

CVA

REF - 80007846

Monsoon Accessorize Ltd

	Days	
Initial 2019/20 Charge	366	£44,184.00

A	Pre CVA (1/4/19 - 2/7/19)	93	£11,227.08
B	Post CVA (3/7/19 - 31/3/20)	273	£32,956.92
C	50% reduction (post CVA)		-£16,478.46
D	Rates arrears compromise*		-£6,413.32
E	Revised 2019/20 charge		£21,292.22

* 15% of pre CVA arrears payable

F	Pre CVA charge	£11,227.08
G	Payments received	-£3,682.00
H	Balance	£7,545.08

I	15% payable of £7,545.08	£1,131.76
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Write off amount C+D	£22,891.78
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Objectives of the Proposal

The principal objectives of the Proposal are to rationalise the Company's leasehold obligations, restore the viability of the Company's business, improve the liquidity and balance sheet of the Company, enable the Company to meet its financial obligations and assist in a return to profitability. Obtaining the compromises and arrangements proposed in the Proposal will, in the opinion of the Directors, enable the Company to achieve these objectives.

The Proposal divides the Company's leasehold site portfolio into 7 categories. The sites included as Compromised Leases within this Proposal have been determined by reference to the commercial viability and strategic importance of each site.

In the event that a Compromised Landlord exercises its right to break a lease during the CVA Period, the Company will be compromising all Dilapidations (as at the end of the relevant Compromised Lease) in relation to the relevant Compromised Lease for 15% of the value of the Dilapidations in relation to the relevant Compromised Lease. Dilapidations will not be otherwise compromised. Any crystallised claims of any Creditor in relation to historic dilapidations arising under the Compromised Leases or otherwise shall be treated as a Non-Critical Creditor Claim under the terms of this Proposal.

The following table summarises the effect of the CVA on the various categories of Landlords and Rating Authority Creditors (in relation to the Current Business Rates Year):

Landlord Category	Rent Payment Cycle	Rent Reduction	Landlord Break Rights	Tenant Break Rights	Dilapidations	Business Rates (Rating Authority Creditors)
1	Move to monthly (in advance)	N/A	N/A	N/A	Not affected	Compromised in return for 50% of Business Rates which become due during the remainder of the Current Business Rates Year (or such earlier date as the relevant Leases expires, if applicable)
2	Move to monthly (in advance)	25%	At any time within 120 days of the Effective Date by giving the Company not less than 60 days' prior notice. On not less than 6 months' notice to the Company (such notice to	On not less than 60 days' notice to the landlord (such notice to expire on the second or third anniversary of the Effective Date)	Compromised, but only in the event that a Category 2 Landlord exercises one of its break options, in return for the Company paying 15% of the value of the Dilapidations claim	Compromised in return for 50% of Business Rates which become due during the remainder of the Current Business Rates Year (or such earlier date as the relevant Leases expires, if applicable)

The Rating Authority Creditors shall be treated as Non-Critical Creditors in respect of Business Rates Arrears.

The claims of the Guaranteed Landlords in respect of the Accessorize Rent Shortfall shall be compromised to 15% of the amount of the Accessorize Rent Shortfall.

The Group Creditors' Debts will be compromised in the CVA to 15% of their value, with the compromised value of the Group Creditors' Debts remaining on the balance sheet of the Company throughout the period of the CVA, with no repayment to the Group Creditors of the compromised value of the Group Creditors' Debts being made until after the CVA has come to an end. In addition, the Group Creditors will not be entitled to participate in the Compromised Creditors' Payment Fund or the Profit Share Fund.

In addition, subject to:

- the CVA being approved by the requisite majority of Creditors, and the Challenge Period expiring without a formal challenge to the CVA being made or
- if a challenge is brought in relation to the CVA during the Challenge Period, that challenge has either been withdrawn, or has been resolved in favour of the Company,

Drillgreat has agreed to write off the entire balance of the Drillgreat Debt, such that the Company's liability to Drillgreat shall be nil.

