Dated 1 May 2015

(1) ALLIED COMMERCIAL EXPORTERS LIMITED
(2) RETAIL ACQUISITIONS LIMITED
(3) BHS PROPERTIES LIMITED

DEED OF AMENDMENT AND VARIATION TO A LOAN AGREEMENT DATED 11 MARCH 2015

Mishcon de Reya
Summit House
12 Red Lion Square
London WC1R 4QD
Tel: 020 7440 7000
Fax: 030 7404 5982
Ref: RIT/JP/18417.26
PARTIES

(1) ALLIED COMMERCIAL EXPORTERS LIMITED, a company registered in England and Wales with company number 00403053 and registered office at Second Floor, 22 Cross Keys Close, London W1U 2DW (the Lender);

(2) RETAIL ACQUISITIONS LIMITED, a company incorporated in England and Wales with company number 09320475 whose registered office is at 16 Charles II Street, London, SW1Y 4NW (the Borrower); and

(3) BHS PROPERTIES LIMITED, a company registered in England and Wales with company number 02139762 and registered office at 129 – 137 Marylebone House, London NW1 5QD (the Chargor).

BACKGROUND

(A) The Lender and the Borrower are the parties to a loan agreement dated 11 March 2015 (the Loan Agreement).

(B) The Facility (as defined in the Loan Agreement and varied in accordance with the terms of this deed) is secured pursuant to a legal charge dated 11 March 2015 between the Chargor and (2) the Lender (the Charge) over Unit 8 Carlyon Road, Atherstone CV9 1LQ (the Property).

(C) The Borrower is in default of its payment obligations under the Loan Agreement and the Borrower and the Chargor have breached certain other provisions of the Loan Agreement and the Charge.

(D) The parties wish to amend the Loan Agreement as set out in this deed with effect from the date of this deed (the Variation Date). This deed is supplemental to the Loan Agreement.

AGREED TERMS

1. DEFINITIONS AND INTERPRETATION

In this deed, unless otherwise defined herein, expressions defined in the Loan Agreement and used in this deed will have the meaning set out in the Loan Agreement.

2. ACKNOWLEDGEMENT OF DEFAULT

2.1 The Borrower acknowledges that it is in default (the Payment Default) of its obligations under clause 5.1.1 of the Loan Agreement to repay to the Lender an amount equal to £2,000,000 of the Loan on 18 March 2015 (the Initial Repayment Amount).
2.2 The Lender acknowledges that on 20 March 2015, being two Business Days after the due date of the Initial Repayment Amount, the Borrower repaid to the Lender an amount equal to £1,000,000 of the Initial Repayment Amount (the First Repayment).

2.3 In consideration of the forbearance on the part of the Lender in relation to the enforcement of its rights under the Charge (as it would be entitled to exercise pursuant to the Payment Default which the Borrower and Chargor acknowledge), it has been agreed between the Lender and the Borrower (and acknowledged by the Chargor) that, with immediate effect from the Variation Date, the principal amount of the Loan (the Outstanding Loan Amount), shall be an amount equal to:

2.3.1 £4,000,000, being the amount equal to the initial Facility of £5,000,000 less the First Repayment, plus;

2.3.2 £1,075,000, being an amount equal to a commensurate redemption of the principal amount of loan notes issued by BHS Group Limited (a wholly owned subsidiary of the Borrower) pursuant to a loan note instrument dated 11 March 2015 and held by J9 Properties Limited (a wholly owned subsidiary of the Lender) and such part of the Loan shall be immediately applied in redemption of such loan notes plus;

2.3.3 £12,680.44, being an amount equal to the interest which, in accordance with clause 7 of the Loan Agreement, has accrued on (i) the late payment of the Initial Repayment Amount and (ii) the outstanding amount of the Initial Repayment Amount and shall be capitalised and added to the principal amount of the Loan plus; and

2.3.4 £69,907.80, being an amount equal to the legal fees incurred by the Lender as a result of the Borrower's continued breach of its obligations under the Loan Agreement, and as further detailed in clause 2 above and shall be capitalised and added to the principal amount of the Loan,

which in aggregate totals £5,157,588.24.

For the avoidance of doubt, there will be no physical transfers of monies in respect of the advance detailed at clause 2.3.2 above, rather such part of the Loan shall be recorded by way of book entries in the accounts of the Borrower, the Lender, BHS Group Limited and J9 Properties Limited.

The Lender confirms that upon the Variation Date occurring the Payment Default will have been remedied to the Lender's satisfaction in accordance with clause 1.2 of the Loan Agreement.

3. ACKNOWLEDGEMENT OF BREACH AND RESERVATION OF RIGHTS

3.1 It is acknowledged by the parties that on 27 April 2015, the Chargor and the Borrower disclosed to the Lender the existence of a lease dated 14 February 2014 made between BHS Limited and DHL Supply Chain Limited (DHL) relating to the
Property, and that prior to this date, the existence of such lease had not been previously disclosed to the Lender or any of its advisers, nor had the Lender or any of its advisers previously been informed that DHL occupied the Property or had any interest in it.

3.2 As a result of the facts and matters set out in this clause 3.1:

3.2.1 the Chargor acknowledges and agrees that it is in breach of the warranties and representations given to the Lender at clauses 8.1.1(e), 8.1.1(g) and 8.1.1(q) of the Charge; and

3.2.2 the Borrower acknowledges and agrees that it is in breach of the representation and warranty given to the Lender at clause 9.4 of the Loan Agreement.

