustees giving the Borrower seven days' notice in writing of such demand.
- 4.1.6 That so long as the Loan (or any part thereof) or any Interest remains outstanding, the Borrower will not, without the prior written consent of the Trustees and upon fully satisfying the Trustees as to the precise nature of the transaction and supplying copies of the documentation in connection with the transaction whether in draft or not, other than in the normal course of the Borrower's business (i) acquire, whether by purchase, subscription or otherwise or (ii) sell, transfer, lease, exchange or otherwise dispose of or (iii) mortgage, charge or pledge, any property or assets, whether real or personal (including cash), or (iv) enter into any hire purchase or leasing agreement, and the Borrower agrees that if any such transaction is entered into in the ordinary course that it will supply details and copies of all documentation relating to the transaction within seven days of the Borrower concluding the same.
- 4.1.7 To reimburse the Scheme on demand all costs expenses and disbursements including legal fees incurred by the Scheme incidental to this Agreement.
- 4.2 The Borrower further agrees with the Trustees that so long as any part of the Loan and Interest is outstanding the Borrower shall:
- 4.2.1 Carry on its business in an efficient and businesslike manner,
- 4.2.2 Not save with the written consent of the Trustees, which shall not be unreasonably withheld, sell or otherwise dispose of the whole or a substantial part of its assets,
- 4.2.3 Provide to the Trustees any documents requested in evidence of the continuation of its trading activity.

5.0 **TERMINATION**

- 5.1 If the Borrower shall be in breach of any of the provisions of this Agreement the Trustees may require repayment of the Loan and accrued Interest forthwith and enforce its security over the Borrower forthwith. No failure to exercise, nor any delay on the part of the Trustees in exercising, any rights or powers or privileges hereunder shall operate as a waiver thereof nor shall any single nor partial exercise of any such rights or powers or privileges preclude any other or further exercise thereof or the exercise of any other rights or powers or privileges.
- 5.2 Notwithstanding anything hereinbefore contained the Loan, or the balance of the Loan for the time being outstanding, and accrued Interest and the monies due thereon shall become immediately repayable if:
- 5.2.1 the Borrower makes default in the payment of any Capital Repayment or Interest or any other monies due hereunder,

- 5.2.2 an order is made or an effective resolution is passed for winding up the Borrower,
- 5.2.3 the Borrower ceases or threatens to cease to carry on its business or substantially the whole of its business,
- 5.2.4 an encumbrancer takes possession of, or a Receiver is appointed over, any part of the assets of the Borrower,
- 5.2.5 any distress, execution, sequestration or other process is levied or enforced upon or issued against the property of the Borrower and not discharged within 28 days,
- 5.2.6 the Borrower is unable to pay its debts within the meaning of Section 123 of the Insolvency Act 1986 (as re-enacted or amended),
- 5.2.7 the Borrower commits any breach of this Agreement,
- 5.2.8 it is required to enable the Trustees to pay benefits which have already become due under the Scheme.

6.0 GENERAL PROVISIONS

- 6.1 During the continuance of this Agreement the Borrower may, with the consent of the Trustees (such consent not being unreasonably withheld), create or suffer to exist a second mortgage or charge on the whole or any part of its assets, ranking behind the security granted to the Scheme in respect of the Loan, as security for the repayment of monies borrowed in the ordinary course of its business whether from bankers or otherwise and the payment of interest, commission, costs, charges and expenses due in respect thereof.
- 6.2 All payments by the Borrower to the Scheme shall be made free and clear of and without deduction of any alleged or actual set-off or counterclaim and without any deduction of any taxes, levies, imposts, duties, charges, fees, deductions or withholding of any nature now or hereafter imposed by any governmental authority in any jurisdiction or political subdivision or taxing authority thereof or therein unless the Borrower is compelled by law to deduct or withhold any such taxes levies imposts duties charges or fees.
- 6.3 The Borrower shall have the right at any time on giving 14 days' notice in writing to the Trustees to make either partial Capital Repayments of the Loan or to repay the Loan in full together with all accrued Interest.
- 6.4 Any notice required to be served hereunder shall be given personally or by sending the same by first class post to the respective registered offices for the time being of the Borrower or the Trustees (as the circumstances require) and notice so given by post as aforesaid shall be deemed served 48 hours after it has been posted.
- 6.5 The Borrower undertakes with the Trustees to notify the Trustees forthwith in writing of any matter which constitutes (or which, with the passage of time, would constitute) a default under this Agreement (or otherwise entitle the Trustees to demand repayment of the Loan).

- 6.6 Save for the purposes of compliance with statutory and legal obligations, the parties agree to keep the contents of this Agreement confidential and shall not disclose the contents thereof, without the prior written consent of the other party, such consent not to be unreasonably withheld or delayed.
- 6.7 A person who is not a party to this letter shall have no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any of its terms.
- 6.8 This Agreement and all matters arising from it shall be governed by and construed in accordance with English law and each party irrevocably submits to the exclusive jurisdiction of the English courts.
- 6.9 This Agreement contains the entire Agreement between the parties hereto concerning the Confidential Information and supersedes any previous understandings commitments or agreements oral or written, provided that nothing in this clause shall be construed as limiting or excluding the parties' liability for fraud or fraudulent concealment.
- 6.10 This Agreement contains the entire Agreement between the parties hereto concerning the subject matter of the Agreement and supersedes any previous understandings commitments or agreements oral or written, provided that nothing in this clause shall be construed as limiting or excluding the parties' liability for fraud or fraudulent concealment.

For and on behalf of the
Trustees of the
BRIGHTON BED CENTRE LTD EXECUTIVE PENSION SCHEME



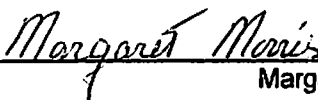
Authorised Signatory
For Rowanmoor Trustees Limited



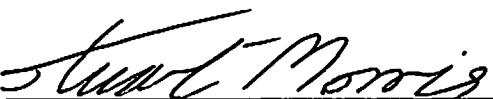
Authorised Signatory
For Rowanmoor Trustees Limited



Colin Wynn Morris



Margaret Morris



Stuart Lynden Morris

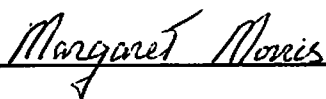


Philip Roy Drayton-Morris

For and on behalf of
BRIGHTON BED CENTRE LIMITED



Director



Secretary

2.3 Indebtedness

The First Advance remains owing to the First Lender together with the current interest on it and the Second Advance remains owing to the Second Lender together with the current interest on it.

2.4 Agreement for regulation of priority

The First Lender and the Second Lender have agreed that the priority of their respective securities should be regulated in accordance with the terms of this Deed and the Borrower and Mortgagor have agreed to join in this deed by way of concurrence thereto.

3 ALTERATION OF PRIORITIES

It is agreed and declared that the First Mortgage and the Second Mortgage shall respectively rank in the following order of priority:

3.1 First - the Second Mortgage to the extent of £60,000 together with interest, cost, disbursements and expenses thereon;

3.2 Second - all money and other obligations and liabilities secured by the Second Mortgage.

4 RIGHTS OF LENDERS

4.1 First Lender

Nothing contained in this deed shall, as between the Mortgagor and the First Lender, affect or prejudice any of the rights or remedies of the First Lender under the First Mortgage.

4.2 Second Lender

Nothing contained in this deed shall, as between the Mortgagor and the Second Lender, affect or prejudice any of the rights or remedies of the Second Lender under the Second Mortgage.

5 APPLICATION FOR REGISTRATION

The First Lender and the Second Lender apply to the Registrar to note on the register in the appropriate manner the postponement of priority effected by clause 3 ALTERATION OF PRIORITIES.]

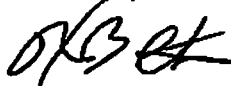
6 EXCLUSION OF THIRD PARTY RIGHTS

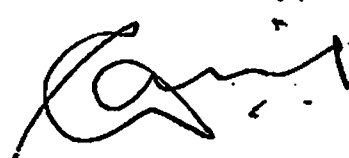
Nothing in this deed is intended to confer any benefit on any person who is not a party to it.

IN WITNESS whereof the parties hereto have executed this Deed the day and year first above written

EXECUTED as a DEED by
BRIGHTON BED CENTRE LIMITED
in the presence of

Director


ROBERT BRITTS
1 CHYNGTON AVENUE
SEAFORD, E. SUSSEX
BN25 3SL

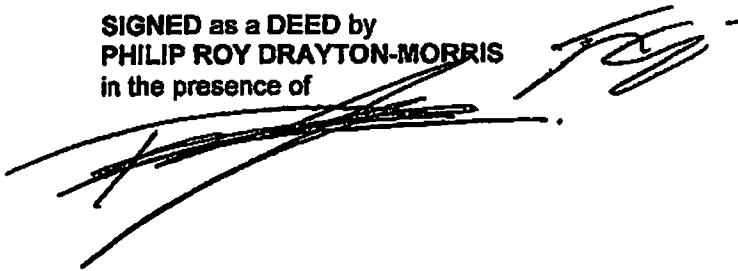


SIGNED as a DEED by
STUART LYNDEN MORRIS
in the presence of



JOHN HARDING
FLAT 9 MIMOSA
COURT
BURSTEAD CLOSE
BRIGHTON
BN1 7BW

SIGNED as a DEED by
PHILIP ROY DRAYTON-MORRIS
in the presence of



JOHN HARDING
FLAT 9 MIMOSA COURT
BURSTEAD CLOSE
BRIGHTON
BN1 7BW

Bailey R
We hereby certify this
to be a true copy
of the original.
6/1/14

HM LAND REGISTRY
LAND REGISTRATION ACT 2002

Administrative area **BRIGHTON AND HOVE**
Title numbers **ESX256866**
Properties **258 PORTLAND ROAD HOVE BN3 5QU**

THIS LEGAL CHARGE is made the *22nd* day of *November 2013*

BETWEEN:

- (1) **BRIGHTON BED CENTRE LIMITED** whose registered office is 266 Portland Road Hove BN3 5QU (Company Registration No. 02006129) ('the Borrower')
- (2) **THE HOVE BEDDING CENTRE LIMITED** the registered office of which is at 266 Portland Road Hove BN3 5QU (Company Registration no 02016429) ('the Surety') and
- (3) **ROWANMOOR TRUSTEES LIMITED** the registered office of which is at Rowanmoor House 46-50 Castle Street Salisbury SP1 3TS (Company Registration no 01846413) **COLIN WYNN MORRIS** and **MARGARET MORRIS** both of 90 Woodland Drive Hove BN3 6DE **STUART LYNDEN MORRIS** of 12a Little western Street Brighton BN1 2PU and **PHILIP ROY DRAYTON-MORRIS** of 24 Whitelot Way Southwick BN42 4YF as Trustees of **THE BRIGHTON BED CENTRE LIMITED EXECUTIVE PENSION SCHEME** ('the Lender')

NOW THIS DEED WITNESSES as follows:

1. DEFINITIONS AND INTERPRETATION

For all purposes of this legal charge the terms defined in this clause have the meanings specified.

1.1 Gender, personality and number

Unless the context otherwise requires:

- 1.1.1** the singular includes the plural and vice versa;

1.8 Obligation not to permit or suffer

Any covenant by the Borrower or the Surety not to do anything includes an obligation to use reasonable endeavours not to permit or suffer that thing to be done by another person where the Borrower or the Surety is aware that the thing is being done.

1.9 'The Planning Acts'

'The Planning Acts' means the Town and Country Planning Act 1990, the Planning (Listed Buildings and Conservation Areas) Act 1990, the Planning (Consequential Provisions) Act 1990, the Planning (Hazardous Substances) Act 1990, the Planning and Compensation Act 1991, the Planning and Compulsory Purchase Act 2004 and all statutes, regulations and orders included by virtue of clause 1.13.

1.10 'The Principal'

'The Principal' means the sum of £60,000.00 (Sixty Thousand pounds)

1.11 'The Property'

'The Property' means the property specified in schedule 1 and all buildings, erections, structures, fixtures, fittings and appurtenances on the Property from time to time.

1.12 'The Redemption Date'

'The Redemption Date' means 5 years from the Effective Date as defined in the Loan Agreement

1.13 References to clauses

Any reference in this document to a clause without further designation is to be construed as a reference to the clause of this document so numbered.

1.14 References to statutes

Unless expressly stated to the contrary, any reference to a specific statute includes any statutory extension or modification, amendment or re-enactment of that statute and any regulations or orders made under it, and any general reference to a statute includes any regulations or orders made under that statute.

1.15 'VAT'

'VAT' means value added tax or any other tax of a similar nature and unless otherwise expressly stated all references to sums payable by the Borrower are exclusive of VAT.

3.1.6 a mortgagee takes possession of or exercises or seeks to exercise any power of sale or of an appointment of a receiver in relation to the property charged by this deed or any other property of the Borrower or the Surety or any other surety; or

3.1.7 in the case of an individual:

3.1.7.1 the Borrower or the Surety or any other surety becomes subject to an interim order or makes a proposal for a voluntary arrangement under the Insolvency Act 1986 Part VIII or enters, or seeks to enter, into any other form of composition or arrangement with his creditors whether in whole or in part; or

3.1.7.2 a petition is presented for the bankruptcy of the Borrower or the Surety or any other surety; or

3.1.7.3 the Borrower or the Surety or any other surety dies or becomes of unsound mind; or

3.1.8 in the case of a company or limited liability partnership:

3.1.8.1 the Borrower or the Surety or any other surety ceases or threatens to cease to carry on, or disposes or threatens to dispose of, its business or a material part of its business; or

3.1.8.2 the Borrower or the Surety or any other surety makes a proposal for a voluntary arrangement under the Insolvency Act 1986 Part I or enters, or seeks to enter, into any other form of composition or arrangement with its creditors whether in whole or in part; or

3.1.8.3 the Borrower or the Surety or any other surety becomes subject to a notice of an intended appointment of an administrator or an application is made to any court or any meeting of directors or members is called with a view to the Borrower or the Surety or any other surety entering into administration; or

3.1.8.4 an administrative receiver is appointed in respect of the whole or any part of the undertaking of the Borrower or the Surety or any other surety; or

3.1.8.5 a petition is presented in any court or a meeting is convened for the purpose of considering a resolution for the winding up of the Borrower or the Surety or any other surety (except in the case of a reconstruction or amalgamation that has the previous approval in writing of the Lender).

