

DATED

15th April 2015

LOAN AGREEMENT

between

HS Hotels Ltd

BORROWER

and

Carlton James Retirement Fund, V & P Property Pension Fund, LKL Trustee Scheme and
Paul Michael Davey

LENDERS

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This agreement is dated:

Parties

- (1) **HS Hotels Ltd** whose registered office is situate at Clarke Nicklin House, Brooks Drive, Cheadle Royal Business Park, Cheadle, Cheshire, SK8 3TD (Company No 09276458) (**Borrower**).
- (2) **Alan Edwards** of 27 St Margaret's Road, Old Town, Swindon, Wiltshire, SN3 1RU acting as Trustee of the Carlton James Retirement Fund, **Paul Michael Davey** of 3 Manor Gardens, Swindon, SN2 2ND, acting as Trustee of the **V & P Property Pension Fund**, **George Gordon** of Harepath Farm, Burbage, Marlborough, Wiltshire, SN8 3BT and **Simon Collier** of Long Barn, Wolferstan Drive, Bishopdown, Salisbury, Wiltshire, SP1 3XZ, both acting as Trustees of the **LKL Trustee Scheme**, and **Paul Michael Davey** of 3 Manor Gardens, Swindon, SN2 2ND (**Lenders**).

Background

The Lenders have agreed to provide the Borrower with a term loan facility of **£325,000** in total. This is comprised of individual loans of:

£64,500 from Carlton James Retirement Fund
£60,000 from V & P Property Pension Fund
£162,500 from LKL Trustee Scheme
£38,000 from Paul Davey

The four Lenders together form Loan Group 4.

The terms of this Agreement are:

1 Definitions that apply to this agreement:

"Advance"	means a part of the Loan drawn down by the Borrower at his request.
"Basic rate"	means a fixed rate of interest of 2% per calendar month for the term of the loan.
"Final Repayment Date"	15 th July 2015
"Interest Date"	means the date in each month interest is payable.
"Loan"	means the total amount of money lent now or at any later date than today, the amount outstanding as due from the Borrower to the Lender whether of capital or interest.
"Security"	means the items set out in Schedule 1 or any one or more of them.

The terms "Lenders" and "Borrower" include in the case of a corporation, any associated or subsidiary company.

2 Amount of the Loan

The Loan is in the sum of £325,000 (three hundred and twenty five thousand pounds) or such lesser sum as shall in fact have been lent by the Lenders to the Borrower at any time this

agreement subsists, or such lesser sum as shall be outstanding after part repayment has been made.

3 Advances

3.1 Before any new Advance may be drawn down, the Borrower shall send to the Lenders such information that they may require from time to time to be satisfied as to the appropriateness and the judiciousness of the Advance.

4 Repayment conditions

The Loan amount shall be repaid in full no later than 3 (three) months from the date that the advancement is debited from without the prior agreement of the Lenders, or at an earlier date as may be required by the Lenders in the Event of Default or requested by the Borrower, subject to a minimum interest charge of 3 (three) months.

If the Lenders agree to an extension to the Loan, the Borrower will pay interest on the Loan at the rate of 2% for the 28 days following the initial Repayment Date, and interest of 4% per month or part month for any subsequent month the Loan is extended by. Loan extensions are at the sole discretion of the Lenders.

5 Costs

The Borrower shall pay all costs and expenses (together with any value added tax on them) incurred in connection with the negotiation and preparation, execution, amendment, extension, alteration, preservation and enforcement of the Loan and/or this agreement. The costs and expenses will be in addition to the Loan amount plus interest due and will be paid separately by the Borrower, with £22,400 to be paid on the initial draw down of the Loan, and any further costs and expenses arising to be settled on demand from the Lenders.

The Borrower shall pay any stamp, documentary and other similar duties and taxes to which this agreement may be subject, or give rise and shall indemnify the Lender against any losses or liabilities that it may incur as a result of any delay or omission by the Borrower in paying any such duties or taxes.