3.3 The Chargor and the Borrower acknowledge and accept that the Lender reserves all of its rights and remedies as against them in relation to (i) DHL's occupation of the Property (ii) the Chargor's and Borrower's respective breaches of the Loan Agreement and Charge (as detailed in clauses 3.1 and 3.2 of this deed) and (iii) all or any losses arising as a consequence of the aforementioned breaches notwithstanding the Lender entering into this deed in respect of the Payment Default. Notwithstanding the foregoing, the Lender irrevocably and unconditionally undertakes not to exercise any of its rights or remedies pursuant to the Loan Agreement and the Charge in respect to the events described in clauses 3.1 and 3.2 of this deed prior to 31 December 2015 such undertaking being provided: (a) solely in respect of the breaches described in clauses 3.1 and 3.2 of this deed; and (b) strictly without prejudice to any other right or remedy that the Lender may have from time to time in respect of any other breaches of the terms of the Loan Agreement or the Charge.

4. VARIATION

4.1 With effect from the Variation Date the parties agree the following amendments to the Loan Agreement:

<table>
<thead>
<tr>
<th>Clause 1.1:</th>
<th>The definition of “Final Repayment Date” shall be deleted and replaced with the words:</th>
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<td>&quot;Final Repayment Date means 31 December 2015.”</td>
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<th>Clause 1.1:</th>
<th>The definition of &quot;Loan&quot; shall be deleted and replaced with the words:</th>
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<td>&quot;Loan means an amount equal to the Outstanding Loan Amount outstanding from time to time.&quot;</td>
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| Clause 3.1 | The entire text of clause 3.1 shall be deleted and replaced with the words: |
### Clause 3.1:

(a) the Borrower shall apply the Loan in an amount equal to £4,200,000 to fund the subscription for shares in BHS Group Limited;

(b) the Borrower shall apply the Loan in an amount equal to £1,075,000 to on-lend to its subsidiary, BHS Group Limited to redeem loan notes of an equivalent nominal amount issued pursuant to a loan note instrument dated 11 March 2015 and held by J9 Properties Limited (a wholly owned subsidiary of the Lender);

(c) the Borrower shall apply the Loan in an amount equal to £12,680.44 in payment of interest that has accrued in accordance with clause 7 of the Loan Agreement; and

(d) the Borrower shall apply the Loan in an amount equal to £69,907.80 in payment of certain legal fees incurred by the Lender.

<table>
<thead>
<tr>
<th>Clause 5.1:</th>
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<td>The entire text of clause 5.1 shall be deleted and replaced with the words:</td>
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<tr>
<td>&quot;The Borrower must repay an amount equal to the Loan on the Final Repayment Date.&quot;</td>
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4.2 The Lender and the Borrower acknowledge and agree that the Loan Agreement will remain fully effective as varied by this deed.

4.3 The Lender and the Chargor acknowledge that the Charge will remain in full force and effect to secure the "Secured Liabilities" as defined in the Charge and such Secured Liabilities will be extended to cover the increased amount of the Outstanding Loan Amount, as provided for herein.

5. **GOVERNING LAW AND JURISDICTION**

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

5.2 Each party irrevocably agrees that the courts of England and Wales shall have exclusive jurisdiction to settle any dispute or claim arising out of or in connection with this agreement or its subject matter or formation (including non-contractual disputes or claims).
6. COUNTERPARTS

This deed may be executed in any number of counterparts and by the parties on separate counterparts, but will not be effective until each party has executed and delivered at least one counterpart. Each counterpart, when executed and delivered, constitutes an original, but all counterparts together constitute the same instrument.

The parties have executed and delivered this document as a deed on the date stated at the beginning of it.

EXECUTED as a deed by
ALLIED COMMERCIAL EXPORTERS LIMITED
acting by a director, in the presence of:

[Signature]

A DELLAL

[Print name]

Witness signature

[Signature]

Name (in BLOCK CAPITALS)

HUGH O'LEARY

Address

70A FLORE, 22 CRON, LONDON, CM1 1EB

EXECUTED as a deed by
RETAIL ACQUISITIONS LIMITED
acting by a director, in the presence of:

[Signature]

[Print name]

Witness signature

Name (in BLOCK CAPITALS)

Address
6. COUNTERPARTS

This deed may be executed in any number of counterparts and by the parties on separate counterparts, but will not be effective until each party has executed and delivered at least one counterpart. Each counterpart, when executed and delivered, constitutes an original, but all counterparts together constitute the same instrument.

The parties have executed and delivered this document as a deed on the date stated at the beginning of it.

EXECUTED as a deed by
ALLIED COMMERCIAL EXPORTERS LIMITED
acting by a director, in the presence of:

Signature
Director
Print name

Witness signature

Name (in BLOCK CAPITALS)

Address

EXECUTED as a deed by
RETAIL ACQUISITIONS LIMITED
acting by a director, in the presence of:

Signature
Director
Print name

Witness signature

Name (in BLOCK CAPITALS)

Address

Flat 8, Highstone Mansions, 84 Camden Road,
London, N1 9DY.
EXECUTED as a deed by
BHS PROPERTIES LIMITED
acting by a director, in the presence of:

Signature

Director

Print name

Dominic CHANCE

Witness signature

EMMA REID

Name (in BLOCK CAPITALS)

Address

LINSTONE, EAST STREET,

HUNTON, KENT, ME5 0X8
Mishcon de Reya
Summit House
12 Red Lion Square
London WC1R 4QD
Tel: 020 7440 7000
Fax: 020 7404 5962
Ref: RJTF/P/18417.26
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THIS DEED is made the \textsuperscript{11th} day of \textit{May} 2015.