3.3.2.5 any impeachment or attempted impeachment of the title of the Lender (whether by the Borrower or the Surety or by a third party) or of the title of the Borrower or of the Surety; and

3.3.2.6 the contemplation or doing of any other matter or thing which the Lender considers to be for the benefit or improvement of the security.

4. LEGAL CHARGES

4.1 Charge by the Surety

The Surety, with full title guarantee, charges the Property to the Lender by way of first legal mortgage with payment or discharge of all money and other obligations and liabilities on the part of the Borrower in the Loan Agreement and in this deed covenanted to be paid or discharged by the Borrower or the Surety or otherwise secured by this deed.

5. SURETY'S COVENANTS AS TO THE PROPERTY

The Surety covenants with the Lender as set out in this clause 5.

5.1 Repair

5.1.1 Repairing obligation

The Surety will keep all buildings, fixtures and fittings, services and service media in, on or associated with the Property in good and substantial repair and good working order and condition.

5.1.2 Inspection

The Surety will permit the Lender and his representatives at all reasonable times and upon reasonable notice to enter upon the Property or any part of it to inspect the state and condition of the buildings, fixtures and fittings, services and service media in, on or associated with the Property without the Lender becoming liable as mortgagee in possession.

5.1.3 Entry and repair

If the Surety fails to maintain the buildings, fixtures and fittings, services and service media in, on or associated with the Property in the requisite state of repair and condition the Lender and his representatives may (but without being bound to do so) at any time thereafter enter upon the Property or any part of it and execute all remedial works that the Lender considers to be necessary and proper without the Lender thereby becoming liable as mortgagee in possession.

5.3.3 Application of insurance money

Any money received under any policy of insurance effected or maintained by the Surety in respect of the Property (whether or not pursuant to his obligations under this clause 5) shall, at the option and absolute discretion of the Lender, be applied either in making good the loss or damage in respect of which it was received or in or towards discharge of the money due under this security, and if received by the Surety will be held on trust for the Lender for this purpose.

5.4 Outgoings

The Surety will punctually pay and indemnify the Lender against all rents, rates, taxes, levies, assessments, impositions and outgoings whatsoever (whether governmental, municipal, contractual or otherwise) which may be or may become imposed upon or payable in respect of the Property or any part of it.

5.5 General covenant to comply with statutes etc

The Surety will ensure that any legislation, regulations or bye-laws for the time being in force applicable to the Property are complied with in all respects

5.6 General covenant to produce notices etc

5.6.1 Production

The Surety will immediately produce to the Lender any order, direction, permission, notice or other matter whatever affecting or likely to affect the Property and served upon the Surety by any third party, and will allow the Lender to make a copy of it.

5.6.2 Compliance

The Surety will comply with any order, direction, permission, notice or other matter referred to in clause 5.6.1 without delay or, if the Lender so requires, will make or join with the Lender in making such objections or representations against or in respect of the same as the Lender may request or approve writing.

5.7 Specific covenants relating to planning and environmental matters

5.7.1 Alteration of present use of the Property

The Surety will not use the Property for any purpose other than the present permitted use within the provisions of the Planning Acts except with the previous written consent of the Lender and the relevant planning authority and then only to the extent permitted by and in accordance with any conditions attached to such

requirements of any notice, order or proposal referred to in clause 5.7.5.1, the Lender may (but shall not be obliged to) at any time thereafter enter on the Property and execute any works and do anything on the Property necessary to ensure such compliance without the Lender thereby becoming liable as mortgagee in possession. All costs and expenses so incurred by the Lender will be repaid by the Surety to the Lender on demand together with interest from the date when the Lender becomes liable for the same until repayment by the Surety at the Interest Rate (such interest to be payable in the same manner as interest on the Principal) all of which money and interest shall be charged on the Property.

5.7.5.4 Appointment of Lender as attorney

The Surety irrevocably appoints the Lender and his substitutes for the time being to be the Surety's attorney to apply for and procure on the Surety's behalf any licences, permissions or other things from any competent authority necessary for the execution of the works authorised by this clause 5.7.5 to be executed by the Lender on the default of the Surety.

5.7.5.5 Costs of licences

All expenses incurred by the Lender in securing the licences, permissions and other things referred to in clause 5.7.5.4 shall be treated as part of the cost of the works and such expenses and interest on them shall be charged upon the Property as provided by clause 5.7.5.3.

5.8 Specific covenant in relation to compulsory purchase

5.8.1 Entry into negotiations

The Surety will not without the previous consent in writing of the Lender (and then only to the extent permitted by and in accordance with any conditions attached to that consent) enter into any negotiations with any local or other authority for or consent to the compulsory acquisition of the Property either in whole or in part.

5.8.2 Conduct of negotiations

If the Lender so requires, the Surety will permit the Lender to conduct the negotiations and grant the consent referred to in clause 5.8.1 on the Surety's behalf.

5.11 Other charges

The Surety shall not without the previous consent in writing of the Lender (and then only to the extent permitted by and in accordance with any conditions attached to such consent) create or permit to subsist any mortgage, pledge, charge, incumbrance, lien or other security interest in the Property other than this security.

6. LENDER'S POWERS AND RIGHTS

6.1 Exercise of statutory powers

6.1.1 Exclusion of Section 103

The Law of Property Act 1925 Section 103 shall not apply to this security.

6.1.2 Enforcement of security and exercise of power of sale

At any time after the money secured by this deed has become due and payable the security shall be immediately enforceable and the Lender's power of sale as amended or varied by this deed shall be immediately exercisable in respect of the whole or any part of the Property without the restrictions contained in the Law of Property Act 1925 as to the giving of notice or otherwise.

6.2 Extension of statutory powers

6.2.1 Power of sale

The power of sale conferred upon mortgagees by the Law of Property Act 1925 shall be extended so as to authorise any person exercising it to do so by selling the Property or any part of it in such manner and on such conditions as to payment of the purchase price and otherwise as the Lender may think fit.

6.2.2 Powers of leasing and accepting surrenders

By way of extension of the powers contained in the Law of Property Act 1925 Sections 99 and 100 the Lender shall at any time or times hereafter (and whether or not he has entered into or is in possession of the Property or any part or parts of it or has appointed a receiver who is still acting) be entitled to grant or vary or reduce any sum payable under, or accept surrenders of, leases of the Property or any part or parts of it or agree to do so without restriction in such manner and on such terms and conditions as the Lender shall think fit. For the purposes of the exercise of these powers the provisions of the Law of Property Act 1925 Section 99 shall be deemed to have been enacted with the omission of the Law of Property Act 1925 Section 99(18)

6.4 Power to appoint a receiver

6.4.1 Appointment

At any time after this security becomes enforceable, or at the request of the Borrower or the Surety, the Lender may by writing under hand appoint any person or persons to be a receiver of all or any part of the Property.

6.4.2 Removal

The Lender may at any time and from time to time by writing under hand remove any receiver so appointed and appoint another in his place or appoint an additional person as receiver.

6.4.3 Remuneration

The Lender may, either at the time of appointment or at any time subsequently and from time to time, fix the remuneration of any receiver so appointed.

6.4.4 Restrictions

None of the restrictions imposed by the Law of Property Act 1925 in relation to the appointment of receivers or as to the giving of notice or otherwise shall apply.

6.4.5 Power to act severally

Where more than one receiver is appointed they shall have the power to act severally.

6.4.6 Agency

Any receiver appointed under this clause 6.4 shall be the agent of the Borrower or the Surety (as the case may be) for all purposes and the Borrower and the Surety shall be solely responsible for his acts or defaults and for his remuneration.

6.4.7 General powers

Any receiver appointed under this clause 6.4 shall have all the powers conferred on mortgagees or receivers by the Law of Property Act 1925 (but without the restrictions contained in the Law of Property Act 1925 Section 103) and on administrative receivers by the Insolvency Act 1986 Schedule 1 except to the extent to which those powers are expressly or impliedly excluded by the terms of this deed. In the event of ambiguity or conflict the terms of this deed will prevail.

- 6.4.8.8** to disclaim, abandon or disregard all or any outstanding contracts of the Borrower or the Surety and to allow time for payment of any debts either with or without security;
- 6.4.8.9** to repair, insure, manage, protect, improve, enlarge, develop, build, complete or reconstruct or replace all or any part of the Property and to apply for and obtain any appropriate permissions, approvals, consents or licences;
- 6.4.8.10** to acquire by purchase, lease or otherwise any further property, assets or rights;
- 6.4.8.11** to appoint, employ and dismiss managers, officers, contractors and agents; and
- 6.4.8.12** to do (whether in the name of the Borrower or of the Surety or otherwise) all such other acts and things as he may consider necessary or desirable for the preservation, management, improvement or realisation of the Property or as he may consider incidental or conducive to any of the above matters or to the exercise of any of the above.

6.4.9 Application of money

All money received by any receiver shall be applied by him in the following order:

- 6.4.9.1** in payment of the costs, charges and expenses of and incidental to the appointment of the receiver and the exercise of all or any of his powers and of all outgoings paid by him (including preferential debts);
- 6.4.9.2** in payment to the receiver of such remuneration as may be agreed between him and the Lender at, or at any time and from time to time after, his appointment;
- 6.4.9.3** in or towards satisfaction of the amount owing on this security

with the surplus (if any) being paid to the Borrower or to the Surety (as the case may be) or other persons entitled to it.

6.5 Right to consolidate

The Law of Property Act 1925 Section 93 (restricting the Lender's right of consolidation) shall not apply to this security.

8.3 Incidence between Borrower and Surety

As between the Borrower and the First Property on the one hand and the Surety and the Property on the other hand, the Borrower and the First Property shall be primarily liable for the payment and discharge of the money and other obligations and liabilities secured by this deed in exoneration of the Surety and the Property. This provision is without prejudice and subject to the provisions of clause 8.1. In particular (and without limitation) it shall not affect the Lender or in any way preclude him from enforcing or having recourse to all or any remedies which may be available to him for recovery of or discharge of the money and other obligations and liabilities secured by this deed at such time or times and in such manner as he may think fit.

8.4 Restriction of rights of Surety

Until all money, obligations and liabilities due or to become due from the Surety have been paid and discharged in full the Surety shall not:

- 8.4.1 be entitled to share in any security held or money received or receivable by the Lender on account of that money, obligations and liabilities or to stand in place of the Lender with regard to any security or money;
- 8.4.2 take any steps to enforce any right or claim against the Borrower in respect of any money paid by the Surety to the Lender under this deed; or
- 8.4.3 exercise any rights as guarantor in competition with or in priority to any claims of the Lender.

9. INDULGENCE AND WAIVER

The Lender may at any time or times without discharging or diminishing or in any way prejudicing or affecting this security or any right or remedy of the Lender under this mortgage grant to the Borrower or to the Surety, or to any other person, time or indulgence, further credit, loans or advances or enter into any arrangement or variation of rights or, either in whole or in part, release, abstain from perfecting or enforcing or neglect or fail to perfect or enforce any remedies, securities, guarantees or rights which he may now or subsequently have from or against the Borrower or the Surety or any other person.

10. DEMANDS AND NOTICES

10.1 Form and mode of deemed service

A demand or notice by the Lender under this mortgage must be in writing and shall be deemed to have been properly served on the Borrower and the Surety if served

impaired.

11.2 Lack of capacity

If this mortgage is executed by or on behalf of more than one person and any one or more of those persons is not bound by its provisions (whether by reason of lack of capacity or improper execution or for any other reason), the remaining parties shall continue to be so bound as if those who are not bound had not been parties to the security.

12. EXCLUSION OF THIRD PARTY RIGHTS

Nothing in this mortgage is intended to confer any benefit on any person who is not a party to it.

13. GOVERNING LAW AND JURISDICTION

13.1 Construction

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

13.2 Jurisdiction of English courts

It is irrevocably agreed for the exclusive benefit of the Lender that the courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with this mortgage and that accordingly any suit, action or proceeding arising out of or in connection with this mortgage may be brought in such courts.

13.3 Jurisdiction of other courts

Nothing in this clause 13. shall limit the Lender's right to take proceedings against the Borrower or the Surety in any other court of competent jurisdiction, nor shall the taking of proceedings in one or more jurisdictions preclude the taking of proceedings in any other jurisdiction, whether concurrently or not.