6 Repayment

Unless an agreement has been reached between the Borrower and the Lenders to settle the full balance of the Loan before the Repayment Date, the Borrower shall repay the Loan in full by repaying the Repayment Instalment set out below on the Repayment Date.

Repayment Date

15th July 2015

Repayment Instalment

£344,500

The Repayment Instalment is to be comprised of separate payments to the Lenders as set out below:

Repayment Instalment

£64,500
£63,600
£172,250
£40,280

Lender

Carlton James Retirement Plan
V & P Property Pension Fund
LKL Trustee Scheme
Paul Michael Davey

7 Interest payable

The Borrower shall pay interest on the Loan at the rate of 2% per month for the term of the loan, with a minimum charge period of 3 months interest imposed.

8 Early repayment of part

The Borrower may repay all or part of the Loan before the due date for repayment provided that not less than seven working days' notice is given by the Borrower to the Lender specifying the amount proposed to be prepaid. Early repayment of the Loan would still be subject to a minimum charge period of 3 months interest. This notice then binds the Borrower to make that payment on the date he has specified.

9 Method of payment

(a) All payments made by the Borrower under this agreement shall be in Sterling and in immediately available cleared funds to the Lenders on the Repayment Date, unless otherwise agreed with the Lenders, in the amounts specified to the following accounts:

- i) £68,370 to be paid to the Carlton James Retirement Plan via account number **15575131**, sort code **23-05-80** with **Metro Bank of One Southampton Row, London, WC1B 5HA**;
- ii) £63,600 to be paid to the V & P Property Pension Fund via account number **16186309**, sort code **23-05-80** with **Metro Bank of One Southampton Row, London, WC1B 5HA**;
- iii) £172,250 to be paid to the LKL Trustee Scheme with £86,125 paid via account number **16116707**, sort code **23-05-80** and £86,125 paid via account number **16116858**, sort code **23-05-80**, both accounts with **Metro Bank of One Southampton Row, London, WC1B 5HA**;
- iv) £40,280 to be paid to Paul Michael Davey via account name Wiltshire Homes Ltd, account number **52219476**, sort code **40-43-41** with **HSBC of Unit 6, The lock, Canal Walk, Swindon SN1 1LD**;
- v) or such other account(s) as the Lenders may notify the Borrower.

(b) If any payment becomes due on a day that is not a Business Day, the due date of such payment will be extended to the next succeeding Business Day, or, if that Business Day falls in the following calendar month, such due date shall be the immediately preceding Business Day.

(c) All payments made by the Borrower under this agreement shall be made in full, without set-off, counterclaim or condition, and free and clear of, and without any deduction or withholding, provided that, if the Borrower is required by law or regulation to make such deduction or withholding, it shall:

- i) ensure that the deduction or withholding does not exceed the minimum amount legally required;
- ii) pay to the relevant taxation or other authorities, as appropriate, the full amount of the deduction or withholding;
- iii) furnish to the Lenders, within the period for payment permitted by the relevant law,

either:

- (i) an official receipt of the relevant taxation authorities concerned on payment to them of amounts so deducted or withheld; or
 - (ii) if such receipts are not issued by the taxation authorities concerned on payment to them of amounts so deducted or withheld, a certificate of deduction or equivalent evidence of the relevant deduction or withholding; and
- iv) pay to the Lenders such additional amount as is necessary to ensure that the net full amount received by the Lenders after the required deduction or withholding is equal to the amount that the Lenders would have received had no such deduction or withholding been made.

