



CERTIFICATE OF THE REGISTRATION OF A MORTGAGE OR CHARGE

Pursuant to section 869(5) & (6) of the Companies Act 2006

COMPANY NO. 797762
CHARGE NO. 6

THE REGISTRAR OF COMPANIES FOR ENGLAND AND WALES
HEREBY CERTIFIES THAT A DEBENTURE DATED 21 JANUARY
2010 AND CREATED BY THE LOFT SHOP LIMITED FOR
SECURING ALL MONIES DUE OR TO BECOME DUE FROM THE
COMPANY TO JAMES HAROLD STEDMAN, PETER RICHARD
STEDMAN AND MARJORY JEAN KAY ACTING AS TRUSTEE OF
THE LOFT SHOP LIMITED DIRECTORS PENSION SCHEME ON
ANY ACCOUNT WHATSOEVER UNDER THE TERMS OF THE
AFOREMENTIONED INSTRUMENT CREATING OR EVIDENCING
THE CHARGE WAS REGISTERED PURSUANT TO CHAPTER 1
PART 25 OF THE COMPANIES ACT 2006 ON THE 23 JANUARY
2010

GIVEN AT COMPANIES HOUSE, CARDIFF THE 25 JANUARY
2010



Companies House
— for the record —



THE OFFICIAL SEAL OF THE
REGISTRAR OF COMPANIES

Debenture

Dated 21 January 2010

- (1) The Loft Shop Limited
- (2) The Loft Shop Limited Directors Pension Scheme

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THIS DEED is made on

21 January



BETWEEN:

- (1) **THE LOFT SHOP LIMITED** a company incorporated and registered in England and Wales with company number 797762 whose registered office is at Eldon Way, Littlehampton, West Sussex BN17 7HE (the "**Borrower**"); and
- (2) **JAMES HAROLD STEDMAN, PETER RICHARD STEDMAN AND MARJORY JEAN KAY** all of Argeles, Salt Hill Road, Chichester, PO19 3PY acting as trustees of The Loft Shop Limited Directors Pension Scheme (the "**Lender**").

RECITALS:

- (A) The Lender has agreed pursuant to the Facility Agreement to provide the Borrower with loan facilities on a secured basis.
- (B) This debenture provides security which the Borrower has agreed to give the Lender for the loan facilities under the Facility Agreement.

IT IS AGREED:

1 Definitions and Interpretation

1.1 Definitions

The definitions and rules of interpretation in this clause apply in this debenture:

- 1.1.1 "**Administrator**" an administrator appointed to manage the affairs, business and property of the Borrower pursuant to paragraph 15 of schedule 4;
- 1.1.2 "**Book Debts**" all present and future book and other debts and monetary claims due or owing to the Borrower, and the benefit of all security, guarantees and other rights of any nature enjoyed or held by the Borrower in relation to any of them;
- 1.1.3 "**Business Day**" a day (other than a Saturday or Sunday) on which banks are open for general business in London;
- 1.1.4 "**Charged Property**" all the assets, property and undertaking for the time being subject to the security interests created by this debenture (and references to the Charged Property shall include references to any part of it);
- 1.1.5 "**Costs**" all costs, charges, expenses and liabilities of any kind including, without limitation, costs and damages in connection with litigation, professional fees, disbursements and any value added tax charged on Costs;

- 1.1.18 **"Receiver"** a receiver and/or manager of any or all of the Charged Property appointed under paragraph 6 of schedule 4;
- 1.1.19 **"Secured Liabilities"** all present and future monies, obligations and liabilities owed by the Borrower to the Lender, whether actual or contingent and whether owed jointly or severally, as principal or surety and/or in any other capacity, whether under or in connection with the Facility Agreement, this debenture (including, without limitation, those arising under clause 12.3.2) or otherwise together with all interest (including, without limitation, default interest) accruing in respect of such monies or liabilities;
- 1.1.20 **"Security Financial Collateral Arrangement"** shall have the meaning given to that expression in the Financial Collateral Regulations;
- 1.1.21 **"Security Period"** the period starting on the date of this debenture and ending on the date on which all the Secured Liabilities have been unconditionally and irrevocably paid and discharged in full and no further Secured Liabilities are capable of being outstanding.

1.2 Interpretation

Unless the context otherwise requires, in this debenture:

- 1.2.1 a reference to a statute or statutory provision includes a reference to any subordinate legislation made under that statute or statutory provision, to any modification, re-enactment or extension of that statute or statutory provision and to any former statute or statutory provision which it consolidated or re-enacted before the date of this debenture;
- 1.2.2 a reference to one gender includes a reference to the other gender;
- 1.2.3 words in the singular include the plural and in the plural include the singular;
- 1.2.4 a reference to a clause or schedule is to a clause of, or schedule to, this debenture and references to paragraphs are to paragraphs of the relevant schedule;
- 1.2.5 a reference to **this debenture** (or any specified provision of it) or any other document shall be construed as a reference to this debenture, that provision or that document as in force for the time being and as amended or novated from time to time;
- 1.2.6 a reference to a **person** shall include a reference to an individual, firm, corporation, unincorporated body of persons, or any state or any agency of a person;
- 1.2.7 a reference to an **amendment** includes a supplement, variation, novation or re-enactment (and **amended** shall be construed accordingly);

- 1.2.8 a reference to **assets** includes present and future properties, undertakings, revenues, rights and benefits of every description;
- 1.2.9 a reference to an **authorisation** includes an authorisation, consent, licence, approval, resolution, exemption, filing, registration and notarisation;
- 1.2.10 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; and
- 1.2.11 clause, schedule and paragraph headings shall not affect the interpretation of this debenture.

1.3 **Clawback**

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

1.4 **Nature of security over real property**

A reference in this debenture to a charge or mortgage of any freehold, leasehold or commonhold property includes:

- 1.4.1 all buildings and fixtures (including trade and tenant's fixtures) which are situated on that property at any time;
- 1.4.2 the proceeds of the sale of any part of that property; and
- 1.4.3 the benefit of any covenants for title given, or entered into, by any predecessor in title of the Borrower in respect of that property, and any monies paid or payable in respect of those covenants.

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 Facility Agreement and of any side letters between any parties in relation to the Facility Agreement are incorporated into this debenture.

1.6 **Third party rights**

A third party has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce, or to enjoy the benefit of, any term of this debenture.

1.7 **Perpetuity period**

The perpetuity period applicable to all trusts declared by this debenture shall be 80 years.

1.8 Insolvency Act 1986

Paragraph 14 of Schedule B1 of the Insolvency Act 1986 (as inserted by section 248 of, and Schedule 16 to, the Enterprise Act 2002) applies to the floating charge created by this debenture.

1.9 Schedules

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

2 Covenant to Pay

The Borrower shall, on demand, pay to the Lender and discharge the Secured Liabilities when they become due.

3 Grant of Security

3.1 Charging clause

As a continuing security for the payment and discharge of the Secured Liabilities, the Borrower with full title guarantee:

3.1.1 charges to the Lender, by way of first fixed charge:

- (a) all Properties owned by the Borrower or acquired by the Borrower in the future;
- (b) all present and future interests of the Borrower not effectively mortgaged or charged under the preceding provisions of this clause 3 in, or over, freehold or leasehold property;
- (c) all present and future rights, licences, guarantees, rents, deposits, contracts, covenants and warranties relating to the Properties;
- (d) all licences, consents and authorisations (statutory or otherwise) held or required in connection with the Borrower's business or the use of any Charged Property, and all rights in connection with them;
- (e) all present and future goodwill and uncalled capital for the time being of the Borrower;
- (f) all the Equipment;
- (g) all the Intellectual Property;
- (h) all the Book Debts;
- (i) all the Investments; and

- (j) all monies from time to time standing to the credit of its accounts with any bank, financial institution or other person (including each Designated Account).

3.1.2 assigns to the Lender, by way of first fixed mortgage, all its rights in any policies of insurances or assurance present or future (including, without limitation, any insurances relating to the Properties or the Equipment);

3.1.3 charges to the Lender, by way of first floating charge, all the undertaking, property, assets and rights of the Borrower at any time not effectively mortgaged, charged or assigned pursuant to clause 3.1.1 to clause 3.1.2 inclusive.

3.2 **Automatic conversion of floating charge**

The floating charge created by clause 3.1.3 shall automatically and immediately (without notice) be converted into a fixed charge over the relevant Charged Property if:

3.2.1 the Borrower:

- (a) creates, or attempts to create, on all or any part of the Charged Property an Encumbrance without the prior written consent of the Lender or any trust in favour of another person; or
- (b) disposes, or attempts to dispose of, all or any part of the Charged Property (other than property that is only subject to the floating charge while it remains uncrystallised which property may be disposed of in the ordinary course of business); or

3.2.2 a receiver is appointed over all or any of the Charged Property that is subject to the floating charge; or

3.2.3 any person levies (or attempts to levy) any distress, attachment, execution or other process against all or any part of the Charged Property; or

3.2.4 the Lender receives notice of the appointment of, or a proposal or an intention to appoint, an administrator of the Borrower.

3.3 **Conversion of floating charge by notice**

The Lender may, in its sole discretion, at any time and by written notice to the Borrower, convert the floating charge created under this debenture into a fixed charge as regards any part of the Charged Property specified by the Lender in that notice.