IN WITNESS whereof the parties hereto have executed this Deed the day and year first above written

EXECUTED as a Deed by the said
COLIN WYNN MORRIS
as a Trustee of the
BRIGHTON BED CENTRE LIMITED EXECUTIVE PENSION SCHEME
in the presence of:-



 **JOHN HARDING**
FLAT 9 MIMOSA COURT
BURSTEAD CLOSE
BRIGHTON
BN1 4HW

EXECUTED as a Deed by the said
MARGARET MORRIS
as a Trustee of the
BRIGHTON BED CENTRE LIMITED EXECUTIVE PENSION SCHEME
in the presence of:-



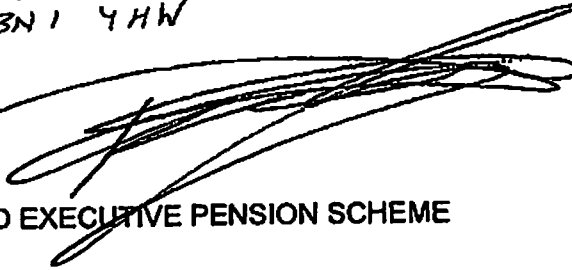
 **JOHN HARDING**
FLAT 9, MIMOSA COURT
BURSTEAD CLOSE
BRIGHTON
BN1 4HW

EXECUTED as a Deed by the said
STUART LYNDEN MORRIS
as a Trustee of the
BRIGHTON BED CENTRE LIMITED EXECUTIVE PENSION SCHEME
in the presence of:-



 **JOHN HARDING**
FLAT 9 MIMOSA COURT
BURSTEAD CLOSE
BRIGHTON
BN1 4HW

EXECUTED as a Deed by the said
PHILIP ROY DRAYTON-MORRIS
as a Trustee of the
BRIGHTON BED CENTRE LIMITED EXECUTIVE PENSION SCHEME
in the presence of:-





LOAN AGREEMENT

Dated 8th Day of May 2014

1.0 PARTIES

- 1.1 **ROWANMOOR TRUSTEES LIMITED** (Company number 01846413) whose registered office is at Rowanmoor House 46-50 Castle Street Salisbury SP1 3TS, **COLIN WYNN MORRIS** and **MARGARET MORRIS** both of 90 Woodland Drive, Hove, BN3 6DE, **STUART LYNDEN MORRIS** of 12a Little Western Street, Brighton, BN3 1AG and **PHILIP ROY DRAYTON-MORRIS** of 24 Whitelot Way, Southwick, BN42 4YF all as Trustees of the Scheme ("the Trustees"); and
- 1.2 **BRIGHTON BED CENTRE LIMITED** (Company number 04430404) whose registered office is at 85 Church Road, Hove, BN3 2BB ("the Borrower")

2.0 RECITALS

- 2.1 The Scheme (acting by the Trustees) has at the request of the Borrower agreed to make the Loan to the Borrower for the Term.
- 2.2 The Borrower has agreed to accept the Loan, to procure that the Mortgagor provides security as a first charge to the value of the Loan including Interest, to repay the Capital of the Loan and pay the Interest in accordance with the provisions of this Agreement.

3.0 DEFINITIONS

- 3.1 "Effective Date" means, 8th May 2014 being the date monies provided under the Loan are first drawn down by the Borrower.
- 3.2 "Scheme" means the Brighton Bed Centre Ltd Executive Pension Scheme (of which the Trustees are the trustees).
- 3.3 "Loan" means the sum of £20,000.00 (Twenty Thousand Pounds).
- 3.4 "Loan Purpose" means the purchase of bed making machinery
- 3.5 "Mortgagor" means The Hove Bedding Centre Limited (Company Number 02016429) whose registered office is situate at 266 Portland Road, Hove, BN3 5QU
- 3.6 "HMRC" means HM Revenue and Customs.
- 3.7 "Operative Date" means the sixth Business Day of the month in which the Effective Date falls (or such other date as is from time to time defined as such by HMRC in connection with the calculation of Interest).
- 3.8 "Reference Date" means the date which is twelve Business Days before the Operative Date (or such other date as is from time to time defined as such by HMRC in connection with the calculation of Interest).

- 3.9 "Interest" means 1% above the average base lending rate of six High Street banks, rounded up to the nearest multiple of ¼%, calculated in accordance with The Pension Schemes (Prescribed Interest Rates for Authorised Employer Loans) Regulations, by equivalent legislation or as otherwise described by HMRC in their guidance, or such other interest rate as the Trustees determine from time to time, being not less than the minimum rate the Trustees are from time to time required to charge in order to constitute a "commercial rate of interest" in order that the loan is permitted by law and/or does not attract an unauthorised payments charge from HMRC.

Interest rates are calculated using the interest rate prevailing at the Reference Date and fixed for the term of the Loan. Interest shall accrue and be paid before as well as after any judgment. Interest will be determined on a compound basis.

- 3.10 "Term" means a period of 5 years commencing on the Effective Date of this Agreement and expiring at 6.00 p.m. on 7th May 2019.
- 3.11 "Interest Period" means quarterly ending on the 7th day of August, the 7th day of November, the 7th day of February, and the 7th day of May in each year.
- 3.12 "Capital Repayment" means a payment of the Loan principal due quarterly in arrears with effect from the Effective Date in line with the Interest Period. The amount paid each quarter will ensure full repayment of the loan by the end of the Term.
- 3.13 "Business Day" means a day on which clearing banks are open for business in London (other than a Saturday or Sunday and other than Bank Holidays).
- 3.14 In this Agreement wherever the context permits words importing the masculine gender shall include the feminine and neuter genders and words importing the singular shall include the plural and in both cases vice versa and any agreement on the part of two or more persons shall be deemed to be made by such persons jointly and severally and the terms used herein for the parties hereto shall mean and include their respective successors in title.

4.0 OPERATIVE PROVISIONS

- 4.1 In consideration of the Scheme agreeing to make the Loan to the Borrower, the Borrower agrees as follows:
- 4.1.1 The Loan will at all times be used for the Loan Purpose and consistently with the purpose or purposes permitted by the Memorandum and Articles of Association of the Borrower in the event that the Borrower is a company.
- 4.1.2 To pay Interest to the Scheme on the last day of each Interest Period in respect of such amounts as shall have been outstanding from time to time throughout that Interest Period.
- 4.1.3 To pay the Capital Repayments to the Scheme in accordance with paragraph 3.12 above.
- 4.1.4 As a condition precedent to drawdown of any monies under the Loan, to procure that the Mortgagor provides the Scheme with a first fixed charge over the assets of the Mortgagor in such form as the Trustees may stipulate.
- 4.1.5 Notwithstanding the other provisions hereof and in any event to repay the Loan and any accrued Interest by not later than the last day of the Term provided that notwithstanding the foregoing the Trustees shall always have the right to demand

7

repayment in full by the Borrower of the balance of the Loan for the time being and any accrued Interest upon the Trustees giving the Borrower seven days' notice in writing of such demand.

4.1.6 That so long as the Loan (or any part thereof) or any Interest remains outstanding, the Borrower will not, without the prior written consent of the Trustees and upon fully satisfying the Trustees as to the precise nature of the transaction and supplying copies of the documentation in connection with the transaction whether in draft or not, other than in the normal course of the Borrower's business (i) acquire, whether by purchase, subscription or otherwise or (ii) sell, transfer, lease, exchange or otherwise dispose of or (iii) mortgage, charge or pledge, any property or assets, whether real or personal (including cash), or (iv) enter into any hire purchase or leasing agreement, and the Borrower agrees that if any such transaction is entered into in the normal course of its business then it will supply details and copies of all documentation relating to the transaction within seven days of the Borrower concluding the same.

4.1.7 To reimburse the Scheme on demand all costs expenses and disbursements including legal fees incurred by the Scheme incidental to this Agreement and the first fixed charge set out in clause 4.1.4 above.

4.2 The Borrower further agrees with the Trustees that so long as any part of the Loan and Interest is outstanding the Borrower shall:

4.2.1 Carry on its business in an efficient and businesslike manner,

4.2.2 Not (save with the written consent of the Trustees, which shall not be unreasonably withheld), sell or otherwise dispose of the whole or a substantial part of its assets,

4.2.3 Provide to the Trustees any documents requested in evidence of the continuation of its trading activity.

5.0 TERMINATION

5.1 If the Borrower shall be in breach of any of the provisions of this Agreement the Trustees may require repayment of the Loan and accrued Interest forthwith and enforce its security forthwith. No failure to exercise, nor any delay on the part of the Trustees in exercising, any rights or powers or privileges hereunder shall operate as a waiver thereof nor shall any single nor partial exercise of any such rights or powers or privileges preclude any other or further exercise thereof or the exercise of any other rights or powers or privileges.

5.2 Notwithstanding anything hereinbefore contained the Loan, or the balance of the Loan for the time being outstanding, and accrued Interest and the monies due thereon shall become immediately repayable if:

5.2.1 the Borrower makes default in the payment of any Capital Repayment or Interest or any other monies due hereunder,

5.2.2 an order is made or an effective resolution is passed for winding up the Borrower,

5.2.3 the Borrower ceases or threatens to cease to carry on its business or substantially the whole of its business,

5.2.4 an encumbrancer takes possession of, or a Receiver is appointed over, any part of the assets of the Borrower,

5.2.5 any distress, execution, sequestration or other process is levied or enforced upon or issued against the property of the Borrower and not discharged within 28 days,

- 5.2.6 the Borrower is unable to pay its debts within the meaning of Section 123 of the Insolvency Act 1986 (as re-enacted or amended),
- 5.2.7 the Borrower commits any breach of this Agreement,
- 5.2.8 it is required to enable the Trustees to pay benefits which have already become due under the Scheme.

6.0 GENERAL PROVISIONS

- 6.1 During the continuance of this Agreement the Borrower or the Mortgagor may, with the consent of the Trustees (such consent not to be unreasonably withheld), create or suffer to exist a second mortgage or charge on the whole or any part of its assets, ranking behind the security granted to the Scheme in respect of the Loan, as security for the repayment of monies borrowed in the ordinary course of its business whether from bankers or otherwise and the payment of interest, commission, costs, charges and expenses due in respect thereof.
- 6.2 All payments by the Borrower to the Scheme shall be made free and clear of and without deduction of any alleged or actual set-off or counterclaim and without any deduction of any taxes, levies, imposts, duties, charges, fees, deductions or withholding of any nature now or hereafter imposed by any governmental authority in any jurisdiction or political subdivision or taxing authority thereof or therein unless the Borrower is compelled by law to deduct or withhold any such taxes levies imposts duties charges or fees.
- 6.3 The Borrower shall have the right at any time on giving 14 days' notice in writing to the Trustees to make either partial Capital Repayments of the Loan or to repay the Loan in full together with all accrued interest.
- 6.4 Any notice required to be served hereunder shall be given personally or by sending the same by first class post to the respective registered offices for the time being of the Borrower or the Trustees (as the circumstances require) and notice so given by post as aforesaid shall be deemed served 48 hours after it has been posted.
- 6.5 The Borrower undertakes with the Trustees to notify the Trustees forthwith in writing of any matter which constitutes (or which, with the passage of time, would constitute) a default under this Agreement (or otherwise entitle the Trustees to demand repayment of the Loan).
- 6.6 Save for the purposes of compliance with statutory and legal obligations, the parties agree to keep the contents of this Agreement confidential and shall not disclose the contents thereof, without the prior written consent of the other party, such consent not to be unreasonably withheld or delayed.
- 6.7 A person who is not a party to this letter shall have no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any of its terms.
- 6.8 This Agreement and all matters arising from it shall be governed by and construed in accordance with English law and each party irrevocably submits to the exclusive jurisdiction of the English courts.
- 6.9 This Agreement contains the entire Agreement between the parties hereto concerning the Confidential Information and supersedes any previous understandings commitments or agreements oral or written, provided that nothing in this clause shall

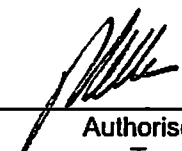
be construed as limiting or excluding the parties' liability for fraud or fraudulent concealment.

6.10 This Agreement contains the entire Agreement between the parties hereto concerning the subject matter of the Agreement and supersedes any previous understandings commitments or agreements oral or written, provided that nothing in this clause shall be construed as limiting or excluding the parties' liability for fraud or fraudulent concealment.

7.0 **LIMITATION OF LIABILITY**

The liability of Rowanmoor Trustees Limited, Colin Wynn Morris, Margaret Morris Stuart Lynden Morris and Philip Roy Drayton-Morris pursuant to this Agreement shall at all times be limited to the assets for the time being of the Scheme

For and on behalf of the
Trustees of the Brighton Bed Centre
Ltd Executive Pension Scheme



Authorised Signatory
For Rowanmoor Trustees Limited



Authorised Signatory
For Rowanmoor Trustees Limited

Colin Wynn Morris

Margaret Morris

Stuart Lynden Morris

Philip Roy Drayton-Morris

For and on behalf of
BRIGHTON BED CENTRE LIMITED

Director

Secretary

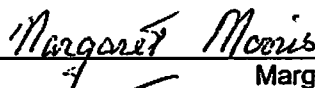
For and on behalf of the
Trustees of the Brighton Bed Centre
Ltd Executive Pension Scheme

Authorised Signatory
For Rowanmoor Trustees Limited

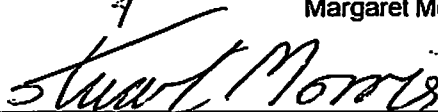
Authorised Signatory
For Rowanmoor Trustees Limited



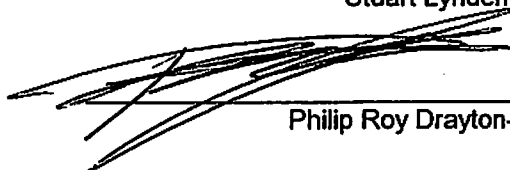
Colin Wynn Morris



Margaret Morris



Stuart Lynden Morris

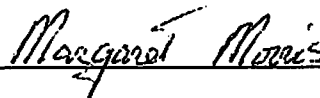


Philip Roy Drayton-Morris

For and on behalf of
BRIGHTON BED CENTRE LIMITED



Director



Secretary

DATED

2014

8th May 2014

DEED OF PRIORITY

between

BRIGHTON BED CENTRE LIMITED (1)

and

THE HOVE BEDDING CENTRE LIMITED (2)

and

COLIN WYNN MORRIS AND MARGARET MORRIS (3)

and

**ROWANMOOR TRUSTEES LIMITED, COLIN WYNN MORRIS,
MARGARET MORRIS, STUART LYNDEN MORRIS AND PHILIP ROY
DRAYTON-MORRIS (3)**

*Trethowans LLP
London Road Office Park
London Road
Salisbury
Wiltshire
SP1 3HP
Tel: 01722 412512
Fax: 01722 333011
Ref: JJA/212529*

THIS DEED is made the 8th day of May 2014

Administrative area BRIGHTON & HOVE
Title number(s) ESX256866
Property 258 PORTLAND ROAD HOVE BN3 5QU

BETWEEN:

- (1) **BRIGHTON BED CENTRE LIMITED** the registered office of which is at 85 Church Road, Hove RN3 2BB (Company Registration No 04430404) ("the Borrower")
- (2) **THE HOVE BEDDING CENTRE LIMITED** the registered office of which is at 266 Portland Road Hove 6N3 5QU (Company Registration No 02016429) ("The Mortgagor")
- (3) **COLIN WYNN MORRIS and MARGARET MORRIS** both of 90 Woodland Drive Hove BN3 6DE ("the First Lender") and
- (4) **ROWANMOOR TRUSTEES LIMITED** the registered office of which is at Rowanmoor House 46- 50 Castle Street Salisbury SP1 3TS (Company Registration no 01846413) **COLIN WYNN MORRIS and MARGARET MORRIS** aforesaid **STUART LYNDEN MORRIS** of 12a Little Western Street Brighton BN3 1AG and **PHILIP ROY DRAYTON-MORRIS** of 24 Whitelot Way Southwick BN42 4YF ("the Second Lender")

NOW THIS DEED WITNESSES as follows:

1 DEFINITIONS AND INTERPRETATION

For all purposes of this legal charge the terms defined in this clause 1 shall have the meanings specified.

