Dated 11 MARCH 2015

(1) ALLIED COMMERCIAL EXPORTERS LIMITED

- and -

(2) RETAIL ACQUISITIONS LIMITED

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LOAN AGREEMENT

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Mishcon de Reya
Summit House
12 Red Lion Square
London WC1R 4QD
Tel: 020 7440 7000
Fax: 020 7404 5982
Ref:
THIS AGREEMENT is made on 11 MARCH 2015

BETWEEN

(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); and

(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).

IT IS AGREED as follows:

1. DEFINITIONS AND INTERPRETATION

1.1 In this Agreement:

Availability Period means the period from the date of this Agreement to (and including) 3 Business Days from the date of this Agreement.

BHS Properties means BHS Properties Limited (company number 2139762).

Business Day means a day (other than Saturday or Sunday) on which banks are open for general business in London.

Drawdown Date means the date on which the Loan or an advance under the Facility is, or is to be, drawn down.

Drawdown Notice means the drawdown notice substantially in the form set out in Schedule 2 (Drawdown Notice) of this Agreement.

Event of Default means any event or circumstance specified as such in clause 10 (Events of Default).

Exit Fee means an exit fee of £1,000,000.

Facility means the loan facility described in clause 2 (Facility).

Finance Document means this Agreement, the Security Agreement and any other document designated as such by the Lender and the Borrower.

Final Repayment Date means the date falling 60 days from the date of this Agreement.

Loan means the aggregate principal amount of the Facility drawn down and outstanding from time to time.

Party means a party to this Agreement.

Property means the freehold interest in Unit 8, Carlyon Road, Atherstone CV9 1LQ which is registered at the Land Registry with title absolute under title number WK314942.
"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.

Security Document means the legal mortgage over the Property and related rights granted or to be granted by BHS Properties in favour of the Lender.

1.2 An Event of Default is "continuing" if it has not been remedied to the satisfaction of the Lender or waived.

1.3 Clause and Schedule headings are for ease of reference only.

1.4 Unless the context otherwise requires, words importing the singular shall include the plural and vice versa.

1.5 Unless expressly provided under this Agreement, a person who is not a party to this Agreement may not enforce any of its terms under the Contract (Rights of Third Parties) Act 1999.

2. FACILITY

2.1 Subject to clause 2.2 the Lender shall make available to the Borrower a sterling loan facility of £5,000,000 on and subject to the terms and conditions of this Agreement.

2.2 The Facility may be drawn down in full in one single amount only.

2.3 Any part of the Facility not drawn down by the close of business on the last day of the Availability Period will be cancelled at such time.

2.4 The Facility is to be secured by the Security Document.

3. PURPOSE

3.1 The Borrower shall apply the Loan to fund a subscription for shares in BHS Group Limited.

3.2 The Lender is not bound to monitor or verify the application of any amount borrowed pursuant to this Agreement.

4. DRAWING

The Lender shall make the Loan available to the Borrower on the Drawdown Date provided that:

(a) no Event of Default has occurred and is continuing and no Event of Default would arise by reason of the making of the Loan;

(b) a Drawdown Notice has been served on the Lender prior to the proposed Drawdown Date stating the amount of the proposed Loan and the proposed Drawdown Date (which must be during the Availability Period);
(c) the representations and warranties set out in clause 8 (Representations and warranties) remain true and accurate in all respects on the Drawdown Date; and

(d) the Lender has received all of the documents and other evidence listed in Schedule 1 (Conditions precedent) in form and substance satisfactory to the Lender.

5. **REPAYMENT AND PREPAYMENT**

5.1 The Borrower must repay the Loan as follows:

5.1.1 an amount equal to £2,000,000 on the date falling 5 Business Days after the date of this Agreement; and

5.1.2 an amount equal to £3,000,000 on the Final Repayment Date.

5.2 Amounts repaid or prepaid may not be re-borrowed.

5.3 The Borrower may prepay the Loan in part or in full together with any default interest accrued but not paid pursuant to clause 7 (Default interest) and all other amounts owing under this Agreement at any time prior to the Final Repayment Date.