3.4 **Assets acquired after any floating charge crystallisation**

Any asset acquired by the Borrower after any crystallisation of the floating charge created under this debenture which, but for such crystallisation, would be subject to a

floating charge shall (unless the Lender confirms in writing to the contrary) be charged to the Lender by way of first fixed charge.

4 Liability of the Borrower

4.1 Liability not discharged

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

- 4.1.1 any security, guarantee, indemnity, remedy or other right held by, or available to, the Lender that is or becomes wholly or partially illegal, void or unenforceable on any ground; or
- 4.1.2 the Lender renewing, determining, varying or increasing any facility or other transaction in any manner or concurring in, accepting or varying any compromise, arrangement or settlement, or omitting to claim or enforce payment from any other person; or
- 4.1.3 any other act or omission, which but for this clause 4.1 might have discharged, or otherwise prejudiced or affected, the liability of the Borrower.

4.2 Immediate recourse

The Borrower waives any right it may have to require the Lender to enforce any security or other right, or claim any payment from, or otherwise proceed against, any other person before enforcing this debenture against the Borrower.

5 Representations and Warranties

The Borrower represents and warrants to the Lender in the terms set out in schedule 1.

6 Covenants

The Borrower covenants with the Lender in the terms set out in schedule 2.

7 Powers of the Lender

The Lender shall have the powers set out in schedule 3.

8 Enforcement

8.1 Enforcement events

The security constituted by this debenture shall be immediately enforceable in any of the circumstances set out in paragraph 1 of schedule 4. The parties to this debenture agree that the provisions of schedule 4 shall apply to this debenture and shall be binding between them.

8.2 Receiver's powers

A Receiver shall have, in addition to the powers conferred on receivers by statute, the further powers set out in schedule 5.

8.3 Right of appropriation

To the extent that the Charged Property constitutes Financial Collateral and this debenture and the obligations of the Borrower hereunder constitute a Security Financial Collateral Arrangement, the Lender shall have the right, at any time after the security constituted this debenture has become enforceable, to appropriate all or any of that Charged Property in or towards the payment and/or discharge of the Secured Liabilities in such order as the Lender in its absolute discretion may from time to time determine. The value of any Charged Property appropriated in accordance with this clause shall be the price of that Charged Property at the time the right of appropriation is exercised as listed on any recognised market index, or determined by such other method as the Lender may select (including independent valuation). The Borrower agrees that the methods of valuation provided for in this clause are commercially reasonable for the purposes of the Financial Collateral Regulations.

9 Costs and Indemnity

9.1 Costs

The Borrower shall pay to, or reimburse, the Lender and any Receiver on demand, on a full indemnity basis, all Costs incurred by the Lender and/or any Receiver in relation to:

- 9.1.1 this debenture or the Charged Property;
- 9.1.2 protecting, perfecting, preserving or enforcing (or attempting to do so) any of the Lender's or Receiver's rights under this debenture;
- 9.1.3 suing for, or recovering, any of the Secured Liabilities,

(including, without limitation, the Costs of any proceedings in relation to this debenture or the Secured Liabilities), together with interest on any amount due under clause 9.1.2 and clause 9.1.3 at the default rate of interest specified in the Facility Agreement.

9.2 Indemnity

The Lender and any Receiver, and their respective employees and agents, shall be indemnified on a full indemnity basis out of the Charged Property in respect of all actions, liabilities and Costs incurred or suffered in or as a result of:

- 9.2.1 the exercise, or purported exercise, of any of the powers, authorities or discretions vested in them under this debenture;

9.2.2 any matter or thing done, or omitted to be done, in relation to the Charged Property under those powers; or

9.2.3 any default or delay by the Borrower in performing any of its obligations under this debenture.

10 Release

Subject to clause 12.3, on the expiry of the Security Period (but not otherwise), the Lender shall, at the request and cost of the Borrower, take whatever action is necessary to release the Charged Property from the security constituted by this debenture.

11 Assignment and Transfer

11.1 Assignment by Lender

At any time, without the consent of the Borrower, the Lender may assign or transfer the whole or any part of the Lender's rights and/or obligations under this debenture to any person.

11.2 Assignment by Borrower

The Borrower may not assign any of its rights, or transfer any of its obligations, under this debenture or enter into any transaction which would result in any of those rights or obligations passing to another person.

12 Further Provisions

12.1 Independent security

This debenture shall be in addition to, and independent of, every other security or guarantee which 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 debenture.

12.2 Continuing security

This debenture 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 debenture in writing.

12.3 Discharge conditional

Any release, discharge or settlement between the Borrower 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 pursuant to any law relating to insolvency, bankruptcy, winding-up, administration, receivership or otherwise. Despite any such release, discharge or settlement:

12.3.1 the Lender or its nominee may retain this debenture and the security created by or pursuant to it, including all certificates and documents relating

to the whole or any part of the Charged Property, for such period as the Lender deems necessary to provide the Lender with security against any such avoidance, reduction or order for refund; and

- 12.3.2 the Lender may recover the value or amount of such security or payment from the Borrower subsequently as if such release, discharge or settlement had not occurred.

12.4 Certificates

A certificate or determination by the Lender as to any amount for the time being due to it from the Borrower shall (in the absence of any manifest error) be conclusive evidence of the amount due.

12.5 Rights cumulative

The rights and powers of the Lender conferred by this debenture are cumulative, may be exercised as often as the Lender considers appropriate, and are in addition to its rights and powers under the general law.

12.6 Waivers

Any waiver or variation of any right by the Lender (whether arising under this debenture or under the general law) shall only be effective if it is in writing and signed by the Lender and applies only in the circumstances for which it was given, and shall not prevent the Lender from subsequently relying on the relevant provision.

12.7 Further exercise of rights

No act or course of conduct or negotiation by or on behalf of the Lender shall, in any way, preclude the Lender from exercising any right or power under this debenture or constitute a suspension or variation of any such right or power.

12.8 Delay

No delay or failure to exercise any right or power under this debenture shall operate as a waiver.

12.9 Single or partial exercise

No single or partial exercise of any right under this debenture shall prevent any other or further exercise of that or any other right.

12.10 Consolidation

The restriction on the right of consolidation contained in section 93 of the Law of Property Act 1925 shall not apply to this debenture.

12.11 Partial invalidity

The invalidity, unenforceability or illegality of any provision (or part of a provision) of this debenture under the laws of any jurisdiction shall not affect the validity, enforceability or legality of the other provisions.

12.12 Counterparts

This debenture may be executed and delivered in any number of counterparts, each of which is an original and which together have the same effect as if each party had signed the same document.

13 Notices

13.1 Service

Any notice or other communication given under this debenture shall be in writing and shall be served by delivering it personally or by sending it by pre-paid first-class post or by fax to the address or fax number, and for the attention, of the relevant party as set out in schedule 6, or such other address or fax number as may be notified in writing from time to time by the relevant party to the other party.

13.2 Receipt

Receipt of any notice given under clause 13.1, shall be deemed to be received:

13.2.1 if delivered personally, at the time of delivery; or

13.2.2 in the case of pre-paid first-class post, 48 hours from the time of posting; or

13.2.3 in the case of a fax, when received in legible form.

13.3 Deemed receipt

If deemed receipt under clause 13.2 occurs:

13.3.1 before 9:00 am on a Business Day, the notice shall be deemed to have been received at 9:00 am on that day; or

13.3.2 after 5:00 pm on a Business Day, or on a day that is not a Business Day, the notice shall be deemed to have been received at 9:00 am on the next Business Day.

13.4 Proof of service

In proving service of a notice, it shall be sufficient to prove that the envelope containing such notice was addressed to the address of the relevant party as set out in schedule 6 (or as otherwise notified by that party under clause 13.1) and delivered either:

13.4.1 to that address; or

Schedule 1

Representations and warranties

1 Ownership of Charged Property

The Borrower is the legal and beneficial owner of the Charged Property.

2 No Encumbrances

The Charged Property is free from any Encumbrance other than the Encumbrances created by this debenture.

3 Adverse Claims

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

4 Adverse Covenants

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

5 No Breach of Laws

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

6 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.

7 No Overriding Interests

Nothing has arisen, has been created or is subsisting which would be an overriding interest in any Property.

8 Avoidance of Security

No Encumbrance expressed to be created under this debenture is liable to be avoided, or otherwise set aside, on the liquidation or administration of the Borrower or otherwise.

9 No Prohibitions or Breaches

There is no prohibition on assignment in any Insurance Policies, or the relevant clauses of any of them, and the entry into this debenture by the Borrower does not and will not constitute a breach of any Insurance Policies, or any other agreement or instrument binding on the Borrower or its assets.

10 Environmental Compliance

The Borrower has, at all times, complied in all material respects with all applicable Environmental Law.

13.4.2 into the custody of the postal authorities as a pre-paid recorded delivery first-class letter.

13.5 E-mails invalid

Notice given under this debenture shall not be validly served if sent by e-mail.

14 Governing Law and Jurisdiction

14.1 Governing law

This debenture 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.