1.1 'The First Advance'

'The First Advance' means the loan monies secured by the First Mortgage.

1.2 'The First Mortgage'

'The First Mortgage' means a mortgage dated 14 May 2008 and made between (1) the Mortgagor and (2) the First Lender and registered on 18 July 2008 in the Charges Register of the Property registered under Title Number ESX256866.

1.3 'The Property'

'The Property' means 258 Portland Road Hove BN3 5QU as registered at the Land Registry under Title Number E3X256866

1.4 'The Second Advance'

'The Second Advance' means the loan monies secured by the Second Mortgage, including for the avoidance of doubt the sums referred to in the facility agreement dated 22 November 2013 and the facility agreement dated of even date each made between (1) the Borrower (2) the Mortgagor and (3) the Second Lender.

1.5 'The Second Mortgage'

'The Second Mortgage' means a mortgage dated of even date herewith and made between (1) the Borrower (2) the Mortgagor and (3) the Second Lender.

1.6 Gender, personality and number

Unless the context otherwise requires:

1.6.1 the singular includes the plural and vice versa;

1.6.2 references to persons includes references to firms, companies, corporations or limited liability partnerships and vice versa and

1.6.3 references in the masculine gender include references in the feminine or neuter genders and vice versa.

1.7 Headings

The clause headings do not form part of this document and are not to be taken into account in its construction or interpretation.

1.8 Interpretation of 'the Borrower', 'the Mortgagor', 'the First Lender' and 'the Second Lender'

Unless the context otherwise requires the expressions 'the Borrower', 'the Mortgagor', 'the First Lender' and the Second Lender include their respective successors and assigns whether immediate or derivative and where appropriate the survivors or survivor of them and where any party comprises two or more persons include any one or more of those persons.

1.9 Joint and several liability

Where any party to this deed for the time being comprises two or more persons, obligations expressed or implied to be made by or with that party are deemed to be made by or with the persons comprising that party jointly and severally.

1.10 References to clauses

Any reference in this document to a clause without further designation is to be construed as a reference to the clause of this document so numbered.

2 RECITALS

2.1 Charge under First Mortgage

By the First Mortgage the Property was charged by the Mortgagor to the First Lender by way of legal mortgage to secure payment of the First Advance with interest on it as stated in the First Mortgage.

2.2 Charge under Second Mortgage

By the Second Mortgage the Property was charged by the Mortgagor to the Second Lender by way of legal mortgage to secure payment of the Second Advance with interest on it as stated in the Second Mortgage subject to the security created by the First Mortgage.

2.3 Indebtedness

The First Advance remains owing to the First Lender together with the current interest on it and the Second Advance remains owing to the Second Lender together with the current interest on it.

2.4 Agreement for regulation of priority

The First Lender and the Second Lender have agreed that the priority of their respective securities should be regulated in accordance with the terms of this Deed and the Borrower and Mortgagor have agreed to join in this deed by way of concurrence thereto.

3 ALTERATION OF PRIORITIES

It is agreed and declared that the First Mortgage and the Second Mortgage shall respectively rank in the following order of priority:

- 3.1 First - the Second Mortgage together with interest, costs, disbursements and expenses thereon;**
- 3.2 Second - all money and other obligations and liabilities secured by the First Mortgage.**

4 RIGHTS OF LENDERS

4.1 First Lender

Nothing contained in this deed shall, as between the Mortgagor and the First Lender, affect or prejudice any of the rights or remedies of the First Lender under the First Mortgage.

4.2 Second Lender

Nothing contained in this deed shall, as between the Mortgagor and the Second Lender, affect or prejudice any of the rights or remedies of the Second Lender under the Second Mortgage.

4.3 Grant of facilities, time and indulgence

At any time before the First Lender or the Second Lender may without obtaining the consent of the other and without affecting any provisions of this Deed:

- 4.3.1 increase, renew vary or determine any advance accommodation or facilities given or to be given to the Borrower and Mortgagor or agree as to the application thereof;**
- 4.3.2 hold renew modify or release or abstain from taking perfecting or enforcing any security guarantee or right now or in the future held from or against the Borrower and Mortgagor in respect of any liability to the First Lender or the Second Lender (as the case may be);**
- 4.3.3 deal with and receive moneys in respect of the First Mortgage or the Second Mortgage (as the case may be) and grant time or indulgence to or compound with the Borrower and Mortgagor; and**
- 4.3.4 receive and apply any repayment of or towards its debt, as it thinks fit.**

5 CO-OPERATION IN ENFORCEMENT

- 5.1 If either the First Lender or the Second Lender proposes to appoint an administrator or a receiver of all or any of the assets of the Borrower or Mortgagor or remove or apply for the removal of an administrator or receiver or exercise its powers of sale or otherwise enforce the First Mortgage or the Second Mortgage (as the case may be) it shall inform and consult the other with a view to agreeing upon and appointing the same person or agreeing upon the method of enforcement.**
- 5.2 The First Lender and the Second Lender shall co-operate with each other in realising the assets charged to them and ensuring that the net proceeds after deduction of the expenses of realisation are paid in accordance with the provisions of this Deed.**

5.3 Nothing in this clause shall prevent either the First Lender or the Second Lender from appointing an administrator of the Borrower or Mortgagor or a receiver of all or any of the assets of the Borrower or Mortgagor or otherwise enforcing its security without such consultation or agreement where it reasonably believes that immediate action is necessary to protect its interest but the party taking such action shall as soon as practicable inform the other by notice of the action taken and thereafter shall co-operate as aforesaid.

5.4 Failure to inform or consult as required by this clause shall not affect the validity of any appointment or enforcement action or give rise to any cause of action on the part of the Borrower or Mortgagor.

6 NOTICES

6.1 Any notice to be given in connection with this Deed shall be in writing and (without prejudice to proof that it has been effectively given in any other manner) shall be deemed duly served if delivered at or posted by first class post to the address of the party concerned which is set out in this Deed or notified to the other party in accordance with the provisions of this clause. Any such notice shall be deemed to be served if delivered personally, on the day on which it is delivered or if posted, 48 hours after the time of posting. Evidence that the notice was properly addressed stamped and put into the post shall be conclusive evidence of service.

7 COUNTERPARTS

7.1 In the event of this Deed being prepared in several parts each of the parties may execute one or more parts and the parts so executed shall constitute one deed and be binding on the parties as if they had all executed the same document. Delivery to the First Lender or its solicitors of a part executed by the First Lender against delivery to the Second Lender or its solicitors of a part executed by the Second Lender and delivery to the Borrower or Mortgagor or its solicitors of a part executed by the Borrower or Mortgagor shall constitute the entering into of and delivery as a deed of this Deed.

8 APPLICATION FOR REGISTRATION

The First Lender and the Second Lender apply to the Registrar to note on the register of the Property in the appropriate manner the postponement of priority effected by clause 3

9 EXCLUSION OF THIRD PARTY RIGHTS

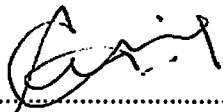
Nothing in this deed is intended to confer any benefit on any person who is not a party to it.

10 DURATION

This Deed shall cease to have effect as regards the First Lender and the Second Lender when either the First Mortgage or the Second Mortgage have been fully discharged.

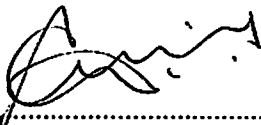
IN WITNESS whereof the parties hereto have executed this Deed the day and year first above written

Executed as a Deed by BRIGHTON
BED CENTRE LIMITED in the
presence of two Directors or one
Director and its Secretary:-


.....
Director


.....
Director/Secretary

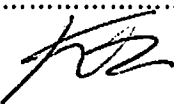
Executed as a Deed by THE HOVE
BEDDING CENTRE LIMITED in the
presence of two Directors or one
Director and its Secretary:-


.....
Director


.....
Director/Secretary

Executed and Delivered as a deed by
COLIN WYNN MORRIS in the
presence of:-

Witness signature


.....


Witness Name

JOHN HARDING

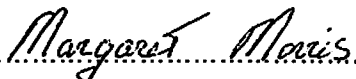
Address

9 MIMOSA COURT, BURSTEAD CLOSE
BRIGHTON, BN1 7HW
MATTRESS MAKER

Occupation

Executed and Delivered as a deed by
MARGARET MORRIS in the presence
of:-

Witness signature


.....
MARGARET MORRIS

Witness Name

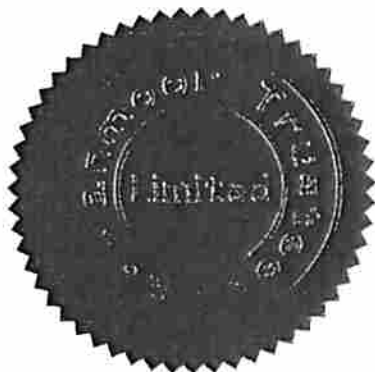

JOHN HARDING

Address

9 MIMOSA COURT, BURSTEAD CLOSE
BRIGHTON BN1 7HW
MATTRESS MAKER

Occupation

Executed as a Deed by affixing the
common seal ROWANMOOR
TRUSTEES LIMITED in the presence
of :-




.....
Authorised Signatory


.....
Authorised Signatory

Executed and Delivered as a deed by
COLIN WYNN MORRIS in the
presence of:-

Witness signature

Witness Name

Address

Occupation

Executed and Delivered as a deed by
MARGARET MORRIS in the presence
of:-

Witness signature

Witness Name

Address

Occupation

Executed and Delivered as a deed by
STUART LYNDEN MORRIS in the
presence of:-

Witness signature

Witness Name

Address

Occupation

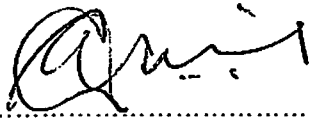
Executed and Delivered as a deed by
PHILIP ROY DRAYTON-MORRIS in
the presence of:-

Witness signature

Witness Name

Address

Occupation

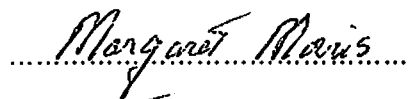




JOHN HARDING

9 MIMOSA COURT, BURSTEAD CLOSE
BRIGHTON BN1 7HW

MATRESS MAKER





JOHN HARDING

9 MIMOSA COURT, BURSTEAD CLOSE
BRIGHTON BN1 7HW

MATRESS MAKER





JOHN HARDING

9 MIMOSA COURT, BURSTEAD CLOSE
BRIGHTON BN1 7HW

MATRESS MAKER





JOHN HARDING

9 MIMOSA COURT, BURSTEAD CLOSE
BRIGHTON BN1 7HW

MATRESS MAKER

DATED

2014

8th May 2014

**THIRD PARTY LEGAL MORTGAGE OVER PROPERTY
258 PORTLAND ROAD, HOVE, BN3 5QU**

between

THE HOVE BEDDING CENTRE LIMITED (1)

and

**ROWANMOOR TRUSTEES LIMITED, COLIN WYNN MORRIS,
MARGARET MORRIS, STUART LYNDEN MORRIS AND
PHILIP ROY DRAYTON-MORRIS (2)**

*Trethowans LLP
London Road Office Park
London Road
Salisbury
Wiltshire
SP1 3HP
Tel: 01722 412512
Fax: 01722 333011
Ref: JJA/212529*

THIS DEED is dated 8th day of May 2014

PARTIES

- (1) **THE HOVE BEDDING CENTRE LIMITED** (Company Number 02016429) whose registered office is situate at 266 Portland Road, Hove, BN3 5QU (Mortgagor).
- (2) **ROWANMOOR TRUSTEES LIMITED** (Company number 01846413) whose registered office is at Rowanmoor House 46-50 Castle Street Salisbury SP1 3TS, **COLIN WYNN MORRIS** and **MARGARET MORRIS** both of 90 Woodland Drive, Hove, BN3 6DE, **STUART LYNDEN MORRIS** of 12a Little Western Street, Brighton, BN3 1AG and **PHILIP ROY DRAYTON-MORRIS** of 24 Whitelot Way, Southwick, BN42 4YF all as Trustees of the Scheme (Lender).

BACKGROUND

- (A) The Lender as trustees of the Scheme have agreed, under the Facility Agreements, to provide the Borrower with loan facilities on a secured basis
- (B) The Mortgagor owns the Property.
- (C) This deed provides security which the Borrower has agreed to ensure is provided to the Lender for the loan facilities made or to be made available to the Borrower under the Facility Agreements.