\textbf{BHS GROUP LIMITED} incorporated and registered in England and Wales with company number 03858895 whose registered office is at Colegrave House, 70 Berners Street, London W1T 3NL (the \textit{Company}).

\textbf{BACKGROUND}

The Company has, by resolution of its board of directors passed on even date, resolved to create up to a maximum nominal amount of £2,585,365 unsecured loan notes 2016, to be constituted in the manner set out below.

\textbf{AGREED TERMS}

\textbf{1. DEFINITIONS AND INTERPRETATION}

1.1 The definitions and rules of interpretation in this cause apply in this instrument.

\textbf{Business Day} means a day other than a Saturday, Sunday or public holiday in London when banks are open for business;

\textbf{Conditions} means the conditions set out in Schedule 2 as from time to time amended;

\textbf{Directors} means the board of directors of the Company for the time being;

\textbf{Event of Default} means any of those events specified in clause 9;

\textbf{Repayment Date} means each date set out in column (1) of the table set out in Schedule 4;

\textbf{Group} means the Company and any subsidiary or holding company from time to time of the Company, and any subsidiary from time to time of the Company's holding company (and the expression \textit{member of the Group} shall be construed accordingly);

\textbf{Noteholder} means each person for the time being entered in the Register as a holder of any Notes and \textbf{Noteholders} shall be construed accordingly;

\textbf{Notes} means up to £2,585,365 unsecured loan notes 2016 constituted by this instrument or, as the case may be, the amount of such loan notes for the time being issued and outstanding;

\textbf{Register} means the register of Noteholders kept and maintained by the Company in accordance with clause 8; and

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

1.2 Any reference in this instrument to:

1.2.1 the \textbf{assets} of any person shall be construed as a reference to all or any part of its business, undertaking, property, assets, revenues (including any right to receive revenues) and uncalled capital;

1.2.2 an \textbf{encumbrance} shall be construed as a reference to a mortgage, charge, assignment, pledge, lien (save as arising in the ordinary course of business),

26087735.3
hypothecation, right of set-off (save as arising under the general law for the protection of certain classes of creditors) or trust arrangement for the purpose of and having a similar effect to the granting of security, or other security interest of any kind;

1.2.3 indebtedness shall be construed as a reference to any obligation for the payment or repayment of money, whether as principal or as surety and whether present or future, actual or contingent;

1.2.4 this instrument or to any other instrument, agreement or document shall, unless the context otherwise requires, be construed as reference to this instrument or such other instrument, agreement or document as the same may from time to time be amended, varied, supplemented or novated, in each case, in accordance with its terms;

1.2.5 a month shall be construed as a reference to a period starting on one day in a calendar month and ending on the numerically corresponding day in the next calendar month save that, where any such period would otherwise end on a day that is not a Business Day, it shall end on the next Business Day, unless that day falls in the calendar month succeeding that in which it would otherwise have ended, in which case it shall end on the preceding Business Day provided that, if a period starts on the last Business Day in a calendar month or if there is no numerically corresponding day in the month in which that period ends, that period shall end on the last Business Day in that ater month;

1.2.6 a person includes a natural person, corporate or unincorporated body (whether or not having separate legal personality);

1.2.7 repayment includes redemption and vice versa and the words repay, redeem, repayable, redeemed and repaid shall be construed accordingly;

1.2.8 a reference to a holding company or a subsidiary means a holding company or a subsidiary (as the case may be) as defined in section 1159 of the Companies Act 2006 and a company shall be treated, for the purposes only of the membership requirement contained in sections 1159(1)(b) and (c), as a member of another company even if its shares in that other company are registered in the name of: (i) another person (or its nominee), by way of security or in connection with the taking of security; or (ii) its nominee.

1.2.9 tax shall be construed so as to include any present and future tax, levy, impost, deduction, withholding, duty or other charge of a similar nature (including, without limitation, any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same);

1.2.10 the winding-up, dissolution or administration of a person shall be construed so as to include any equivalent or analogous proceedings under the law of the jurisdiction in which such person is incorporated or of any jurisdiction in which such person carries on business; and

1.2.11 Sterling and £ denotes the lawful currency of the United Kingdom.

1.3 An Event of Default is "continuing" if it has not been remedied to the satisfaction of the Noteholders or waived in writing by the Noteholders.
1.4 References to any statute or statutory provision shall be construed as a reference to it as in force at the date of this instrument as amended, extended or re-enacted from time to time and shall include all subordinate legislation made from time to time under that statute or statutory provision.

1.5 In construing this instrument general words introduced by the word other shall not be given a restrictive meaning by reason of the fact that they are preceded by words indicating a particular class of acts, matters or things and general words followed by the word including shall not be given a restrictive meaning by reason of the fact that they are followed by particular examples intended to be embraced by the general words.

1.6 All the provisions of this instrument are severable and distinct from one another and the illegality, invalidity or unenforceability of any provision of this instrument under the law of any jurisdiction shall not affect its validity or enforceability under the law of any other jurisdiction nor the legality, validity or enforceability of any other provision.

