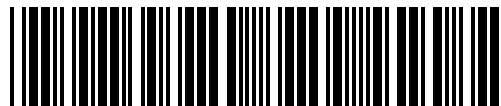




Registration of a Charge

Company Name: **G. MODIANO LIMITED**

Company Number: **00872284**



Received for filing in Electronic Format on the: **02/07/2021**

XA7W7YN5

Details of Charge

Date of creation: **24/06/2021**

Charge code: **0087 2284 0032**

Persons entitled: **LLOYDS BANK CORPORATE MARKETS PLC**

Brief description: **NOT APPLICABLE.**

Contains floating charge(s) (floating charge covers all the property or undertaking of the company).

Contains negative pledge.

Authentication of Form

This form was authorised by: **a person with an interest in the registration of the charge.**

Authentication of Instrument

Certification statement: **I CERTIFY THAT SAVE FOR MATERIAL REDACTED PURSUANT TO S. 859G OF THE COMPANIES ACT 2006 THE ELECTRONIC COPY INSTRUMENT DELIVERED AS PART OF THIS APPLICATION FOR REGISTRATION IS A CORRECT COPY OF THE ORIGINAL INSTRUMENT.**

Certified by: **ADDLESHAW GODDARD LLP**



CERTIFICATE OF THE REGISTRATION OF A CHARGE

Company number: 872284

Charge code: 0087 2284 0032

The Registrar of Companies for England and Wales hereby certifies that a charge dated 24th June 2021 and created by G. MODIANO LIMITED was delivered pursuant to Chapter A1 Part 25 of the Companies Act 2006 on 2nd July 2021 .

Given at Companies House, Cardiff on 5th July 2021

The above information was communicated by electronic means and authenticated
by the Registrar of Companies under section 1115 of the Companies Act 2006



Companies House



**THE OFFICIAL SEAL OF THE
REGISTRAR OF COMPANIES**



Dated

24 June

2021

**THE SEVERAL COMPANIES NAMED IN SCHEDULE 1
(the Companies)**

**LLOYDS BANK CORPORATE MARKETS PLC
(the Bank)**

**GROUP GUARANTEE AND
FLOATING CHARGE**

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Group guarantee and floating charge

Dated 24 June 2021

Between

- (1) **The Companies** listed in Schedule 1 (the **Companies**), and
- (2) **Lloyds Bank Corporate Markets plc** whose registered office is at 25 Gresham Street, London EC2V 7HN.

It is agreed

1 Definitions

- 1.1 In this Deed the following words and phrases shall, save where the context otherwise requires, have the following meanings respectively

Asset means any one of the Assets of a Company

Assets means all the undertaking, property, rights, claims and assets (including uncalled capital and goodwill) of a Company, whatsoever and wheresoever, present and future

Bank means Lloyds Bank Corporate Markets plc and includes persons denying title under it and its successors in business and permitted assigns and any company with which it may amalgamate

Bank Facility means bank facilities of every description including (without limitation) facilities by way of overdraft, loan, acceptance credit, cash advance, discount of trade bills, negotiation of foreign bills, foreign exchange facilities, documentary credits, bonds, guarantees, indemnities or arrangements provided under a Hedging Agreement, in each case provided by the Bank to any of the Companies and in existence at the relevant date (and whether also in existence at the date hereof or arising at any time hereafter)

Borrowings means

- (a) any moneys borrowed or raised in any manner (except moneys raised by the issue of any share capital) including but not limited to moneys borrowed under any overdraft or other banking facility, all on a gross basis,
- (b) the capitalised value of obligations under any hire purchase, credit sale, conditional sale and finance leasing agreements (as determined under applicable accounting standards),
- (c) the amount of any liability evidenced by any Instruments, and
- (d) indebtedness and contingent liabilities under
 - (i) acceptance credits,
 - (ii) debt factoring and invoice or trade bills discounting (save to the extent that there is no right of recourse against the borrower or any of its subsidiaries),
 - (iii) drawings under bill options provided for in loan facilities,

- (iv) deferred payments for assets or services (other than normal trade credit), and
- (v) guarantees and indemnities in respect of third party borrowings,

but shall not include liabilities between Companies, or guarantees or indemnities given by one Company in respect of the Borrowings of any other Company

Business Day means any day save for Saturdays, Sundays and bank and public holidays

Companies means the companies listed in Schedule 1, with the addition of any company added pursuant to sub-clause 4.4 hereof and the deletion of any company released herefrom by prior Written agreement of the Bank, and in every case includes each or any of them severally

Company means any of the Companies

Debt in relation to any Pari Passu Bank, means the aggregate amount from time to time outstanding of all moneys, obligations and liabilities, whether actual or contingent, due, owing or incurred by any of the Companies to that Pari Passu Bank in whatever currency denominated whether on any banking or other account or otherwise in any manner whatsoever (whether alone or jointly and in whatever style, name or form and whether as principal or surety) including all liabilities in connection with foreign exchange transactions, accepting, endorsing or discounting any notes or bills or under bonds, guarantees, indemnities, documentary or other credits or any instruments whatsoever from time to time entered into by that Pari Passu Bank for or at the request of any such Company together with interest to date of payment at such rates and upon such terms as may from time to time be agreed and commission, fees and other charges and all legal and other costs, charges and expenses incurred by that Pari Passu Bank in relation to any such Company on a full indemnity basis BEING IN EVERY CASE moneys, obligations or liabilities secured by the Pari Passu Bank Security of that Pari Passu Bank or any part thereof, but so that liabilities under guarantees, indemnities or like instruments shall only be included insofar as the obligations covered by such guarantees, indemnities or like instruments have not already been included in the Debt of that Pari Passu Bank

Event of Default means any of the events specified in sub-clause 6.1 hereof

Floating Charge means each of the floating charges set forth in this Deed and in each of the other deeds of Group Guarantee and Floating Charge, each executed by all the Companies in the same form as this Deed and each in favour of one of the Pari Passu Banks

Good Book Debts means all debts due to the relevant Company (or its Subsidiary, as the case may be) and arising in the ordinary course of the business of such Company or Subsidiary which are payable on demand or at any time within the period of 365 days from the date of the relevant calculation and are such as would in the ordinary course of business be entered in the books relating to such business but shall not include any debts due to the relevant Company or Subsidiary from any Group Company and, in every case, being either

- (a) debts in respect of which the usual period of credit for debts of such type has not expired and in respect of which the relevant Company has no reason to suppose that payment will not be made in full on the due date, or
- (b) debts which do not fall within paragraph (a) but which are credit insured debts, to the extent of the insured portion of such debts

Group Company means every Company and every Subsidiary or Holding Company of such Company and every Subsidiary of any such Holding Company

Guarantor means any Company insofar only as it hereby covenants to pay or discharge moneys due or owing from or liabilities of other Companies to the Bank, and "Guarantors" and "Guarantee" shall be construed accordingly

Holding Company has the meaning set forth in Section 1159 of the Companies Act 2006

Instrument means promissory notes, bills, bonds, cheques, drafts, debentures, debenture stock, stocks, shares, units of unit trusts, certificates of deposit, government bills or any negotiable or non-negotiable instruments and all rights and benefits arising from any of the same

Majority Banks means a majority in number of the Pari Passu Banks together representing over 50% in value of the Pari Passu Bank Debt outstanding at the relevant date