14.2 Jurisdiction

The parties to this debenture irrevocably agree that, subject as provided below, the courts of England and Wales shall have exclusive jurisdiction to settle any dispute or claim that arises out of or in connection with this debenture 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 Borrower 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.]

14.3 Other service

The Borrower irrevocably consents to any process in any proceedings being served on it in accordance with the provisions of this debenture relating to service of notices. Nothing contained in this debenture shall affect the right to serve process in any other manner permitted by law.

This document has been signed as a deed and delivered on the date first above written

Schedule 2

Covenants

Part 1 General covenants

1 Negative Pledge and Disposal Restrictions

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

- 1.1.1 create, purport to create or permit to subsist any Encumbrance on, or in relation to, the Charged Property other than this debenture; or
- 1.1.2 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, except in the ordinary course of business in the case of Charged Property which is only subject to an uncrystallised floating charge; or
- 1.1.3 create or grant (or purport to create or grant) any interest in the Charged Property in favour of a third party.

2 Preservation of Charged Property

The Borrower shall not do, or permit to be done, any act or thing which 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 debenture.

3 Enforcement of Rights

The Borrower shall use its best endeavours to:

- 3.1.1 procure the prompt observance and performance of the covenants and other obligations imposed on the Borrower's counterparties; and
- 3.1.2 enforce any rights and institute, continue or defend any proceedings relating to any of the Charged Property which the Lender may require from time to time.

4 Notice of Breaches

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

- 4.1.1 any representation or warranty set out in schedule 1; and
- 4.1.2 any covenant set out in this schedule 2.

5 Title Documents

The Borrower shall, on the execution of this debenture (or, if later, the date of acquisition of the relevant Charged Property), deposit with the Lender and the Lender shall, for the duration of this debenture be entitled to hold all deeds and documents of title relating to the Charged Property which are in the possession or control of the Borrower (if these are not within the possession and/or control of the Borrower, the Borrower undertakes to obtain possession of all such deeds and documents of title).

6 Further Assurance

The Borrower, at its own cost, shall prepare and execute such further legal or other mortgages, charges or transfers (containing a power of sale and such other provisions as the Lender may reasonably require) in favour of the Lender as the Lender, in its absolute discretion, requires from time to time over all or any part of the Charged Property and give all notices, orders and directions which the Lender may require in its absolute discretion for perfecting, protecting or facilitating the realisation of its security over the Charged Property.

7 Appointment of Accountants

The Borrower shall:

- 7.1 at its own cost, if at any time so required by the Lender, appoint an accountant or firm of accountants nominated by the Lender to investigate the financial affairs of the Borrower and report to the Lender; and
- 7.2 co-operate fully with any accountants so appointed and immediately provide such accountants with all information requested.

The Borrower authorises the Lender to make such appointment as it shall think fit at any time, without further authority from the Borrower. In every such case, the fees and expenses of those accountants shall be paid by the Borrower but, if paid by the Lender on the Borrower's behalf, those fees and expenses shall be fully reimbursed to the Lender under clause 9.

8 Borrower's Waiver of Set-off

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

Part 2- Book Debts and insurance covenants

1 Preservation of Book Debts

The Borrower shall not release, exchange, compound, set-off, grant time or indulgence in respect of, or in any other manner deal with, all or any of the Book Debts.

2 Insurance Covenant

The Borrower:

2.1 shall (if the Lender so requires) produce to, or deposit with, the Lender all Insurance Policies and the receipts for all premiums and other payments necessary for effecting and keeping up such policies; and

2.2 has not done or omitted to do, and shall not do or omit to do, any act or thing that may invalidate or otherwise prejudice the Insurance Policies.

3 Insurance Policies' Proceeds

All sums payable under any of the Insurance Policies at any time (whether or not the security constituted by this debenture has become enforceable) shall:

3.1 immediately be paid to the Lender;

3.2 if they are not paid directly to the Lender by the insurers, be held by the Borrower as trustee of the same for the benefit of the Lender (and the Borrower shall account for them to the Lender); and

3.3 at the option of the Lender, be applied in making good or recouping expenditure in respect of the loss or damage for which such monies are received or in or towards discharge or reduction of the Secured Liabilities (but subject to paragraph 12 of schedule 4).

Part 3- Property covenants

1 Maintenance and Insurance

The Borrower shall:

1.1 keep all buildings and all fixtures on each Property in good and substantial repair and condition;

1.2 insure, and keep insured, those buildings and fixtures with such insurer and against such risks and in such amounts and otherwise on such terms as the Lender may require (and, failing such requirement, in accordance with the practice in respect of items of the same type current amongst prudent businessmen from time to time) and

1.3 procure that the interest of the Lender is noted on all those insurance policies or, at the option of the Lender, that those insurance policies are issued in the joint names of the Lender and the Borrower.

2 Preservation of Property, Fixtures and Equipment

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

2.1 pull down or remove the whole or any part of any building forming part of any Property; or

2.2 make any material alterations to any Property or sever or remove any of its fixtures; or

- 2.3 remove or make any [material] alterations to any of the Equipment belonging to, or in use by, the Borrower on any Property (except to affect necessary repairs or replace them with new or improved models or substitutes); or
- 2.4 whenever any Equipment is destroyed, damaged or deteriorates, immediately repair, replace and make good the same.

3 Conduct of Business on Properties

The Borrower shall carry on its trade and business in accordance with the standards of good management from time to time current in such trade or business on those parts (if any) of the Properties as are or may be used for the purposes of trade or business.

4 Planning Information

The Borrower shall:

- 4.1 give full particulars to the Lender of any notice, order, direction, designation, resolution or proposal given or made by any planning authority or other public body or authority ("**Planning Notice**") that specifically applies to any Property, or to the locality in which it is situated, within seven days after becoming aware of the relevant Planning Notice; and
- 4.2 (if the Lender so requires) immediately, and at the cost of the Borrower, take all reasonable and necessary steps to comply with any Planning Notice, and make, or join with the Lender in making, such objections or representations in respect of any such Planning Notice as the Lender may desire.

5 Compliance with Covenants and Payment of Rent

The Borrower shall:

- 5.1 observe and perform all covenants, stipulations and conditions to which each Property, or the use of it, is or may be subjected 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
- 5.2 (without prejudice to the generality of the foregoing) where a Property, or part of it, is held under a lease, duly and punctually pay all rents due from time to time and perform and observe all the tenant's covenants and conditions.

6 Maintenance of Interests in Properties

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

- 6.1 grant, or agree to grant, any licence or tenancy affecting the whole or any part of any Property, or exercise the statutory powers of leasing (or agreeing to lease) or of accepting (or agreeing to accept) surrenders under sections 99 or 100 of the Law of Property Act 1925; or

- 6.2 in any other way dispose of, or agree to dispose of, surrender or create any legal or equitable estate or interest in the whole or any part of any Property.

7 Registration Restrictions

The Borrower shall procure that no person shall be registered under the Land Registration Acts 1925 to 2002 as proprietor of any Property without the prior written consent of the Lender. The Borrower shall be liable for the Costs of the Lender in lodging cautions against the registration of the title to the whole or any part of any Property from time to time.

8 Development Restrictions

The Borrower shall not, without the prior written consent of the Lender, carry out or permit or suffer to be carried out on any Property any development as defined in the Town and Country Planning Act 1990 or change or permit or suffer to be changed the use of any Property.

9 Environment

The Borrower shall:

- 9.1 properly discharge all duties of care and responsibility placed upon it by Environmental Law;
- 9.2 observe and perform all the requirements of Environmental Law both in the conduct of its general business and in the management, possession or occupation of each Property; and
- 9.3 apply for and obtain all authorisations, necessary to ensure that it does not breach Environmental Law.

10 No Restrictive Obligations

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

11 Proprietary Rights

The Borrower 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 any Property without the prior written consent of the Lender.

12 Inspection

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

13 Property Information

The Borrower shall inform the Lender promptly of any acquisition by the Borrower of, or contract made by the Borrower to acquire, any freehold, leasehold or other interest in any property.

Part 4- Equipment covenants

1 Maintenance of Equipment

The Borrower shall:

- 1.1 maintain the Equipment in good and serviceable condition (except for expected fair wear and tear); and
- 1.2 not to permit any Equipment to be:
 - 1.2.1 used or handled, other than by properly qualified and trained persons; or
 - 1.2.2 to be overloaded or used for any purpose for which it is not designed or reasonably suitable.

2 Equipment Information

The Borrower shall:

- 2.1 give the Lender such information concerning the location, condition, use and operation of Equipment as the Lender may require; and
- 2.2 permit any persons designated by the Lender to inspect and examine Equipment and the records relating to Equipment at all reasonable times.

Part 5- Intellectual Property covenants

1 Preservation of Rights

The Borrower shall take all necessary action to safeguard and maintain present and future rights in, or relating to, the Intellectual Property including (without limitation), observing all covenants and stipulations relating to such rights and paying all applicable renewal fees, licence fees and other outgoings.

2 Registration of Intellectual Property

The Borrower shall use all reasonable efforts to effect registration of applications for registration of any Intellectual Property and keep the Lender informed of all matters relating to such registration.

3 Maintenance of Intellectual Property

The Borrower shall not permit any Intellectual Property to be abandoned, cancelled or to lapse.