1.7 References to the Notes include references to all and/or any of the Notes.

1.8 Clause, Schedule and paragraph headings shall not affect the interpretation of this instrument.

1.9 References to clauses and Schedules are to the clauses of and Schedules to this instrument and references to paragraphs are to paragraphs of the relevant Schedule.

1.10 The Schedules (including, for avoidance of doubt, the Conditions) form part of this instrument and shall have effect as if set out in full in the body of this instrument. Any reference to this instrument includes the Schedules.

2. **AMOUNT OF NOTES**

The principal amount of the Notes is limited to £2,585,365.

3. **DESCRIPTION OF NOTES**

The Notes shall be known as "BHS Group Limited Loan Notes 2016" and shall be issued in integral multiples of £1 by the Company.

4. **STATUS OF NOTES**

The Notes when issued shall rank pari passu equally and rateably without discrimination or preference among themselves and as an unsecured obligation of the Company.

5. **REPAYMENT OF NOTES**

5.1 When the Notes become payable in accordance with the provisions of this instrument, the Company shall pay to the Noteholders the full principal amount of the Notes to be repaid together with any accrued interest on such Notes (less any tax which the Company is required by law to deduct or withhold from such payment) up to and including the date of payment.

5.2 All payments under this instrument, whether of principal, interest or otherwise, shall be made by the Company to the Noteholders entitled to such payments as provided in paragraph 8 of Schedule 3.
5.3 Where any payment to a Noteholder, whether of principal, interest or otherwise, is due in accordance with the terms of this instrument on a day that is not a Business Day, payment shall take place on the next succeeding Business Day. If that next succeeding Business Day is in the month following the month in which payment would otherwise be made, payment shall take place on the immediately preceding Business Day.

6. INTEREST ON NOTES

Save for default interest which shall accrue in accordance with paragraph 5 of Schedule 2, no Interest shall accrue on the principal amount of the Notes which are outstanding.

7. CERTIFICATES

7.1 Each certificate for Notes shall:

7.1.1 bear a denoting number;

7.1.2 be issued to a Noteholder as a deed, substantially in the form set out in Schedule 1; and

7.1.3 have the Conditions endorsed on it.

7.2 Each Noteholder shall be entitled to receive without charge one certificate for the Notes registered in his name.

7.3 The Company shall not be bound to register more than four persons as the joint holders of any Notes and, in the case of Notes held jointly by several persons, the Company shall not be bound to issue more than one certificate. Delivery of a certificate to the person who is first named in the Register as Noteholder shall be sufficient delivery to all joint holders of the Notes in respect of which such certificate has been delivered.

7.4 When a Noteholder transfers or redeems part only of his Notes, the old certificate shall be cancelled and a new certificate for the balance of such Notes shall be issued without charge.

8. REGISTER

8.1 The Company shall, at all times, keep a Register at its registered office (or at such other place as the Company may from time to time have appointed for the purpose and have notified to the Noteholders).

8.2 The Register shall contain the following details:

8.2.1 the names and addresses of the Noteholders for the time being;

8.2.2 the principal amount of the Notes held by each Noteholder;

8.2.3 the date at which the name of each Noteholder is entered in respect of the Notes registered in his name;

8.2.4 the date of issue of each Note; and

8.2.5 all transfers and changes of ownership of the Notes.

8.3 Any change of name or address by any Noteholder that is notified to the Company at its registered office address above shall be entered in the Register.
8.4 Any Noteholder may at all reasonable times during office hours and on reasonable notice inspect, and take copies of, the Register.

9. COVENANTS

9.1 Unless as notified to the Noteholders in writing in advance:

9.1.1 the Company may not make any acquisition or investment;

9.1.2 the Company shall not enter into a single transaction or a series of transactions (whether related or not and whether voluntary or involuntary) to dispose of all or any part of any asset;

9.1.3 the Company shall not create or purport to create or permit to subsist any Security Interest on or in relation to all or any part of any asset; and

9.1.4 the Company may not incur or incur or have outstanding any financial indebtedness.

10. EVENTS OF DEFAULT

Each of the circumstances set out in this clause 9 following is an Event of Default:

10.1.1 the Company fails to pay any principal or interest on any of the Notes within 5 Business Days after the due date for payment thereof;

10.1.2 the Company fails duly to perform or comply with any obligation (other than an obligation to pay principal or interest in respect of the Notes) expressed to be assumed by it in this instrument;

10.1.3 any financial indebtedness of the Company is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default (however described);

10.1.4 the Company is unable or admits inability to pay its debts as they fall due or suspends making payments on any of its debts;

10.1.5 a moratorium is declared in respect of any indebtedness of the Company;

10.1.6 any corporate action, legal proceedings or other procedure or formal step is taken in relation to the winding-up, dissolution, administration or reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise) of the Company;

10.1.7 the enforcement of any security or encumbrance over any assets of the Company;

10.1.8 any expropriation, attachment, sequestration, distress or execution affects any asset or assets of the Company which is not discharged within 5 Business Days of presentation;

10.1.9 anything analogous to or having a substantially similar effect to any of the events specified in clause 10.1.5 to clause 10.1.8 inclusive shall occur under the laws of any applicable jurisdiction;

10.1.10 any financial indebtedness of the Company is not paid when due nor within any originally applicable grace period;
10.1.11 any financial indebtedness of the Company is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default (however described);

10.1.12 any commitment for any financial indebtedness or borrowings of the Company is cancelled or suspended by a creditor of the Company as a result of an event of default (however described);

10.1.13 any creditor of the Company becomes entitled to declare any financial indebtedness of the Company due and payable prior to its specified maturity as a result of an event of default (however described); or

10.1.14 it is or becomes or will become unlawful for the Company to perform or comply with any of its obligations under this instrument, or any such obligation is not or ceases to be legal, valid and binding.