Pari Passu Bank Debt means in relation to each Pari Passu Bank the amount of Debt not exceeding the sum listed opposite its name in Schedule 3 in aggregate principal amount (as amended from time to time in accordance with the provisions of the Pari Passu Deed) together with interest thereon to date of payment (calculated from the earlier of the date interest last accrued due prior to Enforcement Date and the date 3 months prior to Enforcement Date) at such rates and on such terms as may from time to time be agreed, commission, fees and other charges in respect thereof and all legal costs charges and expenses incurred by such Pari Passu Bank in relation to any of the Companies on a full indemnity basis, provided that, where amounts listed or incurred are denominated in a currency other than sterling, they shall be notionally converted to sterling and the date of calculation of all these amounts (including the date of notional conversion to sterling) shall be every date on which a calculation is required in accordance with the Pari Passu Deed and a previous calculation and notional conversion shall not restrict, or be prejudiced or restricted by, a subsequent calculation or notional conversion

Pari Passu Banks means all the banks (including the Bank) listed in Schedule 3 together with any new bank joining into the arrangements pursuant to the provisions of the Pari Passu Deed and includes persons deriving title under each of them and their respective successors in business and permitted assigns and any company with which any of them may amalgamate

Pari Passu Bank Security means in relation to each Pari Passu Bank

- (a) all Security Interests which any such Pari Passu Bank holds at the date hereof from any of the Companies in respect of any of the Debt due to it,
- (b) the Floating Charges, and
- (c) all further Security Interests which such Pari Passu Bank may obtain from any of the Companies in respect of the Debt due to it which have been expressly agreed by Majority Banks to form part of the Pari Passu Bank Security

Pari Passu Deed means the pari passu deed dated 18 August 2010 to which the Companies and the Pari Passu Banks are parties, relating (inter alia) to the priority of this security (as such deed has been, and may be, amended from time to time)

Principal means any Company insofar only as it owes moneys or has incurred liabilities to the Bank otherwise than as a Guarantor

Security Interest means all mortgages, charges, pledges, liens, hypothecations, and other security of whatsoever kind, whether recognised in England or abroad only, or in England and abroad

Shareholders Funds means the amounts shown in the most recent audited accounts of the relevant Company in respect of

- (a) the nominal share capital of the Company for the time being issued and paid up or credited as paid up, and
- (b) the aggregate of the amounts standing to the credit of the consolidated capital and revenue reserves (including share premium account, capital redemption reserve and profit and loss account) of the Company and its Subsidiaries, all as shown in the latest audited consolidated balance sheet, but after deducting
 - (i) goodwill (including goodwill arising on consolidation) and other intangible assets,
 - (ii) amounts attributable to minority interests in Subsidiaries (to the extent that they are included),
 - (iii) deferred taxation (to the extent that it is included) other than deferred taxation transferred to reserves under SSAP 15,
 - (iv) any debit balance on profit and loss account, and
 - (v) any revaluation reserve created after the date hereof which shall not have received the approval of the Majority Banks prior to its creation

Stock means stock in trade owned free of retention of title, wherever situated, and shall include

- (a) materials belonging to the relevant Company intended to be used or in the course of being used for manufacture and all goods belonging to the relevant Company partly or wholly manufactured, present and future, and
- (b) all general stores and stocks of fuel and like assets belonging to the relevant Company and used in or adapted or intended for use in the course of manufacture both present and future, but shall not include plant, machinery or vehicles or any slow-moving, redundant, obsolete, damaged, defective or unsaleable items

Subsidiary has the meaning given to such expression set forth in Section 1159 of the Companies Act 2006

Writing includes telex, facsimile transmission and any other mode of representing or reproducing words in a legible and non-transitory form, except in relation to any certificate, forecast, report, notice, resolution or other document which is expressly required by this Deed to be signed, and **Written** has a corresponding meaning

- 1.2 Words and phrases defined in the Pari Passu Deed shall, unless otherwise defined herein or unless the context otherwise requires, have the same meaning in this Deed.
- 1.3 Save as otherwise expressly provided and subject to clause 17 hereof, references in this Deed to this or any other document include references to this Deed or such other document as varied, supplemented, substituted and/or replaced in any manner from time to time.
- 1.4 Unless otherwise stated, references to clauses, sub-clauses, paragraphs and Schedules are to be construed as references to clauses, sub-clauses, paragraphs of, and Schedules to, this Deed.

- 1.5 References to any enactment shall be deemed to include references to such enactment as re-enacted, amended or extended.
- 1.6 References to persons includes companies and partnerships and, subject to clause 16, references to any party hereto shall, where relevant, be deemed to be references to, or to include, as appropriate, their respective successors or permitted assigns.
- 1.7 Where any Debt (or part thereof) is expressed in a foreign currency, it shall be notionally converted to sterling for the purposes of any calculation required under or pursuant to this Deed by reference to the amount of sterling which could be purchased with the currency outstanding in the London Foreign Exchange Market using the spot rate of exchange of the Bank whose Debt is to be converted at 11.00am on the calculation date (or, if another date is specified herein, on that other date) or, if such market is not then open, at 11.00am on the day the market was last open.

2 Covenant to Pay

2.1 Each Company hereby

- (a) covenants that it will on demand in Writing made to it (or at such other time as the same may be or become payable in accordance with any agreement in Writing between the Bank and the Company) pay or discharge to the Bank all moneys and liabilities which shall for the time being (and whether on or at any time after such demand) be due owing or incurred by it to the Bank; and
- (b) covenants and guarantees that it will on demand in Writing made to it pay or discharge to the Bank all moneys and liabilities which shall for the time being (and whether on or at any time after such demand) be due owing or incurred by any other Company to the Bank except any moneys or liabilities due owing or incurred by such other Company as Guarantor for the Company firstly referred to in either case whether actually or contingently and whether solely or jointly with any other person and whether as principal or surety including interest commission or other lawful charges and expenses which the Bank may in the course of its business charge in respect of any of the matters aforesaid or for keeping the Companies' accounts and so that interest shall be computed and compounded according to the usual mode of the Bank as well after as before any demand made or judgment obtained hereunder.

- 2.2 The foregoing Guarantee is given subject to and with the benefit of the provisions set out in Schedule 2 by each Company severally and also jointly with every other Company except the Company guaranteed.

- 2.3 Each Company agrees and consents to be bound by the Guarantee hereinbefore contained notwithstanding that any other or others of the Companies which was or were intended to execute these presents may not do so.

3 Charging Clause and Continuing Security

- 3.1 Each Company as beneficial owner hereby charges to the Bank with the payment or discharge of all moneys and liabilities hereby covenanted to be paid or discharged by it, by way of floating charge, all its Assets.
- 3.2 This security shall be a continuing security to the Bank notwithstanding any settlement of account or other matter or thing whatsoever and shall be without prejudice and in addition to any other right, remedy or security, whether by way of mortgage, equitable charge or otherwise

howsoever, which the Bank may now, or at any time hereafter, or but for the charges hereby created would, have on or in respect of the Assets or any of them for or in respect of the money hereby secured or any part thereof.

3.3 The Bank may at any time and from time to time by notice in Writing to the Company concerned convert the floating charge contained in sub-clause 3.1 into a specific charge as regards any Asset or Assets specified in such notice.