Schedule 3

Powers of the Lender

1 Power to Remedy

The Lender shall be entitled (but shall not be bound) to remedy a breach at any time by the Borrower of any of its obligations contained in this debenture and the Borrower irrevocably authorises the Lender and its agents to do all such things as are necessary or desirable for that purpose.

2 Exercise of Rights

The rights of the Lender under paragraph 1 of this schedule 3 are without prejudice to any other rights of the Lender under this debenture. The exercise of those rights shall not make the Lender liable to account as a mortgagee in possession.

3 Power to Dispose of Chattels

At any time after the security constituted by this debenture has become enforceable, the Lender or any Receiver:

- 3.1 may dispose of any chattels or produce found on any Property as agent for the Borrower; and
- 3.2 without prejudice to any obligation to account for the proceeds of any sale of such chattels or produce, shall be indemnified by the Borrower against any liability arising from such disposal.

4 Prior Encumbrances

At any time after the security constituted by this debenture has become enforceable, or after any powers conferred by any Encumbrance having priority to this debenture shall have become exercisable, the Lender may:

- 4.1 redeem such or any other prior Encumbrance, or procure its transfer to itself; and
- 4.2 settle any account of the holder of any prior Encumbrance.

The settlement of any such account shall be conclusive and binding on the Borrower. All monies paid by the Lender to an encumbrancer in settlement of such an account shall, as from its payment by the Lender, be due from the Borrower to the Lender on current account and shall bear interest [at the default rate of interest specified in the Facility Agreement] and be secured as part of the Secured Liabilities.

5 Conversion of Currency

For the purpose of, or pending the discharge of, any of the Secured Liabilities, the Lender may convert any monies received, recovered or realised by the Lender under this debenture (including the proceeds of any previous conversion under this paragraph 5) from their existing currencies of denomination into such other currencies of denomination as the Lender may

think fit. Any such conversion shall be effected at [the Lender's] then prevailing spot selling rate of exchange for such other currency against the existing currency. Each reference in this paragraph 5 to a currency extends to funds of that currency and, for the avoidance of doubt, funds of one currency may be converted into different funds of the same currency.

6 New Accounts

- 6.1 If the Lender receives notice of any subsequent Encumbrance, or other interest, affecting all or part of the Charged Property, the Lender may open a new account for the Borrower in the Lender's books. Without prejudice to the Lender's right to combine accounts, no money paid to the credit of the Borrower in any such new account shall be appropriated towards, or have the effect of discharging, any part of the Secured Liabilities.
- 6.2 If the Lender does not open a new account immediately on receipt of notice under paragraph 6.1 of this Schedule 5, then, unless the Lender gives express written notice to the contrary to the Borrower, all payments made by the Borrower to the Lender shall be treated as having been credited to a new account of the Borrower and not as having been applied in reduction of the Secured Liabilities, as from the time of receipt of the relevant notice by the Lender.

7 Lender's Set-off Rights

- 7.1 If the Lender has more than one account for the Borrower in its books, the Lender may at any time after:
- 7.1.1 the security constituted by this debenture has become enforceable; or
 - 7.1.2 the Lender has received notice of any subsequent Encumbrance 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 which may be in debit (but the Lender shall notify the Borrower of the transfer once made).

8 Indulgence

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

Schedule 4

Enforcement

1 Enforcement Events

This debenture shall be enforceable if:

- 1.1.1 any of the Secured Liabilities are not paid or discharged when the same ought to be paid or discharged by the Borrower (whether on demand, at scheduled maturity, or by acceleration or otherwise, as the case may be); or
- 1.1.2 the Borrower is in breach of any of its obligations under this debenture or under any other agreement between the Borrower and the Lender and that breach (if capable of remedy) has not been remedied to the satisfaction of the Lender within 14 days of notice by the Lender to the Borrower to remedy the breach; or
- 1.1.3 the Borrower:
 - (a) becomes unable to pay its debts as they fall due (and/or the value of the Borrower's assets is less than the amount of its liabilities, taking into account the Borrower's contingent and prospective liabilities); or
 - (b) commences negotiations with any one or more of its creditors with a view to the general readjustment or rescheduling of its indebtedness; or
 - (c) makes a general assignment for the benefit of, or a composition with, its creditors; or
- 1.1.4 the Borrower passes any resolution or takes any corporate action, or a petition is presented or proceedings are commenced, or any action is taken by any person for its winding-up, dissolution, administration or re-organisation or for the appointment of a receiver, administrative receiver, administrator, trustee or similar officer of it or of any or all of its revenues or assets; or
- 1.1.5 a distress, execution, attachment or other legal process is levied, or enforced on or sued against all or any part of the assets of the Borrower and remains undischarged for seven days; or
- 1.1.6 any event occurs in relation to the Borrower that is analogous to those set out in paragraph 1.1.3, paragraph 1.1.4 or paragraph 1.1.5 of this schedule 4; or
- 1.1.7 any representation, warranty or statement made or deemed to be made by the Borrower under this debenture is or proves to have been incorrect or misleading when made or deemed to be made; or

1.1.8 an Event of Default (as defined in the Facility Agreement) occurs,

and in any such event (whether or not the event is continuing), without prejudice to any other rights of the Lender, the powers of sale under the Law of Property Act 1925 shall immediately be exercisable and the Lender may, in its absolute discretion, enforce all or any part of the security created by this debenture as it sees fit.

2 Statutory Power of Sale

The statutory powers of sale conferred by the Law of Property Act 1925 shall, as between the Lender and a purchaser from the Lender, arise on and be exercisable at any time after the execution of this debenture, but the Lender shall not exercise such power of sale until the security constituted by this debenture has become enforceable under paragraph 1 of this schedule 4.

3 Extension of Statutory Powers

The statutory powers of sale, leasing and accepting surrenders conferred upon mortgagees under the Law of Property Act 1925 and/or by any other statute shall be exercisable by the Lender under this debenture and are extended so as to authorise the Lender, whether in its own name or in that of the Borrower, to grant a lease or agreement to lease, accept surrenders of lease or grant any option of the whole or any part of the freehold and leasehold property of the Borrower with whatever rights relating to other parts of it, containing whatever covenants on the part of the Borrower, generally on such terms and conditions (including the payment of money to a lessee or tenant on a surrender) and whether or not at a premium as the Lender thinks fit.

4 Protection of Third Parties

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

4.1 to enquire whether any of the Secured Liabilities have become due or payable, or remain unpaid or undischarged, or whether the power the Lender or a Receiver is purporting to exercise has become exercisable; or

4.2 to see to the application of any money paid to the Lender or any Receiver.

5 No Liability as Mortgagee in Possession

Neither the Lender, nor any Receiver nor any Administrator 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.

6 Appointment of Receiver

6.1 At any time after the security constituted by this debenture has become enforceable, or at the request of the Borrower, the Lender may, without further notice:

- 6.1.1 appoint under seal or by writing under hand of a duly authorised officer of the Lender, any one or more person or persons to be a receiver, or a receiver and manager, of all or any part of the Charged Property; and
- 6.1.2 (subject to section 45 of the Insolvency Act 1986) from time to time, under seal or by writing under hand of a duly authorised officer of the Lender, remove any person appointed to be Receiver and may, in a similar manner, appoint another in his place.

Where more than one person is appointed Receiver, they shall have power to act separately (unless the appointment by the Lender specifies to the contrary).

- 6.2 The Lender may fix the remuneration of any Receiver appointed by it without the restrictions contained in section 109 of the Law of Property Act 1925 and the remuneration of the Receiver shall be a debt secured by this debenture which shall be due and payable immediately upon its being paid by the Lender.

7 Power of Sale Additional

- 7.1 The powers of sale and appointing a Receiver conferred by this debenture shall be in addition to all statutory and other powers of the Lender under the Insolvency Act 1986, the Law of Property Act 1925 or otherwise, and shall be exercisable without the restrictions contained in Sections 103 and 109 of the Law of Property Act 1925 or otherwise.
- 7.2 The power to appoint a Receiver (whether conferred by this debenture 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.

8 Agent of the Borrower

Any Receiver appointed by the Lender under this debenture shall be the agent of the Borrower and the Borrower shall be solely responsible for his acts and remuneration, as well as for any defaults committed by him.

9 Powers of Receiver

Any Receiver appointed by the Lender under this debenture shall, in addition to the powers conferred on him by the Law of Property Act 1925 and the Insolvency Act 1986, have the power to do all such acts and things as an absolute owner could do in the management of such of the Charged Property over which the Receiver is appointed and, in particular, the powers set out in schedule 5.

10 Order of Application of Proceeds

All monies received by the Lender or a Receiver in the exercise of any enforcement powers conferred by this debenture shall be applied:

- 10.1 first in paying all unpaid fees, costs and other liability incurred by or on behalf of the Lender (and any Receiver, attorney or agent appointed by it);

- 10.2 second in paying the remuneration of any Receiver (as agreed between the Receiver and the Lender);
- 10.3 third in or towards discharge of the Secured Liabilities in such order and manner as the Lender determines; and
- 10.4 finally in paying any surplus to the Borrower or any other person entitled to it.

11 Appropriation

Neither the Lender nor any Receiver shall be bound (whether by virtue of section 109(8) of the Law of Property Act 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.