11. ACCELERATION

11.1 On and at any time after the occurrence of an Event of Default which is continuing, the Noteholders may by notice in writing to the Company direct that the principal amount of all Notes, all unpaid accrued interest and any other sum then payable on such Notes shall become due and payable immediately.

11.2 If the Noteholders give such a direction under this clause 11, then the principal amount of all Notes, all unpaid accrued interest and any other sum then payable on such Notes (in each case less any applicable taxes) shall be immediately due and payable by the Company and the Company shall immediately pay or repay such amounts to the Noteholders.

12. NO SET-OFF

Payments of principal and interest under this instrument shall be paid by the Company to the Noteholders, and the Notes shall be transferable in accordance with the provisions of Schedule 3, without any deduction or withholding (whether in respect of any set-off, counterclaim or otherwise whatsoever) unless the deduction or withholding is required by law.

13. ENFORCEMENT

13.1 From and after the date of this instrument and so long as any amount is payable by the Company in respect of the Notes, the Company undertakes that it shall duly perform and observe the obligations on its part contained in this instrument.

13.2 The Notes shall be held subject to and with the benefit of the provisions of this instrument, the Conditions and the schedules (all of which shall be deemed to be incorporated in this instrument). All such provisions shall be binding on the Company and the Noteholders and all persons claiming through or under them respectively, and shall ensue for the benefit of all Noteholders.

13.3 Except as expressly provided in clause 13.4, a person who is not a party to this instrument shall not have any rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this instrument.

13.4 This instrument and the Notes are enforceable under the Contracts (Rights of Third Parties) Act 1999 by each Noteholder.
14. MODIFICATION

14.1 The provisions of this instrument and the Conditions and the rights of the Noteholders shall not be modified, abrogated or compromised in any respect unless prior written consent for such modification, abrogation or compromise has first been obtained from:

14.1.1 the Noteholders; and

14.1.2 the Company.

15. GOVERNING LAW AND JURISDICTION

15.1 This instrument and the Notes and any dispute or claim arising out of or in connection with any of them or their 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.

15.2 The courts of England and Wales shall have exclusive jurisdiction to settle any dispute or claim arising out of or in connection with this instrument or any Note or their subject matter or formation (including non-contractual disputes or claims).

This instrument has been executed as a deed and is delivered and takes effect on the date stated at the beginning of it.
SCHEDULE 1 - FORM OF LOAN NOTE CERTIFICATE

Certificate No. [NUMBER]
Date of Issue [DATE]
Amount £[AMOUNT]

BHS GROUP LIMITED

£[AMOUNT]
UNSECURED LOAN NOTES 2016

Created and issued pursuant to a resolution of the board of directors of the Company passed on [DATE].

THIS IS TO CERTIFY THAT [NAME OF NOTEHOLDER] is the registered holder of £[AMOUNT] of the £[?] unsecured loan notes 2017 constituted by an instrument entered into by the Company on [DATE] (Instrument). Such Notes are issued with the benefit of and subject to the provisions contained in the Instrument and the Conditions endorsed hereon.

1. The Notes are repayable in accordance with paragraph 1 of Schedule 2 of the Instrument.

2. This Certificate must be surrendered before any transfer, whether of the whole or any part of the Notes comprised in it, can be registered or any new certificate issued in exchange.

3. Any change of address of the Noteholder(s) must be notified in writing signed by the Noteholder(s) to the Company at its registered office from time to time.

4. The Notes are transferable in amounts and in integral multiples of £1 in accordance with the terms of the Conditions and the Instrument.

5. Words and expressions defined in the Instrument shall bear the same meaning in this Certificate and in the Conditions endorsed hereon.

6. The Notes and any dispute or claim arising out of or in connection with any of them or their 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.

7. The courts of England and Wales shall have exclusive jurisdiction to settle any dispute or claim arising out of or in connection with the Notes or their subject matter or formation (including non-contractual disputes or claims).

8. This Certificate has been executed as a deed and is delivered and takes effect on its date of issue stated at the beginning of it.
EXECUTED as a deed by
BHS GROUP LIMITED
acting by a director, in the presence of:

Signature

Director

Print name

Witness signature

Name (in BLOCK CAPITALS)

Address
SCHEDULE 2 - THE CONDITIONS

1. Repayment

1.1 On each Repayment Date the Company shall redeem such amount of the principal amount of Notes as is set out against each Repayment Date in column (2) of the table set out in Schedule 4, the redemption of such Notes on such Repayment Date to be in full together with all accrued and unpaid interest (less any tax required by law to be deducted or withheld from such payment) accrued on the relevant Notes up to (and including) the date of such repayment by the Company pursuant to this paragraph 1.

1.2 If any payment (whether of principal, interest or otherwise) in respect of any Notes becomes due in accordance with these Conditions on a day that is not a Business Day, such payment shall take place on the next succeeding Business Day, but in the case of default interest payable in accordance with paragraph 5 of this Schedule 2, no adjustment shall be made to the amount of default interest payable and the Noteholder shall not be entitled to any other payment in respect of any such delay.