3.4 The floating charge shall automatically be converted into a fixed charge:

(a) in respect of any Assets which shall become subject to a fixed charge in favour of any other person (save a *Pari Passu* Bank) or to a disposition otherwise than by way of sale in the ordinary course of the relevant Company's business, immediately upon such charge or disposition (save where the Bank has given its prior consent to such charge or disposition); and

(b) in respect of all the Assets thereby charged if and when the relevant Company shall cease (after the date of this Deed) to carry on business as a going concern.

3.5 Paragraph 14 of Schedule B1 to the Insolvency Act 1986 shall apply to any floating charge created by this Deed.

4 Covenants

4.1 Each Company hereby covenants for itself that, save with the prior Written consent of the Bank:

(a) it will not, and it will procure that none of its Subsidiaries shall, create or permit to subsist any Security Interest on the whole or any part of its Assets, or any absolute or contingent right on the part of any person to call for any such Security Interest, save for:

(i) the *Pari Passu* Bank Security (including, in relation to the floating charges therein, those charges after conversion to fixed charges in accordance with this Deed and the *Pari Passu* Deed);

(ii) liens arising by operation of law in the ordinary course of business;

(iii) subsequent security given to the Bank pursuant to sub-clauses 4.3 or 4.4 hereof (**Subsequent Bank Security**) and

(iv) any charge arising from a retention of title provision entered into in the ordinary course of business, where the charge is not registered pursuant to the Companies Act 1985 or the Companies Act 2006 and the Company (and any Subsidiary which is contractually bound by such provision) is not actually aware (having used all reasonable endeavours to review such provision) that such provision constitutes a charge,

(b) it will not, and it will procure that none of its Subsidiaries shall, issue any further shares or capitalise any reserves where such issue or capitalisation shall result in control of any Company or subsidiary passing to any person or persons contrary to paragraph 6.1(i) hereof;

(c) it will procure that total outstanding Borrowings of G Modiano Limited and its Subsidiaries shall not at any time exceed 500% of Shareholders Funds of G Modiano Limited and its Subsidiaries;

- (d)
- (i) it will procure that total outstanding Borrowings of it and its Subsidiaries shall not at any time exceed the aggregate of 90% of the amount arrived at by adding the value of its Stock and Good Book Debts and the percentage (if any) agreed in Writing by Majority Banks of any fixed asset or assets which the Majority Banks have approved in Writing for inclusion in the calculation under this covenant, and deducting therefrom the value of claims of its preferential creditors (within the meaning of Section 386 of The Insolvency Act 1986); and
 - (ii) it will procure that at all times at least 85% by value of its Stock is situated in all or any of the United Kingdom, the Federal Republic of Germany, Belgium, France, Holland, Italy and the Czech Republic and any other territory approved in Writing by Majority Banks or is in transit and covered by bills of lading or similar documents (provided the sole beneficial title to such bills or similar documents is with a Company or a Pari Passu Bank) provided that the Company will inform the Bank in Writing each month of the value and location of all its Stock,
- (e) it will not, and it will procure that none of its Subsidiaries will, sell, transfer or otherwise dispose of the whole or any part of its undertaking or assets whether by a single transaction or a number of transactions except that this clause shall not apply to invoices discounted by reputable banks on a non-recourse basis and to sales of Stock or of slow-moving, redundant, obsolete, damaged or defective items, or to sales of plant, machinery or vehicles, in each case being a sale for the full market value of the relevant Asset and in the ordinary course of business of the Company or any Subsidiary of it making such sale;
- (f) it will not, and it will procure that none of its Subsidiaries (present or future) will, make any material investment in either shares or debentures (whether secured or unsecured) of a company or in a business or in any other fixed asset (except that it and its Subsidiaries shall be entitled to reinvest amounts received, in the twelve months immediately preceding such reinvestment, from the sale, redemption or other disposal of shares, debentures or other fixed assets together with amounts equivalent to depreciation charged in the then latest twelve months in its books of account on fixed assets retained). For the purpose of this clause, "material" shall mean either a single transaction or in a number of transactions (whether related or not) which when aggregated with all other investments by G Modiano Limited and its Subsidiaries shall exceed £5,000,000 in any period of twelve months. In each case the figures include their equivalent in other currencies. An investment for cash permitted under this clause shall not be regarded as a disposal of cash for the purpose of paragraph 4.1(e) hereof;
- (g) it will inform the Bank promptly of the acquisition or formation of any new Subsidiary;
- (h) it will not, and it will procure that none of its Subsidiaries will, make any loans or advances to, or enter into any management, consultancy, sale or other agreement or transaction whatsoever with, any other person on terms which are otherwise than on an arms' length basis and in relation to any such existing loan, advance or agreement at the date hereof, no amendment shall be made thereto which would cause such loan, advance or agreement to infringe this clause;
- (i)

- (i) it will, and it will procure that its Subsidiaries will, collect and realise all book and other debts and all the other rights and claims charged to the Bank hereunder and pay into the account or accounts so directed by the Majority Banks in Writing from time to time all money which it or any of them may receive in respect thereof forthwith on receipt and pending such payment, hold all money so received upon trust for the Bank; and
- (ii) it will not and it will procure that its Subsidiaries will not, without the prior Written consent of the Bank, charge, factor, discount or assign any such debts, rights or claims in favour of any other person or purport to do so, save for:
 - (aa) the Pari Passu Bank Security;
 - (bb) the Subsequent Bank Security;
 - (cc) liens arising by operation of law in the ordinary course of business; and
 - (dd) invoices discounted by reputable banks on a non-recourse basis,
- (j) it will, or will procure that the relevant Subsidiary will, insure and keep insured (or procure such insurance) with an insurance office or underwriters to be approved by the Majority Banks in Writing from time to time, and, if so required by the Bank, in the joint names of the Company and the Bank, all Stock and such of the other Assets of itself and its Subsidiaries as are insurable against loss or damage by fire and such other risks as the Bank may from time to time reasonably require to the full replacement value therefor and maintain such other insurances as are normally maintained by prudent companies carrying on similar businesses;
- (k) it will pay (or procure the payment of) all premiums and other money necessary for effecting and maintaining such insurances within one week of the same becoming due and on demand produce to the Bank the policies of such insurance and the receipt for such payments and (if default shall at any time be made by the Company in effecting or maintaining any such insurance or in producing any such policy or receipt to the Bank on demand) the Bank may take out or renew such insurances in any sum which the Bank may think expedient and all money expended by the Bank under this provision shall be deemed to be properly paid by the Bank;
- (l) it will keep (or procure to be kept) all buildings and all plant, machinery, fixtures, fittings and other effects owned or used by it or any Subsidiary of it in good repair and in good working order and condition;
- (m) if so required by the Bank, it will cause the policies of insurance maintained by it pursuant to paragraph 4(j) hereof to be forthwith amended to include clauses in form satisfactory to the Bank to ensure that no breach of any of the terms of such policies by such Company (or any Subsidiary of it) will as regards the Bank invalidate such policies or any provision thereof and to ensure that the relevant insurer undertakes to advise the Bank of:
 - (i) the proposed cancellation of any policy at least 14 days before such cancellation is due to take effect;
 - (ii) any alteration in, or termination or expiry of, any policy, at least 14 days before such alteration, termination or expiry is due to take effect;