AGREED TERMS

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

The following definitions apply in this deed.

Borrower: The Brighton Bed Centre Limited (Company number 2006129) whose registered office is at 266 Portland Rove, Hove, BN3 5QU

Business Day: a day other than a Saturday, Sunday or public holiday in England when banks in London are open for business.

Charged Property: all the assets, property and undertaking for the time being subject to any Security created by this deed (and references to the Charged Property shall include references to any part of it).

Delegate: any person appointed by the Lender or any Receiver under clause 4 and any person appointed as attorney of the Lender, Receiver or Delegate.

Environment: the natural and man-made environment including all or any of the following media, namely air, water and land (including air within buildings and other

natural or man-made structures above or below the ground) and any living organisms (including man) or systems supported by those media.

Environmental Law: all applicable laws, statutes, regulations, secondary legislation, bye-laws, common law, directives, treaties and other measures, judgments and decisions of any court or tribunal, codes of practice and guidance notes in so far as they relate to or apply to the Environment.

Environmental Licence: any authorisation, permit or licence necessary under Environmental Law in respect of any of the Charged Property.

Event of Default: means any of the events of default set out in the Facility Agreements

Facility Agreements: means firstly the facility agreement dated 22 November 2013 between the Borrower (1) and the Lender (2) and secondly the facility agreement between the Borrower (1) and the Lender (2) dated *18th May 2014* for the provision of the loan facilities secured by this deed.

Insurance Policy: each contract or policy of insurance effected or maintained by the Mortgagor from time to time in respect of the Property.

LPA 1925: the Law of Property Act 1925.

Property: the freehold or leasehold property (whether registered or unregistered) owned by the Mortgagor described in Schedule 1.

Receiver: a receiver or a receiver and manager of any or all of the Charged Property.

Rent: all amounts payable to or for the benefit of the Mortgagor by way of rent, licence fee, service charge, dilapidations, ground rent and rent charge in respect of any part of the Property and other monies payable to or for the benefit of the Mortgagor in respect of occupation or usage of any part of the Property, including (without limitation) for display of advertisements on licence or otherwise.

Rights: any Security or other right or benefit whether arising by set-off, counterclaim, subrogation, indemnity, proof in liquidation or otherwise and whether from contribution or otherwise.

Scheme: the Brighton Bed Centre Ltd Executive Pension Scheme

Secured Liabilities: all present and future monies, obligations and liabilities owed by either the Borrower or the Mortgagor to the Lender, whether actual or contingent and whether owed jointly or severally, as principal or surety or in any other capacity, together with all interest (including, without limitation, default interest) accruing in respect of those monies or liabilities.

Security: any mortgage, charge (whether fixed or floating, legal or equitable), pledge, lien, assignment by way of security or other security interest securing any obligation of any person, or any other agreement or arrangement having a similar effect.

Security Period: the period starting on the date of this deed and ending on the date on which the Lender is satisfied that all the Secured Liabilities have been

unconditionally and irrevocably paid and discharged in full and no further Secured Liabilities are capable of being outstanding.

Valuation: any valuation relating to the Property supplied to the Lender by the Mortgagor (or on its behalf).

VAT: value added tax.

1.2 Interpretation

In this deed:

- (a) clause, Schedule and paragraph headings shall not affect the interpretation of this deed;
- (b) a reference to a person shall include a reference to an individual, firm, company, corporation, partnership, unincorporated body of persons, government, state or agency of a state or any association, trust, joint venture or consortium (whether or not having separate legal personality) and that person's personal representatives, successors, permitted assigns and permitted transferees;
- (c) unless the context otherwise requires, words in the singular shall include the plural and in the plural shall include the singular;
- (d) unless the context otherwise requires, a reference to one gender shall include a reference to the other genders;
- (e) a reference to a party and the Borrower shall include that party's or the Borrower's successors, permitted assigns and permitted transferees;
- (f) a reference to a statute or statutory provision is a reference to it as amended, extended or re-enacted from time to time;
- (g) a reference to a statute or statutory provision shall include all subordinate legislation made from time to time under that statute or statutory provision;
- (h) a reference to writing or written includes fax and e-mail;
- (i) an obligation on a party not to do something includes an obligation not to allow that thing to be done;
- (j) a reference to this deed (or any provision of it) or to any other agreement or document referred to in this deed is a reference to this deed, that provision or such other agreement or document as amended (in each case, other than in breach of the provisions of this deed) from time to time;
- (k) unless the context otherwise requires, a reference to a clause or Schedule is to a clause of, or Schedule to, this deed and a reference to a paragraph is to a paragraph of the relevant Schedule;
- (l) any words following the terms including, include, in particular, for example or any similar expression shall be construed as illustrative and

shall not limit the sense of the words, description, definition, phrase or term preceding those terms;

- (m) a reference to an amendment includes a novation, re-enactment, supplement or variation (and amended shall be construed accordingly);
- (n) a reference to assets includes present and future properties, undertakings, revenues, rights and benefits of every description;
- (o) a reference to an authorisation includes an approval, authorisation, consent, exemption, filing, licence, notarisation, registration and resolution;
- (p) a reference to continuing in relation to an Event of Default means an Event of Default that has not been remedied or waived;
- (q) a reference to determines or determined means, unless the contrary is indicated, a determination made at the absolute discretion of the person making it; and
- (r) a reference to a regulation includes any regulation, rule, official directive, request or guideline (whether or not having the force of law) of any governmental, inter-governmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation.

1.3 Clawback

If the Lender considers that an amount paid by the Borrower or the Mortgagor in respect of the Secured Liabilities is capable of being avoided or otherwise set aside on the liquidation or administration of the Borrower or the Mortgagor, or otherwise, then that amount shall not be considered to have been irrevocably paid for the purposes of this deed.

1.4 Nature of security over real property

A reference in this deed to a charge or mortgage of or over the Property includes:

- (a) all buildings and fixtures and fittings (including trade and tenant's fixtures and fittings) and fixed plant and machinery that are situated on or form part of the Property at any time;
- (b) the proceeds of the sale of any part of the Property and any other monies paid or payable in respect of or in connection with the Property;
- (c) the benefit of any covenants for title given, or entered into, by any predecessor in title of the Mortgagor in respect of the Property and any monies paid or payable in respect of those covenants; and
- (d) all rights under any licence, agreement for sale or agreement for lease in respect of the Property.

1.5 Law of Property (Miscellaneous Provisions) Act 1989

For the purposes of section 2 of the Law of Property (Miscellaneous Provisions) Act 1989, the terms of the Finance Documents and of any side letters between any parties in relation to the Finance Documents are incorporated into this deed.

1.6 Perpetuity period

If the rule against perpetuities applies to any trust created by this deed, the perpetuity period shall be 125 years (as specified by section 5(1) of the Perpetuities and Accumulations Act 2009).

1.7 Schedules

The Schedules form part of this deed and shall have effect as if set out in full in the body of this deed. Any reference to this deed includes the Schedules.

2. COVENANT TO PAY

2.1 Covenant to pay

The Mortgagor shall, on demand,

- (a) pay to the Lender and discharge the Secured Liabilities when they become due.
- (b) Pay to the Lender all fixed charges and penalties (if any) incurred by the Scheme in the event that the Scheme is obliged to enforce this Legal Mortgage against the Mortgagor and the Property

3. GRANT OF SECURITY

3.1 Legal mortgage and fixed charges

As a continuing security for the payment and discharge of the Secured Liabilities, the Mortgagor with full title guarantee charges to the Lender:

- (a) by way of legal mortgage, the Property; and
- (b) by way of first fixed charge:
 - (i) all its rights in each Insurance Policy, including all claims, the proceeds of all claims and all returns of premiums in connection with each Insurance Policy, the Rent and the benefit of any

guarantee or security in respect of the Rent to the extent not effectively assigned under clause 3.2; and

- (ii) the benefit of all other contracts, guarantees, appointments and warranties relating to the Charged Property and other documents to which the Mortgagor is a party or which are in its favour or of which it has the benefit relating to any letting, development, sale, purchase, use or the operation of the Charged Property or otherwise relating to the Charged Property (including, in each case, but without limitation, the right to demand and receive all monies whatever payable to or for its benefit under or arising from any of them, all remedies provided for in any of them or available at law or in equity in relation to any of them, the right to compel performance of any of them and all other rights, interests and benefits whatever accruing to or for its benefit arising from any of them)

3.2 Assignment

As a continuing security for the payment and discharge of the Secured Liabilities, the Mortgagor with full title guarantee assigns to the Lender absolutely, subject to a proviso for reassignment on irrevocable discharge in full of the Secured Liabilities:

- (a) all its rights in each Insurance Policy, including all claims, the proceeds of all claims and all returns of premiums in connection with each Insurance Policy; and
- (b) the Rent and the benefit of any guarantee or security in respect of the Rent

provided that nothing in this clause 3.2 shall constitute the Lender as mortgagee in possession.

4. PERFECTION OF SECURITY

4.1 Registration of legal mortgage at the Land Registry

The Mortgagor consents to an application being made by the Lender to the Land Registrar for the following restriction in Form P to be registered against its title to the Property:

"No disposition of the registered estate by the proprietor of the registered estate, or by the proprietor of any registered charge, not being a charge registered before the entry of this restriction, is to be registered without a written consent signed by the proprietor for the time being of the charge dated [] 2014 in favour of the Lender referred to in the charges register or their conveyancers

4.2 First registration

If the title to the Property is not registered at the Land Registry, the Mortgagor shall ensure that no person (other than itself) shall be registered under the Land Registration Act 2002 as the proprietor of all or any part of the Property, without the prior written consent of the Lender.

4.3 Cautions against first registration and notices

Whether or not title to the Property is registered at the Land Registry, if any caution against first registration or any notice (whether agreed or unilateral) is registered against the Mortgagor's title to the Property, the Mortgagor shall immediately provide the Lender with full particulars of the circumstances relating to such caution or notice. If such caution or notice was registered to protect a purported interest the creation of which is not permitted under this deed, the Mortgagor shall immediately, and at its own expense, take such steps as the Lender may require to ensure that the caution or notice, as applicable, is withdrawn or cancelled.

5. LIABILITY OF THE MORTGAGOR AND LENDER'S PROTECTIONS

5.1 Liability not discharged

The Mortgagor's liability under this deed in respect of any of the Secured Liabilities shall not be discharged, prejudiced or affected by:

- (a) any intermediate payment, settlement of account or discharge in whole or in part of the Secured Liabilities;
- (b) any variation, extension, discharge, compromise, dealing with, exchange or renewal of any right or remedy which the Lender may now or after the date of this deed have from or against the Borrower, the Mortgagor or any other person in connection with the Secured Liabilities;
- (c) any act or omission by the Lender or any other person in taking up, perfecting or enforcing any Security, indemnity, or guarantee from or against the Borrower, the Mortgagor or any other person;
- (d) any termination, amendment, variation, novation, replacement or supplement of or to any of the Secured Liabilities including, without limitation, any change in the purpose of, any increase in or extension of the Secured Liabilities and any addition of new Secured Liabilities;
- (e) any grant of time, indulgence, waiver or concession to the Borrower, the Mortgagor or any other person;
- (f) any insolvency, bankruptcy, liquidation, administration, winding-up, incapacity, limitation, disability, the discharge by operation of law, or any

change in the constitution, name or style of the Borrower, the Mortgagor or any other person;

- (g) any invalidity, illegality, unenforceability, irregularity or frustration of any actual or purported obligation of, or Security held from, the Borrower, the Mortgagor or any other person in connection with the Secured Liabilities;
- (h) any claim or enforcement of payment from the Borrower, the Mortgagor or any other person; or
- (i) any other act or omission which would not have discharged or affected the liability of the Mortgagor had it been a principal debtor or by anything done or omitted by any person which, but for this provision, might operate to exonerate or discharge the Mortgagor or otherwise reduce or extinguish its liability under this deed.

5.2 Immediate recourse

The Mortgagor waives any right it may have to require the Lender:

- (a) to take any action or obtain judgment in any court against the Borrower or any other person;
- (b) to make or file any claim in a bankruptcy, liquidation, administration or insolvency of the Borrower or any other person; or
- (c) to make demand, enforce or seek to enforce any claim, right or remedy against the Borrower or any other person,

before taking steps to enforce any of its rights or remedies under this deed.

5.3 Non-competition

The Mortgagor warrants to the Lender that it has not taken or received, and shall not take, exercise or receive the benefit of any Rights from or against the Borrower, its liquidator, an administrator, co-guarantor or any other person in connection with any liability of, or payment by, the Mortgagor under this deed but:

- (a) if any of the Rights is taken, exercised or received by the Mortgagor, those Rights and all monies at any time received or held in respect of those Rights shall be held by the Mortgagor on trust for the Lender for application in or towards the discharge of the Secured Liabilities under this deed; and
- (b) on demand by the Lender, the Mortgagor shall promptly transfer, assign or pay to the Lender all Rights and all monies from time to time held on trust by the Mortgagor under this clause 5.3.

6. REPRESENTATIONS AND WARRANTIES

6.1 Times for making representations and warranties

The Mortgagor makes the representations and warranties set out in this clause 6 to the Lender on the date of this deed

6.2 Authorisations

The Mortgagor has taken all necessary action and obtained all required or desirable consents to enable it to execute, deliver and perform its obligations under this deed. Any such authorisations are in full force and effect.

6.3 Binding obligations

The Mortgagor warrants that:-

- (a) the Mortgagor's obligations under this deed are legal, valid, binding and enforceable; and
- this deed creates a valid, legally binding and enforceable Security for the obligations expressed to be secured by it

6.4 Litigation

No litigation, arbitration or administrative proceedings are taking place, pending or, to the Mortgagor's knowledge, threatened against it or any of the Charged Property

6.5 Ownership of Charged Property

The Mortgagor is the legal and beneficial owner of the Charged Property and has good and marketable title to the Property.