10 Borrower's warranties

The Borrower represents and warrants that:

- 10.1 It is authorised to enter into this agreement;
- 10.2 the execution of this agreement, the borrowing, and the performance by the Borrower of his obligations are fully within the Borrower's legal authority, are not in breach of the Articles of Association of the Borrower, and do not and will not contravene or be in conflict with any provision of law or of any agreement binding upon the Borrower.
- 10.3 the Borrower has no undisclosed contingent obligations;
- 10.4 there are no material, unrealised or anticipated losses from any present commitment of the Borrower;
- 10.5 the Borrower will advise the Lenders of material adverse changes which occur at any time prior to the date of final payment;
- 10.6 no litigation, arbitration proceedings or governmental proceedings are pending or threatened against the Borrower which would, if adversely determined, materially adversely affect the financial condition of the Borrower.
- 10.7 the Borrower has filed all tax returns, if any, which are required to be filed, and has paid all taxes which have become due;
- 10.8 the Security is owned by the Borrower with no charge to any other person;

11 The Security

- 11.1 Each of the items listed in Schedule 1 is represented by a document of title which is lodged with the Lenders and receipt of which the Lenders acknowledge.
- 11.2 So far as the Lenders have taken up an undated document of transfer of any Security, they undertake not to date or use such document until Seven days after they have served notice of default in the terms specified in this agreement.
- 11.3 After the expiry of seven days from the date of service of a notice of default, the Lenders may sell the Security or any of it in a publicly used exchange or market place and the Borrower shall not complain at the price realised.

12 Event of Default

An "event of default" occurs when:

- 12.1 the Borrower fails to pay in full and on the due date for payment any sum due and remains in default for fourteen days after the Lenders by notice to the Borrower have demanded immediate payment; or
- 12.2 in the opinion of the Lenders, any representation or warranty made by the Borrower is found to be incorrect; or
- 12.3 If and whenever the value of the Security, as published in a recognised publication or by a recognised market, falls below 80% of the value today, then the Lenders may call upon the Borrower to make up the total value by the addition of new Security to the sum of the value today. If the Borrower fails within seven days so to make up the value of the Security, then the Lenders may treat the default as an event of default and give notice accordingly.

13 Notice of default

- 13.1 Where an event of default has occurred the Lenders may issue a notice of default. When the Lenders do so, the whole amount of the Loan then outstanding and any unpaid interest immediately fall due for payment.
- 13.2 Each Event of Default stands on its own, independently from any other Event of Default and shall not be limited by another Event of Default.
- 13.3 When an event of default happens, the Lenders may serve on the Borrower a notice specifying the default.

14 Consequences of Termination

At any time after issue of a valid notice of default by the Lenders:

- 14.1 the Lenders may sell the Security wherever it may be, whereupon the Borrower has no further interest in the Security, but only in the proceeds of sale, if in excess of the sum of all sums due to the Lenders.
- 14.2 the Borrower shall pay to the Lenders:
 - 14.2.1 all money due at any time under this agreement;
 - 14.2.2 damages for any breach of this agreement;
- 14.3 When at any time, the Lenders are entitled to sell the Security and do sell it for a sum which exceeds the total sums due to them from the Borrower, then the balance of the realisation in excess of the Loan and other sums due by the Borrower, shall be paid immediately to the Borrower.
- 14.4 The Borrower now undertakes that upon notice of default having been given, he will use his best endeavours to assist the Lenders in any way possible, to transfer the Security to the name of the Lenders or to a third party by way of realisation.

15 Assignment

- 15.1 This Agreement shall be binding upon any successors, permitted assigns and transferees of either party, but the Borrower shall not assign or transfer any of its rights or obligations without the previous written consent of the Lenders.
- 15.2 The Lenders may assign their rights obligations to any other person without consent of the Borrower.
- 15.3 The Lenders may disclose to a potential assignee who may propose enter into contractual relations with the Lenders, such information about the Borrower as the Lenders shall consider appropriate.

16 Promise to provide information

Until all obligations of the Borrower under this agreement have been performed in full and the Loan has been repaid, the Borrower agrees that, unless at any time the Lenders shall otherwise expressly consent in writing, he will furnish to the Lenders:

- 16.1 Within 6 months of the Lenders' Year End during the term of the loan, a financial statement will be provided to the Lenders;
- 16.2 The Lenders may request that the Financial Statement be Independently Audited and the Borrower will do everything necessary in an expedient manner to assist with that request. The costs for the Audit will be borne by the Borrower.
- 16.3 The Financial Statement will be prepared on a consolidated basis and in conformity with generally accepted accounting principles, duly certified by an independent and professionally qualified accountant.
- 16.4 from time to time such other information concerning the Borrower as the Lenders may reasonably request.