- (iii) any default in the payment of any premium or failure to renew any policy, at least 14 days prior to the date on which the policy would otherwise lapse; and
 - (iv) any act, omission or event of which the insurer has knowledge and which might invalidate the policy or render it unenforceable in whole or in part,
- (n) it will not, without the prior Written consent of the Majority Banks, redeem or purchase any of its own shares (save for the redemption in accordance with their terms of redeemable preference shares whose issue has been approved (both as to terms and amount) by Majority Banks and the purchase of shares at a cost not exceeding £50,000 for all such purchases by all Group Companies in any financial year of G Modiano Limited) nor provide any financial assistance, directly or indirectly, for the purpose of the acquisition of shares in that Company or any Holding Company of it;
- (o) it will forthwith notify the Bank in Writing of the acquisition of any freehold, leasehold or heritable property by the Company;
- (p) it will provide the Bank with copies of all notices which may affect any freehold, leasehold or heritable property hereby charged forthwith upon receipt of the same;
- (q) it will permit the Bank to inspect at reasonable times any freehold, leasehold or heritable property hereby charged on the giving of reasonable notice by the Bank;
- (r) it will deliver to the Bank (or such other Pari Passu Bank as the Bank may nominate) all title deeds to all property charged hereunder;
- (s) it will inform the Bank immediately of any breach by it or any of its Subsidiaries in the performance of any term or condition of this or any other financial or security agreement or instrument entered into by or binding upon it or any of its Subsidiaries;
- (t) it will, within 15 days of the end of each period specified below (and for the purposes of this clause, months shall be calendar months and quarters the quarters ending 31st March, 30th June, 30th September, and 31st December in each year) and within 7 days of receiving a request in Writing from the Bank provide, or procure that there is provided, to the Bank the following information compiled as at the end of such period or as at the date of such request (as the case may be):
 - (i) quarterly, an unaudited, consolidated profit and loss account on a cumulative basis for all the Companies and all of their Subsidiaries, and an unaudited, consolidated balance sheet;
 - (ii) monthly, a list of all debts owed to all the Companies and their Subsidiaries, distinguishing those which fall in the category of Good Book Debts;
 - (iii) monthly, a list of all Stock owned by all the Companies and all their Subsidiaries, showing the purchase price, estimated market value, place of storage or processing and name of warehouse-keeper or processor;
 - (iv) quarterly, a list of all assets owned by or in the possession of each of the Companies and all their Subsidiaries which are subject, to any degree, to retention of title provisions;
 - (v) monthly, a list of all banking facilities available to all the Companies and all their Subsidiaries, showing the amounts drawn under each such facility;

- (vi) if, in any calendar quarter, there has occurred any payment or transfer of assets or liabilities between Group Companies, details thereof;
 - (vii) quarterly, details of any material litigation brought, pending or threatened against any of the Companies or their Subsidiaries in the relevant calendar quarter;
 - (viii) quarterly, a list of all preferential claims (within the meaning of Section 386 of The Insolvency Act 1986) which, at the relevant date, could be made against it and each of its Subsidiaries;
 - (ix) quarterly, the amount outstanding owed to any warehouse-keeper and processor who has dealt with Stock of any Company; and
 - (x) quarterly, a list of the amounts in each bank account of the Company as at the end of the relevant quarter,
- (u) it will provide, or procure that there is provided, to the Bank a copy of the audited consolidated profit and loss account and balance sheet of all the Companies and their Subsidiaries (prepared in accordance with paragraph 4.1(w) hereof) as soon as they are available and in any event not later than 180 days from the end of its accounting reference period;
- (v) it will also provide such other trading and financial information concerning it and/or any Subsidiary of it as the Bank may reasonably request;
- (w) it will procure that its audited accounts are prepared in accordance with accounting principles, standards and practices generally accepted in England, consistently applied (and in any case when the auditors of the Company for the time being require or agree to any material alterations, the Company shall notify the Bank forthwith upon becoming aware of the same) and such accounts shall give a true and fair view of the financial position of the Company as at the date for which they are prepared;
- (x) it will not, and it will procure that none of its Subsidiaries shall, incur Borrowings from any person, save for one of the Pari Passu Banks;
- (y) it will inform the Pari Passu Banks in Writing in advance of the name and address of each warehouse and processor it intends to use in the territories listed in clause 4.1(d)(ii) (and any other territories approved by the Majority Banks); and
- (z)
- (i) in the event that it becomes possible to take security over Stock in any such territories by way of a local form of security analogous to a floating charge or Sicherungsübereignung, then at the request of Majority Banks and at its own expense it will execute such a security in favour of the Bank; and
 - (ii) in the event that the financial or trading position of the Group declines so that, in the view of the Majority Banks (in order to give the Pari Passu Banks satisfactory security), a greater percentage of Stock must be held in the United Kingdom, Germany or some other territory where an effective local security can be taken, the Pari Passu Banks and the Companies will meet together to discuss whether:

- (aa) a new covenant as to the percentage of Stock to be held in such territories will be given; or
- (bb) further local security will be given in favour of the Pari Passu Banks.

In default of agreement, the Banks shall be entitled to require that effective local security (by pledge or otherwise) is given in each territory in which Stock is held at the expense of the Company giving such security.

4.2 Where, for the purposes of any of the above covenants, the values of Borrowings, Stock, Good Book Debts or any other items are denominated in a currency other than sterling, they shall be notionally converted to sterling at any time at which the relevant covenant is to be tested on the basis of the average of the buying and selling exchange rates shown in the Financial Times for that date.

4.3 The Company shall, immediately on demand in Writing made to it by the Bank and at its own cost, execute in the Bank's standard form or in such other form as the Bank may require, a valid legal mortgage or specific legal charge of any payments or assets whatsoever owned by it (whether owned at the date hereof or acquired later) to secure the payment or discharge to the Bank of all amounts owing by it to the Bank from time to time.

4.4 Each Company hereby undertakes that it will procure that any Subsidiary of it (including companies acquired or formed after the date hereof) shall forthwith upon receipt by the Company of a Written request from the Bank enter into a supplemental floating charge and guarantee in a form acceptable to the Bank whereby such Subsidiary shall thenceforth be included in the definition of "Companies" contained herein to the intent (inter alia) that the Companies (including the Subsidiary) should jointly and severally guarantee all moneys and liabilities at any time due owing or incurred by any other or others of them to the Bank and (if so required by the Bank) that the said Subsidiary should charge to the Bank all its Assets by way of floating charge (or in such other manner as, bearing in mind the jurisdiction in which such new Subsidiary may be incorporated and its Assets situated, the Bank may require).

4.5

(a) Each Company shall, at its own cost, as at 30th September and 31st March in each year obtain a report from its auditors, such report to cover:

- (i) the quantity and description of Stock owned by the Company at the relevant date;
- (ii) the physical location of such Stock;
- (iii) the value of such Stock, based on the Company's records; and
- (iv) the amount of slow moving, obsolete or damaged items of stock.

(b) Such report shall be made available to the Bank within 60 days of such dates.

(c) In addition, each Company shall, whenever requested by Majority Banks (but subject to payment of the cost of obtaining such a report by Majority Banks) obtain a report from Collateral Management Services Limited (or such other person as the Majority Banks determine) covering the matters listed in 4.5(a) above.

4.6

- (a) Subject to clause 4.6(b) below, until a Company is notified otherwise by the Bank in Writing, its obligations under paragraph 4.1(t) hereof will be satisfied by compliance by the Company with the same clause 4.1(t) of a Group Guarantee and Floating Charge dated on or around 14 July 2015 and made between the Companies and Lloyds Bank plc (**Lloyds Bank GGFC**).
- (b) Clause 4.6(a) above will only apply until the earlier of:
 - (i) the point at which the Lloyds Bank GGFC as a whole, or clause 4.1(t) of the Lloyds Bank GGFC, is no longer in full force and effect and binding on the Companies; and
 - (ii) the Bank notifying a Company (and such notification shall be deemed to be received by all Companies) in Writing that clause 4.6(a) of this Deed is no longer in effect.