6. **PAYMENTS**

6.1 If any payment under this Agreement falls due on a non-Business Day, it must be paid on the next following Business Day in the same month (if there is one) or the preceding Business Day (if there is not).

6.2 Subject to clause 6.3 below, all payments made by the Borrower to the Lender under this Agreement must be made in sterling, in immediately available funds, without set-off or counterclaim and without any deduction.

6.3 If the Borrower makes any payment hereunder in respect of which it is required by law to make any deduction or withholding, it must:

6.3.1 pay or procure the payment of the full amount to the relevant taxation or other authority in accordance with the applicable law; and

6.3.2 pay such additional amounts to ensure receipt by the Lender of the full amount the Lender would have received but for such deduction or withholding.

7. **DEFAULT INTEREST**

7.1 If the Borrower fails to pay any amount payable by it under this Agreement 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 clause 7.1 shall be payable by the Borrower on demand by the Lender.

7.2 Default interest (if unpaid) arising on an unpaid sum will be compounded with the unpaid sum but will remain immediately due and payable.
8. **FEES, COSTS AND EXPENSES**

8.1 The Borrower shall pay to the Lender the Exit Fee on the earlier of (i) the Final Repayment Date and (ii) the date of repayment or prepayment in full of the Loan.

8.2 The Borrower shall promptly on demand pay to the Lender the amount of all costs and expenses reasonably incurred by it in connection with the negotiation, preparing, printing, execution and perfection of the Finance Documents.

8.3 The Borrower shall pay to Mishcon de Reya, the solicitors for the Lender, legal fees of £25,000 plus VAT and disbursements, in the following instalments:

8.3.1 an amount equal to £10,000 plus VAT and disbursements being due and payable on the Drawdown Date; and

8.3.2 an amount equal to £15,000 plus VAT and disbursements payable on the date falling 5 Business Days after the date of this Agreement.

8.4 The Borrower shall immediately on demand pay to the Lender the amount of all costs and expenses (including legal fees and any related VAT) incurred by it:

8.4.1 in connection with the enforcement or preservation of any right under any Finance Documents; and

8.4.2 in investigating any Event of Default which has occurred and is continuing.

9. **REPRESENTATIONS**

The Borrower represents and warrants that:

9.1 it is a company validly incorporated and existing under the laws of England and Wales, with power to enter into the Finance Documents to which it is party and to exercise its rights and perform its obligations thereunder and it has taken all corporate or other action required to authorise the execution by it of the Finance Documents to which it is party and the performance by it of its obligations thereunder;

9.2 the execution, delivery and performance of the obligations in, and transactions contemplated by the Finance Documents to which it is party, do not and will not contravene any agreement or instrument binding on it or its assets, or any law or regulation applicable to it and does not contravene its respective memorandum and articles of association;

9.3 the obligations expressed to be assumed by it in the Finance Documents to which it is party are legal, valid, binding and enforceable obligations;

9.4 no Event of Default has occurred or might reasonably be expected to result from the advancing of the Loan;

9.5 no steps have been taken or legal proceedings been started or threatened against the Borrower for the seizure, distress or other enforcement (howsoever described) against any of the Borrower’s assets;
9.6 no litigation, arbitration or administrative proceeding is taking place, pending or, (to
the knowledge of the Borrower) threatened against the Borrower; and

9.7 all information supplied by it or on its behalf to the Lender in connection with the
Finance Documents was true and accurate as at the date it was provided or as at
any date at which it was stated to be given.

10. COVENANTS

Unless as notified to the Lender in advance:

10.1 the Borrower may not make any acquisition or investment other than the
subscription for shares in BHS Group Limited.

10.2 the Borrower 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.

10.3 the Borrower 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

10.4 the Borrower may not incur or incur or have outstanding any financial indebtedness.

11. CONDITIONS SUBSEQUENT

The Borrower shall procure that the Lender is co-insured on the insurance policy
relating to the Property (or if the Lender agrees, that the interests of the Lender are
noted on the policy), that the Lender is shown as first-loss payee and that all
premiums have been paid and are up to date, no later than 10 Business Days after
the date of this Agreement.