12 Suspense Account

All monies received by the Lender or a Receiver under this debenture may, at the discretion of the Lender or Receiver, be credited to any suspense or securities realised account and shall bear interest at such rate, if any, as may be agreed in writing between the Lender and the Borrower, and may be held in such account for so long as the Lender or Receiver thinks fit.

13 Power of Attorney

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

- 13.1 the Borrower is required to execute and do under this debenture; and/or
- 13.2 any attorney may deem proper or desirable in exercising any of the powers, authorities and discretions conferred by this debenture or by law on the Lender or any Receiver.

14 Ratification of Acts of Attorney

The Borrower ratifies and confirms, and agrees to ratify and confirm, anything which any of its attorneys may do in the proper and lawful exercise or purported exercise of all or any of the powers, authorities and discretions referred to in paragraph 13 of this schedule 4.

15 Appointment of an Administrator

- 15.1 The Lender may, without notice to the Borrower, appoint any one or more persons to be an administrator of the Borrower pursuant to Paragraph 14 Schedule B1 of the Insolvency Act 1986 if this debenture becomes enforceable.

- 15.2 Any appointment under this paragraph 15 shall:

- 15.2.1 be in writing signed by a duly authorised signatory of the Lender; and

- 15.2.2 take effect, in accordance with paragraph 19 of Schedule B1 of the Insolvency Act 1986, when the requirements of paragraph 18 of that Schedule B1 are satisfied.
- 15.3 The Lender may (subject to any necessary approval from the court) end the appointment of an Administrator by notice in writing in accordance with this paragraph 15 and appoint a replacement for any Administrator whose appointment ends for any reason under that paragraph.

Schedule 5

Further powers of a Receiver

1 Power to Repair and Develop Properties

A Receiver may undertake or complete any works of repair, building or development on the Properties.

2 Power to Surrender Leases

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

3 Power to Employ Personnel and Advisors

A Receiver may provide services and employ, or engage, such managers, contractors and other personnel and professional advisors on such terms as he deems expedient.

4 Power to make VAT Elections

A Receiver may make such elections for value added tax purposes as he thinks fit.

5 Power to Charge for Remuneration

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

6 Power to 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 such demands and take such proceedings as may seem expedient for that purpose, and to take possession of the Charged Property with like rights.

7 Power to Manage or Reconstruct the Borrower'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 Borrower.

8 Power to Dispose of Charged Property

A Receiver may grant options and licences over all or any part of the Charged Property, sell or concur in selling, assign or concur in assigning, lease or concur in leasing and accept or concur in accepting surrenders of leases of, all or any of the property of the Borrower in respect of which he is appointed in such manner and generally on such terms and conditions as he thinks fit (fixtures and plant and machinery may be severed and sold separately from the premises in which they are contained without the consent of the Borrower), and to carry any such sale, assignment, leasing or surrender into effect. Any such sale may be for such consideration as the Receiver thinks fit and he may promote, or concur in promoting, a company to purchase the property to be sold.

9 Power to Sell Book Debts

A Receiver may sell and assign all or any of the Book Debts in respect of which he is appointed in such manner, and generally on such terms and conditions, as he thinks fit.

10 Power to Make Settlements

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

11 Power to Improve the Equipment

A Receiver may make substitutions of, or improvements to, the Equipment as he may think expedient.

12 Power to Make Calls on Borrower Members

A Receiver may make calls conditionally or unconditionally on the members of the Borrower in respect of the uncalled capital with such and the same powers for that purpose, and for the purpose of enforcing payments of any calls so made, as are conferred by the Articles of Association of the Borrower on its directors in respect of calls authorised to be made by them.

13 Power to Appoint

A Receiver may appoint managers, officers, servants, workmen and agents for the purposes of this schedule 5 at such salaries, for such periods and on such terms as he may determine.

14 Power to Insure

A Receiver may, if he thinks fit, but without prejudice to the indemnity in clause 9, effect with any insurer any policy of insurance either in lieu or satisfaction of, or in addition to, such insurance.

15 Powers under Law of Property Act 1925

A Receiver may exercise all powers provided for in the Law of Property Act 1925 in the same way as if he had been duly appointed under that act, and exercise all powers provided for an administrative receiver in Schedule 1 of the Insolvency Act 1986.

16 Power to Borrow

A Receiver may for any of the purposes authorised by this schedule 5 raise money by borrowing from the Lender (or from any other person) on the security of all or any of the Charged Property in respect of which he is appointed on such terms as he shall think fit (including, if the Lender consents, terms under which such security ranks in priority to this debenture).

17 Power to Redeem Prior Encumbrances

A Receiver may redeem any prior Encumbrance and settle and pass the accounts to which the Encumbrance relates. Any accounts so settled and passed shall be conclusive and

binding on the Borrower, and the monies so paid shall be deemed to be an expense properly incurred by him.

18 Incidental Powers

A Receiver may do all such other acts and things as he may consider incidental or conducive to any of the matters or powers in this schedule 5, or which he lawfully may or can do as agent for the Borrower.

19 Scope of Powers

Any exercise of any of the powers given by this schedule 5 may be on behalf of the Borrower, the directors of the Borrower (in the case of the power contained in paragraph 12 of this schedule 5) or himself.

Schedule 6

Notice details

The Borrower:

The Loft Shop Limited
Eldon Way
Littlehampton
West Sussex BN17 7HE

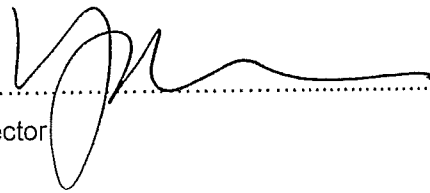
For the attention of: the Directors

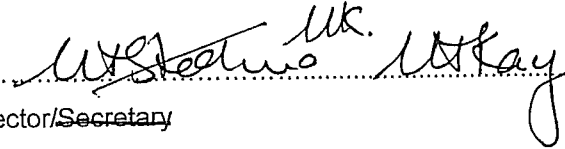
The Lender:

The Trustees of the Loft Shop Limited
Directors Pension Scheme, Argeles, Salt
Hill Road, Chichester PO19 3PY

Executed as a deed by
THE LOFT SHOP LIMITED

Director

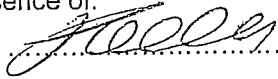



Director/Secretary

Executed as a deed by
JAMES HAROLD STEDMAN



in the presence of:

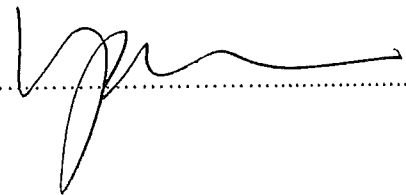
Signature: 

Name: J. DOBBELAAR

Address: 35 WESTCOURT RD, WORTHING
WEST SUSSEX, BN14 7DJ

Occupation: PERSONAL ASSISTANT

Executed as a deed by
PETER RICHARD STEDMAN



in the presence of:

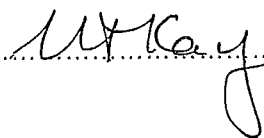
Signature: 

Name: J. DOBBELAAR

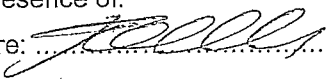
Address: 35 WESTCOURT RD, WORTHING
WEST SUSSEX, BN14 7DJ

Occupation: PERSONAL ASSISTANT

Executed as a deed by
MARJORY JEAN KAY



in the presence of:

Signature: 

Name: J. DOBBELAAR

Address: 35 WESTCOURT ROAD, WORTHING
WEST SUSSEX, BN14 7DJ

Occupation: PERSONAL ASSISTANT

Licence Agreement

Dated 21 January 2010

- (1) James Harold Stedman, Peter Richard Stedman and Marjory Jean Stedman as Trustees Of The Loft Shop Limited Directors Pension Scheme
- (2) The Loft Shop Limited

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THIS AGREEMENT is made the 21 day of January 2010

BETWEEN:

- (1) **JAMES HAROLD STEDMAN, PETER RICHARD STEDMAN and MARJORY JEAN STEDMAN as TRUSTEES OF THE LOFT SHOP LIMITED DIRECTORS PENSION SCHEME** whose address for service is Argeles, Salt Hill Road, Chichester, P019 3PY (the "Licensor"); and
- (2) **THE LOFT SHOP LIMITED** (company number 797762) whose registered office is at Eldon Way, Littlehampton, West Sussex, BN17 7HE (the "Licensee").

IT IS AGREED as follows:

1 Definitions

In this Agreement the following terms shall have the following meanings:

- 1.1 **"Business"** the business carried on by the Licensee is the distribution and sale of loft and associated roofing materials;
- 1.2 **"Intellectual Property"** the Trade Marks together with all goodwill, copyright and design rights in and to such marks;
- 1.3 **"Net Sale Price"** in respect of the Products sold by or on behalf of the Licensee, the total amount invoiced by the Licensee in respect of such Products after deducting allowances for trade discounts and returns for which the Licensee has issued a credit note, sales and excise taxes (including value added tax and duties, if any);
- 1.4 **"Notice"** notice in writing served in accordance with the provisions of clause 17;
- 1.5 **"Royalty"** the sum of 0.5% of the Net Sale Price;
- 1.6 **"Royalty Year"** each period of 12 months ending on 31 December;
- 1.7 **"Products"** the goods or services in respect of which the Trade Marks are registered;
- 1.8 **"Trade Marks"** the trade marks listed in the First, Second, Third and Fourth Schedules.