5 Representations and Warranties

- 5.1 On the date hereof, and on the first date of each calendar month hereafter (with reference to the facts then existing), each Company hereby represents and warrants for itself that:
- 5.2 it has the necessary corporate power and authority to borrow under the Bank Facilities available to it on the terms and conditions set out therein, to grant the security set out in this Deed, and to perform and observe its obligations under such Bank Facilities, this Deed and the Pari Passu Deed;
- 5.3 there is no law, decree or similar enactment binding on it or any of its Subsidiaries and no provision in any memorandum and articles of association, corporate document, mortgage, indenture, trust deed, contract or agreement binding on it or any of its Subsidiaries or its or their respective directors or affecting the Assets of it or any of them which would conflict with or prevent it or its directors from entering into or performing and observing the terms of any of the Bank Facilities available to it, the Pari Passu Deed and this Deed;
- 5.4 the execution or performance by it and its Subsidiaries of this Deed, the Bank Facilities available to it and the Pari Passu Deed will not result in the existence of, or oblige it or any of its Subsidiaries to create, any Security Interest (other than the Pari Passu Bank Security) in favour of any party over the whole or any part of the undertaking or assets, present or future, of it or any of its Subsidiaries;
- 5.5 neither it nor any of its Subsidiaries are in breach of any of the limits or restrictions or terms or obligations imposed by any other agreement or instrument, and no Event of Default specified below has occurred and is continuing whether or not in order to constitute such an event any notice and/or lapse of time and/or determination is required, save, in any such case, where such breach or default has been irrevocably waived in Writing by the other party or parties;
- 5.6 so far as it is aware (and subject to any specific disclosure in Writing made to all the Pari Passu Banks), there are no legal or other proceedings pending or threatened before any court, tribunal, commission or other regulatory authority and involving it or any of its Subsidiaries which may adversely affect in any material respect the financial condition or business operations of it and its Subsidiaries taken as a whole;
- 5.7 there has been no material adverse change in the financial condition of it and its Subsidiaries taken as a whole since the date of the last audited accounts before each date on which this

warranty is deemed to have been given which would materially affect its ability to perform its obligations hereunder or under the terms of any Bank Facility available to it;

- 5.8 it has full power, authority and legal right to give the Guarantees set forth in this Deed; and
- 5.9 since the date of the last audited consolidated accounts of all the Companies and their Subsidiaries neither it nor any of its Subsidiaries has incurred (save in the ordinary course of trading) any liability (actual or contingent) which is substantial in relation to it and its Subsidiaries taken as a whole.

6 Events of Default

6.1 The following are each Events of Default:

- (a) any Company fails to pay any sum payable by it to the Bank hereunder on its due date;
- (b) any Company defaults in the due and punctual performance of any other provision of this Deed and (if such default is in the reasonable opinion of the Bank capable of remedy) such default shall not have been remedied within 10 days of the Bank notifying that Company of such default;
- (c) any Company defaults in the due and punctual performance of any provision of the Pari Passu Deed and (if such default is in the reasonable opinion of the Bank capable of remedy) such default shall not have been remedied within 10 days of the Bank notifying that Company of such default;
- (d) any Company defaults in the due and punctual performance of any provision of any Bank Facility (whether made available by the Bank or any other person), save where such default has been irrevocably waived by all the other parties to such facility;
- (e) the making of an application or the presentation of a petition or an order being made for winding up any Company or any Subsidiary of any Company, or an effective resolution being passed for winding up any Company (except for the purposes of a reconstruction or amalgamation on terms previously approved in Writing by the Bank or except for a members voluntary winding up of a wholly owned Subsidiary (not being one of the Companies) of a Company), or the presentation of a petition, or making of an application, for an administration order in respect of any Company or any Subsidiary of any Company, or the filing of any notice with a view to appointing an administrator in respect of any Company or any Subsidiary of any Company;
- (f) a liquidator, administrator, receiver, trustee, sequestrator or similar officer being appointed of all or any of the Assets of any Company or any Subsidiary of any Company;
- (g) a distress, execution or other legal process being levied against any of the Assets of any Company or any Subsidiary of any Company and not being discharged or paid within 7 days;
- (h) any Company or any Subsidiary of any Company suspending payment of its debts or being deemed under Section 123 of the Insolvency Act 1986 to be unable to pay its debts;
- (i) by virtue of any agreement, offer or scheme, control of any Company or any Subsidiary passing or having passed to any person or persons (including institutions or companies)

either acting individually or in concert ("control" having the meaning ascribed thereto in relation to a body corporate by Section 450 of the Corporation Tax Act 2010);

- (j) any Company selling, transferring or otherwise disposing of the whole or a substantial part of its undertaking or assets, whether by a single transaction or a number of transactions, related or not, without the prior Written consent of the Bank;
- (k) any Company giving notice to terminate its liability under the Guarantee set forth in sub-clause 2.1 and Schedule 2, or any such guarantee becoming or being found to be invalid or ineffective;
- (l) any representation or warranty made by any Company hereunder, or made in connection with any Bank Facility provided by the Bank to such Company, proves to have been incorrect in any material respect as of the date on which it was made or deemed to be repeated, or a disclosure is made for the purposes of clause 5.6, or there is any material adverse change in the position as set out in such representation or warranty PROVIDED THAT where the incorrect representation is any of those set forth in clause 5.6, 5.7 or 5.9, or where a disclosure is made for purposes of clause 5.6, there will only be an Event of Default if the Bank has first discussed the relevant circumstances at a meeting to which all Pari Passu Banks have been invited and Majority Banks have agreed that the event should be an Event of Default and the Bank has given Written notice that (with effect from the date of the notice) the event shall constitute an Event of Default;
- (m) any event occurs or circumstances arise or such event or circumstances come to the knowledge of the Bank which in the reasonable opinion of the Bank does, or is likely materially to, impair the credit worthiness of any Company; or
- (n) any governmental or other licence, authorisation, consent or approval at any time necessary to enable any Company to comply with its obligations hereunder or to ensure the obligations assumed by any Company under this Deed are legal, valid and enforceable or admissible in evidence, shall not be granted, shall lapse or shall be revoked, withheld or materially modified, (and any such revocation, or modification shall remain in effect for at least 15 days).

6.2 Upon the occurrence of an Event of Default, and while such Event of Default continues unremedied, the Bank may (notwithstanding the terms of any other agreement between the Company or any Subsidiary of it and the Bank, save only an express exclusion of this provision by reference to this Deed and without prejudice to the Bank's right to make demand for any Bank Facility which is repayable on demand without an Event of Default having occurred) give notice to all or any of the Companies that:

- (a) the Bank's commitment (if any) to advance any further amounts under all or any of the Bank Facilities to such Company and/or its Subsidiaries shall cease; and/or
- (b) all or any amounts outstanding, including accrued interest and other amounts owing (whether under Bank Facilities or otherwise) by such Company and/or its Subsidiaries to the Bank shall become repayable forthwith on demand in Writing made by the Bank at any time without protest or challenge which are waived by the Company; and/or
- (c) the Bank shall be entitled to call for full cash cover for any bills of exchange outstanding in respect of such Company and/or its Subsidiaries.