The obligation of the Company to make the payments into the Compromised Creditors' Payment Fund in accordance with clause 26 of the Proposal will be guaranteed by Peter Simon, one of the Directors of the Company and the ultimate shareholder of the Monsoon Group, personally pursuant to the terms of the Compromised Creditors' Payment Fund Guarantee, up to a limit of £8.0m.

The Company, together with Accessorize, proposes to establish the Profit Share Fund in order to allow the Profit Share Fund Creditors to share in the upside of the Company and Accessorize achieving their turnaround. The Company and Accessorize will pay into the Profit Share Fund, on a joint and several basis, 25% of the amount by which the combined EBITDA of the Company and Accessorize for the Profit Share Period is in excess of the combined forecasted financial performance of the Company and Accessorize as set out in Schedule 4 ("the Profit Share Contributions").

The Profit Share Contributions shall be capped at the total aggregate sum of £3.3m per year, and an aggregate of £10m in total, over the course of the Profit Share Period.

The Company shall pay the relevant proportion of the Profit Share Contribution into the Profit Share Fund within 2 months of the end of the relevant financial year. Further details of the Profit Share Fund are set out in Clause 27 (*Profit Share Fund*). It is anticipated that the Supervisors will pay the Profit Share Fund to the Profit Share Fund Creditors shortly following the end of the third financial year following the Effective Date.

The Company currently occupies the Yellow Building, where the head office function of the Company is located, pursuant to an informal group sharing arrangement with MH1L, which is the tenant of the Yellow Building. The Company has historically paid rent to the ultimate landlord of the Yellow Building on behalf of MH1L, and has also historically collected rent, on behalf of MH1L, from third parties who have entered into formal sub-leases of parts of the Yellow Building with MH1L (the "Sub-Tenant Rent"). As a result of this arrangement, the Company partially pays the rent which is due to the ultimate landlord of the Yellow Building on behalf of MH1L using the Sub-Tenant Rent, with the shortfall being funded by the Company, such shortfall being the rent which the Company pays for the use of the space that it occupies in the Yellow Building.

- (i) All compromised payments to the applicable Category 6 Landlords in relation to Dilapidations will be settled by the Company directly, and the relevant Category 6 Landlord shall not be entitled to participate in the Compromised Creditors' Payment Fund in respect of such claims.
- (j) At the end of the CVA Period, the rent to be paid by the Company in relation to the Category 6 Premises shall revert to the Contractual Rent or Turnover Rent (as applicable), taking into account any increase in the rent arising as a result of any rent review which, but for the CVA, could have taken place during the CVA Period.
- (k) The Category 6 Landlords shall be entitled to participate in the Profit Share Fund in relation to all claims.

Category 7 Premises

- (a) In the event that a Category 7 Landlord exercises its right to terminate a Category 7 Agreement during the CVA Period, any amounts which are due and owing to the relevant Category 7 Landlord for Dilapidations will be compromised and released as at the date of termination of the relevant Category 7 Agreement for a sum equivalent to 15% (fifteen per cent) of the value of the relevant Dilapidations claim at that time.
- (b) Save in relation to Dilapidations, the Category 7 Agreements shall be unaffected by the terms of the CVA, as the Category 7 Agreements already contain short term break options for both the Company and the Category 7 Landlords.
- (c) All compromised payments to the applicable Category 7 Landlords in relation to Dilapidations will be settled by the Company directly, and the relevant Category 7 Landlord shall not be entitled to participate in the Compromised Creditors' Payment Fund in respect of such claims.
- (d) The Category 7 Landlords shall be entitled to participate in the Profit Share Fund in relation to all claims.

Critical Creditors

- (a) The Critical Creditors will be unaffected by the terms of this Proposal and each Critical Creditor will be paid in full by the Company direct in accordance with the relevant terms that exist between the Company and the relevant Critical Creditor.