2 Recitals

- 2.1 The Licensee is and has for some years been carrying on the Business using the Trade Marks.
- 2.2 On the date of this Agreement the Licensee has assigned the Intellectual Property to the Licensor. The Licensor wishes now to grant a licence to the Licensee on the terms set out in this Agreement.

3 Grant

In consideration of the obligations undertaken by the Licensee under this Agreement the Licensor grants to the Licensee an exclusive worldwide licence to use the Intellectual Property in its Business to distribute, sell and market the Products under the terms of this Agreement in perpetuity unless terminated in accordance with clause 10. For the avoidance of doubt, the Licensee is permitted to use the Trade Marks as part of its company name.

4 Royalties

- 4.1 In consideration of the rights granted by the Licensor, the Licensee undertakes to pay the Licensor in each Royalty Year the Royalty for that Royalty Year. The Licensee shall pay the Royalty to the Licensor within 30 days following the approval by the Licensee of the audited accounts of the Licensee.
- 4.2 Where the Net Sale Price is equal to or more than £6.5m in any Royalty Year the parties agree that they will negotiate in good faith to agree an amendment to the Royalty. Such amendment to take effect in relation to any subsequent Royalty Year.
- 4.3 If, within 30 days, the parties are unable to agree upon an amendment to the Royalty as set out in clause 4.2 the parties will agree on the appointment of an independent expert to resolve the dispute. If the parties are unable to agree upon an expert within 21 days of either party serving details of a suggested expert on the other, either party shall then be entitled to request the Institute of Chartered Accountants of England and Wales to appoint an expert accountant of repute with experience in intellectual property matters to settle the dispute.

5 Licensee's obligations as to conformity to specification and quality

- 5.1 The Licensee shall sell, market and distribute the Products according to such specifications as the Licensor may from time to time agree and at all times ensure that the Products are of the highest quality attainable within such specifications.
- 5.2 The Licensee shall, at the request of the Licensor, deliver to the Licensor free of charge samples of each unit of the Products including their wrappings and packaging and shall not commence distribution of the Products until it has received written approval from the Licensor of their design standard of workmanship quality or presentation and intrinsic merit.
- 5.3 The Licensee shall ensure that all other units of the Products including their wrappings and packaging of the same description as the samples correspond to the samples approved by the Licensor in accordance with clause 5.2.
- 5.4 The Licensee shall supply to the Licensor free of charge such further samples of the Products as the Licensor may reasonably require from time to time.
- 5.5 Within 7 days following the approval by the Licensee of the audited accounts of the Licensee, the Licensee shall deliver to the Licensor:

- 5.5.1 a written statement of the quantity of the Products sold during the Royalty Year and not included in a previous statement;
- 5.5.2 the price charged and any discount allowed;
- 5.5.3 the Net Sale Price;
- 5.5.4 the Royalty due; and
- 5.5.5 any other particulars the Licensor may reasonably require.

6 Use and protection of the Trade Marks

- 6.1 The Licensee recognises the Licensor's title to the Trade Marks and shall not claim any right title or interest in the Trade Marks or any part of it save as is granted by this Agreement.
- 6.2 The Licensee shall promptly call to the attention of the Licensor the use of any part of the Trade Marks by any third party or any activity of any third party which might in the opinion of the Licensee amount to trade mark infringement or passing off.
- 6.3 The Licensee shall not assign the benefit of this Agreement or grant any sub-licence without the prior written consent of the Licensor.
- 6.4 The Licensee shall hold all goodwill generated by its operations under this Agreement as bare trustee for the benefit of the Licensor.
- 6.5 Any designs or other works derived by the Licensee from the Trade Marks or any part of it shall be held by it as bare trustee for the Licensor and at the Licensor's request shall be assigned to it without compensation.

7 Registration of licence

When required by the Licensee the Licensor shall join with the Licensee in applying for recordal of this Agreement.

8 Licensee not to use the Licensor's name

The Licensee shall not except with the prior written consent of the Licensor make use of the name of the Licensor in any connection otherwise than is expressly permitted by this Agreement.

9 Action against third parties

- 9.1 The Licensor shall have the sole right to take action against third parties in respect of the Intellectual Property and if required to do so by the Licensor the Licensee shall co-operate fully with the Licensor in any such action the Licensee's expenses incurred in doing so being borne by the Licensor.
- 9.2 If the Licensor fails to take any such action against third parties or to require the Licensee to do so the Licensee may serve Notice on the Licensor and on the expiry of

30 days after the service of such Notice the Licensee shall be entitled to prosecute such action itself and at its own expense provided that the Licensor has not served Notice within the 30 day period of its own intention to take action.

- 9.3 The Licensee shall in no circumstances settle any claim or action against third parties without the prior written consent of the Licensor.
- 9.4 All damages recovered from third parties shall be the exclusive property of the Licensor provided that the Licensee shall be entitled to set off any expenses which it is able to claim from the Licensor under this clause.

10 Termination

- 10.1 The following breaches are fundamental and shall entitle the Licensor forthwith to give Notice terminating this Agreement and thereupon this Agreement shall absolutely terminate and cease to have effect but without prejudice to the rights and remedies of the Licensor in respect of the breach or antecedent breach by the Licensee of any of its obligations under this Agreement:
 - 10.1.1 failure on the part of the Licensee to make any payment due to the Licensor under this Agreement for 30 days after such payment shall have become due;
 - 10.1.2 failure on the part of the Licensee to rectify any breach of this Agreement within 30 days of receiving a Notice from the Licensor of such breach;
 - 10.1.3 the voluntary or compulsory liquidation of the Licensee or the appointment of an administrator or receiver of its assets or similar; and
 - 10.1.4 if the Licensee shall cease trading or to operate the Business.
- 10.2 If at any time the Licensor shall cease to have the right to grant licence of the Intellectual Property the Licensor may forthwith terminate this Agreement by giving Notice to the Licensee.
- 10.3 On termination of this Agreement the Licensee shall forthwith pay to the Licensor the balance of any Royalty accrued up to the date of termination.

11 Termination consequences

- 11.1 Subject to clause 11.2 on termination of this Agreement the Licensee shall cease all use of the Intellectual Property within 90 days of termination.
- 11.2 If the Licensee shall have any remaining stocks of Products at the time of termination they may be disposed of by the Licensee in compliance with the terms of this Agreement.

12 Indemnity

- 12.1 The Licensee shall indemnify the Licensor against all actions claims costs damages and expenses which it may suffer or sustain as a result of the actions of the Licensee.

12.2 The Licensor shall indemnify the Licensee against all actions claims costs damages and expenses arising out of the Licensee's use of the Trade Mark in accordance with the terms of this Agreement.

13 Inspection

The Licensee shall permit the Licensor at all reasonable times to inspect the Licensee's premises in order to satisfy itself that the Licensee is complying with its obligations under this Agreement.

14 No waiver

No waiver by the Licensor of any of the Licensee's obligations under this Agreement shall be deemed effective unless made by the Licensor in writing nor shall any waiver by the Licensor in respect of any breach be deemed to constitute a waiver of or consent to any subsequent breach by the Licensee of its obligations.

15 Severance

In the event that any provision of this Agreement is declared by any judicial or other competent authority to be void voidable or illegal the remaining provisions shall continue to apply unless the Licensor at the Licensor's discretion decides that the effect is to defeat the original intentions of the parties in which case it shall be entitled to terminate the Agreement by 90 days' Notice.

16 No agency or partnership

The parties are not partners or joint venturers nor is the Licensee entitled to act as the Licensor's agent nor shall the Licensor be liable in respect of any representation act or omission of the Licensee of whatever nature.

17 Notices

Any Notice to be served on either of the parties by the other shall be sent by pre-paid recorded delivery or registered post or by telex or facsimile transmission to the address stated above and shall be deemed to have been received by the addressee within 72 hours of posting or 24 hours if sent by telex or facsimile transmission to the correct number (with correct answer back) of the addressee.

18 Governing Law

This Agreement and any dispute or claim arising out of or in connection with it or its subject matter, whether of a contractual or non-contractual nature, shall be governed by and construed in accordance with the law of England and Wales. The parties irrevocably agree that the courts of England and Wales shall have exclusive jurisdiction to settle any dispute which may arise out of or in connection with this Agreement.

19 Transmission of benefit

This Agreement shall be binding upon and inure to the benefit of the Licensor and its successors and assigns.

20 Third parties

Except as otherwise expressly stated, this Agreement does not confer any rights on any person or party (other than the parties to this Agreement) under the Contracts (Rights of Third Parties) Act 1999.

21 Joint and several

All agreements on the part of either of the parties which comprise more than one person or entity shall be joint and several.