7 Appointment and Powers of Receiver

- 7.1 At any time after the Bank shall have demanded from a Company payment of any money or discharge of any liability hereby secured, or (notwithstanding the terms of any other agreement between any Company and the Bank, save only an express exclusion of this provision by reference to this Deed) after the presentation of a petition, or making of an application, for an administration order, or after the filing of any notice with a view to appointing an administrator or if requested by a Company, the Bank may (i) appoint by Writing any person or persons to be a receiver and manager or receivers and managers (hereinafter called the "Receiver", which expression shall, where the context admits, include the plural and any substituted receiver and manager or receivers and managers) of all or any part of the Assets of such Company, or (ii) appoint an administrator of any such Company.
- 7.2 Where more than one Receiver is appointed in respect of any Company they shall have power to act severally unless the Bank shall in the appointment specify to the contrary.
- 7.3 Such an appointment over part only of the Assets of a Company shall not preclude the Bank from making any subsequent appointment of a Receiver over any part of the Assets of such Company over which an appointment has not previously been made by the Bank.
- 7.4 The Bank may from time to time determine the remuneration of the Receiver.
- 7.5 The Bank may (subject to the provisions of Section 45 of the Insolvency Act 1986) remove the Receiver from all or any part of the Assets of which he is the Receiver and, at any time after the Receiver shall have vacated office or ceased to act in respect of any of such Assets, appoint a further Receiver over all or any part of such Assets, or of the part thereof in respect of which he shall have ceased to act.
- 7.6 The Receiver shall be the agent of the Company concerned (which shall be solely liable for his acts, defaults and remuneration) unless and until such Company goes into liquidation, whereafter he shall act as principal and shall not become the agent of the Bank.
- 7.7 The Receiver shall have and be entitled to exercise in relation to the Company in respect of which he is appointed all the powers set out in Schedule 1 to the Insolvency Act 1986 and in particular, by way of addition to but without hereby limiting such powers (and without prejudice to the Bank's powers), the Receiver shall have power in relation to the Assets in respect of which he is appointed to do the following things, namely, to:
- (a) sever any fixtures from the property to which they are attached;
 - (b) sell, let or lease, or concur in selling, letting or leasing, and to vary the terms of, determine, surrender or accept surrenders of, leases or tenancies of, or grant options and licences over, all or any part of such Assets, and so that any such sale may be made for cash payable by instalments, or for shares or securities of another company, and the Receiver may promote, or concur in promoting, a company to purchase the Assets to be sold;
 - (c) make and effect all repairs and improvements;
 - (d) exercise all voting and other rights attaching to stocks, shares and other securities owned by the Company concerned;
 - (e) redeem any prior encumbrance and settle and pass the accounts of the encumbrancer so that any accounts so settled and passed shall (subject to any manifest error) be

conclusive and binding on the relevant Company and the money so paid shall be deemed to be an expense properly incurred by the Receiver; and

- (f) do all such other acts and things as may be considered by the Receiver to be incidental or conducive to the preservation, improvement or realisation of such Assets.

8 Power of Attorney

Each Company hereby irrevocably appoints the Bank (whether or not a Receiver has been appointed) and also (as a separate appointment) any Receiver appointed in respect of its Assets, severally its Attorney for it, in its name and on its behalf, and as its act and deed or otherwise, to seal, deliver and otherwise perfect any deed, assurance, agreement, instrument or act which may be deemed proper for any of the purposes aforesaid, and to convey or transfer a legal estate to any purchaser of any freehold or leasehold property hereby charged.

9 Application of Money Received by the Receiver

- 9.1 Any money received under the powers hereby conferred shall, subject to the repayment as far as necessary of any claims having priority to this Deed, be paid or applied in the following order of priority:

- (a) in satisfaction of all costs, charges and expenses properly incurred, and payments properly made, by the Receiver, and of the remuneration of the Receiver;
- (b) in or towards satisfaction of the money outstanding and secured by this Deed in such manner as the Bank may, in its discretion, require; and
- (c) as to the surplus (if any), to the person or persons entitled thereto.

10 Opening of New Accounts

- 10.1 If the Bank shall receive notice of any subsequent charge or assignment or other interest affecting the property hereby charged or any part thereof (save for any security which the Bank is satisfied falls within the definitions of *Pari Passu Bank Security* or *Subsequent Bank Security*) the Bank may open new accounts for the relevant Company.
- 10.2 If the Bank does not open such new account, it shall nevertheless be treated as if it had done so as regards each Company giving any such subsequent charge or assignment at the time when notice was received and as from that time all payments made by or on behalf of the relevant Company to the Bank shall be credited or be treated as having been credited to its new account and shall not operate to reduce the amounts due from the Company to the Bank at the time when notice was received.

11 Set-Off

- 11.1 The Bank shall have the right at any time or times after demand has been made under any Bank Facility provided by it to any Company and without notice to any Company to:
 - (a) combine or consolidate all or any sums of money now or hereafter standing to the credit of any Company's then existing accounts with the Bank (in whatever currency such accounts may be denominated) with the liabilities to the Bank of that Company; and/or
 - (b) set-off or transfer any sum or sums standing to the credit of any one or more of such accounts in or towards satisfaction of any of the liabilities of that Company to the Bank

on any other account or in any other respect, whether such liabilities be actual, contingent, primary, collateral, several or joint.

11.2 Each Company irrevocably authorises the Bank in its name and at its expense to perform such acts and sign such documents as may be required to give effect to any set-off or transfer pursuant to sub-clause 11.1, including the purchase with the money standing to the credit of any such account of such other currencies as may be necessary to effect such set-off or transfer.

11.3 The foregoing provisions of this clause shall be in addition, and without prejudice, to such rights of set-off, combination, consolidation, lien and other rights whatsoever conferred on the Bank by law.

12 Costs, Charges and Expenses

12.1 All costs, charges and expenses incurred hereunder by the Bank, and all other money paid by the Bank or by the Receiver in connection with this Deed in respect of the Assets, shall be recoverable from the Companies as a debt, may be debited to any account of any of the Companies, shall bear interest accordingly, and shall be charged on the Assets.

12.2 Without prejudice to the generality of the provisions of sub-clause 12.1 hereof, the costs recoverable by the Bank hereunder shall include all costs of the Bank (on the indemnity basis) of all proceedings for the enforcement of this Deed, or for obtaining payment of money hereby secured, or arising out of or in connection with the acts authorised by clauses 4, 4.6, 7 and 8 hereof or in connection with the Pari Passu Deed and the agency arrangements referred to therein.

13 Service of Demands and Notices

13.1 A demand for payment or any other demand or notice to a Company under this Deed may be made or given by any manager or officer of the Bank by letter addressed to such Company and served on it at an authorised address for service.

13.2 An authorised address for service shall be the registered office of such Company or its existing or last known place of business (or if more than one, any one of such places).

13.3 A notice or demand shall be deemed to be duly served on such Company:

- (a) if delivered by hand, when left at an authorised address for service; or
- (b) if sent by pre-paid first class post to an authorised address for service, at noon on the next Business Day following the day of posting and shall be effective notwithstanding that it may be mis-delivered or returned undelivered.

14 Capacity and Several Nature

14.1 In respect of any freehold or leasehold property hereby charged the title to which is registered at H.M. Land Registry, it is hereby certified that the charge created by this Deed does not contravene any of the provisions of the Memorandum and Articles of Association of the Company concerned.