Non-Critical Creditors

- (a) The amount payable to each Non-Critical Creditor shall be 15% (fifteen per cent) of the Allowed CVA Claim of the relevant Non-Critical Creditor.
- (b) Unless otherwise provided for in the Proposal, all compromised payments to Non-Critical Creditors that are Allowed CVA Claims will be settled by the Compromised Creditors' Payment Fund (see Clause 27).
- (c) The Company will not be liable to pay any interest charges to any Non-Critical Creditors as a consequence of any amounts paid in accordance with the terms of this Proposal.
- (d) The Non-Critical Creditors shall continue to perform their obligations in accordance with the terms of any respective agreements or arrangements with the Company without variation.

"Disputed Claim Notice"	has the meaning given in clause 25 (<i>Disputed Creditor Claims</i>).
"Drillgreat"	means Drillgreat Limited (company number 06292597) whose registered office is at Notting Dale Village, 1 Nicholas Road, London, W11 4AN.
"Drillgreat Debt"	means the sum of £24,758,103 owed by the Company to Drillgreat.
"EBITDA"	means earnings before interest, tax, depreciation and amortisation, as calculated in accordance with the management accounts of the Company (after deduction of any costs, charges or expenses incurred or associated with the calculation and payment of the Profit Share Fund).
"EC Regulation on Insolvency Proceedings"	means Council Regulation (EC) No. 2015/848 of 29 May 2000 on Insolvency Proceedings.
"Effective Date"	means, if the Proposal is approved on 3 July 2019 at the Creditors' Meeting and the Shareholder's Meeting, the Decision Date.
"Employees"	means any of the employees employed by the Company as at the Decision Date and "Employee" means any one of them.
"Employee Preferential Claim"	means any claim by a Employee against the Company in respect of a Preferential Liability.
"Estimated Outcome Statement"	means the estimated outcome statement in respect of The Company set out in Schedule 12 (<i>Estimated Outcome Statement</i>).
"Group Creditors"	means all companies within the Monsoon Group of companies to which the Company owes any indebtedness as at the Effective Date, except MHL and Drillgreat.
"Group Creditors' Debts"	means all debts owed by the Company to any Group Creditors, excluding, for the avoidance of doubt, the MHL Debt and the Drillgreat Debt.
"Guaranteed Landlords"	means those persons entitled to the reversion immediately expectant upon the termination of a Guaranteed Lease (but excluding a Contingent Property Creditor), including its successors and assigns.
"Guaranteed Leases"	means those leases which have been entered into by Accessorize but in relation to which the Company has given a guarantee, indemnity or surety (whether contained in the lease, licence, AGA or any other documentation) to the Guaranteed Landlords in relation to the obligations of Accessorize, a list of which is at Schedule 32 (<i>List of Guaranteed Leases</i>).
"HMRC" and "HM Revenue & Customs"	means Her Majesty's Revenue & Customs.
"Insolvency Act"	means the Insolvency Act 1986 (as amended from time to time). "Insolvency Rules" means the Insolvency (England and Wales) Rules 2016 (as amended from time to time).
"Landlords"	means the Category 1 Landlords, the Category 2 Landlords, the Category 3 Landlords, the Category 4 Landlords, the Category 5

- (a) each Non-Critical Creditor waives and releases the Company from any breaches or defaults of any arrangement, statutory obligation or Non-Critical Creditor Arrangement that may arise as a result of any CVA Related Event;
- (b) the Non-Critical Creditors shall not be entitled, as a result of a CVA Related Event:
 - I to terminate any Non-Critical Creditor Arrangement; or
 - ii to cause the Company to lose or otherwise forfeit any deposit or advance payment made by the Company or to require it to provide any such deposit or advance payment in each case in respect of Non-Critical Creditor Arrangements; or
 - iii to impose more onerous terms and conditions (including but not limited to higher interest payments, penalties, charges and/or changes to payment terms); or
 - iv to enforce any other contractual or other right that they may have in their capacity as Non-Critical Creditors;
- (c) any attempt by any Non-Critical Creditor to impose more onerous terms on the Company or to change or vary the terms of any Non-Critical Creditor Arrangement (including as described above) as a result of any CVA Related Event without the consent of the Company shall be unenforceable.