17 Contract is divisible

Each sub paragraph in this agreement is independent and severable from each other paragraph and therefore separately enforceable. If any restriction is unenforceable for any reason but would be enforceable if part of the wording were deleted, it will apply with such deletions as may be necessary to make it valid and enforceable.

18 Notices and service

- 18.1 Any notice or other information required or authorised by this agreement to be given by either party to the other may be given by hand or sent by first class pre-paid post, or electronic means to the other party at the address last provided for that type of communication.
- 18.2 Any notice or other information given by post shall be deemed to have been given on the second day after it was posted; and proof that the envelope containing any such notice or information was properly addressed, pre-paid and posted, or that it has not been so returned to the sender, shall be sufficient evidence that it has been duly given.
- 18.3 Any notice or other information sent by electronic means, shall be deemed to have been duly sent on the date of transmission.
- 18.4 Service of any legal proceedings concerning or arising out of this agreement

shall be effected by causing the same to be delivered to the party to be served at his main place of business or his registered office, or to such other address as may from time to time be notified in writing by the party concerned.

19 Headings

The headings in this document are for reference only.

20 Dispute Resolution

In the event of a dispute arising out of this agreement the parties undertake to attempt to settle it through professional mediation before commencing litigation.


21 Waiver

The failure by either party to enforce at any time or for any period any one or more of the terms or conditions of this Contract shall not be a waiver of them or of the right at any time subsequently to enforce all terms and conditions of this Contract.

22 Jurisdiction

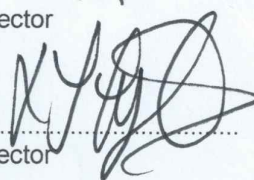
This Contract shall be interpreted according to the Laws of England and the parties agree to submit to the exclusive jurisdiction of the English courts.

Signed by **Dean Gavin Hewart**
for and on behalf of HS Hotels Ltd


.....
Director

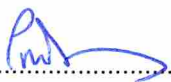
15TH APRIL 2015.

Signed by **Lawrence John Sykes**
for and on behalf of HS Hotels Ltd


.....
Director

15TH APRIL 2015

Signed by **Paul Michael Davey**
Acting as Trustee of the V & P
Property Pension Fund


.....
Trustee

In the presence of

ROBERT HOLMES.....
Witness name

17 BERANBURN FIELD
.....
WROUGHTON
.....
SWINDON
.....
WILTSHIRE
.....
SN4 0BL
.....
Witness Address

Signed by **Alan Edwards**
Acting as Trustee of the Carlton James
Retirement Plan


Trustee

In the presence of

ROBERT HOLMES
Witness name

17 BERANBURN FIELD
WROUGHTON
SLIMM
WILTSHIRE
SN24 0QL
Witness Address

Signed by **George Gordon**
Acting as Trustee of the LKL Trustee
Scheme

Trustee

In the presence of

A Hargrave

Witness name

81 Bishopdown Road
Salisbury
Wiltshire
SP1 3EE

Witness Address

Signed by **Simon Collier**
Acting as Trustee of the LKL Trustee
Scheme

Trustee

In the presence of


A Hargrave

Witness name

81 Bishopdown Road
Salisbury
Wiltshire
SP1 3EE

Witness Address

Signed by **Paul Michael Davey**


.....

In the presence of


.....

Witness name

ROBERT HOLMES
17 BERKSHIRE FIELD
WROUGHTON
SWINDON
WILTSHIRE SN4 0RL

Witness Address

Schedule 1

The security described:

A first charge over a commercial property The Prestbury Village Restaurant, New Road, Prestbury, Cheshire, SK10 4HP