14.2 None of the Guarantees hereinbefore given and none of the charges hereinbefore created by any Company which are otherwise valid shall be avoided or invalidated by reason of one or more of the said Guarantees or charges being or becoming invalid or unenforceable.

15 No Waiver

- 15.1 No delay or omission by the Bank in exercising any right, power or privilege hereunder shall operate to impair such right, power or privilege or be construed as a waiver thereof and any single or partial exercise of any right, power or privilege shall not in any circumstances preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

16 Assignment

- 16.1 This Deed shall inure to the benefit of, and bind, the respective successors and permitted assigns of the parties.
- 16.2 No Company shall assign all or any of its rights or assign or novate or purport to assign or novate any of its obligations under this Deed without the prior Written consent of the Bank.
- 16.3 The Bank shall not assign or transfer, or attempt to assign or transfer, any of its rights or obligations under this Deed or any of its security save to a party approved in Writing by each Company prior to such action.
- 16.4 Approval shall not be withheld where the proposed assignee or transferee is:
- (a) a Holding Company, or Subsidiary, or Subsidiary of that Holding Company, of such Bank; or
 - (b) any 'bank' as defined in Section 2 of the Banking Act 2009.
- 16.5 The following provisions shall apply in connection with any assignment or transfer proposed, agreed or permitted pursuant to sub-clauses 16.3 and 16.4 hereof:
- (a) the Bank may disclose (on a confidential basis) to a potential assignee or transferee such information about any Company or Companies as shall have been made available to such Bank hereunder or pursuant to any Bank Facility;
 - (b) the remaining parties shall execute such documents as are reasonably necessary to release such Bank to the extent of the transfer and join the transferee as a party hereto; and
 - (c) any permitted assignee shall agree to be bound by this Deed and the Pari Passu Deed and execute any documents reasonably necessary so to ensure.

17 Variation of Terms

No variation of this Deed shall be considered valid and as constituting part of this Deed unless such variation shall have been made in Writing and signed on behalf of the Bank and the Company. 'Variation' shall include any variation, supplement, deletion or replacement however effected.

18 Governing Law

- 18.1 This Deed shall be governed by, and construed in accordance with, English Law.
- 18.2 The parties agree that, for the exclusive benefit of the Bank, the Courts of England shall have jurisdiction in respect of any proceedings arising out of this Deed save that nothing shall be taken to have limited the right of the Bank to proceed in any other Jurisdiction.

Executed as a Deed by or on behalf of the Companies and the Bank on the date shown on the first page.

Schedule 1

The Companies

Name	Registered Number	Address
G. Modiano Limited	872284	Broad Street House, 55 Old Broad Street, London EC2M 1RX, England Attention: Company Secretary
G. Modiano (Wool & Hair) Limited	588318	c/o G. Modiano Limited Broad Street House, 55 Old Broad Street, London EC2M 1RX, England Attention: Company Secretary
Lyndale Wools Limited	316160	c/o G. Modiano Limited Broad Street House, 55 Old Broad Street, London EC2M 1RX, England Attention: Company Secretary
Henry Firth & Son Limited	203109	c/o G. Modiano Limited Broad Street House, 55 Old Broad Street, London EC2M 1RX, England Attention: Company Secretary

Schedule 2

Guarantee Clauses

- 1 All payments falling to be made by a Guarantor hereunder shall be made in the currency of the debt without any set-off or counterclaim and free from any deduction or withholding for or on account of any taxes or other charges in the nature of taxes imposed by any competent authority, but so that if any such deduction or withholding shall be required by law the Guarantor concerned shall pay to the Bank any additional amount as may be necessary to ensure that the Bank receives the full amount of the relevant payment in the appropriate currency as if such deduction or withholding had not been made.
- 2 Any money received by the Bank under or by virtue of this Guarantee in one currency (the "first currency") which shall differ from the currency of the debt of the Principal in respect of which it is paid may be converted by the Bank at any time as it shall think fit (and notwithstanding any previous such conversion) into any other currency (the "second currency") in which money or liabilities are due, owing or incurred by the Principal to the Bank (such conversion to be at the Bank's buying rate for equivalent amounts of the second currency with the first currency at 11.00a m on the date of conversion in the London foreign exchange market), in which event the net amount available to the Bank in such other currency after allowing for all costs of conversion shall be deemed to be the amount received by the Bank under or by virtue of this Guarantee.
- 3 Any admission or acknowledgment in Writing by the Principal or on its behalf of the amount of the indebtedness of the Principal or otherwise in relation to this Guarantee, or any judgment or award obtained by the Bank against the Principal, or proof by the Bank in bankruptcy or winding up which is admitted, or any statement of account furnished by the Bank the correctness of which is certified by any one of its Managers, shall (save in the case of manifest error) be binding and conclusive on the Guarantors and each of them.
- 4 This Guarantee shall be a continuing security to the Bank notwithstanding any settlement of account, or disability or incapacity affecting the Guarantors or any of them, or any other matter or thing whatsoever, but may be determined and the liability hereunder crystallised (except as regards unascertained or contingent liabilities and the interest, discount, commission, fees, charges and expenses hereinbefore referred to or any commitment entered into by the Bank before the expiration of the notice of determination) at the expiration of three months after the receipt by the Bank from the Guarantors or any of them of notice in Writing to determine it, but, notwithstanding determination as to any one or more of the Guarantors, this Guarantee is to remain a continuing security as to the other or others.
- 5 Until payment of the ultimate balance due to the Bank from the Principal, the Guarantors and each of them shall remain liable therefor to the full extent of this Guarantee and shall not be entitled to participate in any security held or money received by the Bank on account of such balance or to stand in the Bank's place in respect of any such security or money; and the Bank may in the meantime hold any money received under or by virtue of this Guarantee on suspense account and any interest earned on such account (which shall accrue at the Bank's overnight deposit rate for such an account) shall be added to such moneys and applied in the same manner.
- 6 This Guarantee is to be in addition to, and shall not prejudice or be prejudiced by, any other securities or guarantees (including any guarantee signed by the Guarantor or any one of them) which the Bank may now or hereafter hold from or on account of the Principal. This Guarantee may be enforced without the Bank first taking any steps or proceedings against the Principal or having recourse to any such securities or guarantees.