FIRST SCHEDULE

Trade Mark Number : 1316537

Mark Text: LOFT SHOP




| Number of Mark | Date of registration | Class | Goods or services in respect of which Mark is registered |
|----------------|----------------------|-------------|--|
| 1316537 | 17 May 1991 | 06,17,19,20 | <p>Class 06: Building materials and building Products; doors, door panels and door frames; windows and window framers; stairs; ladders; internal wall claddings; all included in Class 6; all being metallic and adapted for use in the construction or conversion of lofts.</p> <p>Class 17: Thermal insulation materials, included in Class 17, all being adapted for use in the construction or conversion of lofts.</p> <p>Class 19: Building materials and building Products; doors, door panels and door frames; windows and window framers; stairs; all being non-metallic; flooring; structural timber Products; non-metallic internal wall cladding; all included in Class19; all being adapted for use in the construction or conversion of lofts.</p> <p>Class 20; Ladders, all included in Class 20; and being adapted for use in lofts.</p> |

SECOND SCHEDULE

| Trade Mark Number : 2015561 | | | |
|-----------------------------|----------------------|-------------|--|
| Mark Text: LOFT SHOP | | | |
| Number of Mark | Date of registration | Class | Goods or services in respect of which Mark is registered |
| 2015561 | 13 December 1996 | 06,19,20,37 | <p>Class 06: Building materials and building Products; doors, door panels and door frames; windows and window framers; stairs; ladders; internal wall claddings; all included in Class 6; all being metallic and adapted for use in the construction or conversion of lofts.</p> <p>Class 19: Windows, roof lights, skylights, roof domes, roof flashing, loft ladders, blinds, steps, step ladders, stairs, staircases, stair treads, balustrading, ladders, chimney cowls, roofing hips, ridge cappings, roofing slates, shingles; and parts and fittings for the aforesaid goods.</p> <p>Class 20: Stairs, step ladders, steps, ladders and slatted blinds; and parts and fittings therefor; all made of non-metal material.</p> <p>Class 37: Installation services, in particular for fitting loft ladders, stairs and staircases, windows, roof windows, roof domes, roof lights and skylights.</p> |

THIRD SCHEDULE

| Trade Mark Number : 1316541 | | | |
|---|----------------------|------------------|---|
|  | | | |
| Number of Mark | Date of registration | Class | Goods or services in respect of which Mark is registered |
| 1316541 | 05 May 1989 | 6, 17, 19 and 20 | <p>Class 06: Building materials and building products; doors, door frames and door panels; windows and window frames; stairs; ladders; internal wall cladding; all included in class 6; all being metallic.</p> <p>Class 17: Thermal insulation materials, included in Class 17.</p> <p>Class 19: Building materials and building products; doors, door panels, and door frames; windows and window frames; stairs; all being non-metallic; flooring; structural timber products; non-metallic internal wall cladding; all included in Class 19.</p> <p>Class 20; Ladders included in Class 20.</p> |

FOURTH SCHEDULE

| Trade Mark Number : 212590 | | | |
|----------------------------|----------------------|----------|---|
| Mark Text: LOFT SHOP | | | |
| Number of Mark | Date of registration | Class | Goods or services in respect of which Mark is registered |
| 212590 | 09 July 1998 | 6 and 19 | <p>Class 06: Windows, roof lights and skylights, roof domes, window blinds, roof flashing, loft ladders, step ladders, steps, stairs, stair treads, staircases, balustrading, ladders, nails, chimney cowls, joists, girders and brackets; and parts and fittings for the all of the aforesaid goods; all made of metal; and all in class 6.</p> <p>Class 19: Windows, roof lights, skylights, roof domes, roof flashing, blinds, stairs, staircases, stair treads, balustrading, chimney cowls, roofing hips, ridge cappings, roofing slates, shingles; and parts and fittings for the aforesaid goods; all in class 19.</p> |

AS WITNESS whereof the parties or their duly authorised representatives have signed this Agreement the day and year first before written

SIGNED by

The Loft Shop Limited (the Licensee)


..... (signature)

acting by:

Director

Signature:


Name:


P. STEDMAN

Director/Secretary

Signature:

Name:


J. STEDMAN

SIGNED by

James Harold Stedman (the Licensor)

in the presence of:

..... (signature)

Witness Signature:

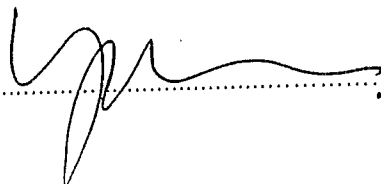
Name: J. DOBBELAAR

Address: 35 WESTCUNT RD
WORTHING
WEST SUSSEX
BN14 7DJ.

SIGNED by

Peter Richard Stedman (the Licensor)

in the presence of:

..... (signature)

Witness Signature:

Name: J DOBBELAAR

Address: 35 WESTCUNT ROAD
WORTHING
WEST SUSSEX
BN14 7DJ

SIGNED by

Marjory Jean Stedman (the Licensor)

in the presence of:

Witness Signature:

Name:

J DOBBELAAR


Address:

35 WESTCOTT RD

WORTHING

WEST SUSSEX

BN14 7DJ

 (signature)

THE LOFT SHOP LIMITED DIRECTORS PENSION SCHEME

THE LOFT SHOP LIMITED
ELDON WAY
LITTLEHAMPTON
WEST SUSSEX
BN17 7HE

Dated: 21/1/10

Dear Sirs,

We refer to our recent discussions and write to confirm that the **THE LOFT SHOP LIMITED DIRECTORS PENSION SCHEME** (the "**Scheme**") acting by its trustees (the "**Trustees**") will make available to The Loft Shop Limited (the "**Borrower**") a loan facility of £100,000 (or for such amount as agreed by us from time to time) for general corporate purposes (each advance made there under being a "**Loan**" and the aggregate advances made thereunder being the "**Loan**"), to be secured by a debenture over the whole of the undertaking and assets of the Borrower (the "**Charge**"). The Loan is subject to the terms and conditions set out in this letter.

1 **ADVANCES**

1.1 *General*

Subject to receipt of the documents listed in paragraph 5.1 advances shall be made by credit transfer to the account of the Borrower under reference "Loan Advance".

1.2 *General Loan Conditions*

It is a condition of making any Loan that:

- 1.2.1 the Loan shall not at any time exceed 50% of the net asset value of the Scheme from time to time;
- 1.2.2 no Loan may remain outstanding for more than 5 years, unless the Trustees give written consent to an extension of the repayment term such extension not to exceed 5 years and not to be further extended; and
- 1.2.3 the Loan is secured by charges over assets of the Borrower which in the opinion of the Trustees of the Scheme have a net realisable value sufficient to repay the Loan, accrued interest and any costs of realisation.

2 TERM

2.1 *Facility term*

This facility may be cancelled by the Scheme at any time by written notice to the Company. Subject to that, this facility will become available upon the Trustees receiving the documents listed in paragraph 5.1 and will continue until terminated by mutual agreement.

2.2 *Length of Loan*

The period for which a Loan may be outstanding shall be stipulated in the Drawdown Request therefor. No Loan may be for a period exceeding five years from the date the Loan is made or if that day is not a day when banks in the City of London are open for business (a “**Business Day**”) on the preceding Business Day (the “**Term Date**”).

2.3 *Extension of Term Date*

The Trustees in their absolute discretion and with the agreement of the Borrower may extend the Term Date in respect of a Loan once only for a period not exceeding five years.

3 NATURE OF THE LOAN

3.1 *Uncommitted*

The Loan is not committed and whether the Trustees agree to the making of any advance and in what amount is in their absolute discretion.

3.2 *Non-revolving nature*

The Loan is not revolving and if a Loan is repaid in whole or in part the Scheme is not obliged to permit the repayments to be re borrowed or to make further advances to the Borrower and the Scheme is not obliged to lend additional funds on any further occasion.

3.3 *Priority*

While the Loan remains outstanding, the Borrower covenants not without the prior written consent of the Trustees:

- 3.3.1 to create or allow to subsist any security over the assets of the Borrower ranking in priority to the Charge, except that the Scheme agrees that the Borrower may create a charge over its book debts ranking in priority to the Charge pursuant to an invoice discounting arrangement provided that the Scheme retains a first charge over the assets of the Borrower which in the opinion of the Trustees of the Scheme have a net realisable value sufficient to repay the Loan, accrued interest and any costs of realisation.

The Scheme agrees to execute any deed of priority or other documentation required to effect a release of the book debts of the Borrower pursuant to clause 3.3.1.

3.4 *Applicable terms*

If the Trustees agree to make any Loan to the Borrower, such Loan will, unless the Trustees specifically agree in writing otherwise, be made on the terms of this letter and will be subject to the security constituted by the Charge.

4 **OUTSTANDINGS REPAYABLE ON DEMAND**

4.1 *Repayment on demand*

The Borrower shall, on the Trustees' first written demand, pay to the Scheme the outstanding balance of the Loan or such individual Loans as the Trustees may have specified together with interest, calculated in accordance with this letter, accrued to, and unpaid before, the date of payment and all other costs and expenses then owing under this letter.

4.2 *Discretion of Trustees*

The Trustees may make demand under this letter at any time at their discretion, and whether or not the Borrower is in default of any of the provisions of this letter, and whether or not the making or allowing to remain outstanding any Loan would be contrary to any law applicable to the Scheme.