6.6 No Security

The Charged Property is free from any Security other than the Security created by this deed and the first charge in favour of Colin Wynn Morris and Margaret Morris dated 14 May 2008

6.7 No adverse claims

The Mortgagor has not received, or acknowledged notice of, any adverse claim by any person in respect of the Charged Property or any interest in it.

6.8 No adverse covenants

There are no covenants, agreements, reservations, conditions, interests, rights or other matters whatever that materially and adversely affect the Charged Property.

6.9 No breach of laws

There is no breach of any law or regulation, that materially and adversely affects the Charged Property.

6.10 No interference in enjoyment

No facility necessary for the enjoyment and use of the Charged Property is subject to terms entitling any person to terminate or curtail its use.

6.11 No overriding interests

Nothing has arisen, has been created or is subsisting that would be an overriding interest in the Charged Property.

6.12 No prohibitions or breaches

There is no prohibition on the Mortgagor assigning its rights in any of the Charged Property referred to in clause 3.2 and the entry into of this deed by the Mortgagor does not and will not constitute a breach of any policy, agreement, document, instrument or obligation binding on the Mortgagor or its assets.

6.13 Environmental compliance

The Mortgagor has, at all times, complied in all material respects with all applicable Environmental Law and Environmental Licences.

6.14 Avoidance of security

No Security expressed to be created under this deed is liable to be avoided, or otherwise set aside, on the liquidation or administration of the Mortgagor or otherwise.

7. GENERAL COVENANTS

7.1 Negative pledge and disposal restrictions

The Mortgagor shall not at any time, except with the prior written consent of the Lender:

- (a) create, purport to create or permit to subsist any Security on, or in relation to, any Charged Property other than any Security created by this deed;
- (b) sell, assign, transfer, part with possession of or otherwise dispose of in any manner (or purport to do so) all or any part of, or any interest in, the Charged Property; or
- (c) create or grant (or purport to create or grant) any interest in the Charged Property in favour of a third party.

7.2 Preservation of Charged Property

The Mortgagor shall not do, or permit to be done, any act or thing that would or might depreciate, jeopardise or otherwise prejudice the security held by the Lender or materially diminish the value of any of the Charged Property or the effectiveness of the security created by this deed.

7.3 Compliance with laws and regulations

- (a) The Mortgagor shall not, without the Lender's prior written consent, use or permit the Charged Property to be used in any way contrary to law.
- (b) The Mortgagor shall:
 - (i) comply with the requirements of any law or regulation relating to or affecting the Charged Property or the use of it or any part of it;
 - (ii) obtain, and promptly renew from time to time, and comply with the terms of all authorisations that are required in connection with the Charged Property or its use or that are necessary to preserve, maintain or renew any Charged Property; and
 - (iii) promptly effect any maintenance, modifications, alterations or repairs to be effected on or in connection with the Charged Property that are required to be made by it under any law or regulation.

7.4 Enforcement of rights

The Mortgagor shall use its best endeavours to:

- (a) procure the prompt observance and performance by the relevant counterparty to any agreement or arrangement with the Mortgagor and

forming part of the Charged Property of the covenants and other obligations imposed on such counterparty; and

- (b) enforce any rights and institute, continue or defend any proceedings relating to any of the Charged Property that the Lender may require from time to time.

7.5 Notice of misrepresentations and breaches

The Mortgagor shall, promptly on becoming aware of any of the same, give the Lender notice in writing of:

- (a) any representation or warranty set out in this deed that is incorrect or misleading in any material respect when made or deemed to be repeated; and
- (b) any breach of any covenant set out in this deed.

7.6 Title documents

The Mortgagor shall, on the execution of this deed, deposit with the Lender and the Lender shall, for the duration of this deed, be entitled to hold all deeds and documents of title relating to the Charged Property that are in the possession or control of the Mortgagor (and if these are not within the possession and/or control of the Mortgagor, the Mortgagor undertakes to obtain possession of all these deeds and documents of title)

7.7 Mortgagor's waiver of set-off

The Mortgagor waives any present or future right of set-off it may have in respect of the Secured Liabilities (including sums payable by the Mortgagor under this deed).

7.8 Ranking of obligations

The Mortgagor's payment obligations under this deed will, at all times, rank in all respects in priority to all its other indebtedness, other than indebtedness preferred by operation of law in the event of its winding-up.

7.9 Authorisations

The Mortgagor shall obtain all consents and authorisations necessary (and do all that is needed to maintain them in full force and effect) under any law or regulation of its

jurisdiction of incorporation to enable it to perform its obligations under this deed and to ensure the legality, validity, enforceability and admissibility in evidence of this deed in its jurisdiction of incorporation.

8. PROPERTY COVENANTS

8.1 Repair and maintenance

- (a) The Mortgagor shall keep all premises, and fixtures and fittings on the Property, in good and substantial repair and condition and shall keep all premises adequately and properly painted and decorated and replace any fixtures and fittings which have become worn out or otherwise unfit for use with others of a like nature and equal value

8.2 No alterations

- (a) The Mortgagor shall not, without the prior written consent of the Lender:
 - (i) pull down or remove the whole or any part of any building forming part of the Property nor permit the same to occur; or
 - (ii) make or permit to be made any material alterations to the Property or sever or remove or permit to be severed or removed any of its fixtures or fittings (except to make any necessary repairs or renew or replace the same in accordance with clause 8.1).
- (b) The Mortgagor shall promptly give notice to the Lender if the premises or fixtures or fittings forming part of the Property are destroyed or damaged.

8.3 Development restrictions

The Mortgagor shall not, without the prior written consent of the Lender:

- (a) make or, in so far as it is able, permit others to make any application for planning permission or development consent in respect of the Property; or
- (b) carry out or permit or suffer to be carried out on the Property any development (as defined in each of the Town and Country Planning Act 1990 and the Planning Act 2008) or change or permit or suffer to be changed the use of the Property.

8.4 Insurance

- (a) The Mortgagor shall insure and keep insured (or where, in the case of any leasehold property, insurance is the responsibility of the landlord under the terms of the lease, either procure that the landlord insures and keeps

insured or, if and to the extent that the landlord does not do so, itself insure and keep insured) the Charged Property against:

- (i) loss or damage by fire or terrorist acts;
 - (ii) other risks, perils and contingencies that would be insured against by reasonably prudent persons carrying on the same class of business as the Mortgagor; and
 - (iii) any other risk, perils and contingencies as the Lender may reasonably require.
- (b) Any such insurance must be with an insurance company or underwriters and on such terms as are reasonably acceptable to the Lender and must be for not less than the replacement value of the Charged Property (meaning in the case of any premises on the Property, the total cost of entirely rebuilding, reinstating or replacing the premises in the event of their being destroyed, together with architects', surveyors', engineers' and other professional fees and charges for demolition and reinstatement) and loss of rents payable by the tenants or other occupiers of the Property for a period of at least three years.
- (c) The Mortgagor shall, if requested by the Lender, produce to the Lender the policy, certificate or cover note relating to any insurance required by clause 8.4(a) (or where, in the case of any leasehold property, that insurance is effected by the landlord, such evidence of insurance as the Mortgagor is entitled to obtain from the landlord under the terms of the relevant lease).
- (d) The Mortgagor shall, if requested by the Lender, procure that a note of the Lender's interest is endorsed upon each Insurance Policy maintained by it or any person on its behalf in accordance with clause 8.4(a) and the Lender is named as first loss payee and that the terms of each such Insurance Policy require the insurer not to invalidate the policy as against the Lender by reason of the act or default of any other joint or named insured and not to cancel it without giving at least 30 days' prior written notice to the Lender.

8.5 Insurance premiums

The Mortgagor shall:

- (a) promptly pay all premiums in respect of each Insurance Policy and do all other things necessary to keep that policy in full force and effect; and
- (b) (if the Lender so requires) give to the Lender copies of the receipts for all premiums and other payments necessary for effecting and keeping up each Insurance Policy (or where, in the case of leasehold property, insurance is effected by the landlord, such evidence of the payment of premiums as the Mortgagor is entitled to obtain from the landlord under the terms of the relevant lease).

8.6 No invalidation of insurance

The Mortgagor shall not do or omit to do, or permit to be done or omitted, any act or thing that may invalidate or otherwise prejudice any Insurance Policy.

8.7 Proceeds from Insurance Policies

All monies payable under any Insurance Policy at any time (whether or not the security constituted by this deed has become enforceable) shall:

- (a) be paid immediately to the Lender
- (b) if they are not paid directly to the Lender by the insurers, be held, pending such payment, by the Mortgagor as trustee of the same for the benefit of the Lender; and
- (c) at the option of the Lender, be applied in making good or recouping expenditure in respect of the loss or damage for which those monies are received or in, or towards, discharge or reduction of the Secured Liabilities

8.8 Leases and licences affecting the Property

The Mortgagor shall not, without the prior written consent of the Lender (which consent, in the case of clause 8.8(d), is not to be unreasonably withheld or delayed in circumstances in which the Mortgagor may not unreasonably withhold or delay its consent):

- (a) grant any licence or tenancy affecting the whole or any part of the Property, or exercise the statutory powers of leasing or of accepting surrenders under section 99 or section 100 of the LPA 1925 (or agree to grant any such licence or tenancy, or agree to exercise the statutory powers of leasing or of accepting surrenders under section 99 or section 100 of the LPA 1925);
- (b) in any other way dispose of, accept the surrender of, surrender or create any legal or equitable estate or interest in the whole or any part of the Property (or agree to dispose of, accept the surrender of, surrender or create any legal or equitable estate or interest in the whole or any part of the Property);
- (c) let any person into occupation of or share occupation of the whole or any part of the Property; or
- (d) grant any consent or licence under any lease or licence affecting the Property.

8.9 No restrictive obligations

The Mortgagor shall not, without the prior written consent of the Lender, enter into any onerous or restrictive obligations affecting the whole or any part of the Property or create or permit to arise any overriding interest, easement or right whatever in or over the whole or any part of the Property.

8.10 Proprietary rights

The Mortgagor shall procure that no person shall become entitled to assert any proprietary or other like right or interest over the whole or any part of the Property, without the prior written consent of the Lender.

8.11 Compliance with and enforcement of covenants

The Mortgagor shall:

- (a) observe and perform all covenants, stipulations and conditions to which the Property, or the use of it, is or may be subject and (if the Lender so requires) produce to the Lender evidence sufficient to satisfy the Lender that those covenants, stipulations and conditions have been observed and performed; and
- (b) diligently enforce all covenants, stipulations and conditions benefiting the Property and shall not (and shall not agree to) waive, release or vary any of the same.

8.12 Notices or claims relating to the Property

- (a) The Mortgagor shall:
 - (i) give full particulars to the Lender of any notice, order, direction, designation, resolution, application, requirement or proposal given or made by any public or local body or authority (a Notice) that specifically applies to the Property, or to the locality in which it is situated, within seven days after becoming aware of the relevant Notice; and
 - (ii) (if the Lender so requires) immediately, and at the cost of the Mortgagor, take all reasonable and necessary steps to comply with any Notice, and make, or join with the Lender in making, any objections or representations in respect of that Notice that the Lender thinks fit.
- (b) The Mortgagor shall give full particulars to the Lender of any claim, notice or other communication served on it in respect of any modification, suspension or revocation of any Environmental Licence or any alleged breach of any Environmental Law, in each case relating to the Property.

8.13 Payment of outgoings

The Mortgagor shall:

- (a) where the Property, or part of it, is held under a lease, duly and punctually pay all rents due from time to time; and
- (b) pay (or procure payment of the same) when due all charges, rates, taxes, duties, assessments and other outgoings relating to or imposed upon the Property or on its occupier.

8.14 Environment

The Mortgagor shall in respect of the Property:

- (a) comply in all material respects with all the requirements of Environmental Law; and
- (b) obtain and comply in all material respects with all Environmental Licences.

8.15 Inspection

The Mortgagor shall permit the Lender and any Receiver and any person appointed by either of them to enter on and inspect the Property on reasonable prior notice.

9. POWERS OF THE LENDER

9.1 Power to remedy

- (a) The Lender shall be entitled (but shall not be obliged) to remedy, at any time, a breach by the Mortgagor of any of its obligations contained in this deed.
- (b) The Mortgagor irrevocably authorises the Lender and its agents to do all things that are necessary or desirable for that purpose.
- (c) Any monies expended by the Lender in remedying a breach by the Mortgagor of its obligations contained in this deed shall be reimbursed by the Mortgagor to the Lender on a full indemnity basis and shall carry interest in accordance with clause 16.1
- (d) In remedying any breach in accordance with this clause 9.1, the Lender, its agents and their respective officers, agents and employees shall be entitled to enter onto the Property and to take any action as the Lender may reasonably consider necessary or desirable including, without limitation, carrying out any repairs, other works or development.

9.2 Exercise of rights

The rights of the Lender under clause 9.1 are without prejudice to any other rights of the Lender under this deed. The exercise of any rights of the Lender under this deed shall not make the Lender liable to account as a mortgagee in possession.

9.3 Lender has Receiver's powers

To the extent permitted by law, any right, power or discretion conferred by this deed on a Receiver may, after the security constituted by this deed has become enforceable, be exercised by the Lender in relation to any of the Charged Property whether or not it has taken possession of any Charged Property and without first appointing a Receiver or notwithstanding the appointment of a Receiver.