- 7 In the event of this Guarantee being determined by demand or notice, or ceasing from any cause whatsoever to be binding as a continuing security on the Guarantors or any of them, then, whether or not the Bank shall continue any then existing account with the Principal, no money paid into the Bank by or on behalf of the Principal shall (except to the extent that, before proof by the Bank in the relevant Guarantor's insolvency, the ultimate balance due to the Bank from the Principal shall thereby have been reduced) have the effect of reducing the liability of the Guarantors or any of them for the money due from the Principal at the time when this Guarantee is determined or ceases to be so binding.
- 8 As a separate and independent stipulation, the Guarantors and each of them agree that all sums of money which may not be recoverable from the Guarantors or any of them on the footing of a guarantee, whether by reason of any legal limitation, disability or incapacity or want of powers or irregular or improper purported exercise thereof on or of the Principal, or any other fact or circumstance, and whether known to the Bank or not, shall nevertheless be recoverable from the Guarantor or Guarantors concerned as sole or principal debtor or debtors.
- 9 The liability of the Guarantors and each of them shall not be affected (whether before or after any demand or determination of this Guarantee) nor shall this Guarantee be discharged by reason of the Bank:
- 9.1 refusing or granting further credit to the Principal, renewing any Instruments for any period, compounding with, giving time for payment or granting any other indulgence to the Principal or to any obligant on Instruments or accepting compositions from or making any other arrangements with the Principal or any persons liable in respect of Instruments held by the Bank; or
- 9.2 modifying, exchanging, giving up, or abstaining from perfecting, taking advantage of or enforcing, any security, guarantee, Instrument or other contract or the proceeds of any of them, discharging any party thereto, or realising any security in any manner.
- 10 Each Guarantor declares that no security has been received by it from the Principal or any other surety for the giving of this Guarantee and each Guarantor undertakes not to take or receive any security in respect of its liability under this Guarantee. The Guarantors and each of them hereby agree that any security so taken shall be held in trust for the Bank by way of security for the liability of the relevant Guarantor to the Bank.
- 11
- 11.1 Any settlement or discharge between the Bank and the Guarantors or any of them shall be subject to the condition that no security or payment to the Bank by the Principal, the Guarantors or any of them or any other person shall be avoided or reduced pursuant to any provision or enactment relating to insolvency or otherwise and, if any such security or payment shall be so avoided or reduced, the Bank shall nevertheless be entitled to exercise all rights which by virtue or as a consequence of this Guarantee, or any security held for the liability of the Guarantors or any of them hereunder, it would have been entitled to exercise but for such settlement or discharge.
- 11.2 In the event of any claim being made or proceedings being taken against the Bank the effect of which, if successful, would be the avoidance or reduction of any such security or payment and whether or not the Guarantors or any of them shall have been made a party thereto, the Bank shall have absolute discretion to concede or settle the same on such terms as it may think fit whereupon paragraph 11.1 above shall have effect as if such concession or settlement had been ordered by the Court (without possibility of appeal) and the Guarantors shall in addition

pay the Bank all costs and expenses (on a full indemnity basis) arising out of or in connection with any such claim or proceedings:

11.3

(a) Subject to paragraph 11.3(b), the Bank shall be entitled to retain any security held for the liability of the Guarantors or any of them hereunder for a period of up to 25 months after the payment or discharge of all money and liabilities that are or may become due, owing or incurred to the Bank from the Principal and notwithstanding any settlement or discharge made or given by the Bank, AND if at any time within the period of 25 months after such repayment a petition shall be presented to a competent court for an order for the winding up or administration of the Principal or the Principal shall commence to be wound up voluntarily, the Bank shall be at liberty and notwithstanding the foregoing provisions of this paragraph, to continue to retain such security or any part thereof for and during such further period as the Bank in its absolute discretion shall determine and the Guarantors and each of them agree that such security shall be deemed to have been and to have remained held by the Bank as and by way of security for the payment to the Bank of all or any sums which shall or may become due and owing to the Bank from and by the Guarantors or any of them either under and by virtue of the terms and conditions of this Guarantee in the event of and upon or after any avoidance of any assurance, security or payment under any provisions of the Insolvency Act 1986 or under and by virtue of paragraph 8 of this Schedule.

(b) The Bank may forgo its right to retain any security held pursuant to paragraph 11.3(a) hereof in consideration for, and upon its receipt of, a full indemnity in respect of all the liabilities for which such security was held, from such party and on such terms and conditions as the Bank shall, in its absolute discretion, consider satisfactory.

12 Until the ultimate balance owing by the Principal to the Bank has been paid or satisfied in full, the Bank shall have a lien on all Instruments and other property of the Guarantors or any of them in the Bank's possession, whether for safe custody or otherwise, and shall be entitled at any time, before or after demand, without notice, to apply any credit balance on any account of the Guarantors or any of them with the Bank of whatsoever nature as if it constituted money received by the Bank under or by virtue of this Guarantee.

12.1 The liability hereunder of the Guarantors and each of them shall be joint and several and shall not be avoided, invalidated or impaired by reason of the invalidity, unenforceability or impairment of any guarantee or any security given by any co-guarantor and each Guarantor shall be bound by this Guarantee notwithstanding that any other guarantor who was intended to sign or to be bound by it may not do or be so.

12.2 Without affecting its rights hereunder the Bank shall be entitled at any time and from time to time at its absolute discretion to release, discharge, compound with or otherwise vary or agree to vary the liability under this Guarantee of, or make any other arrangements with, the Guarantors and the Principal or each or any one of them, and no such release, discharge, composition, variation, agreement or arrangement shall prejudice or in any way affect the Bank's rights and remedies against any other Guarantor.

13 The Bank shall be at liberty, without prejudice to any other right it may have at any time and from time to time, to place and keep for such time as the Bank may think prudent any moneys received, recovered or realised under or by virtue of this Guarantee to or on a separate or suspense account to the credit either of the Guarantor or the Bank without any intermediate obligation on the Bank's part to apply the same or any part thereof in or towards the discharge

of the moneys due or owing to the Bank by the Principal. Any interest earned on such account (which shall accrue at the Bank's overnight deposit rate for such an account) shall be added to such moneys and applied in the same manner.

Schedule 3

Pari Passu Banks and Pari Passu Bank Debt

(1) Bank	(2) Pari Passu Bank Debt Limited £
Barclays Bank PLC	20,000,000
HSBC UK Bank PLC	20,000,000
Lloyds Bank plc	20,000,000 (in aggregate and as shared between the two relevant Pari Passu Banks pursuant to the Pari Passu Deed)
Lloyds Bank Corporate Markets plc	
TOTAL	60,000,000

The Companies

Executed as a deed by

G. Modiano Limited

acting by a director in the presence of

)

)

)

Director

Signature of witness

Name

Natalia Bogdanova

Address

Executed as a deed by

G. Modiano (Wool & Hair) Limited

acting by a director in the presence of

)

)

)

Director

Signature of witness

Name

Natalia Bogdanova

Address

Executed as a deed by

Lyndale Wools Limited

acting by a director in the presence of

)

)

)

Director

Signature of witness

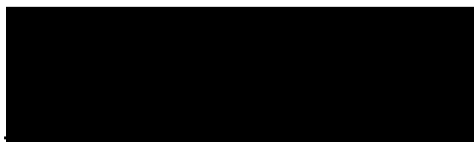
Name

Natalia Bogdanova

Address

Executed as a deed by
Henry Firth & Son Limited
acting by a director in the presence of

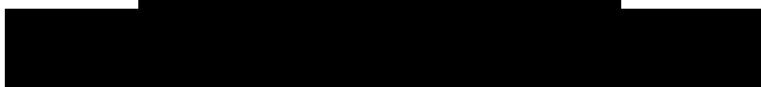
)
)
) Director



Signature of witness

Name *Natalia Bogdanova*

Address .



The Bank

Executed as a deed by an attorney of **Lloyds**
Bank Corporate Markets plc in the presence
of

)
)
)

.....
Attorney

.....
Signature of witness

Name

Address

.....
Occupation

Executed as a deed by)
Henry Firth & Son Limited)
acting by a director in the presence of) Director

.....
Signature of witness

Name

Address

.....

The Bank

Executed as a deed by an attorney of **Lloyds**)
Bank Corporate Markets plc in the presence)
of)

[Redacted]

Attorney

[Redacted]

[Redacted]
Signature of witness

Name David Bebbin

Address : [Redacted]

[Redacted]

Occupation oil logist