4.3 *Enforcement of Charge*

If the Trustees have made a demand for payment under paragraph 4.1 which has not been satisfied in accordance with the terms of the demand, the Scheme shall be entitled to enforce the Charge forthwith and without further notice to the Borrower.

5 **CONDITIONS**

5.1 *Documentation*

The Borrower shall provide to the Trustees all of the following in form and substance reasonably satisfactory to them:

- 5.1.1 a duplicate of this letter duly executed by or on behalf the Borrower by way of acceptance of its provisions;
- 5.1.2 a copy of a resolution of the Board of Directors of the Borrower approving and accepting the provisions of this letter or authorising any Director to accept the provisions of this letter on behalf of the Borrower and authorising named persons or office holders to sign this letter on behalf of the Borrower and authorising named persons or office holders to give any notice, request or other communications which may be required under this letter;

5.1.3 the Charge duly executed by the Borrower;

5.2 *Waiver*

The Borrower acknowledges that paragraph 5.1 above is included in this letter for the exclusive benefit of the Scheme and that the Trustees may waive compliance by the Borrower with any of its provisions on the basis that if any condition precedent is waived by the Trustees that condition shall be complied with by the Borrower within three Business Days thereafter.

6 **LOAN ACCOUNT**

The Trustees shall open and maintain an account in the Scheme's books of account for each Loan (each a "**Loan Account**" and together the "**Loan Accounts**"). The Trustees shall keep an accurate record in the Loan Accounts of the amount from time to time owing to the Scheme in respect of the Loan, including interest accrued.

7 **REPAYMENT**

7.1 *Non-mandatory reductions*

The Borrower may, at any time and from time to time, reduce the debit balance on the Loan Accounts by paying from other sources an amount in pounds sterling to the Scheme for credit in the Loan Accounts. Unless the Borrower makes an appropriation to any particular Loan Account, the Trustees shall apply any repayment first to the earliest Loan outstanding.

7.2 *Repayment on demand*

The Borrower shall, on the Trustees' first written demand, pay to the Scheme an amount equal to the then debit balance on the Loan Accounts, together with interest, calculated in accordance with this letter, accrued to, and unpaid before, the date of payment and all other costs and expenses then owing under this letter.

7.3 *Amortisation of Loan*

7.3.1 Each Loan shall be repayable in five equal instalments. The first instalment shall be payable on the first anniversary of the advance of the Loan and (subject to clause 7.4) subsequent instalments shall be payable on each subsequent anniversary.

7.4 *Repayment on Term Date*

Unless the Trustees have agreed to extend the Term Date under paragraph 2.3, an outstanding Loan shall be repaid in full from other sources on its Term Date.

8 INTEREST

8.1 *Interest rate*

Subject to paragraph 8.4, the Borrower shall pay interest on the daily debit balance on each Loan Account from time to time at the rate of one percent above the average of the six leading high street bank base rate per annum (“**Base Rate**”) for the period of the loan term. This interest rate will be adjusted in line with that Base Rate every 365 calendar days from the loan date.

8.2 *Time for payment*

The Borrower shall pay interest annually in arrears on 20 January 2011 and each calendar year thereafter (each an “**Interest Payment Date**”) and also on the date on which the debit balance on the relevant Loan Account is reduced to zero.

8.3 *Method of payment*

On each Interest Payment Date, the Borrower shall, to the extent that the Borrower has not paid interest then due and payable from other funds, debit each Loan Account with the amount of interest then accrued and unpaid.

8.4 *Rate of interest on overdue payments*

The Borrower shall, on any amount not paid when due, pay interest at the aggregate rate of one per cent per annum plus the Base Rate.

8.5 *Time for payment of interest on overdue payments*

The Borrower shall pay such interest accruing under paragraph 8.4 on the last Business Day in each month and on each occasion on which the overdue payment referred to in paragraph 8.4 is made to the Scheme and, to the extent that the Borrower does not pay that interest from other funds, the Loan Account shall be debited with the amount of interest then accrued and due and payable but unpaid.

8.6 *Tax deductions*

If the Borrower makes any payment from other funds and the Borrower is obliged to deduct tax from the payment, the grossed-up amount credited to the Loan Accounts shall be considered to have been paid by the Borrower provided that the Borrower has provided to the Trustees such evidence and certificates as the Trustees may require as evidence for the taxation authorities of the deduction of tax.

9 FEES AND EXPENSES

9.1 *Initial and other costs*

The Borrower shall forthwith on demand pay to the Scheme the amount of all reasonable and proper costs and expenses incurred by the Trustees in connection with the negotiation, preparation, execution and performance of this letter and the negotiation, preparation, execution, performance and registration of the Charge at the Companies Registry and all waivers in relation to, and variations of, this letter or the Charge.

9.2 *Enforcement costs*

The Borrower shall, forthwith on demand, pay to the Scheme the amount of all costs and expenses incurred by the Scheme in connection with the enforcement or attempted enforcement against the Borrower of its rights under this letter or the Charge.

9.3 *Legal expenses and taxes*

The costs and expenses referred to above include, without limitation, the fees and expenses of legal advisers and any value added tax or similar tax, and are payable in the currency in which they are incurred.

9.4 *Stamp duty etc*

The Borrower shall pay an amount equal to any stamp, documentary and other like duties and taxes to which this letter, the Charge or the Deed of Priority may be subject or give rise.

9.5 *Transfer charges*

The Borrower shall reimburse on demand all bank and other charges (excluding interest on money borrowed) incurred by the Scheme:

9.5.1 in arranging and maintaining funding of the Loan, and

9.5.2 to carry out transfers of funds to the Borrower.

10 NOTICES

10.1 *Communications to be in writing*

Each communication to be made under this letter shall be made in writing but, unless otherwise stated, may be made by facsimile or letter.

10.2 *Delivery of communications*

Any communication or document to be made or delivered by one person to another under this letter shall (unless that other person has by 15 days' written

notice to the other party specified another address) be made or delivered to that other person at the facsimile number or address identified at the beginning of this letter and shall be deemed to have been made or delivered when receipt has been acknowledged (in the case of any communication by personal delivery or by facsimile) or (in the case of posting) two working days after being deposited in the post postage prepaid in an envelope addressed to it at that address provided that:

10.2.1 any communication or document to be made or delivered to the Trustees shall be effective only when received by them; and

10.2.2 any communication or document made or delivered outside normal business hours in the place of receipt shall not be deemed to be made or delivered until opening of business on the next working day in such place.

11 **INFORMATION**

11.1 *Annual Accounts*

The Borrower shall provide to the Trustees no later than the date upon which the unaudited annual accounts of the Borrower and the report of the directors thereon is delivered to Companies House in each year a true and complete copy of the accounts as filed.

11.2 *Management Accounts*

The Borrower shall provide to the Trustees on their written request (but no more frequently than quarterly) a copy of the most recent management accounts of the Borrower.

11.3 *Valuations*

The Borrower shall at its own cost and at the written request of the Trustees (but no more frequently than annually) obtain for the information of the Trustees such valuations of the assets of the Borrower as the Trustees may (acting reasonably) specify.

11.4 *Conditions to making Loan*

The Trustees may as a condition of making any Loan require the Borrower to provide to the Trustees at the cost of the Borrower such information as the Trustees may in their absolute discretion consider necessary or desirable for the purposes of considering whether or not to make a Loan to the Borrower.

12 **GENERAL**

12.1 *Certificates*

The certificate of the Trustees as to Base Rate and the balance at any time on the Loan Accounts or as to any amount payable under this letter or of the fact

that any amount is due and payable shall be conclusive and binding on the Borrower unless there is an obvious error.

12.2 *Severability*

If a provision of this letter is or becomes illegal, invalid or unenforceable in any jurisdiction, that shall not affect the validity or enforceability in that jurisdiction of any other provision of this letter.

12.3 *Waivers, remedies cumulative*

The rights of the Scheme under this letter may be exercised as often as the Trustees consider necessary or desirable, are cumulative and not exclusive of the Scheme's rights under any applicable law and may be waived only in writing and specifically.

12.4 *Delay*

Delay in exercising or the non-exercise of any of the Scheme's rights under this letter is not a waiver of that right.

12.5 *Restrictions on the Borrower*

The Borrower may not assign or transfer any of its rights and/or obligations under this letter.

12.6 *Successors etc*

This letter shall be binding on and inure to the benefit of the Scheme and the Trustees of the Scheme from time to time and the Borrower and their respective successors and permitted assigns and references in this letter to any of them shall be construed accordingly.

12.7 *Governing law*

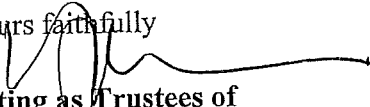
This letter shall be governed by English law.

12.8 *Third Parties*

A person who is not a party to this letter has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce or enjoy the benefit of any term of this letter.

If you are in agreement with the above terms and conditions, please sign and return the enclosed copy of this letter.

Yours faithfully


Acting as Trustees of
THE LOFT SHOP LIMITED
DIRECTORS PENSION SCHEME

We refer to your letter dated 21 January 2009^{10 shk} (of which the above is a copy) and confirm that the Borrower accepts and agrees to be bound by the terms and conditions thereof.

Director


For and on behalf of **THE LOFT SHOP LIMITED**

Dated 21 January 2009^{10 shk}