12. EVENTS OF DEFAULT

12.1 Subject to clause 12.2, each of the circumstances set out in this clause 12.1 is an
Event of Default:

12.1.1 the Borrower does not comply with any provision of this Agreement or BHS
Properties does not comply with any provision of the Security Document;

12.1.2 any representation or statement made or deemed to be made by the
Borrower or BHS Properties in the Finance Documents or any other
document delivered by or on behalf of it under or in connection with the
Finance Documents is or proves to have been incorrect or misleading in any
material respect when made or deemed to be made;

12.1.3 the Borrower or BHS Properties is unable or admits inability to pay its debts
as they fall due or suspends making payments on any of its debts;

12.1.4 a moratorium is declared in respect of any indebtedness of the Borrower or
BHS Properties;

12.1.5 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 Borrower or BHS Properties;

12.1.6 the enforcement of any security or encumbrance over any assets of the Borrower or BHS Properties,

12.1.7 any expropriation, attachment, sequestration, distress or execution affects any asset or assets of the Borrower or BHS Properties which is not discharged within 5 Business Days of presentation;

12.1.8 any financial indebtedness of the Borrower or BHS Properties is not paid when due nor within any originally applicable grace period.

12.1.9 any financial indebtedness of the Borrower or BHS Properties 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).

12.1.10 any commitment for any financial indebtedness of the Borrower or BHS Properties is cancelled or suspended by a creditor of the Borrower or BHS Properties (as relevant) as a result of an event of default (however described); or

12.1.11 any creditor of the Borrower or BHS Properties becomes entitled to declare any financial indebtedness of the Borrower or BHS Properties due and payable prior to its specified maturity as a result of an event of default (however described).

12.2 On and at any time after the occurrence of an Event of Default which is continuing, the Lender may by notice in writing to the Borrower declare that all or part of the Loan and the Exit Fee be immediately be due and payable, whereupon they shall immediately become payable, and/or enforce the Security Document.

13. NOTICES

Any communication to be made under or in connection with this Agreement shall be made in writing and, unless otherwise stated, may be made by fax or letter sent by first class-post to the address or fax number stated next to the relevant party's signature block at the end of this Agreement or such other address as a party shall provide to the other from time to time in writing at least 10 days prior to such address becoming effective.

14. PARTIAL INVALIDITY

If, at any time, any provision of this Agreement is or becomes illegal, invalid or unenforceable in any respect under any law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions nor the legality, validity or enforceability of such provision under the law of any other jurisdiction will in any way be affected or impaired.

15. MISCELLANEOUS

15.1 The Borrower may not assign its rights, or transfer its rights and obligations, under this Agreement without the prior written consent of the Lender. The Lender may assign or transfer its rights under this Agreement.
15.2 No term of this Agreement may be amended or waived without the prior written consent of the Parties.

15.3 No failure or delay by the Parties in exercising any right, power or privilege under this agreement shall operate as a waiver thereof or prejudice any other or further exercise by the Parties of any of their rights or remedies under this Agreement. The rights and remedies in this agreement are (unless otherwise expressly provided in this agreement) cumulative and not exclusive of any right or remedies provided by law.

15.4 This Agreement may be executed in any number of counterparts and this has the same effect as if the signatures on the counterparts were on a single copy of this Agreement.

16. GOVERNING LAW AND JURISDICTION

16.1 This Agreement 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.

16.2 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).

THIS AGREEMENT has been entered into and executed as an agreement by the Parties with the intention that it be delivered on the date stated at the beginning of this Agreement.
1. A certified copy of a resolution of the directors of the Borrower, approving the terms of the Finance Documents, authorising named individuals to execute the Finance Documents on its behalf and authorising a named individual or individuals to make requests and give notices on behalf of the Borrower pursuant to the Finance Documents and confirming that the borrowing of the Facility would not cause any borrowing or similar limit of the Borrower to be exceeded.

2. A certified copy of a resolution of the directors of BHS Properties, approving the terms of the Finance Documents, authorising named individuals to execute the Finance Documents on its behalf and authorising a named individual or individuals to make requests and give notices on behalf of BHS Properties pursuant to the Finance Documents and confirming that the securing of the Facility would not cause any security or similar limit of BHS Properties to be exceeded.