9.4 New accounts

- (a) If the Lender receives, or is deemed to have received, notice of any subsequent Security or other interest, affecting all or part of the Charged Property, the Lender may open a new account for the Mortgagor in the Lender's books. Without prejudice to the Lender's right to combine accounts, no money paid to the credit of the Mortgagor in any such new account shall be appropriated towards, or have the effect of discharging, any part of the Secured Liabilities.
- (b) If the Lender does not open a new account immediately on receipt of the notice, or deemed notice, referred to in clause 9.4(a) then, unless the Lender gives express written notice to the contrary to the Mortgagor, all payments made by the Mortgagor to the Lender shall be treated as having been credited to a new account of the Mortgagor and not as having been applied in reduction of the Secured Liabilities, as from the time of receipt or deemed receipt of the relevant notice by the Lender.

9.5 Lender's set-off rights

If the Lender has more than one account for the Mortgagor in its books, the Lender may at any time after:

- (a) the security constituted by this deed has become enforceable; or
- (b) the Lender has received, or is deemed to have received, notice of any subsequent Security or other interest affecting all or any part of the Charged Property,

transfer, without prior notice, all or any part of the balance standing to the credit of any account to any other account that may be in debit. After making any such transfer, the Lender shall notify the Mortgagor of that transfer.

9.6 Indulgence

The Lender may, at its discretion, grant time or other indulgence, or make any other arrangement, variation or release with any person not being a party to this deed (whether or not any person is jointly liable with the Mortgagor) in respect of any of the Secured Liabilities or of any other security for them without prejudice either to this deed or to the liability of the Mortgagor for the Secured Liabilities.

10. WHEN SECURITY BECOMES ENFORCEABLE

10.1 Security becomes enforceable on Event of Default

The security constituted by this deed shall be immediately enforceable if an Event of Default occurs.

10.2 Discretion

After the security constituted by this deed has become enforceable, the Lender may, in its absolute discretion, enforce all or any part of that security at the times, in the manner and on the terms it thinks fit, and take possession of and hold or dispose of all or any part of the Charged Property.

11. ENFORCEMENT OF SECURITY

11.1 Enforcement powers

- (a) The power of sale and other powers conferred by section 101 of the LPA 1925 (as varied or extended by this deed) shall, as between the Lender and a purchaser from the Lender, arise on and be exercisable at any time after the execution of this deed, but the Lender shall not exercise such power of sale or other powers until the security constituted by this deed has become enforceable under clause 10.1
- (b) Section 103 of the LPA 1925 does not apply to the security constituted by this deed.

11.2 Extension of statutory powers of leasing

The statutory powers of leasing and accepting surrenders conferred on mortgagees under the LPA 1925 and by any other statute are extended so as to authorise the Lender and any Receiver, at any time after the security constituted by this deed has become enforceable, whether in its own name or in that of the Mortgagor, to:

- (a) grant a lease or agreement for lease;

- (b) accept surrenders of leases; or
- (c) grant any option in respect of the whole or any part of the Property with whatever rights relating to other parts of it,

whether or not at a premium and containing such covenants on the part of the Mortgagor and on such terms and conditions (including the payment of money to a lessee or tenant on a surrender) as the Lender or Receiver thinks fit, without the need to comply with any of the restrictions imposed by sections 99 and 100 of the LPA 1925.

11.3 Prior Security

- (a) At any time after the security constituted by this deed has become enforceable, or after any powers conferred by any Security having priority to this deed shall have become exercisable, the Lender may:
 - (i) redeem that or any other prior Security;
 - (ii) procure the transfer of that Security to itself; and
 - (iii) settle any account of the holder of any prior Security.
- (b) The settlement of any such account shall be, in the absence of any manifest error, conclusive and binding on the Mortgagor. All monies paid by the Lender to an encumbrancer in settlement of such an account shall be, as from its payment by the Lender, due from the Mortgagor to the Lender on current account and shall bear Interest at the default rate of interest specified in the Facility Agreements and be secured as part of the Secured Liabilities.

11.4 Protection of third parties

No purchaser, mortgagee or other person dealing with the Lender, any Receiver or Delegate shall be concerned to enquire:

- (a) whether any of the Secured Liabilities have become due or payable, or remain unpaid or undischarged;
- (b) whether any power the Lender, a Receiver or Delegate is purporting to exercise has become exercisable or is properly exercisable; or
- (c) how any money paid to the Lender, any Receiver or any Delegate is to be applied.

11.5 Privileges

Each Receiver and the Lender is entitled to all the rights, powers, privileges and immunities conferred by the LPA 1925 on mortgagees and receivers.

11.6 No liability as mortgagee in possession

Neither the Lender, any Receiver nor any Delegate shall be liable to account as mortgagee in possession in respect of all or any of the Charged Property, nor shall any of them be liable for any loss on realisation of, or for any neglect or default of any nature in connection with, all or any of the Charged Property for which a mortgagee in possession might be liable as such.

11.7 Relinquishing possession

If the Lender, any Receiver or Delegate enters into or takes possession of the Charged Property, it or he may at any time relinquish possession.

11.8 Conclusive discharge to purchasers

The receipt of the Lender or any Receiver or Delegate shall be a conclusive discharge to a purchaser and, in making any sale or other disposal of any of the Charged Property or in making any acquisition in the exercise of their respective powers, the Lender, every Receiver and Delegate may do so for any consideration, in any manner and on any terms that it or he thinks fit.

12. RECEIVERS

12.1 Appointment

At any time after the security constituted by this deed has become enforceable, or at the request of the Mortgagor, the Lender may, without further notice, appoint by way of deed, or otherwise in writing, any one or more person or persons to be a Receiver of all or any part of the Charged Property.

12.2 Removal

The Lender may, without further notice (subject to section 45 of the Insolvency Act 1986), from time to time, by way of deed, or otherwise in writing, remove any Receiver appointed by it and may, whenever it thinks fit, appoint a new Receiver in the place of any Receiver whose appointment may for any reason have terminated.

12.3 Remuneration

The Lender may fix the remuneration of any Receiver appointed by it without the restrictions contained in section 109 of the LPA 1925 and the remuneration of the

Receiver shall be a debt secured by this deed, which shall be due and payable immediately on its being paid by the Lender.

12.4 Power of appointment additional to statutory powers

The power to appoint a Receiver conferred by this deed shall be in addition to all statutory and other powers of the Lender under the Insolvency Act 1986, the LPA 1925 or otherwise, and shall be exercisable without the restrictions contained in sections 103 and 109 of the LPA 1925 or otherwise.

12.5 Power of appointment exercisable despite prior appointments

The power to appoint a Receiver (whether conferred by this deed or by statute) shall be, and remain, exercisable by the Lender despite any prior appointment in respect of all or any part of the Charged Property.

12.6 Agent of the Mortgagor

Any Receiver appointed by the Lender under this deed shall be the agent of the Mortgagor and the Mortgagor shall be solely responsible for the contracts, engagements, acts, omissions, defaults, losses and remuneration of that Receiver and for liabilities incurred by that Receiver. The agency of each Receiver shall continue until the Mortgagor goes into liquidation and after that the Receiver shall act as principal and shall not become the agent of the Lender.

13. POWERS OF RECEIVER

13.1 Powers additional to statutory powers

- (a) Any Receiver appointed by the Lender under this deed shall, in addition to the powers conferred on him by statute, have the powers set out in clause 13.2 to clause 13.20
- (b) If there is more than one Receiver holding office at the same time, each Receiver may (unless the document appointing him states otherwise) exercise all of the powers conferred on a Receiver under this deed individually and to the exclusion of any other Receiver.
- (c) Any exercise by a Receiver of any of the powers given by clause 13 may be on behalf of the Mortgagor, the directors of the Mortgagor or himself.

13.2 Repair and develop the Property

A Receiver may undertake or complete any works of repair, alteration, building or development on the Property and may apply for and maintain any planning permission, development consent, building regulation approval or any other permission, consent or licence to carry out any of the same.

13.3 Grant or accept surrenders of leases

A Receiver may grant, or accept, surrenders of any leases or tenancies affecting the Property on any terms and subject to any conditions that he thinks fit.

13.4 Employ personnel and advisers

A Receiver may provide services and employ, or engage, any managers, officers, servants, contractors, workmen, agents, other personnel and professional advisers on any terms, and subject to any conditions, that he thinks fit. A Receiver may discharge any such person or any such person appointed by the Mortgagor.

13.5 Make and revoke VAT options to tax

A Receiver may exercise or revoke any VAT option to tax that he thinks fit.

13.6 Charge for remuneration

A Receiver may charge and receive any sum by way of remuneration (in addition to all costs, charges and expenses incurred by him) that the Lender may prescribe or agree with him.

13.7 Realise Charged Property

A Receiver may collect and get in the Charged Property or any part of it in respect of which he is appointed and make any demands and take any proceedings as may seem expedient for that purpose, and take possession of the Charged Property with like rights.

13.8 Manage or reconstruct the Mortgagor's business

A Receiver may carry on, manage, develop, reconstruct, amalgamate or diversify or concur in carrying on, managing, developing, reconstructing, amalgamating or diversifying the business of the Mortgagor carried out at the Property.

13.9 Dispose of Charged Property

A Receiver may grant options and licences over all or any part of the Charged Property, grant any other interest or right over, sell, assign or lease (or concur in granting options and licences over all or any part of the Charged Property, granting any other interest or right over, selling, assigning or leasing) all or any of the Charged Property in respect of which he is appointed for such consideration and in such manner (including, without limitation, by public auction or private sale) and generally on any terms and conditions that he thinks fit. A Receiver may promote, or concur in promoting, a company to purchase the Charged Property to be disposed of by him.

13.10 Sever fixtures and fittings

A Receiver may sever and sell separately any fixtures or fittings from the Property without the consent of the Mortgagor.

13.11 Give valid receipts

A Receiver may give valid receipts for all monies and execute all assurances and things that may be proper or desirable for realising any of the Charged Property.

13.12 Make settlements

A Receiver may make any arrangement, settlement or compromise between the Mortgagor and any other person that he may think expedient.

13.13 Bring proceedings

A Receiver may bring, prosecute, enforce, defend and abandon all actions, suits and proceedings in relation to any of the Charged Property that he thinks fit.

13.14 Insure

A Receiver may, if he thinks fit, but without prejudice to the indemnity in clause 16.2 effect with any insurer any policy of insurance either in lieu or satisfaction of, or in addition to, the insurance required to be maintained by the Mortgagor under this deed.

13.15 Powers under LPA 1925

A Receiver may exercise all powers provided for in the LPA 1925 in the same way as if he had been duly appointed under the LPA 1925 and exercise all powers provided for an administrative receiver in Schedule 1 to the Insolvency Act 1986.

13.16 Borrow

A Receiver may, for any of the purposes authorised by this clause¹³ raise money by borrowing from the Lender (or from any other person) either unsecured or on the security of all or any of the Charged Property in respect of which he is appointed on any terms that he thinks fit (including, if the Lender consents, terms under which that Security ranks in priority to this deed).

13.17 Redeem prior Security

A Receiver may redeem any prior Security and settle the accounts to which the Security relates. Any accounts so settled shall be, in the absence of any manifest error, conclusive and binding on the Mortgagor, and the monies so paid shall be deemed to be an expense properly incurred by the Receiver.

13.18 Delegation

A Receiver may delegate his powers in accordance with this deed.

13.19 Absolute beneficial owner

A Receiver may, in relation to any of the Charged Property, exercise all powers, authorisations and rights he would be capable of exercising, and do all those acts and things, as an absolute beneficial owner could exercise or do in the ownership and management of the Charged Property or any part of the Charged Property.

13.20 Incidental powers

A Receiver may do any other acts and things:

- (a) that he may consider desirable or necessary for realising any of the Charged Property;
- (b) that he may consider incidental or conducive to any of the rights or powers conferred on a Receiver under or by virtue of this deed or law; or
- (c) that he lawfully may or can do as agent for the Mortgagor.

14. DELEGATION

14.1 Delegation

The Lender or any Receiver may delegate (either generally or specifically) by power of attorney or in any other manner to any person any right, power, authority or

discretion conferred on it by this deed (including the power of attorney granted under clause 18.1).

14.2 Terms

The Lender and each Receiver may make a delegation on the terms and conditions (including the power to sub-delegate) that it thinks fit.

14.3 Liability

Neither the Lender nor any Receiver shall be in any way liable or responsible to the Mortgagor for any loss or liability arising from any act, default, omission or misconduct on the part of any Delegate.

15. APPLICATION OF PROCEEDS

15.1 Order of application of proceeds

All monies received by the Lender, a Receiver or a Delegate under this deed after the security constituted by this deed has become enforceable (other than sums received under any Insurance Policy), shall (subject to the claims of any person having prior rights and by way of variation of the LPA 1925) be applied in the following order of priority:

- (a) in or towards payment of or provision for all costs, charges and expenses incurred by or on behalf of the Lender (and any Receiver, Delegate, attorney or agent appointed by it) under or in connection with this deed and of all remuneration due to any Receiver under or in connection with this deed;
- (b) in or towards payment of or provision for the Secured Liabilities in any order and manner that the Lender determines; and
- (c) in payment of the surplus (if any) to the Mortgagor or other person entitled to it.

15.2 Appropriation

Neither the Lender, any Receiver nor any Delegate shall be bound (whether by virtue of section 109(8) of the LPA 1925, which is varied accordingly, or otherwise) to pay or appropriate any receipt or payment first towards interest rather than principal or otherwise in any particular order between any of the Secured Liabilities.

15.3 Suspense account

All monies received by the Lender, a Receiver or a Delegate under this deed (other than sums received under any Insurance Policy that are not going to be applied in or towards discharge of the Secured Liabilities):

- (a) may, at the discretion of the Lender, Receiver or Delegate, be credited to any suspense or securities realised account;
- (b) shall bear interest, if any, at the rate agreed in writing between the Lender and the Mortgagor; and
- (c) may be held in that account for so long as the Lender, Receiver or Delegate thinks fit.