2. Voluntary early repayment

2.1 The Company may at any time, by giving the Noteholders not less than 10 Business Days' written notice, repay the principal amount of all or a portion of the Notes on the date specified in such notice.

2.2 The Company shall also pay to the Noteholders all unpaid interest accrued on the Notes to be redeemed up to and including the date of such redemption (in each case less any taxes required by law to be deducted or withheld from such payments).

2.3 Any payment made under the provisions of paragraph 2.1 of this Schedule 2 shall be treated as reducing the amount of the repayments under paragraph 1 of this Schedule 2 proportionately.

2.4 Any redemption of the Notes under the provisions of paragraph 1 of this Schedule 2 shall be made pro rata to the holdings of all Noteholders.

3. Cancellation

All Notes repaid, prepaid or purchased by the Company shall be cancelled and the Company shall not reissue the same.

4. Payment of interest

Save as provided for in paragraph 5 of this Schedule 2, the Notes shall accrue no interest.

5. Default Interest

5.1 If the Company fails to pay any amount payable by it under this instrument on its due date, interest shall accrue on the unpaid sum from the due date up to the date of actual payment (both before and after judgment) at a rate of ten (10) per cent per annum. Any interest accruing under this paragraph 5 shall be payable by the Company on demand by the Noteholders.

5.2 Default interest (if unpaid) arising on an unpaid sum will be compounded with the unpaid sum but will remain immediately due and payable.
5.2 Default interest (if unpaid) arising on an unpaid sum will be compounded with the unpaid sum but will remain immediately due and payable.

6. **Dealings**

The Notes shall not be capable of being dealt in or on any stock exchange in the United Kingdom or elsewhere and no application has been or shall be made to any stock exchange for permission to deal in or for an official or other quotation for the Notes.

7. **Notices**

Any Noteholder described in the Register as being at an address outside the United Kingdom but who shall from time to time give to the Company an address within the United Kingdom at which any notice may be served upon him shall be entitled to have notice served on him at such address. Save as otherwise provided in this paragraph 7, no Noteholder other than a Noteholder described in the Register as being at an address within the United Kingdom shall be entitled to receive any notice.
SCHEDULE 3- PROVISIONS AS TO REGISTRATION, TRANSFER AND OTHER MATTERS

1. Recognition of Noteholder as absolute owner

The Company shall recognise as absolute owner the registered holder of any Notes. The Company shall not (except as ordered by a court of competent jurisdiction) be bound to take notice or see to the execution of any trust (whether express, implied or constructive) to which any Notes may be subject. The receipt of the registered holder for the time being of any Notes or, in the case of joint registered holders, the receipt of any of them, for the principal payable in respect of such Notes and for the interest from time to time accruing due in respect of such Notes or for any other moneys payable in respect of such Notes shall be a good discharge to the Company notwithstanding any notice it may have (whether express or otherwise) of the right, title, interest or claim of any other person to or in such Notes, interest or moneys. The Company shall not be bound to enter any notice of any express, implied or constructive trust on the Register in respect of any Notes.

2. Transferability of Notes

The Notes are transferable by instrument in writing in the usual common form (or in such other form as the Directors of the Company may approve) in amounts and multiples of £1. There shall not be included in any instrument of transfer any Notes other than the Notes constituted by this instrument.

3. Execution of transfers

Every instrument of transfer shall be duly signed by or on behalf of the transferor and the transferee shall be deemed to remain the owner of the Notes to be transferred until the transferee's name is entered in the Register in respect of such Notes.

4. Registration of transfers

Every instrument of transfer shall be left for registration at the address where the Register is maintained for the time being (as referred to in clause 8.1 of this instrument) accompanied by the Certificate(s) for the Notes to be transferred, together with such other evidence as the Directors or other officers of the Company authorised to deal with the transfers may require to prove the title of the transferor or his right to transfer the Notes and, if the instrument of transfer is executed by some other person on his behalf, the authority of that person to do so. All instruments of transfer which are registered shall be retained by the Company. No transfer shall be registered of Notes in respect of which a notice of repayment has been given under paragraph 2 (Voluntary early repayment) of Schedule 2.

5. No fees for registration of transfers

No fee shall be charged for the registration of any transfer or for the registration of any confirmation, probate, letters of administration, certificate of marriage or death, power of attorney or other document relating to or affecting the title to any Notes or for making any entry in the Register relating to or affecting the title to any Notes.

6. Recognition of personal representatives

The executors or administrators of a deceased Noteholder (not being one of several joint registered holders) and in the case of the death of one or more of several joint registered
holders the survivor or survivors of such joint registered holders, shall be the only person(s) recognised by the Company as having any title to such Notes.

7. Transmission of Notes

Any person who becomes entitled to any of the Notes as a result of the death or bankruptcy of any Noteholder, or of any other event giving rise to the transmission of such Notes by operation of law may, upon producing such evidence that he sustains the character in respect of which he proposes to act under this paragraph 7 or of his title as the Directors shall think sufficient, be registered himself as the holder of such Notes or, subject to the preceding paragraphs of this Schedule 3 as to transfer, may transfer such Notes. The Company may retain any payments paid upon any such Notes which any person under this provision is entitled to, until such person is registered as the holder of such Notes or has duly transferred the Notes.