3. A certified copy of a resolution signed by all the holders of the issued shares in BHS Properties, approving the terms of, and the transactions contemplated by, the Finance Documents to which BHS Properties is a party.

4. A certified copy of the constitutional documents of the Borrower and BHS Properties.

5. A specimen of the signature of each person authorised by the resolution referred to in paragraph 1 and paragraph 2 above.

6. A certificate of the Borrower (signed by a director) confirming that borrowing or guaranteeing or securing, as appropriate, the Facility would not cause any borrowing, guarantee, security or similar limit binding it to be exceeded.

7. A certificate of BHS Properties (signed by a director) confirming that borrowing or guaranteeing or securing, as appropriate, the Facility would not cause any borrowing, guarantee, security or similar limit binding it to be exceeded.

8. This Agreement duly executed by the Borrower.


10. Evidence that the fees, costs and expenses then due from the Borrower pursuant to this Agreement have been paid or will be paid by the Drawdown Date.

11. Evidence of the insurance cover in force.

12. A clear Land Charges Registry search against BHS Properties or the results of the Land Registry Searches in favour of the Lender on the appropriate forms against all of the registered titles comprising BHS Properties' interests in the Property and giving not less than 20 Business Days' priority beyond the date of the Security Document executed by BHS Properties and showing no adverse entries.

13. An acceptable undertaking to hold the title documents relating to BHS Properties interests in the Property to the order of the Lender upon receipt of the same from DLA Piper UK LLP;
14. Evidence that all security (other than under the Finance Documents) affecting the Property has been, or will be, discharged by the Drawdown Date (if any).

15. Evidence of rental income agreed to be payable (if any) in relation to the existing leases on the Property.

16. All necessary Land Registry application forms in relation to the charging of the Property in favour of the Lender (including a form to note the obligation to make further advances, a form to register the restriction contained in the Security Document and a form for disclosable overriding interests), duly completed, accompanied by payment of the applicable Land Registry fees or an acceptable undertaking in relation to the same.

17. Copies of all Authorisations (if any) required in connection with the charging of the Property in favour of the Lender.

18. Any such other documents, evidence, assurance, consent or notices as the Lender may require or consider desirable.
DRAWDOWN NOTICE

To: Allied Commercial Exporters Limited as Lender

From: Retail Acquisitions Limited as Borrower

Date: 11 March 2015

£5,000,000 facility agreement dated 11 March 2015 between the Lender and the Borrower (the Facility Agreement)

1. Terms defined in the Facility Agreement have the same meaning herein unless otherwise stated herein.

2. We wish to borrow a Loan as follows:

   Purpose of the Loan: To fund a subscription for shares in BHS Group Limited

   Amount: £5,000,000

   Payment Instructions: Funds to be utilised from funds held in Olswang client account

3. This Drawdown Notice is irrevocable.

4. This Drawdown Notice is a Finance Document.

5. We confirm that each condition specified in clause 4 (Drawing) of the Facility Agreement and required to be satisfied on the date of this Drawdown Notice is so satisfied, and we know of no reason why any condition specified in clause 4 (Drawing) of the Facility Agreement to be satisfied on or before the Drawdown Date will not be so satisfied.

By: [Signature]

Authorised Signatory

for and on behalf of

Retail Acquisitions Limited
SIGNATORIES

The Lender

SIGNED on behalf of

ALLIED COMMERCIAL EXPORTERS LIMITED

Signature

Print name

A. BELLAH

Notice details:

Address:

Fax number:

Attention:

The Borrower

SIGNED on behalf of

RETAIL ACQUISITIONS LIMITED

Signature

Authorised person/Director

Print name

Notice details:

Address:

Fax number:

Attention:
SIGNATORIES

The Lender

SIGNED on behalf of

ALLIED COMMERCIAL EXPORTERS LIMITED

Signature

Director

Print name

Notice details:

Address:

Fax number:

Attention:

The Borrower

SIGNED on behalf of

RETAIL ACQUISITIONS LIMITED

Signature

Authorised person/Director

Print name

DOMINIC CHAPPELL

Notice details:

Address:

Fax number:

Attention: