

**C L I F F O R D
C H A N C E**

4250825
LIMITED LIABILITY PARTNERSHIP

EXECUTION COPY

Clifford Chance LLP
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CLIFFORD CHANCE
LIMITED LIABILITY PARTNERSHIP**

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- (1) **APPLEPLACE LIMITED (IN MEMBERS' VOLUNTARY LIQUIDATION)**
 - (2) **A.G. CLOTHING LIMITED**
 - (3) **RICHARD VICTOR YERBURGH SETCHIM**
 - (4) **TIMOTHY GERARD WALSH**
 - (5) **MISS SELFRIDGE RETAIL LIMITED**
 - (6) **WAREHOUSE FASHION LIMITED**
 - (7) **OUTFIT RETAIL LIMITED**
 - (8) **WALLIS RETAIL LIMITED**
 - (9) **A G CLOTHING (HOLDINGS) LIMITED**
 - (10) **ARCADIA GROUP PLC**
 - (11) **STANCEPOWER LIMITED**

**DEED OF RECONSTRUCTION
PURSUANT TO SECTION 110 OF
THE INSOLVENCY ACT 1986**



EDX
COMPANIES HOUSE

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THIS DEED is made on the 18 day of August 2001

BETWEEN:

- (1) **APPLEPLACE LIMITED** (in members' voluntary liquidation) ("**Topco**") a private limited company incorporated under the laws of England and Wales (company number 4250933) whose registered office is at Colegrave House, 70 Berners Street, London W1T 3NL;
- (2) **A.G. CLOTHING LIMITED** ("**AGC**") a private limited company incorporated under the laws of England and Wales (company number 00941463) whose registered office is at Colegrave House, 70 Berners Street, London W1T 3NL;
- (3) **RICHARD VICTOR YERBURGH SETCHIM and TIMOTHY GERARD WALSH** (the "**Liquidators**") of PricewaterhouseCoopers, Plumtree Court, London EC4A 4HT;
- (4) **MISS SELFRIDGE RETAIL LIMITED** ("**Newco 1**") a private limited company incorporated under the laws of England and Wales (company number 4251393) whose registered office is at Colegrave House, 70 Berners Street, London W1T 3NL;
- (5) **WAREHOUSE FASHION LIMITED** ("**Newco 2**") a private limited company incorporated under the laws of England and Wales (company number 4251137) whose registered office is at Colegrave House, 70 Berners Street, London W1T 3NL;
- (6) **OUTFIT RETAIL LIMITED** ("**Newco 3**") a private limited company incorporated under the laws of England and Wales (company number 4251395) whose registered office is at Colegrave House, 70 Berners Street, London W1T 3NL;
- (7) **WALLIS RETAIL LIMITED** ("**Newco 4**") a private limited company incorporated under the laws of England and Wales (company number 4250825) whose registered office is at Colegrave House, 70 Berners Street, London W1T 3NL;
- (8) **A G CLOTHING (HOLDINGS) LIMITED** ("**Newco 5**") a private limited company incorporated under the laws of England and Wales (company number 4251011) whose registered office is at Colegrave House, 70 Berners Street, London W1T 3NL;
- (9) **ARCADIA GROUP PLC** ("**Arcadia**") a company incorporated in England and Wales (company number 00237511) whose registered office is at Colegrave House, 70 Berners Street, London W1T 3NL; and
- (10) **STANCEPOWER LIMITED** ("**GuaranteeCo**") a company incorporated in England and Wales (company number 4180457) whose registered office is at Colegrave House, 70 Berners Street, London W1T 3NL.



WHEREAS:

- (A) Pursuant to an agreement dated 10 August 2001 (the "**AGC Share Transfer Agreement**"), Arcadia transferred all of its legal and beneficial interest in the entire issued share capital of AGC (the "**AGC Shares**") to Topco.
- (B) Pursuant to an agreement dated 10 August 2001 (the "**Miss Selfridge Transfer Agreement**") assets owned by the AGC Group and used exclusively in connection with the Business in respect of the Miss Selfridge Brand and liabilities of the AGC Group relating exclusively to the Business in respect of the Miss Selfridge Brand as at the date of that agreement were transferred to or assumed by (as the case may be) Topco in accordance with the terms and conditions of such agreement.
- (C) Pursuant to an agreement dated 10 August 2001 (the "**Warehouse Transfer Agreement**") assets owned by the AGC Group and used exclusively in connection with the Business in respect of the Warehouse Brand and liabilities of the AGC Group relating exclusively to the Business in respect of the Warehouse Brand as at the date of that agreement were transferred to or assumed by (as the case may be) Topco in accordance with the terms and conditions of such agreement.
- (D) Pursuant to an agreement dated 10 August 2001 (the "**Outfit Transfer Agreement**") assets owned by the AGC Group and used exclusively in connection with the Business in respect of the Outfit Brand and liabilities of the AGC Group relating exclusively to the Business in respect of the Outfit Brand as at the date of that agreement were transferred to or assumed by (as the case may be) Topco in accordance with the terms and conditions of such agreement.
- (E) Pursuant to an agreement dated 10 August 2001 (the "**Wallis Transfer Agreement**") assets owned by the AGC Group and used exclusively in connection with the Business in respect of the Wallis Brand and liabilities of the AGC Group relating exclusively to the Business in respect of the Wallis Brand as at the date of that agreement were transferred to or assumed by (as the case may be) Topco in accordance with the terms and conditions of such agreement.
- (F) Topco has an authorised share capital of £10,000 divided into 7,400 ordinary shares of £1 each, all of which are issued and held by Arcadia and 2,600 cumulative participating preference shares of £1 each, all of which are held by Stancepower Limited ("**GuaranteeCo**").
- (G) Newco 1, Newco 2, Newco 3, Newco 4 and Newco 5 each have an authorised share capital of £100 divided into 74 ordinary shares of £1 each, all of which are issued and held by Arcadia, and 26 cumulative participating preference shares of £1 each, all of which are issued and held by GuaranteeCo.
- (H) Pursuant to written resolutions of all the shareholders of Newco 1 dated 17 August 2001 it was resolved, inter alia, that the authorised share capital of Newco 1 be increased to £1000 by the creation of a further 666 ordinary shares of £1 each and 234

cumulative participating preference shares of £1 each, with a view to issuing such shares in accordance with the terms hereof.

- (I) Pursuant to written resolutions of all the shareholders of Newco 2 dated 17 August 2001 it was resolved, inter alia, that the authorised share capital of Newco 2 be increased to £2500 by the creation of a further 1776 ordinary shares of £1 each and 624 cumulative participating preference shares of £1 each, with a view to issuing such shares in accordance with the terms hereof.
- (J) Pursuant to written resolutions of all the shareholders of Newco 3 dated 17 August 2001 it was resolved, inter alia, that the authorised share capital of Newco 3 be increased to £150 by the creation of a further 37 ordinary shares of £1 each and 13 cumulative participating preference shares of £1 each, with a view to issuing such shares in accordance with the terms hereof.
- (K) Pursuant to written resolutions of all the shareholders of Newco 4 dated 17 August 2001 it was resolved, inter alia, that the authorised share capital of Newco 4 be increased to £6700 by the creation of a further 4884 ordinary shares of £1 each and 1716 cumulative participating preference shares of £1 each, with a view to issuing such shares in accordance with the terms hereof.
- (L) Pursuant to written resolutions of all the shareholders of Newco 5 dated 17 August 2001 it was resolved, inter alia, that the authorised share capital of Newco 5 be increased to £150 by the creation of a further 37 ordinary shares of £1 each and 13 cumulative participating preference shares of £1 each, with a view to issuing such shares in accordance with the terms hereof.

NOW IT IS AGREED as follows:

1. DEFINITIONS AND INTERPRETATIONS

- 1.1 Definitions and interpretations set out or referred to in the Transfer Agreements (including in clause 1 thereof) shall (mutatis mutandis), unless otherwise defined herein or the context otherwise requires, have the same meaning when used in this Deed, and in addition:

"**AGC Group**" or "**AGC's Group**" means AGC and each subsidiary undertaking of AGC from time to time and each assignee and successor in title of AGC permitted under this Deed, and references to "**members of**" or a "**member of**" such group shall be construed accordingly;

"**Agency Agreement**" means the agency agreement dated 10 August 2001 between AGC and Topco in relation to the conduct of, in the case of Clause 3, the Miss Selfridge Business, in the case of Clause 4, the Warehouse Business, in the case of Clause 5, the Outfit Business and in the case of Clause 6, the Wallis Business;

"**Agreement for the Supply of Staff**" means the agreement for the supply of staff dated 10 August 2001 between Arcadia, AGC and Topco relating, inter alia, to the

supply by AGC and/or Arcadia of certain employees to, in the case of Clause 3, the Miss Selfridge Business, in the case of Clause 4, the Warehouse Business, in the case of Clause 5, the Outfit Business and in the case of Clause 6, the Wallis Business;

"Completion" means completion of the transfer of the rights and assets, obligations and liabilities in accordance with clauses 3, 4, 5, 6 and/or 7, as the context may require, of this Deed;

"Completion Date" means the date of Completion;

"Directors" means the directors of the Topco whose names are set out in Schedule 1;

"Effective Time" means 23.59 hours London time on the Completion Date;

"Employees" means those employees (if any) employed by any member of AGC's Group as at the Effective Time;

"Escrow Letter" means a letter from Clifford Chance Limited Liability Partnership to HSBC Investment Bank plc as Agent (as defined in the Financing Agreement) dated on or about the date hereof duly countersigned by HSBC Investment Bank plc as Agent whereby Clifford Chance Limited Liability Partnership agrees to hold certain documents in escrow for the Agent on the terms and conditions described therein;

"Financing Agreements" means the credit agreement dated 8 July 1999 as amended on 25 August 1999 and 12 April 2000 made between Arcadia as borrower, AGC, Arcadia Group Brands Limited and Redcastle Limited as initial guarantors, Barclays Capital, Citibank, N.A., Greenwich NatWest Limited and HSBC Investment Bank plc as arrangers and HSBC Investment Bank plc as Agent and certain banks named therein;

"Newco 5 Group" or **"Newco 5's Group"** means Newco 5 and each subsidiary undertaking of Newco 5 from time to time and each assignee and successor in title of Newco 5 permitted under this Deed, and references to **"members of"** or a **"member of"** such group shall be construed accordingly;

"Non-Transferable Contract" means each Residual Contract (as defined in clause 7.4), the legal and/or equitable title to which could not be assigned or transferred to Newco 5 without obtaining the consent (or complying with a requirement) of a Third Party or otherwise giving rise to a breach of contract and/or applicable law or regulation;

"Residual Assets" means any assets owned by Topco (including all rights granted or assigned to Topco pursuant to clauses 3 to 6 of this Deed) immediately after the Effective Time, following Completion of the transfers described at clauses 3 to 6 of this Deed;

"Residual Business" means any clothing retail business carried on by Topco immediately after the Effective Time, following Completion of the transfers described at clause 3 to 6 of this Deed;

"Residual Liabilities" means any liabilities of Topco (including all liabilities assumed by or transferred to Topco pursuant to clauses 3 to 6 of this Deed) immediately after the Effective Time, following Completion of the transfers described at clauses 3 to 6 of this Deed;

"Residual Agreement for the Supply of Staff" means the agreement dated on or about the date hereof between Arcadia, AGC and Newco 5 relating to, inter alia, the supply by Arcadia and/or AGC to the Residual Business of the services of certain employees;

"Transaction Documents" means this Deed and any other agreements and/or documents ancillary (or entered into pursuant) to this Deed but excluding, for the avoidance of doubt, in respect of each relevant brand and business, the Transfer Agreement, the Agency Agreement, the Agreement for the Supply of Staff and any Brand Rights Assignment;

"Transfer Agreements" means together the Miss Selfridge Transfer Agreement, the Warehouse Transfer Agreement, the Outfit Transfer Agreement and the Wallis Transfer Agreement and **"Transfer Agreement"** shall be construed accordingly; and

"Transferees" means together Newco 1, Newco 2, Newco 3, Newco 4 and Newco 5 and **"Transferee"** shall be construed accordingly.

1.2 The Recitals and Schedules form part of this Deed.

2. **CONDITIONS PRECEDENT**

2.1 The obligations of each of the parties under this Deed are subject to and conditional upon the following events happening in the order set out below:

2.1.1 a majority of the Directors (in their capacity as directors of Topco) making a Statutory Declaration in the form required by Section 89(1) of the Insolvency Act 1986 in connection with the liquidation of Topco pursuant to this Deed;

2.1.2 the passing by Arcadia and GuaranteeCo of written resolutions of the shareholders of Topco substantially in the form set out in Schedule 2 (the **"Resolutions"**);

2.1.3 the execution by Arcadia and the Liquidators of a Deed of Indemnity in favour of the Liquidators substantially in the form set out in Schedule 3 to take effect immediately after the passing of the Resolutions;

2.1.4 the written consent of the Liquidators to act as liquidators of Topco being given pursuant to Rule 4.139(2) of the Insolvency Rules 1986; and

2.1.5 Clifford Chance Limited Liability Partnership holding in escrow, subject to the terms of the Escrow Letter:

(a) deeds of release duly executed by the Agent (as defined in the Financing Agreement), releasing and discharging Topco from further performance

of its obligations as a guarantor under the Financing Agreement and all liabilities, claims and demands howsoever arising under the Financing Agreement (whether in contract, tort or otherwise); and

- (b) an accession agreement for each of Newco 1, Newco 3 and Newco 4 duly executed by the Agent, Arcadia and Newco 1, Newco 3 and Newco 4 (as the case may be) pursuant to which Newco 1, Newco 3 and Newco 4 will accede to the Financing Agreement as additional guarantors.

- 2.2 Completion shall take place immediately following satisfaction of the conditions referred to in clause 2.1. All the obligations under this Deed shall (except for any obligation fully performed on or before Completion) continue in full force and effect after Completion.
- 2.3 If any of the conditions referred to in Clause 2.1 are not satisfied on or before 30 September 2001 then this Deed shall cease to apply and no party hereto shall be under any obligation or liability to any other party hereto save that termination shall not release any party from any liability which has then already accrued in respect of any act or omission prior to termination.

3. MISS SELFRIDGE - RECONSTRUCTION PROPOSAL

Transfer

- 3.1 Subject to clauses 3.2 and 3.3, with effect from the Effective Time, pursuant to the authorities given by the Resolutions and Section 110 of the Insolvency Act 1986, Topco, acting by the Liquidators, agrees to sell and transfer to Newco 1 and Newco 1 agrees to buy and assume (as the case may be) the assets and liabilities which as at the Effective Time relate exclusively to the Business (as defined in the Miss Selfridge Transfer Agreement) in respect of the Miss Selfridge Brand upon the terms and subject to the conditions set out in the Miss Selfridge Transfer Agreement, mutatis mutandis, as if all references to the Transferor were to Topco and all references to the Transferee were to Newco 1, save that for the purposes of this Clause 3:
 - 3.1.1 any reference in the Miss Selfridge Transfer Agreement to the Transferor('s) Group or to "member(s) of" the Transferor('s) Group, shall be construed as a reference to Topco only and accordingly, any reference to the Transferor acting "for an on behalf of itself and each member of" the Transferor('s) Group, and any obligation upon the Transferor to "procure that each member of its" Transferor ('s) Group does or omits to do anything shall not apply, save that any reference to the Transferor or the Transferor('s) Group in Recital E, clauses 10.1, 10.2, 13.1 and/or 13.3 of the Miss Selfridge Transfer Agreement shall be construed as a reference to AGC or the AGC Group (as the case may be);
 - 3.1.2 for the purposes of Recital E of the Miss Selfridge Transfer Agreement, any reference to the Transferee shall be construed as a reference to Topco;

- 3.1.3 any reference to Completion, Completion Date, Effective Time, Agency Agreement, Agreement for the Supply of Staff, Employees, Financing Agreements and Transaction Documents shall be construed in accordance with the definitions used herein;
- 3.1.4 clauses 2.1, 3.2.4, 3.3.1, 3.3.2, 5 and 7 of the Miss Selfridge Transfer Agreement shall not apply;
- 3.1.5 the reference to clause 2.1 in clause 11.1 of the Miss Selfridge Transfer Agreement is to be construed as a reference to clause 3.1 hereof;
- 3.1.6 Schedule 1 paragraph 4, Schedule 2 paragraph 8 and Schedule 3 paragraphs 1 and 5 of the Miss Selfridge Transfer Agreement shall not apply; and
- 3.1.7 the consideration payable for the transfer of such assets and liabilities and the performance by the Transferor of all of its other obligations thereunder shall be determined in accordance with clause 3.4 of this Deed and payment thereof satisfied in accordance with clause 3.5 of this Deed.

Novation

- 3.2 Subject to clause 3.3. below, to the extent that as at the Effective Time there exist any contracts which exclusively relate to the Business in respect of the Miss Selfridge Brand and the only parties to which are parties to this Deed, including, for the avoidance of doubt, the Miss Selfridge Transfer Agreement and the Agreement for the Supply of Staff and Agency Agreement (in each case) referred to therein, with effect as at the Effective Time:
 - 3.2.1 Topco hereby novates to Newco 1, with the consent of each of the relevant parties to this Deed, the benefit and burden of Topco's rights and obligations under such contracts (including any rights and obligations accrued thereunder);
 - 3.2.2 Newco 1 covenants with Topco and each of the relevant parties to this Deed to observe and perform the obligations on the part of Topco under such contracts and to be bound by their terms as if it were a party to such contracts from the Effective Time in place of Topco; and
 - 3.2.3 each of the relevant parties to this Deed releases and discharges Topco from further performance of such contracts and all liabilities, claims and demands howsoever arising under such contracts (whether in contract, tort or otherwise and whether existing before or after the Effective Time), accepts the liability of Newco 1 under such contracts in place of the liability of Topco and covenants with Newco 1 to observe and perform each of their obligations under such contracts and to be bound by their terms as if Newco 1 were a party to such contracts from the Effective Time in place of Topco.

- 3.3 For the avoidance of doubt, nothing in clause 3.2 shall be construed as novating to Newco 1 the obligations of Topco under clause 3.3.1 and 5 of the Miss Selfridge Transfer Agreement.

Consideration

- 3.4 The total consideration for the transfer of rights and assets to and the assumption of obligations and liabilities by Newco 1 pursuant to clauses 3.1 and 3.2 of this Deed shall be £11,968,254 being an amount equal to the aggregate of the market value thereof, and shall be satisfied in full by the allotment and issue by Newco 1 of:
- 3.4.1 666 ordinary shares of £1 each, in itself issued at an aggregate premium of £11,967,354, credited as fully paid, free from any Encumbrance and ranking pari passu with any ordinary shares previously allotted or issued by Newco 1 (the "**Newco 1 Ordinary Shares**"), such shares to be allotted and issued to Arcadia; and
- 3.4.2 234 cumulative participating preference shares of £1 each in itself issued at par value value, credited as fully paid, free from any Encumbrance and ranking pari passu with any cumulative participating preference shares previously allotted or issued by Newco 1 (the "**Newco 1 Preference Shares**" and together with the Newco 1 Ordinary Shares, the "**Newco 1 Shares**"), such Newco 1 Preference Shares to be allotted and issued to GuaranteeCo.

Completion

- 3.5 On Completion Newco 1 shall allot and issue the Newco 1 Shares, in accordance with the provisions hereof and, more particularly, Newco 1 shall:
- 3.5.1 issue share certificates to Arcadia and GuaranteeCo in respect of the allotment and issue of the Newco 1 Shares;
- 3.5.2 update the shareholdings of Arcadia and GuaranteeCo in its register of members; and
- 3.5.3 make all appropriate filings at Companies House.

4. WAREHOUSE - RECONSTRUCTION PROPOSAL

Transfer

- 4.1 Subject to clauses 4.2 and 4.3, with effect from the Effective Time, pursuant to the authorities given by the Resolutions and Section 110 of the Insolvency Act 1986, Topco, acting by the Liquidators, agrees to sell and transfer to Newco 2 and Newco 2 agrees to buy and assume (as the case may be) the assets and liabilities which as at the Effective Time relate exclusively to the Business (as defined in the Warehouse Transfer

Agreement) in respect of the Warehouse Brand upon the terms and subject to the conditions set out in the Warehouse Transfer Agreement, mutatis mutandis, as if all references to the Transferor were to Topco and all references to the Transferee were to Newco 2, save that for the purposes of this Clause 4:

- 4.1.1 any reference in the Warehouse Transfer Agreement to the Transferor('s) Group or to "member(s) of" the Transferor('s) Group, shall be construed as a reference to Topco only and accordingly, any reference to the Transferor acting "for an on behalf of itself and each member of" the Transferor('s) Group, and any obligation upon the Transferor to "procure that each member of its" Transferor ('s) Group does or omits to do anything shall not apply, save that any reference to the Transferor or the Transferor('s) Group in Recital E, clauses 10.1, 10.2, 13.1 and/or 13.3 of the Warehouse Transfer Agreement shall be construed as a reference to AGC or the AGC Group (as the case may be);
- 4.1.2 for the purposes of Recital E of the Warehouse Transfer Agreement, any reference to the Transferee shall be construed as a reference to Topco;
- 4.1.3 any reference to Completion, Completion Date, Effective Time, Agency Agreement, Agreement for the Supply of Staff, Employees, Financing Agreements and Transaction Documents shall be construed in accordance with the definitions used herein;
- 4.1.4 clauses 2.1, 3.2.4, 3.3.1, 3.3.2, 5 and 7 of the Warehouse Transfer Agreement shall not apply;
- 4.1.5 the reference to clause 2.1 in clause 11.1 of the Warehouse Transfer Agreement is to be construed as a reference to clause 4.1 hereof;
- 4.1.6 Schedule 1 paragraph 4, Schedule 2 paragraph 8 and Schedule 3 paragraphs 1 and 5 of the Warehouse Transfer Agreement shall not apply; and
- 4.1.7 the consideration payable for the transfer of such assets and liabilities and the performance by the Transferor of all of its obligations thereunder shall be determined in accordance with clause 4.4 of this Deed and payment thereof satisfied in accordance with clause 4.5 of this Deed.

Novation

- 4.2 Subject to clause 4.3 below, to the extent that as at the Effective Time there exist any contracts which exclusively relate to the Business in respect of the Warehouse Brand and the only parties to which are parties to this Deed, including, for the avoidance of doubt, the Warehouse Transfer Agreement and the Agreement for the Supply of Staff and Agency Agreement (in each case) referred to therein, with effect as at the Effective Time:

- 4.2.1 Topco hereby novates to Newco 2, with the consent of each of the relevant parties to this Deed, the benefit and burden of Topco's rights and obligations under such contracts (including any rights and obligations accrued thereunder);
- 4.2.2 Newco 2 covenants with Topco and each of the relevant parties to this Deed to observe and perform the obligations on the part of Topco under such contracts and to be bound by their terms as if it were a party to such contracts from the Effective Date in place of Topco; and
- 4.2.3 each of the relevant parties to this Deed releases and discharges Topco from further performance of such contracts and all liabilities, claims and demands howsoever arising under such contracts (whether in contract, tort or otherwise and whether existing before or after the Effective Time), accepts the liability of Newco 2 under such contracts in place of the liability of Topco and covenants with Newco 2 to observe and perform each of the obligations under such contracts and to be bound by their terms as if Newco 2 were a party to such contracts from the Effective Date in place of Topco,
- 4.3 For the avoidance of doubt, nothing in clause 4.2 shall be construed as novating to Newco 2 the obligations of Topco under clauses 3.3.1 and 5 of the Warehouse Transfer Agreement.

Consideration

- 4.4 The total consideration for the transfer of rights and assets to and the assumption of obligations and liabilities by Newco 2 pursuant to clauses 4.1 and 4.2 of this Deed shall be £31,915,344 being an amount equal to the aggregate of the market value thereof, and shall be satisfied in full by the allotment and issue by Newco 2 of:
- 4.4.1 1,776 ordinary shares of £1 each in itself issued at an aggregate premium of £31,912,944, credited as fully paid, free from any Encumbrance and ranking pari passu with any ordinary shares previously allotted or issued by Newco 2 (the "**Newco 2 Ordinary Shares**"), such shares to be allotted and issued to Arcadia; and
- 4.4.2 624 cumulative participating preference shares of £1 each in itself issued at par value, credited as fully paid, free from any Encumbrance and ranking pari passu with any cumulative participating preference shares previously allotted or issued by Newco 2 (the "**Newco 2 Preference Shares**" and together with the Newco 2 Ordinary Shares, the "**Newco 2 Shares**"), such Newco 2 Preference Shares to be allotted and issued to GuaranteeCo.

Completion

- 4.5 On Completion Newco 2 shall allot and issue the Newco 2 Shares, in accordance with the provisions hereof and, more particularly, Newco 2 shall:

- 4.5.1 issue share certificates to Arcadia and GuaranteeCo in respect of the allotment and issue of the Newco 2 Shares;
- 4.5.2 update the shareholdings of Arcadia and GuaranteeCo in its register of members; and
- 4.5.3 make all appropriate filings at Companies House.

5. OUTFIT - RECONSTRUCTION PROPOSAL

Transfer

- 5.1 Subject to clauses 5.2 and 5.3, with effect from the Effective Time, pursuant to the authorities given by the Resolutions and Section 110 of the Insolvency Act 1986, Topco, acting by the Liquidators, agrees to sell and transfer to Newco 3 and Newco 3 agrees to buy and assume (as the case may be) the assets and liabilities which as at the Effective Time relate exclusively to the Business (as defined in the Outfit Transfer Agreement) in respect of the Outfit Brand upon the terms and subject to the conditions set out in the Outfit Transfer Agreement, mutatis mutandis, as if all references to the Transferor were to Topco and all references to the Transferee were to Newco 3, save that for the purposes of this Clause 5:

- 5.1.1 any reference in the Outfit Transfer Agreement to the Transferor('s) Group or to "member(s) of" the Transferor('s) Group, shall be construed as a reference to Topco only and accordingly, any reference to the Transferor acting "for an on behalf of itself and each member of" the Transferor('s) Group, and any obligation upon the Transferor to "procure that each member of its" Transferor ('s) Group does or omits to do anything shall not apply, save that any reference to the Transferor or the Transferor('s) Group in Recital E, clauses 10.1, 10.2, 13.1 and/or 13.3 of the Outfit Transfer Agreement shall be construed as a reference to AGC or the AGC Group (as the case may be);
- 5.1.2 for the purposes of Recital E of the Outfit Transfer Agreement, any reference to the Transferee shall be construed as a reference to Topco;
- 5.1.3 any reference to Completion, Completion Date, Effective Time, Agency Agreement, Agreements for the Supply of Staff, Employees, Financing Agreements and Transaction Documents shall be construed in accordance with the definitions used herein;
- 5.1.4 clauses 2.1, 3.2.4, 3.3.1, 3.3.2, 5 and 7 of the Outfit Transfer Agreement shall not apply;
- 5.1.5 the reference to clause 2.1 in clause 11.1 of the Outfit Transfer Agreement is to be construed as a reference to clause 5.1 hereof;
- 5.1.6 Schedule 1 paragraph 4, Schedule 2 paragraph 8 and Schedule 3 paragraphs 1 and 5 of the Outfit Transfer Agreement shall not apply; and

- 5.1.7 the consideration payable for the transfer of such assets and liabilities and the performance by the Transferor of all of its obligations thereunder shall be determined in accordance with clause 5.4 of this Deed and payment thereof satisfied in accordance with clause 5.5 of this Deed.

Novation

- 5.2 Subject to clause 5.3 below to the extent that as at the Effective Time there exist any contracts which exclusively relate to the Business in respect of the Outfit Brand and the only parties to which are parties to this Deed, including, for the avoidance of doubt, the Outfit Transfer Agreement and the Agreement for the Supply of Staff and Agency Agreement (in each case) referred to therein, with effect as at the Effective Time:

- 5.2.1 Topco hereby novates to Newco 3, with the consent of each of the relevant parties to this Deed, the benefit and burden of Topco's rights and obligations under such contracts (including any rights and obligations accrued thereunder);

- 5.2.2 Newco 3 covenants with Topco and each of the relevant parties to this Deed to observe and perform the obligations on the part of Topco under such contracts and to be bound by their terms as if it were a party to such contracts from the Effective Time in place of Topco; and

- 5.2.3 each of the relevant parties to this Deed releases and discharges Topco from further performance of such contracts and all liabilities, claims and demands howsoever arising under such contracts (whether in contract, tort or otherwise and whether existing before or after the Effective Time), accepts the liability of Newco 3 under such contracts in place of the liability of Topco and covenants with Newco 3 to observe and perform each of the obligations under such contracts and to be bound by their terms as if Newco 3 were a party to such contracts from the Effective Time in place of Topco,

- 5.3 From the avoidance of doubt, nothing in clause 5.2 shall be construed as novating to Newco 3 the obligations of Topco under clauses 3.3.1 and 5 of the Outfit Transfer Agreement.

Consideration

- 5.4 The total consideration for the transfer of rights and assets to and the assumption of obligations and liabilities by Newco 3 pursuant to clauses 5.1 and 5.2 of this Deed shall be £664,903 being an amount equal to the aggregate of the market value thereof, and shall be satisfied in full by the allotment and issue by Newco 3 of:

- 5.4.1 37 ordinary shares of £1 each in itself issued at an aggregate premium of £664,853, credited as fully paid, free from any Encumbrance and ranking pari passu with any ordinary shares previously allotted or issued by Newco 3 (the "Newco 3 Ordinary Shares"), such shares to be allotted and issued to Arcadia; and

- 5.4.2 13 cumulative participating preference shares of £1 each in itself issued at par value, credited as fully paid, free from any Encumbrance and ranking pari passu with any cumulative participating preference shares previously allotted or issued by Newco 3 (the "**Newco 3 Preference Shares**" and together with the Newco 3 Ordinary Shares, the "**Newco 3 Shares**"), such Newco 3 Preference Shares to be allotted and issued to GuaranteeCo.

Completion

- 5.5 On Completion Newco 3 shall allot and issue the Newco 3 Shares, in accordance with the provisions hereof and, more particularly, Newco 3 shall:
- 5.5.1 issue share certificates to Arcadia and GuaranteeCo in respect of the allotment and issue of the Newco 3 Shares;
- 5.5.2 update the shareholdings of Arcadia and GuaranteeCo in its register of members; and
- 5.5.3 make all appropriate filings at Companies House.

6. WALLIS - RECONSTRUCTION PROPOSAL

Transfer

- 6.1 Subject to clauses 6.2 and 6.3, with effect from the Effective Time, pursuant to the authorities given by the Resolutions and Section 110 of the Insolvency Act 1986, Topco, acting by the Liquidators, agrees to sell and transfer to Newco 4 and Newco 4 agrees to buy and assume (as the case may be) the assets and liabilities which as at the Effective Time relate exclusively to the Business (as defined in the Wallis Transfer Agreement) in respect of the Wallis Brand upon the terms and subject to the conditions set out in the Wallis Transfer Agreement, mutatis mutandis, as if all references to the Transferor were to Topco and all references to the Transferee were to Newco 4, save that for the purposes of this Clause 3:
- 6.1.1 any reference in the Wallis Transfer Agreement to the Transferor('s) Group or to "member(s) of" the Transferor('s) Group, shall be construed as a reference to Topco only and accordingly, any reference to the Transferor acting "for an on behalf of itself and each member of" the Transferor('s) Group, and any obligation upon the Transferor to "procure that each member of its" Transferor ('s) Group does or omits to do anything shall not apply, save that any reference to the Transferor or the Transferor('s) Group in Recital E, clauses 10.1, 10.2, 13.1 and/or 13.3 of the Wallis Transfer Agreement shall be construed as a reference to AGC or the AGC Group (as the case may be);
- 6.1.2 for the purposes of Recital E of the Wallis Transfer Agreement, any reference to the Transferee shall be construed as a reference to Topco;
- 6.1.3 any reference to Completion, Completion Date, Effective Time, Agency Agreement, Agreement for the Supply of Staff, Employees, Financing

Agreements and Transaction Documents shall be construed in accordance with the definitions used herein;

- 6.1.4 clauses 2.1, 3.2.4, 3.3.1, 3.3.2, 5 and 7 of the Wallis Transfer Agreement shall not apply;
- 6.1.5 the reference in clause 11.1 of the Wallis Transfer Agreement is to be construed as a reference to clause 6.1 hereof;
- 6.1.6 Schedule 1 paragraph 4, Schedule 2 paragraph 8 and Schedule 3 paragraphs 1 and 5 of the Wallis Transfer Agreement shall not apply; and
- 6.1.7 the consideration payable for the transfer of such assets and liabilities and the performance by the Transferor of all of its obligations thereunder shall be determined in accordance with clause 6.4 of this Deed and payment thereof satisfied in accordance with clause 6.5 of this Deed.

Novation

- 6.2 Subject to clause 6.3 below, to the extent that as at the Effective Time there exist any contracts which exclusively relate to the Business in respect of the Wallis Brand and the only parties to which are parties to this Deed, including, for the avoidance of doubt, the Wallis Transfer Agreement and the Agreement for the Supply of Staff and Agency Agreement (in each case) referred to therein, with effect as at the Effective Time:
 - 6.2.1 Topco hereby novates to Newco 4, with the consent of each of the relevant parties to this Deed, the benefit and burden of Topco's rights and obligations under such contracts (including any rights and obligations accrued thereunder);
 - 6.2.2 Newco 4 covenants with Topco and each of the relevant parties to this Deed to observe and perform the obligations on the part of Topco under such contracts and to be bound by their terms as if it were a party to such contracts from the Effective Time in place of Topco; and
 - 6.2.3 each of the relevant parties to this Deed releases and discharges Topco from further performance of such contracts and all liabilities, claims and demands howsoever arising under such contracts (whether in contract, tort or otherwise and whether existing before or after the Effective Time), accepts the liability of Newco 4 under such contracts in place of the liability of Topco and covenants with Newco 4 to observe and perform each of the obligations under such contracts and to be bound by their terms as if Newco 4 were a party to such contracts from the Effective Time in place of Topco,
- 6.3 For the avoidance of doubt nothing in clause 6.2 shall be construed as novating to Newco 4 the obligations of Topco under clauses 3.3.1 and 5 of the Wallis Transfer Agreement.

Consideration

- 6.4 The total consideration for the transfer of rights and assets to and the assumption of obligations and liabilities by Newco 4 pursuant to clauses 6.1 and 6.2 of this Deed shall be £87,767,196 being an amount equal to the aggregate of the market value thereof, and shall be satisfied in full by the allotment and issue by Newco 4 of:
- 6.4.1 4,884 ordinary shares of £1 each in itself at an aggregate premium of £87,760,596, credited as fully paid, free from any Encumbrance and ranking pari passu with any ordinary shares previously allotted or issued by Newco 4 (the "**Newco 4 Ordinary Shares**"), such shares to be allotted and issued to Arcadia; and
- 6.4.2 1,716 cumulative participating preference shares of £1 each in itself issued at par value, credited as fully paid, free from any Encumbrance and ranking pari passu with any cumulative participating preference shares previously allotted or issued by Newco 4 (the "**Newco 4 Preference Shares**" and together with the Newco 4 Ordinary Shares, the "**Newco 4 Shares**"), such Newco 4 Preference Shares to be allotted and issued to GuaranteeCo.

Completion

- 6.5 On Completion Newco 4 shall allot and issue the Newco 4 Shares, in accordance with the provisions hereof and, more particularly, Newco 4 shall:
- 6.5.1 issue share certificates to Arcadia and GuaranteeCo in respect of the allotment and issue of the Newco 4 Shares;
- 6.5.2 update the shareholdings of Arcadia and GuaranteeCo in its register of members; and
- 6.5.3 make all appropriate filings at Companies House.

7. AGC - RECONSTRUCTION PROPOSAL

Transfer

- 7.1 For the avoidance of doubt, the obligations of each of the parties under this clause 7 are subject to and conditional upon the events set out at clauses 3 to 6 above (other than the events set out at clauses 3.5, 4.5, 5.5 and 6.5) having first taken place in accordance with the terms thereof.
- 7.2 Subject to clause 7.1, with effect from immediately after the Effective Time, pursuant to the authorities given by the Resolutions and Section 110 of the Insolvency Act 1986, Topco, acting by the Liquidators, agrees to sell and transfer to Newco 5 and Newco 5 agrees to buy and assume (as the case may be):
- 7.2.1 Topco's legal and beneficial interest in the AGC Shares; and
- 7.2.2 the Residual Assets and Residual Liabilities,

in each case in accordance with the terms and conditions set out below.

- 7.3 Topco and Newco 5 agree that, save as provided in Clause 7.2 above, the Residual Assets and Residual Liabilities referred to in Clause 7.2 are sold, transferred, purchased and assumed on an "as is, where is" basis.

Assignment

- 7.4 Subject to clauses 7.6, 7.7 and 7.9 below, with effect from immediately after the Effective Time, Topco shall assign to Newco 5, all of its then existing right, title, property, benefit and interest in and to any contracts (each a "**Residual Contract**" and together the "**Residual Contracts**") and Newco 5 shall assume the burden of such Residual Contracts pursuant to and in accordance with clause 7.5.

- 7.5 Subject to clause 7.6, after the Effective Time Newco 5 shall:

7.5.1 (to the extent practicable and provided that to do so would not constitute a breach or potential breach of the terms of the relevant contract) perform the obligations of Topco under and in accordance with the terms of the relevant Residual Contract; and

7.5.2 indemnify Topco against each loss, liability, damage, cost and expense which Topco may reasonably incur pursuant to or as a result of the relevant Residual Contract (including, without limitation, each loss, liability, damage, cost or expense reasonably incurred as a result of defending or settling a claim alleging such a liability).

- 7.6 In respect of each Residual Contract which is a Non-Transferable Contract, to the extent that the legal and/or equitable title to such could not be transferred to Newco 5 without constituting a breach of such Residual Contract, other than by an assignment made with the consent of a Third Party or by an agreement of novation to which a Third Party would be party then, until such consent is obtained or novation is achieved:

(a) this Agreement shall not constitute an assignment or an attempted assignment (as is described in clause 7.4) of such legal and/or equitable title (as the case may be) to the relevant Residual Contract; and

(b) the provisions of clause 7.9 shall apply in respect of such Residual Contract.

Novation

- 7.7 With effect from immediately after the Effective Time:

7.7.1 Topco hereby novates to Newco 5 with the consent of the relevant parties to this Deed the benefit and burden of any rights and obligations which Topco has immediately after the Effective Time, under any contracts (other than, for the avoidance of doubt, any contracts referred to in clauses 3.2, 4.2, 5.2 or 6.2), the only parties to which are also parties to this Deed, and the benefit

and burden of Topco's rights and obligations under clauses 3 to 6 of this Deed (including, in each case, any rights and obligations accrued thereunder);

- 7.7.2 Newco 5 covenants with Topco and the relevant parties to this Deed to observe and perform the obligations on the part of Topco under such contracts and clauses and to be bound by their terms as if it were a party to such contracts and subject to such clauses from the Effective Time in place of Topco; and
- 7.7.3 the relevant parties to this Deed release and discharge Topco from further performance of any such contracts and clauses and all existing and future liabilities, claims and demands howsoever arising under the such contracts and clauses (whether in contract, tort or otherwise and whether existing before or after the Effective Time), accept the liability of Newco 5 under such contracts and clauses in place of the liability of Topco and covenants with Newco 5 to observe and perform each of the obligations under such contracts and clauses and to be bound by their terms as if Newco 5 were a party to such contracts from the Effective Time in place of Topco.
- 7.8 For the avoidance of doubt, pursuant to clause 7.7 above, Topco shall novate to Newco 5 all of its obligations under clauses 3.3.1 and 5 of each of the Transfer Agreements.

Agency/Trust Arrangements

- 7.9 In respect of each Non-Transferable Contract, until the relevant consent is obtained or novation is achieved (as referred to in clause 7.6), the following provisions shall apply:
- 7.9.1 Topco shall (to the extent practicable and provided that to do so would not constitute a breach or potential breach of the terms of the Non-Transferable Contract or of applicable law or regulation) (at Newco 5's sole cost and risk) do or procure to be done each act and thing reasonably requested of it by Newco 5 to enable performance of the Non-Transferable Contract, to hold the benefits of the Non-Transferable Contract on trust and/or (to the extent such benefits cannot legally be held under such trust) as agent for Newco 5 and members of Newco 5's Group and otherwise to provide for Newco 5 and members of Newco 5's Group the benefits of the Non-Transferable Contract (including, without limitation, enforcement or exercise of any right thereunder) and Newco 5 shall indemnify Topco against each loss, liability and reasonable cost suffered or incurred by Topco in connection with the performance of each such act and thing; and
- 7.9.2 Newco 5 shall (to the extent practicable and provided that to do so would not constitute a breach or potential breach of the terms of the Non-Transferable Contract or of applicable law or regulation) perform and assume, or procure the performance and assumption by the relevant member of Newco 5's Group of all obligations and liabilities of Topco under and in accordance with the terms of the Non-Transferable Contract and indemnify Topco against each

loss, liability, damage, cost and expense which Topco may reasonably incur as a result of the performance or non-performance by Newco 5 of such obligations under such Non-Transferable Contracts (including, without limitation, each loss, liability, damage, cost or expense reasonably incurred as a result of defending or settling a claim alleging such liability).

- 7.10 Arcadia agrees that if on or after the Effective Time Topco incurs a loss, liability damage, cost or expense as a result of the exercise by the Liquidators or any of them of their powers of disclaimer pursuant to section 178 of the Insolvency Act 1986 in relation to a Non-Transferable Contract, then Arcadia shall indemnify Topco against such loss, liability, damage, cost or expense.

Assumption of Liabilities

- 7.11 With effect from immediately after the Effective Time, Newco 5 shall be responsible for and shall satisfy and discharge in a proper manner the Residual Liabilities and shall indemnify Topco against and in respect of all liabilities, losses, damages, costs and expenses (whether actual, accrued or contingent) reasonably incurred by Topco in respect thereof.

Consideration

- 7.12 The total consideration for the transfer of the AGC Shares and the Residual Assets to and the assumption of the Residual Liabilities by Newco 5 pursuant to clauses 7.2 to 7.11 of this Deed and for the performance by Topco of all its other obligations under such clauses shall be £664,903 (the "**Residual Consideration**"), being an amount equal to the aggregate of the market value thereof, and shall be satisfied in full by the allotment and issue by Newco 5 of:

- 7.12.1 37 ordinary shares of £1 each in itself issued at an aggregate premium of £664,853, credited as fully paid, free from any Encumbrance and ranking pari passu with any ordinary shares previously allotted or issued by Newco 5 (the "**Newco 5 Ordinary Shares**"), such shares to be allotted and issued to Arcadia; and
- 7.12.2 13 cumulative participating preference shares of £1 each in itself issued at par value, credited as fully paid, free from any Encumbrance and ranking pari passu with any cumulative participating preference shares previously allotted or issued by Newco 5 (the "**Newco 5 Preference Shares**" and together with the Newco 5 Ordinary Shares, the "**Newco 5 Shares**"), such Newco 5 Preference Shares to be allotted and issued to GuaranteeCo.

Completion

- 7.13 On Completion Topco shall:

- 7.13.1 subject to clauses 7.4, 7.5, 7.6, 7.9 and 7.10 above, deliver to Newco 5 possession of and title to such of the Residual Assets as are capable of being so transferred by delivery;
 - 7.13.2 subject to clauses 7.4, 7.5, 7.6, 7.9 and 7.10 above, at the request of Newco 5, deliver to Newco 5 (in a form reasonably satisfactory to Newco 5) duly executed assignments, transfers or novations in respect of such of the Residual Assets (as the case may be) as are not capable of being transferred by delivery;
 - 7.13.3 use all reasonable endeavours to ensure that Newco 5 shall become entitled (subject to the other provisions of this Agreement) to carry on the Residual Business as from the Effective Time in succession to Topco;
 - 7.13.4 deliver to Newco 5 a duly executed stock transfer form in respect of the AGC Shares in favour of Newco 5, together with the share certificate(s) in respect of all of the AGC Shares;
 - 7.13.5 deliver to Newco 5 a duly executed declaration of trust and power of attorney (in the agreed form) in favour of Newco 5;
 - 7.13.6 deliver to Newco 5 the certificate of incorporation and each certificate of incorporation on a change of name, the common seal, the statutory books and all other constitutional documents of AGC; and
 - 7.13.7 procure the due registration (subject to stamping or the transfer being adjudged by the Stamp Office of the Inland Revenue not to be subject to stamp duty) by AGC of the transfer of the AGC Shares to Newco 5.
- 7.14 On Completion Newco 5 shall:
- 7.14.1 satisfy the the Residual Consideration by allotting and issuing the Newco 5 Shares, in accordance with the provisions hereof and, more particularly, Newco 5 shall:
 - (a) issue share certificates to Arcadia and GuaranteeCo in respect of the allotment and issue of the Newco 5 Shares;
 - (b) update the shareholdings of Arcadia and GuaranteeCo in its register of members; and
 - (c) make all appropriate filings at Companies House; and
 - 7.14.2 deliver to AGC and Arcadia the Residual Agreement for the Supply of Staff duly executed by Newco 5.
- 7.15 On Completion, AGC shall:
- 7.15.1 in respect of the AGC Shares:

- (a) issue a share certificate to Newco 5;
 - (b) enter Newco 5 in the register of members of AGC; and
 - (c) make all appropriate filings at Companies House; and
- 7.15.2 deliver to Newco 5 the Residual Agreement for the Supply of Staff duly executed by AGC and Arcadia.

Employees

- 7.16 The employees who are assigned to any part of the Residual Business will be supplied to Newco 5's Group pursuant to the Residual Agreement for the Supply of Staff and, accordingly, such employees will be retained by the AGC Group and/or Arcadia (as the case may be) and the parties agree that none of the contracts of employment of the employees (if any) will, after the Effective Time, have effect as if originally made between such employees and Newco 5 or a relevant member of Newco 5's Group, as a result of the application of the Transfer of Undertakings (Protection of Employment) Regulations 1981 (the "**Regulations**").
- 7.17 In the event that, notwithstanding the understanding of the parties (as set out in clause 7.16 above and in the Residual Agreement for the Supply of Staff), any such employee transfers, or claims to have transferred, to Newco 5 or a relevant member of Newco 5's Group by virtue of the application of the Regulations or otherwise (each a "**Transferring Employee**"), AGC and/or Arcadia (as the case may be) undertakes to indemnify Newco 5 (for and on behalf of itself and each member of the Newco 5 Group) against each loss, liability, damage, cost and expense which Newco 5 and/or any member of Newco 5's Group may reasonably incur arising out of or in connection with the transfer or purported transfer of such Transferring Employee (including his subsequent employment or termination of his employment by Newco 5 or member of Newco 5's Group), provided that Newco 5 (a) notifies AGC and/or Arcadia (as the case may be) within 2 Business Days of becoming aware that such a Transferring Employee has so transferred or claims to have so transferred and (b) takes such steps as AGC and/or Arcadia (as the case may be) shall, in the circumstances, reasonably require in relation to any such Transferring Employee (including the termination of their employment and enabling any member of the Arcadia Group to offer to re-employ them), and further provided that no member of the Newco 5 Group accepts or agrees to retain such a Transferring Employee as its employee without the prior consent of AGC and/or Arcadia (as the case may be).

Value Added Tax

- 7.18 Topco and Newco 5 agree that if Topco is not within the same group of companies as Newco 5 for the purposes of section 43 of the VATA (groups of companies) at the time of supply to Newco 5 of the Residual Assets, the parties shall make all reasonable efforts to ensure (so far as possible) that such transfer is treated as neither a supply of goods nor a supply of services under the Value Added Tax (Special Provisions) Order 1995.

- 7.19 At Completion, Topco shall give Newco 5 all records referred to in section 49 of the VATA. After Completion Topco may not make a request to H.M. Customs & Excise for the records to be taken out of Newco 5's custody. During the period for which the records are required to be preserved under paragraph 6 of schedule 11 to the VATA (duty to keep records), Newco 5 shall give Topco reasonable access to the records for the purpose of inspecting, and making copies (at Topco's expense) of, them.

Post Completion Obligations

- 7.20 Without prejudice to and to the extent not inconsistent with the other provisions of this Deed, Topco shall do and execute, or procure to be done and executed, all such acts, deeds, documents and things as shall reasonably be required or desirable for the purpose of (a) vesting in Newco 5 (and/or its respective nominee) the full legal and/or beneficial title to the AGC Shares, the Residual Assets and the Residual Liabilities as are to be transferred or procured to be transferred by Topco to Newco 5 (and/or its respective nominee) pursuant to this Deed and (b) otherwise implementing this Deed and the matters contemplated herein.
- 7.21 Without prejudice to and to the extent not inconsistent with the other provisions of this Deed, if legal and/or beneficial title to any of the Residual Assets is not effectively vested in Newco 5 (and/or its respective nominee) at the Effective Time, Topco shall, subject and without prejudice to clauses 7.4 and 7.9 and until such title is effectively vested in Newco 5 (and/or its respective nominee), hold those Residual Assets on trust or, to the extent such Residual Assets cannot legally be held under such a trust, as agent for Newco 5 (and/or its respective nominee), deal with such Residual Assets in accordance with the instructions and/or directions of Newco 5 (and/or its respective nominee) and, to the extent practicable, provide to Newco 5 (and/or its respective nominee) the benefit of those Residual Assets, and Newco 5 shall indemnify Topco against each loss, liability, damage, cost and expense which Topco may reasonably incur in so doing.
- 7.22 Topco agrees that immediately after the Effective Time it shall (a) account to Newco 5, as soon as is reasonably practicable, for any monies or other assets received by Topco after the Effective Time which relate exclusively to the Residual Business or any Residual Assets and (b) upon it receiving any notices, correspondence, information or enquiries in relation to the Residual Business or the Residual Assets, pass the same, as soon as is reasonably practicable, to Newco 5.
- 7.23 Topco agrees that (to the extent that such is reasonably practicable) it will take or procure to be taken such action as Newco 5 may reasonably require to pursue any action, claim or demand arising from or in connection with the Residual Business and/or any Residual Assets PROVIDED THAT Newco 5 shall keep Topco indemnified against all losses, liabilities, damages, costs and expenses which such persons may reasonably and properly incur as a result of taking or procuring to be taken any such action requested by Newco 5.

8. LIABILITIES OF THE LIQUIDATORS

- 8.1 No representation, warranty, undertaking or condition is given, nor is any to be implied, on the part of the Liquidators in their personal capacity as Liquidators as to the title of Topco to the assets transferred pursuant to this Deed, or that any such assets are free from any Encumbrances or as to any other matter whether arising under this Deed or otherwise.
- 8.2 For the avoidance of doubt it is hereby declared and agreed that the Liquidators are entering into this Deed solely in their capacity as liquidators of Topco. In the absence of fraud, negligence or wilful default in respect of their obligations hereunder (including the fraud, negligence or wilful default of any employee of PricewaterhouseCoopers who, at the request or under the direction of the Liquidators, has been or becomes engaged in the conduct of the liquidation of Topco) the Liquidators shall incur no personal liability under or in relation to this Deed or under or in relation to any document executed pursuant to this Deed.

9. ASSIGNMENT

- 9.1 The benefit of this Deed or any part of it may be assigned by any Transferee to any member of the Arcadia Group, provided that, if any such assignee shall (whilst it retains any rights under this Deed) at any time ceases to be a member of the Arcadia Group such rights shall cease to be enforceable whether pursuant to this clause 9.1 or pursuant to the provisions of clause 12).
- 9.2 Save as provided in clause 9.1 above, this Deed is personal to the parties and none of the parties shall or shall be entitled to assign or purport to assign or otherwise dispose of or transfer any of its rights or benefits hereunder or sub-contract, delegate or otherwise transfer any of its obligations hereunder, except with the prior written consent of the other parties hereto.

10. NO RESCISSION

Subject to the provisions of clause 12, in no event or circumstance, whether arising prior to, on or after signing of this Deed or the Effective Time shall any party be entitled to treat this Deed as terminated or rescinded, and each party shall only be entitled to claim such damages or exercise any other right, power or remedy which it may otherwise have under this Deed or, subject to the provisions of clause 11, at law.

11. ENTIRE AGREEMENT

This Deed sets out the entire agreement and understanding between the parties in respect of the subject matter of this Deed. It is agreed that:

- 11.1 no party has entered into this Deed in reliance upon any representation, warranty or undertaking of any other party which is not expressly set out or referred to in this Deed;

11.2 no party shall have any remedy in respect of any misrepresentation or untrue statement made by any other party which is not expressly set out or referred to in this Deed; and

11.3 this clause shall not exclude or limit any liability of any person for any fraudulent misrepresentation, fraud, wilful misconduct or wilful concealment committed by such person.

12. **TERMINATION**

12.1 If any member of the Arcadia Group at any time ceases to be a member of the Arcadia Group (each a "**Change of Control Event**") then, subject to the provisions of clause 12.2 below, with effect at and from such time, any rights and entitlements, obligations and liabilities of such member under this Deed shall terminate and such member shall no longer be entitled to exercise such rights and entitlements and shall be released and discharged from such obligations and liabilities.

12.2 The occurrence of a Change of Control Event shall not affect or prejudice such of the relevant member's rights and entitlements, obligations and liabilities as have accrued to such member as at the time of such Change of Control Event.

13. **COSTS**

Except where this Deed provides otherwise, each party shall pay its own costs relating to the negotiation, preparation, execution and implementation by it of this Agreement and of each document referred to in it.

14. **GENERAL**

14.1 No waiver of any term, provision or condition of this Deed shall be effective unless such waiver is evidenced in writing and signed by or on behalf of the party granting such waiver.

14.2 No variation of this Deed shall be valid or effective unless it is in writing and signed by or on behalf of each party.

14.3 If at any time any one or more of the provisions hereof is or becomes invalid, illegal or unenforceable in any respect under any law, the validity, legality and enforceability of the remaining provisions hereof shall not be in any way affected or impaired thereby.

14.4 The failure to exercise or delay in exercising a right or remedy provided by this Deed or, subject to the provisions of clause 11, by law does not constitute a waiver of the right or remedy or a waiver of other rights or remedies. No single or partial exercise of a right or remedy provided by this Deed or, subject to the provisions of clause 11, by law prevents further exercise of the right or remedy or the exercise of another right or remedy.

14.5 Subject to the provisions of clause 11, the parties' rights and remedies contained in this Deed are cumulative and not exclusive of rights or remedies provided by law.

14.6 Except to the extent that they have been performed and except where this Agreement provides otherwise, the obligations contained in this Deed remain in force after the Effective Time.

14.7 A person who is not a party to this Deed has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Deed, but this does not affect any right or remedy of a third party which exists or is available apart from that Act.

15. **COUNTERPARTS**

This Deed may be executed in any number of counterparts each of which when executed and delivered is an original, but all the counterparts together constitute one and the same document.

16. **GOVERNING LAW AND JURISDICTION**

16.1 This Deed is governed by, and shall be construed in accordance with, English law.

16.2 The courts of England have exclusive jurisdiction to hear and decide any suit, action or proceedings, and to settle any disputes, which may arise out of or in connection with this Deed (respectively, "**Proceedings**" and "**Disputes**") and, for these purposes, each party irrevocably submits to the jurisdiction of the courts of England.

16.3 Each party irrevocably waives any objection which it might at any time have to the courts of England being nominated as the forum to hear and decide any Proceedings and to settle any Disputes and agrees not to claim that the courts of England are not a convenient or appropriate forum.

IN WITNESS WHEREOF this deed has been executed by the parties hereto and is intended to be and is hereby delivered on the date hereof .

SCHEDULE 1

The Directors

Adam Alexander Goldman

Ian Peter Jackman

David Nigel Brown

Mark Anthony Healey

SCHEDULE 2

The Resolutions

SPECIAL RESOLUTIONS

1. THAT the Company be wound up voluntarily pursuant to Section 84 of the Insolvency Act 1986.
2. THAT the terms and conditions of a deed of reconstruction pursuant to section 110 of the Insolvency Act 1986 substantially in the form of the draft presented to the members to be made between the Company, A.G. Clothing Limited, Richard Victor Yerburch Setchim and Timothy Gerard Walsh as proposed joint liquidators, Miss Selfridge Retail Limited, Warehouse Fashion Limited, Outfit Retail Limited, Wallis Retail Limited, A G Clothing (Holdings) Limited, Arcadia Group plc and Stancepower Limited (the "**Deed of Reconstruction** "), be and they are hereby approved.

ORDINARY RESOLUTIONS

3. THAT Richard Victor Yerburch Setchim and Timothy Gerard Walsh of PricewaterhouseCoopers, Plumtree Court, London EC4A 4HT (the "**Joint Liquidators**") be and are hereby appointed joint liquidators of the Company for the purposes of such winding up, that any act required or authorised under any enactment to be done by the Joint Liquidators may be done and the powers, authorities and discretions given to the Joint Liquidators shall be exercisable by, any one or more of the persons for the time being holding such office.
4. THAT the Joint Liquidators' fees be fixed by reference to the time properly given by the Joint Liquidators and their staff in attending to matters arising in the winding up, including those falling outside of statutory duties, undertaken at the request of the members and that they be and are hereby authorised to demand such remuneration monthly or at such longer intervals as they may determine and to pay any expenses properly incurred by them as necessary for the conduct of the liquidation.

EXTRAORDINARY RESOLUTIONS

5. THAT, in accordance with the provisions of the Company's Articles of Association, the Joint Liquidators be and are hereby authorised to enter into the Deed of Reconstruction and to carry the same into effect upon the terms and subject to the conditions therein (with or without modification) and in particular to transfer those parts of the undertaking of the Company as are referred to in the Deed of Reconstruction.
6. THAT pursuant to section 165(2)(a) of the Insolvency Act 1986, the Joint Liquidators be authorised to exercise any of the powers specified in Part I of Schedule 4 to the said Act.

Members' voluntary liquidation

Indemnity in respect of distribution to members

THE DEED OF INDEMNITY is made this day of August 2001

BETWEEN:

1. Arcadia Group plc
 ("Indemnifier") of the first part;
2. Richard Victor Yerburgh Setchim and Timothy Gerard Walsh
 ("the Liquidators") of the second part; and
3. Appleplace Limited
 ("the Company") of the third part.

WHEREAS:

- (A) By written resolution, (the "**Resolution**") the shareholders of the Company will agree to place the Company into members voluntary liquidation (the "**Liquidation**") and appoint the Liquidators as joint liquidators of the Company.
- (B) Pursuant to a scheme of reconstruction under the provisions of Section 110 of the Insolvency Act 1986, the Liquidators will agree to distribute the assets of the Company in accordance with the terms of a deed of reconstruction (the "**Deed of Reconstruction**") to be entered into between (1) the Company, (2) the Liquidators, (3) Miss Selfridge Retail Limited, (4) Warehouse Fashion Limited, (5) Outfit Retail Limited, (6) Wallis Retail Limited, (7) A.G. Clothing (Holdings) Limited (parties (3) to (7) hereinafter referred to as the "**Recipient Companies**") (8) the Indemnifier and (9) Stancepower Limited
- (B) The Liquidators have agreed to accept the appointment as joint liquidators of the Company subject to the Company and the Liquidators being given the indemnity hereinafter contained.

NOW THIS DEED WITNESSES as follows:

- 1 In consideration of the Liquidators acceptance of the appointment as joint liquidators of the Company the Indemnifier hereby undertakes to indemnify and keep indemnified and hold harmless the Company, the Liquidators and any employee (each an "**Employee**") of PricewaterhouseCoopers (Resources) and/or P.W. & Co. or of any company owned by PricewaterhouseCoopers who at the request or under the direction of the Liquidators has been or becomes engaged in the conduct of the Liquidation (the Company, the Liquidators and the Employees together the "**Indemnified Parties**") from and against all actions, claims, proceedings, demands, costs, expenses and liabilities whatsoever which the Indemnified Parties or any of them may in the course of the conduct of the Liquidation suffer, incur or render themselves liable including any liability which may fall upon them as a result of having effected the asset transfer in accordance with the terms of the Deed of Reconstruction before the creditors of the company have been finally established and paid and, without prejudice to the generality of the foregoing, all or any of the following:
 - 1.1 any liability properly incurred by the Liquidators or either of them in connection with the Liquidation including without limitation legal, accountancy and other professional fees, charges and disbursements which have been or may be incurred by them in the conduct of the Liquidation and also the Liquidators' remuneration, fees, expenses and

commission in connection with the Liquidation on the basis agreed with the Indemnifier;

- 1.2 any liability to a creditor of the Company claiming to be secured or asserting reservation of title or to a purchaser of the subject matter of such a claim or assertion or to a creditor of the Company claiming any other interest in the assets of the Company;
- 1.3 any liability to or in respect of any person who is or becomes at any time an employee of the Company, irrespective of when such liability is incurred and therefore including any liability of the Company relating to any period before that person became an employee of the Company;
- 1.4 any liability of the Company under (1) the agreement for supply of staff in relation to the Miss Selfridge business; (2) the agreement for supply of staff in relation to the Warehouse business; (3) the agreement for supply of staff in relation to the Outfit business; (4) the agreement for supply of staff in relation to the Wallis business each between the Indemnifier, AG Clothing Limited and the Company and each dated 10 August 2001 and (5) the agreement for supply of staff in relation to the AG Clothing Limited business between the Indemnifier, AG Clothing Limited and AG Clothing (Holdings) Limited dated on or about the date hereof;
- 1.5 any liability to make any payments to or in respect of the any pension scheme or other scheme or arrangement providing retirement benefits whether funded or unfunded;
- 1.6 any tax, levy, duty, charge, rate, contribution, or impost of whatever nature (including any related fine, penalty, surcharge or interest) imposed on the Company by the Inland Revenue or H.M. Customs and Excise;
- 1.7 any liability of the Company as guarantor under the credit agreement dated 8 July 1999 as amended on 25 August 1999 and 12 April 2000 made between the Indemnifier, HSBC Investment Bank plc, the Company and other parties named therein and the accession agreement dated 10 August 2001 between the Indemnifier, HSBC Investment Bank plc and the Company;
- 1.8 any liability for breach of or in connection with the Consumer Credit Act 1974;
- 1.9 any liability to any creditors of the Company entitled to be paid in priority to the members, including without limitation any liability for corporation or income taxes of the Company; and
- 1.10 any liability arising by reason of the Liquidators acting upon the authority of the Resolutions.

The payment of monies under this Deed shall be recoverable from and enforceable against the Indemnifier notwithstanding the invalidity for any reason of or any defect in the appointment of the Liquidators.

2. It is hereby agreed by the Liquidators and the Company that, notwithstanding any other provision of this Deed, the indemnities in favour of the Indemnified Parties constituted by this Deed shall not extend to liabilities that would not have arisen or would not have constituted liabilities but for any wrongful act or omission, negligence or fraud or the breach of the terms of the Letter of Engagement by the Liquidators or any Employee provided always and for the avoidance of doubt, that nothing herein shall limit the scope or extent of such indemnities where the Liquidators or either of them or an Employee have acted or omitted to act, in a manner consistent with the terms upon which they have been engaged to act as Liquidators of the Company as set out in the Resolution and the Deed of Reconstruction, or in a manner required by law.

3. Notwithstanding the other terms of this Deed, the liability of the Indemnifier under this Deed shall be limited to an amount equal to the gross market value of the assets vested in the Company at the commencement of the Liquidation.
4. If the Indemnifier pays to the Liquidators an amount pursuant to a claim in respect of this Deed and any of the Indemnified Parties subsequently recover from a third party an amount in respect of that claim, the Liquidators shall forthwith repay to the Indemnifier so much of the amount paid by it as does not exceed the amount received from such third party, less all costs, charges and expenses reasonably incurred by the Indemnified Parties in obtaining that payment and in recovering that amount from the third party concerned and any applicable tax subject to the Indemnified Parties' right to apply such net sums recovered in discharge of any other outstanding liabilities hereunder.
5. Notwithstanding the indemnity given to the Employees hereunder, the obligations owed to the Indemnified Parties hereunder shall only be enforceable by the Liquidators on behalf of the Employees and all payments made by the Indemnifier shall be made to the Liquidators who shall have authority to give good receipt on behalf of all of the Indemnified Parties.
6. If any of the provisions of this Deed becomes invalid, illegal or unenforceable in any respect under any law, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired.
7. This Deed shall inure for the benefit of the successors, assigns and personal representatives of the Liquidators and any such person as aforesaid and be binding upon the successors in office and assigns of the Liquidators.
8. This Deed shall be without prejudice to any right of indemnity for which by law the Liquidators or either of them or any such person as aforesaid or the Company is entitled and shall continue in full force and effect notwithstanding that the Liquidators or either of them shall cease to act as liquidators of the Company.
9. A person who is not a party to this Deed has no rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Deed, but this does not affect any right or remedy which exists or is available apart from that Act.
10. This Deed may be executed in any number of counterparts each of which when executed and delivered is an original, but all the counterparts together constitute one and the same document.
11. The constitution and performance of this Deed is covered by English law and the English Court shall have non-exclusive jurisdiction to determine any dispute arising thereunder.

IN WITNESS whereof this deed has been executed and delivered the day and year first above written.

EXECUTED AS A DEED BY THE INDEMNIFIER

Executed as a deed)
by) director
Arcadia Group plc)
.....
director/secretary

Executed as a deed)
by Richard Victor Yerburch Setchim)
In the presence of)
.....

..... Signature of witness
..... Name of witness
..... Address of witness
.....
..... Occupation of witness

Executed as a deed
by Timothy Gerard Walsh
In the presence of

)
)
)

.....

..... Signature of witness
..... Name of witness
..... Address of witness
.....
..... Occupation of witness

Executed as a deed
by
Appleplace Limited

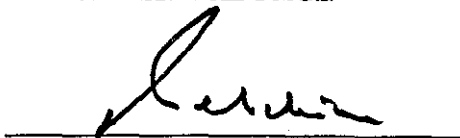
)
)
)

.....
director

.....
director/secretary

DEED OF RECONSTRUCTION SIGNATURE PAGE

Executed as a deed by)
APPLEPLACE LIMITED)
(in members voluntary liquidation))
acting by its liquidators in)
the presence of:)



Paul Meik Signature of witness

PAUL MEINER Name of witness

12 PLUMTREE COURT Address of witness

LONDON E24A 4H7
CHARTERED ACCOUNTANT Occupation of witness

Executed as a deed by)
A.G. CLOTHING LIMITED)

Signature of director

Name of director

Signature of director/secretary

Name of director/secretary

Signed as a deed by)
RICHARD VICTOR)
YERBURGH SETCHIM)
in the presence of:)



Paul Meik Signature of witness

PAUL MEINER Name of witness

12 PLUMTREE COURT Address of witness

LONDON E24A 4H7
CHARTERED ACCOUNTANT Occupation of witness

DEED OF RECONSTRUCTION SIGNATURE PAGE

Executed as a deed by)
APPLEPLACE LIMITED)
(in members voluntary liquidation))
acting by its liquidators in)
the presence of:)

Signature of witness

Name of witness

Address of witness

Occupation of witness

Executed as a deed by)
A.G. CLOTHING LIMITED)



Signature of director

Ian Jackman

Name of director



Signature of director/secretary

Nigel Brown

Name of director/secretary

Signed as a deed by)
RICHARD VICTOR)
YERBURGH SETCHIM)
in the presence of:)

Signature of witness

Name of witness

Address of witness

Occupation of witness

DEED OF RECONSTRUCTION SIGNATURE PAGE

Signed as a deed by)

TIMOTHY GERARD)

WALSH)

in the presence of:)

Tim Walsh

A.M. Davies Signature of witness

Anne Marie Davies Name of witness

37 Kingsville Road Address of witness

Bebington, Wirral

CH63 2QB

Secretary Occupation of witness

Executed as a deed by)

MISS SELFRIDGE RETAIL LIMITED)

Signature of director

Name of director

Signature of director/secretary

Name of director/secretary

Executed as a deed by)

WAREHOUSE FASHION LIMITED)

Signature of director

Name of director

Signature of director/secretary

Name of director/secretary

DEED OF RECONSTRUCTION SIGNATURE PAGE

Signed as a deed by)
TIMOTHY GERARD)
WALSH)
in the presence of:)

_____ Signature of witness

_____ Name of witness

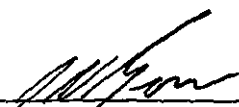
_____ Address of witness

_____ Occupation of witness

Executed as a deed by)
MISS SELFRIDGE RETAIL LIMITED)

 _____ Signature of director

Ian Jackman _____ Name of director

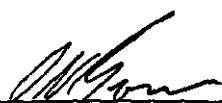
 _____ Signature of director/secretary

Nigel Brown _____ Name of director/secretary

Executed as a deed by)
WAREHOUSE FASHION LIMITED)

 _____ Signature of director

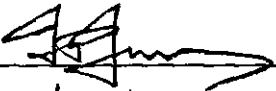
Ian Jackman _____ Name of director


 _____ Signature of director/secretary

Nigel Brown _____ Name of director/secretary

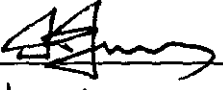
DEED OF RECONSTRUCTION SIGNATURE PAGE


Executed as a deed by)
OUTFIT RETAIL LIMITED)

 Signature of director
Ian Jackman Name of director

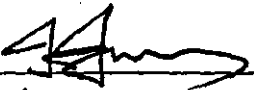
 Signature of director/secretary
Nigel Brown Name of director/secretary


Executed as a deed by)
WALLIS RETAIL LIMITED)

 Signature of director
Ian Jackman Name of director

 Signature of director/secretary
Nigel Brown Name of director/secretary

Executed as a deed by)
A G CLOTHING (HOLDINGS) LIMITED)

 Signature of director
Ian Jackman Name of director

 Signature of director/secretary
Nigel Brown Name of director/secretary

DEED OF RECONSTRUCTION SIGNATURE PAGE

Executed as a deed by)
ARCADIA GROUP PLC)

NPHall Signature of director

Nigel Hall Name of director

[Signature] Signature of ~~director~~/secretary

Ian Jackman Name of ~~director~~/secretary

Executed as a deed by)
STANCEPOWER LIMITED)

[Signature] Signature of director

Ian Jackman Name of director

[Signature] Signature of director/secretary

Nigel Brown Name of director/secretary