

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 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.

- 3.9 **"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).

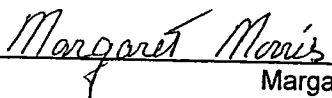
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- 6.6 Save for the purposes of compliance with statutory and legal obligations, the parties agree to keep the contents of this Agreement confidential and shall not disclose the contents thereof, without the prior written consent of the other party, 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.
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- 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.
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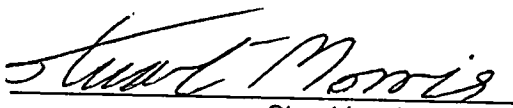
For and on behalf of the
Trustees of the
BRIGHTON BED CENTRE LTD EXECUTIVE PENSION SCHEME

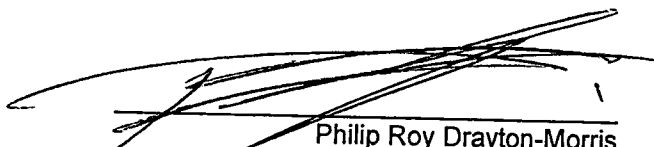


Authorised Signatory
For Rowanmoor Trustees Limited

Authorised Signatory
For Rowanmoor Trustees Limited


Colin Wynn Morris

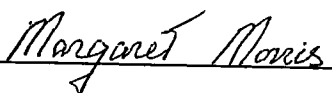
Margaret Morris

Stuart Lynden Morris

Philip Roy Drayton-Morris

For and on behalf of
BRIGHTON BED CENTRE LIMITED



Director

Secretary

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

**THE LAND REGISTRY
LAND REGISTRATION ACT 2002**

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

THIS DEED is made the **22nd** day of **November 2013**

BETWEEN:

- (1) **BRIGHTON BED CENTRE LIMITED** the registered office of which is at 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 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 BN1 2PU 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 DEFINITIONS AND INTERPRETATION have the meanings specified.

1.1 'The First Advance'

'The First Advance' means the principal sum of £180,000.00 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 Title ESX256866.

1.3 Gender, personality and number

Unless the context otherwise requires:

1.3.1 the singular includes the plural and vice versa;

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

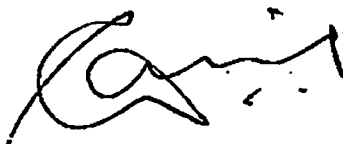
Nothing in this deed is intended to confer any benefit on any person who is not a party to it.

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 BRATTS
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 7HW

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



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

Baker
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 **268 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 outgoing payments 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.

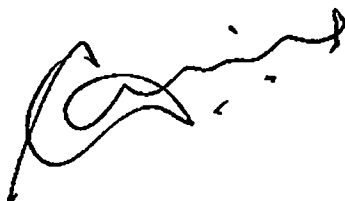
13.2 Jurisdiction of English courts


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:-

Margaret Morris


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:-

Stuart Morris


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:-