8. Payment of interest and principal

8.1 The payments of principal, interest or other sums payable in respect of the Notes may be paid by electronic transfer in immediately available cleared funds on the due date for payment, to the account specified for the purpose by the Noteholder or joint Noteholders in writing to the Company.

8.2 All payments of principal, interest or other moneys to be made by the Company shall be made after any deductions or withholdings for or on account of any present or future taxes required to be deducted or withheld from such payments.

9. Receipt of joint holders

If several persons are entered in the Register as joint registered holders of any Notes then without prejudice to the provisions of paragraph 8 the receipt of any one of such persons for any interest or principal or other moneys payable in respect of such Notes shall be as effective a discharge to the Company as if the person signing such receipt were the sole registered holder of such Notes.

10. Replacement of certificates

If the Certificate for any Notes is lost, defaced or destroyed it may be renewed on such terms (if any) as to evidence and indemnity as the Directors may require. In the case of defacement the defaced Certificate shall be surrendered before the new Certificate is issued.

11. Notice of Noteholders

Any notice or other document (including Certificates for Notes) may be given or sent to any Noteholder by sending the same by post in a prepaid, first-class letter addressed to such Noteholder at his registered address in the United Kingdom or (if he has no registered address within the United Kingdom) to the address (if any) within the United Kingdom supplied by him to the Company for the giving of notice to him. In the case of joint registered holders of any Notes a notice given to the Noteholder whose name stands first in the Register in respect of such Notes shall be sufficient notice to all joint holders. Notice may be given to the persons entitled to any Notes as a result of the death or bankruptcy of any Noteholder by sending the same by post in a prepaid, first-class envelope addressed to them by name or by the title of the representative or trustees of such Noteholder at the address (if any) in the United Kingdom supplied for the purpose by such
persons or (until such address is supplied) by giving notice in the manner in which it would have been given if the death or bankruptcy had not occurred.

12. Notice to the company

Any notice or other document (including Certificates for Notes and transfers of Notes) may be given or sent to the Company by sending the same by post in a prepaid, first-class letter addressed to the Company at its registered office for the time being.

13. Service of notices

Any notice, communication or document sent by post shall be deemed to have been delivered or received on the second Business Day following the day on which it was posted. In proving such delivery or receipt it shall be sufficient to prove that the relevant notice, communication or document was properly addressed, stamped and posted (by airmail, if to another country) in the United Kingdom.
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<td><strong>Total:</strong></td>
<td><strong>2,585,364.67</strong></td>
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EXECUTION PAGE FOR LOAN NOTE INSTRUMENT CONSTITUTED BY BHS GROUP LIMITED

EXECUTED as a deed by BHS GROUP LIMITED acting by a director, in the presence of:

Signature

[Signature]

Director

Print name

DOMINIC CHANDLER

Witness signature

[Signature]

Name (in BLOCK CAPITALS)

EMMA REID

Address

LINSTONE, EAST STREET, HUNTON, KENT ME15 ORB
LOAN NOTE CERTIFICATE

Certificate No. 01
Date of Issue 1 May 2015
Amount £2,585,365

BHS GROUP LIMITED

£2,585,365
UNSECURED LOAN NOTES 2016

Created and issued pursuant to a resolution of the board of directors of the Company passed on 1 May 2015.

THIS IS TO CERTIFY THAT ALLIED COMMERCIAL EXPORTERS LIMITED (company number 00403053) is the registered holder of £2,585,365 of the £2,585,365 unsecured loan notes 2016 constituted by an instrument entered into by the Company on 1 May 2015 (Instrument). Such Notes are issued with the benefit of and subject to the provisions contained in the Instrument and the Conditions endorsed hereon.

1. The Notes are repayable in accordance with paragraph 1 of Schedule 2 of the Instrument.

2. This Certificate must be surrendered before any transfer, whether of the whole or any part of the Notes comprised in it, can be registered or any new certificate issued in exchange.

3. Any change of address of the Noteholder(s) must be notified in writing signed by the Noteholder(s) to the Company at its registered office from time to time.

4. The Notes are transferable in amounts and in integral multiples of £1 in accordance with the terms of the Conditions and the Instrument.

5. Words and expressions defined in the Instrument shall bear the same meaning in this Certificate and in the Conditions endorsed hereon.

6. The Notes and any dispute or claim arising out of or in connection with any of them or their 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.

7. The courts of England and Wales shall have exclusive jurisdiction to settle any dispute or claim arising out of or in connection with the Notes or their subject matter or formation (including non-contractual disputes or claims).

8. This Certificate has been executed as a deed and is delivered and takes effect on its date of issue stated at the beginning of it.
EXECUTED as a deed by
BHS GROUP LIMITED
acting by a director, in the presence of:

Signature

[Signature]

Director

Print name

DOMINIC CHANDLER

Witness signature

[Signature]

Name (in BLOCK CAPITALS)  EMMA REID

Address  LINSTONE, EAST STREET,
         HUNTON, KENT, ME15 ORR.
BHS GROUP LIMITED
(the "Company")

MINUTES OF A MEETING OF THE
DIRECTORS OF THE COMPANY HELD
AT Marylebone House, 129-137 Marylebone Rd, London
ON 1 May 2015 AT 11:45 A.M./P.M.