16. COSTS AND INDEMNITY

16.1 Costs

The Mortgagor shall, within five Business Days of demand, pay to, or reimburse, the Lender and any Receiver, on a full indemnity basis, all costs, charges, expenses, taxes and liabilities of any kind (including, without limitation, legal, printing and out-of-pocket expenses) incurred by the Lender, any Receiver or any Delegate in connection with:

- (a) this deed or the Charged Property;
- (b) taking, holding, protecting, perfecting, preserving or enforcing (or attempting to do so) any of the Lender's, a Receiver's or a Delegate's rights under this deed; or
- (c) taking proceedings for, or recovering, any of the Secured Liabilities,

together with interest, which shall accrue and be payable (without the need for any demand for payment being made) from the date on which the relevant cost or expense arose until full discharge of that cost or expense (whether before or after judgment, liquidation, winding-up or administration of the Mortgagor) at the rate and in the manner specified in the Facility Agreements.

16.2 Indemnity

- (a) The Mortgagor shall indemnify the Lender, each Receiver and each Delegate, and their respective employees and agents against all liabilities, costs, expenses, damages and losses (including but not limited to any direct, indirect or consequential losses, loss of profit, loss of reputation and all interest, penalties and legal costs (calculated on a full indemnity basis) and all other professional costs and expenses) suffered or incurred by any of them arising out of or in connection with:

- (i) the exercise or purported exercise of any of the rights, powers, authorities or discretions vested in them under this deed or by law in respect of the Charged Property;
 - (ii) taking, holding, protecting, perfecting, preserving or enforcing (or attempting to do so) the security constituted by this deed; or
 - (iii) any default or delay by the Mortgagor in performing any of its obligations under this deed.
- (b) Any past or present employee or agent may enforce the terms of this clause 16,2 subject to and in accordance with the provisions of the Contracts (Rights of Third Parties) Act 1999.

17. FURTHER ASSURANCE

17.1 Further assurance

The Mortgagor shall, at its own expense, take whatever action the Lender or any Receiver may reasonably require for:

- (a) creating, perfecting or protecting the security intended to be created by this deed;
- (b) facilitating the realisation of any of the Charged Property; or
- (c) facilitating the exercise of any right, power, authority or discretion exercisable by the Lender or any Receiver in respect of any of the Charged Property,

including, without limitation (if the Lender or Receiver thinks it expedient) the execution of any transfer, conveyance, assignment or assurance of all or any of the assets forming part of (or intended to form part of) the Charged Property (whether to the Lender or to its nominee) and the giving of any notice, order or direction and the making of any registration.

18. POWER OF ATTORNEY

18.1 Appointment of attorneys

By way of security, the Mortgagor irrevocably appoints the Lender, every Receiver and every Delegate separately to be the attorney of the Mortgagor and, in its name, on its behalf and as its act and deed, to execute any documents and do any acts and things that:

- (a) the Mortgagor is required to execute and do under this deed; or

- (b) any attorney deems proper or desirable in exercising any of the rights, powers, authorities and discretions conferred by this deed or by law on the Lender, any Receiver or any Delegate.

18.2 Ratification of acts of attorneys

The Mortgagor ratifies and confirms, and agrees to ratify and confirm, anything that any of its attorneys may do in the proper and lawful exercise, or purported exercise, of all or any of the rights, powers, authorities and discretions referred to in clause 18.1.

19. RELEASE

19.1 Release

Subject to clause 26.3 on the expiry of the Security Period (but not otherwise), the Lender shall, at the request and cost of the Mortgagor, take whatever action is necessary to:

- (a) release the Charged Property from the security constituted by this deed;
and
- (b) reassign the Charged Property to the Mortgagor.

20. ASSIGNMENT AND TRANSFER

20.1 Assignment by Lender

- (a) At any time, without the consent of the Mortgagor, the Lender may assign or transfer any or all of its rights and obligations under this deed.
- (b) The Lender may disclose to any actual or proposed assignee or transferee any information in its possession that relates to the Mortgagor, the Charged Property and this deed that the Lender considers appropriate.

20.2 Assignment by Mortgagor

The Mortgagor may not assign any of its rights, or transfer any of its rights or obligations, under this deed.

21. SET-OFF

21.1 Lender's right of set-off

The Lender may at any time set off any liability of the Mortgagor to the Lender against any liability of the Lender to the Mortgagor, whether either liability is present or future, liquidated or unliquidated, and whether or not either liability arises under this deed. If the liabilities to be set off are expressed in different currencies, the Lender may convert either liability at a market rate of exchange for the purpose of set-off. Any exercise by the Lender of its rights under this clause 21.1 shall not limit or affect any other rights or remedies available to it under this deed or otherwise.

21.2 No obligation to set off

The Lender is not obliged to exercise its rights under clause 21.1. If, however, it does exercise those rights it must promptly notify the Mortgagor of the set-off that has been made.

22. AMENDMENTS, WAIVERS AND CONSENTS

22.1 Amendments

No amendment of this deed shall be effective unless it is in writing and signed by, or on behalf of, each party (or its authorised representative).

22.2 Waivers and consents

- (a) A waiver of any right or remedy under this deed or by law, or any consent given under this deed, is only effective if given in writing by the waiving or consenting party and shall not be deemed a waiver of any other breach or default. It only applies in the circumstances for which it is given and shall not prevent the party giving it from subsequently relying on the relevant provision.
- (b) A failure or delay by a party to exercise any right or remedy provided under this deed or by law shall not constitute a waiver of that or any other right or remedy, prevent or restrict any further exercise of that or any other right or remedy or constitute an election to affirm this deed. No single or partial exercise of any right or remedy provided under this deed or by law shall prevent or restrict the further exercise of that or any other right or remedy. No election to affirm this deed by the Lender shall be effective unless it is in writing.

22.3 Rights and remedies

The rights and remedies provided under this deed are cumulative and are in addition to, and not exclusive of, any rights and remedies provided by law.

23. SEVERANCE

23.1 Severance

If any provision (or part of a provision) of this deed is or becomes invalid, illegal or unenforceable, it shall be deemed modified to the minimum extent necessary to make it valid, legal and enforceable. If such modification is not possible, the relevant provision (or part of a provision) shall be deemed deleted. Any modification to or deletion of a provision (or part of a provision) under this clause shall not affect the legality, validity and enforceability of the rest of this deed.

24. COUNTERPARTS

24.1 Counterparts

- (a) This deed may be executed in any number of counterparts, each of which when executed and delivered shall constitute a duplicate original, but all the counterparts shall together constitute one deed.

25. THIRD PARTY RIGHTS

25.1 Third party rights

- (a) Except as expressly provided elsewhere in this deed, a person who is not a party to this deed shall not have any rights under the Contracts (Rights of Third Parties) Act 1999 to enforce, or enjoy the benefit of, any term of this deed. This does not affect any right or remedy of a third party which exists, or is available, apart from that Act.
- (b) The rights of the parties to rescind or agree any amendment or waiver under this deed are not subject to the consent of any other person.

26. FURTHER PROVISIONS

26.1 Independent security

This deed shall be in addition to, and independent of, any other security or guarantee that the Lender may hold for any of the Secured Liabilities at any time. No prior security held by the Lender over the whole or any part of the Charged Property shall merge in the security created by this deed.

26.2 Continuing security

This deed shall remain in full force and effect as a continuing security for the Secured Liabilities, despite any settlement of account, or intermediate payment, or other matter or thing, unless and until the Lender discharges this deed in writing.

26.3 Discharge conditional

Any release, discharge or settlement between the Mortgagor and the Lender shall be deemed conditional on no payment or security received by the Lender in respect of the Secured Liabilities being avoided, reduced or ordered to be refunded under any law relating to insolvency, bankruptcy, winding-up, administration, receivership or otherwise. Despite any such release, discharge or settlement:

- (a) the Lender or its nominee may retain this deed and the security created by or under it, including all certificates and documents relating to the whole or any part of the Charged Property, for any period that the Lender deems necessary to provide the Lender with security against any such avoidance, reduction or order for refund; and
- (b) the Lender may recover the value or amount of such security or payment from the Mortgagor subsequently as if the release, discharge or settlement had not occurred.

26.4 Certificates

A certificate or determination by the Lender as to any amount for the time being due to it from the Mortgagor under this deed shall be, in the absence of any manifest error, conclusive evidence of the amount due.

26.5 Consolidation

The restriction on the right of consolidation contained in section 93 of the LPA 1925 shall not apply to this deed.

27. NOTICES

27.1 Delivery

Any notice or other communication given to a party under or in connection with this deed shall be:

- (a) in writing;
- (b) delivered by hand, by pre-paid first-class post or other next working day delivery service or sent by fax; and
- (c) sent to:

- (i) the Mortgagor at: the address on page 1 of this deed
- (ii) the Lender at: the address on page 1 of this deed

or to any other address or fax number as is notified in writing by one party to the other from time to time.

27.2 Receipt by Mortgagor

Any notice or other communication that the Lender gives to the Mortgagor shall be deemed to have been received:

- (a) if delivered by hand, at the time it is left at the relevant address;
- (b) if posted by pre-paid first-class post or other next working day delivery service, on the second Business Day after posting; and
- (c) if sent by fax, when received in legible form.

A notice or other communication given as described in clause 27.2(a) or clause 27.2(c) on a day that is not a Business Day, or after normal business hours, in the place it is received, shall be deemed to have been received on the next Business Day.

27.3 Receipt by Lender

Any notice or other communication given to the Lender shall be deemed to have been received only on actual receipt.

27.4 Service of proceedings

This clause 27 does not apply to the service of any proceedings or other documents in any legal action or, where applicable, any arbitration or other method of dispute resolution.

27.5 No notice by e-mail

A notice or other communication given under or in connection with this deed is not valid if sent by e-mail.

28. GOVERNING LAW AND JURISDICTION

28.1 Governing law

This deed and any dispute or claim arising out of or in connection with it or its subject matter or formation (including non-contractual disputes or claims) shall be governed by and construed in accordance with the law of England and Wales.

28.2 Jurisdiction

Each party irrevocably agrees that, subject as provided below, the courts of England and Wales shall have exclusive jurisdiction over any dispute or claim arising out of or in connection with this deed or its subject matter or formation (including non-contractual disputes or claims). Nothing in this clause shall limit the right of the Lender to take proceedings against the Mortgagor in any other court of competent jurisdiction, nor shall the taking of proceedings in any one or more jurisdictions preclude the taking of proceedings in any other jurisdictions, whether concurrently or not, to the extent permitted by the law of such other jurisdiction.

28.3 Other service

The Mortgagor irrevocably consents to any process in any legal action or proceedings under this clause 28 being served on it in accordance with the provisions of this deed relating to service of notices. Nothing contained in this deed shall affect the right to serve process in any other manner permitted by law.

29. LIMITATION OF LIABILITY

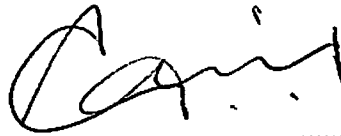
The liability of Rowanmoor Trustees Limited, Colin Wynn Morris, Margaret Morris Stuart Lynden Morris and Philip Roy Drayton-Morris pursuant to this deed shall at all times be limited to the assets of the Scheme

This document has been executed as a deed and is delivered and takes effect on the date stated at the beginning of it.

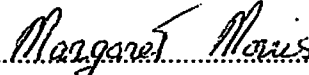
Schedule 1 Property

All that freehold property situate and known as 258 Portland Road, Hove, BN3 5QU registered at the Land Registry under Title Number ESX256866

Executed as a Deed by THE HOVE
BEDDING CENTRE LIMITED in the
presence of two Directors or one
Director and its Secretary:-



.....
Director



.....
Director/Secretary

Executed as a Deed by affixing the
common seal ROWANMOOR
TRUSTEES LIMITED in the presence
of :-

.....
Authorised Signatory

.....
Authorised Signatory

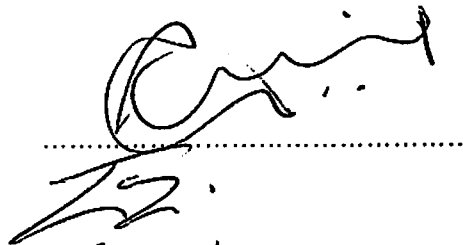
Executed and Delivered as a deed by
COLIN WYNN MORRIS in the
presence of:-

Witness signature

Witness Name

Address

Occupation



JOHN HARDING

9 MIMOSA COURT, BURSTEAD CLOSE
BRIGHTON BN1 7HW
MATTRESS MAKER

Executed as a Deed by **THE HOVE
BEDDING CENTRE LIMITED** in the
presence of two Directors or one
Director and its Secretary:-

.....
Director

.....
Director/Secretary

Executed as a Deed by affixing the
common seal **ROWANMOOR
TRUSTEES LIMITED** in the presence
of :-




.....
Authorised Signatory


.....
Authorised Signatory

Executed and Delivered as a deed by
COLIN WYNN MORRIS in the
presence of:-

Witness signature

Witness Name

Address

Occupation

Executed and Delivered as a deed by
MARGARET MORRIS in the presence
of:-

Witness signature

Witness Name

Address

Occupation

Margaret Morris

John

JOHN HARDING

9 MIMOSA COURT, BURSTEAD CLOSE
BRIGHTON. BN1 1HW
MATTRESS MAKER

Executed and Delivered as a deed by
STUART LYNDEN MORRIS in the
presence of:-

Witness signature

Witness Name

Address

Occupation

Stuart Morris

John

JOHN HARDING

9 MIMOSA COURT, BURSTEAD CLOSE
BRIGHTON BN1 1HW
MATTRESS MAKER

Executed and Delivered as a deed by
PHILIP ROY DRAYTON-MORRIS in
the presence of:-

Witness signature

Witness Name

Address

Occupation

Philip Roy Drayton-Morris

John

JOHN HARDING

9 MIMOSA COURT, BURSTEAD CLOSE
BRIGHTON BN1 1HW
MATTRESS MAKER