17 THE EFFECT OF THE CVA ON RATING AUTHORITY CREDITORS

17.1 This Clause 17 shall apply to all Rating Authority Creditors.

17.2 The amount to be paid by the Company to each Rating Authority Creditor in relation to the Current Business Rates Year shall be determined by reference to which Category of Premises the liability of the Company to the relevant Rating Authority Creditor relates, as set out below:

- (a) The amount payable to each Rating Authority Creditor in relation to Category 1 Premises shall be 50% of the total liability of the Company to those Rating Authority Creditors for the remaining period of the Current Business Rates Year;
- (b) The amount payable to each Rating Authority Creditor in relation to Category 2 Premises shall be 50% of the total liability of the Company to those Rating Authority Creditors for the remaining period of the Current Business Rates Year;
- (c) The amount payable to each Rating Authority Creditor in relation to Category 3 Premises shall be 40% of the total liability of the Company to those Rating Authority Creditors for the remaining period of the Current Business Rates Year;
- (d) The amount payable to each Rating Authority Creditor in relation to Category 4 Premises shall be 30% of the total liability of the Company to those Rating

SCHEDULE 5

LIST OF CATEGORY 1 LEASES

SITE NAME	ADDRESS	LANDLORD
ALTRINCHAM	53-55 GEORGE STREET, ALTRINCHAM, CHESHIRE WA14 1RJ	THE SANHOUSE PENSIONER TRUSTEE COMPANY LIMITED AND THE INTERNATIONAL PENSION FUND
BAKER STREET STATION	UNIT 8, STATION APPROACH, MARYLEBONE ROAD, LONDON NW1 5LA	LONDON UNDERGROUND LTD
BATH	SU43 LAWRENCE STREET, SOUTHGATE, BATH	SOUTHGATE LP (NOMINEE 1) LTD & SOUTHGATE LP (NOMINEE 2) LTD
BELFAST - VICTORIA SQ	UNIT LG6-7 & REMOTE STORE LG 08, VICTORIA SQUARE, BELFAST BT1 4QB	CGI VICTORIA SQUARE PARTNERSHIP
BERNE STATION	BOLLWERK 10, BERN, SWITZERLAND, CH-3011 BERN	TALLY WEIJL TRADING AG
BIRMINGHAM GRAND CENTRAL	UNIT 18A GRAND CENTRAL STEPHENSON PLACE, BIRMINGHAM, B2 4BF	GRAND CENTRAL LIMITED PARTNERSHIP
BOURNEMOUTH CASTLEPOINT	UNIT O, EAST MALL, CASTLEPOINT, CASTLE LANE WEST, BOURNEMOUTH BH8 9UZ	CASTLEPOINT GENERAL PARTNER LTD & CASTLEPOINT NOMINEE LTD
BRENTWOOD	39-41 HIGH STREET, BRENTWOOD, ESSEX CM14 4RH	GLENELG (BRENTWOOD) LTD
BROMLEY	UNIT 15 & 16, LOWER MALL LEVEL, INTU BROMLEY, KENT BR1 1DN	ALASKA UK BROMLEY UNIT TRUST
CARMARTHEN	UNITS 5-6 CAMBRIAN WAY, JOHN STREET, CARMARTHEN SA31 1QN	KAMES CAPITAL UK ACTIVE VALUE PROPERTY UNIT TRUST
CIRENCESTER	6B & 4A CRICKLADE STREET, CIRENCESTER, GLOUCESTERSHIRE GL7 1JH	COLLEGE OF THE BLESSED MARY & ALL SAINTS LINCOLN IN THE UNIVERSITY OF OXFORD