PRESENT: Dominic Chandler (Chairman)
Keith Smith

IN ATTENDANCE: Emma Reid

1. NOTICE AND QUORUM
The Chairman reported that notice of the meeting had been given to all of the directors of the Company and that the meeting was quorate.

2. PURPOSE OF THE MEETING AND DOCUMENTS

2.1 It was noted that J9 Properties Limited ("J9 Properties") was the legal and beneficial holder of £3,645,000 unsecured loan notes 2017 (the "Original Loan Notes") created and allotted by the Company pursuant to a loan note instrument dated 11 March 2015.

2.2 The Company has agreed with J9 Properties to cancel the Original Loan Notes in consideration for the issue to J9 Properties' parent company, Allied Commercial Exporters Limited ("ACE"), of £2,585,365 unsecured loan notes 2016 (the "New Loan Notes") in the capital of the Company, such New Loan Notes to be created and constituted by the Company pursuant to a loan note instrument (the "New Loan Instrument") with a face value £2,585,365.

2.3 The Chairman further reported that the reduction in principal amount of the New Loan Notes as against the Original Loan Notes reflected a commensurate increase in the principal amount of outstanding loan borrowed by the Company's parent, Retail Acquisitions Limited ("RAL"), under a loan agreement dated 11 March 2015 between ACE and RAL, and varied on or around the date of this deed pursuant to a deed of amendment and variation between RAL, ACE and BHS Properties Limited.
2.4 The Chairman therefore confirmed that the purpose of the meeting was to approve the terms of the New Loan Instrument, create the New Loan Notes and issue the New Loan Notes to ACE.

3. DIRECTORS' DUTIES AND DECLARATIONS OF INTEREST

3.1 The directors were reminded that they needed to comply with their duties to the Company, including the duties set out in sections 171 to 177 Companies Act 2006 (the "Act"). These included a duty to declare interests in proposed transactions and arrangements with the Company and a separate and independent statutory obligation to declare interests in existing transactions and arrangements with the Company.

3.2 Each director was reminded that he also needed to comply with his duty to avoid a situation in which he has, or could have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company, unless authorised either by directors independent of the conflict, as permitted by the Act and the Company's articles of association or in one of the other ways permitted by the legislation.

3.3 In accordance with the Act, each of the directors declared to the meeting the nature and extent of their interest in the business of the meeting.

3.4 It was noted that under the Company's articles of association, each director was entitled to vote and count towards the quorum on all business to be discussed at the meeting.

4. APPROVAL OF THE NEW LOAN NOTE INSTRUMENT

4.1 The New Loan Note Instrument was produced to the meeting and considered by each director.

4.2 Each director was reminded that in considering whether the Company should enter into the New Loan Note Instrument, he needed to comply with his general duties to the Company. These included a duty to act in the way he considered, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, having regard (amongst other matters) to:

4.2.1 the likely consequences of any decision in the long term;

4.2.2 the interests of the Company's employees;

4.2.3 the need to foster the Company's business relationships with suppliers, customers and others;

4.2.4 the impact of the Company's operations on the community and the environment;

4.2.5 the desirability of the Company maintaining a reputation for high standards of business conduct; and

4.2.6 the need to act fairly as between the members of the Company.

4.3 After due and careful consideration, IT WAS RESOLVED that:
4.3.1 the terms of the New Loan Note Instrument were fair and reasonable;

4.3.2 the entry by the Company into the New Loan Note Instrument on its terms was most likely to promote the success of the Company for the benefit of its members as a whole, having regard amongst other matters to the factors set out in paragraph 4.2;

4.3.3 the New Loan Note Instrument be approved;

4.3.4 any two directors or any director in the presence of a witness (who attests the director's signature) be authorised on behalf of the Company to execute the New Loan Note Instrument and any other document required to be executed by the Company as a deed (subject to such amendments, modifications, variations and alterations as he may deem fit); and

4.3.5 that any director, and in the case of any document requiring execution as a deed, any two directors (or any director in the presence of a witness who attests his signature), be authorised or behalf of the Company to do all other acts or things necessary or desirable in connection with the New Loan Note Instrument and the matters contemplated therein.

5. ALLOTMENT OF LOAN NOTES

5.1 Subject to execution of the New Loan Note Instrument on behalf of the Company, IT WAS RESOLVED THAT:

5.1.1 ACE be allotted £2,585,365 unsecured loan notes in the capital of the Company created by and subject to the New Loan Note Instrument;

5.1.2 ACE's name be entered in the Company's register of Loan Notes as the holders of the Loan Notes; and

5.1.3 any two directors or director in the presence of a witness (who attests the director's signature) be authorised to execute on behalf of the Company a loan note certificate in the name of ACE evidencing ACE's legal and beneficial title to the £2,585,365 unsecured loan notes in the capital of the Company created by and subject to the New Loan Note Instrument, and such loan note certificate to delivered to ACE.

6. RETURNS

6.1 IT WAS RESOLVED that any director or the secretary be authorised and instructed to complete and sign (or to arrange for the completion and signature of) all appropriate:

6.1.1 forms and other documents in respect of the matters referred to above and to arrange for delivery of such forms and documents to the Registrar of Companies and to such other persons as may be required; and

6.1.2 the appropriate book entries of the Company to reflect the cancellation of the Original Loan Notes and creation and issue of the New Loan Notes to ACE.
7. **CLOSE OF MEETING**

There being no further business, the meeting closed.

[Signature]

Chairman