



**Registration of a Charge**

Company name: **ALLIED COMMERCIAL EXPORTERS LIMITED**

Company number: **00403053**

Received for Electronic Filing: **05/02/2018**



X6Z4F4AH

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**Details of Charge**

Date of creation: **31/01/2018**

Charge code: **0040 3053 0109**

Persons entitled: **CALIMAX HOLDINGS CORP. (COMPANY REGISTRATION NUMBER 785369) WHOSE REGISTERED OFFICE IS AT HITECH BUILDING PLAZA, 10TH FLOOR, 53RD STREET, OBARRIO, PANAMA CITY, REPUBLIC OF PANAMA**

Brief description:

**Contains fixed charge(s).**

**Contains negative pledge.**

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**Authentication of Form**

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

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**Authentication of Instrument**

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

**FOR REGISTRATION IS A CORRECT COPY OF THE ORIGINAL  
INSTRUMENT.**

Certified by:

**FORSTERS LLP**



## **CERTIFICATE OF THE REGISTRATION OF A CHARGE**

Company number: 403053

Charge code: 0040 3053 0109

The Registrar of Companies for England and Wales hereby certifies that a charge dated 31st January 2018 and created by ALLIED COMMERCIAL EXPORTERS LIMITED was delivered pursuant to Chapter A1 Part 25 of the Companies Act 2006 on 5th February 2018 .

Given at Companies House, Cardiff on 7th February 2018

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



**Companies House**



THE OFFICIAL SEAL OF THE  
REGISTRAR OF COMPANIES

**SECURITY AGREEMENT  
(LIMITED LIABILITY COMPANY INTERESTS)**

THIS SECURITY AGREEMENT (this “**Agreement**”) is made as of January **31**, 2018 (the “**Effective Date**”) between ALLIED COMMERCIAL EXPORTERS LIMITED, a corporation organized under the laws of the United Kingdom (“**Debtor**”) and CALIMAX HOLDINGS CORP., a corporation organized under the laws of Panama (“**Secured Party**”).

**RECITALS:**

Debtor and Secured Party have entered into a loan transaction (the “**Financing Transaction**”) under the terms of that certain USD\$15,300,000 Loan Agreement dated as of December 21, 2017 (the “**Financing Agreement**”).

The Financing Transaction is guaranteed by Allied Santa Monica, LLC, a Delaware limited liability company (“**Issuing Entity**”), pursuant to a Guaranty Agreement dated on or about the date hereof made by Issuing Entity in favor of Secured Party. Debtor is the sole member of Issuing Entity.

Debtor enters into this Agreement to grant Secured Party a security interest in Debtor’s LLC Interests in Issuing Entity to secure Debtor’s payment and performance of the Secured Obligations.

**1. Defined Terms; Rules of Construction.**

(a) Specifically Defined Terms. Capitalized terms used in this Agreement have the meanings set forth below:

“**Acknowledgment and Consent**” means Issuing Entity Acknowledgment and Consent in substantially the form attached hereto as Exhibit A.

“**Agreement**” means this Security Agreement, as amended, modified, supplemented or restated from time to time.

“**Collateral**” is defined in Section 2.

“**Debtor**” is identified in the Preamble.

“**Distributions**” means any distribution or other transfer of cash or property, whether or not in respect of the LLC Interests by Issuing Entity to Debtor, however characterized. For the avoidance of doubt, “Distributions” include so-called “tax neutral distributions” (*i.e.* amounts distributed to Debtor in respect of its estimated federal, state and local tax liability calculated on the basis of its actual or anticipated allocation of the profits of Issuing Entity).

“**Event of Default**” is defined in Section 8(a).

“**Financing Agreement**” is defined in the Recitals.

“**Issuing Entity**” is defined in the Recitals.

“**Issuing Entity Governing Documents**” means the certificate of formation and limited liability company agreement of Issuing Entity, together with all other agreements or understandings of any kind, nature or description relating to the governance and management of Issuing Entity and the

corresponding legal and economic relationships of the owners of the equity interests (however designated) in Issuing Entity, including the LLC Interests.

“**LLC Act**” means the Delaware Limited Liability Company Act.

“**LLC Interests**” is defined in Section 2(a)(i).

“**Obligor**” means, collectively, Issuing Entity and Debtor.

“**Secured Obligations**” means all indebtedness or other obligations of Obligor to Secured Party of any nature or character.

“**Secured Party**” is identified in the Preamble.

“**UCC**” means the Uniform Commercial Code as adopted and in effect in the State of Delaware.

(b) Rules of Construction. The following rules of construction and interpretation apply to this Agreement:

(i) Paragraph headings are for convenience only and are not relevant to the construction or interpretation of any provision of this Security Agreement.

(ii) The terms "hereof", "herein", "hereby", "hereto" and derivative or similar words refer to either the entire Agreement or to specified clauses, as the context requires.

(iii) Pronouns include the corresponding masculine, feminine or neuter forms, and the singular form of nouns, pronouns and verbs includes the plural and vice versa.

(iv) The word "including" is by way of example rather than limitation.

(v) Reference to any agreement, document or instrument, including this Agreement, means the agreement, document or instrument as amended or modified from time to time in accordance with the terms thereof and, if applicable, hereof.

(vi) The words “or”, “either”, “any” or “all” are not exclusive.

(vii) No presumption or burden of proof will arise in favor of or against Debtor or Secured Party by virtue of the authorship of any provision of this Agreement.

(c) Terms Defined in Financing Agreement. Capitalized terms used and not otherwise defined in this Agreement have the meanings assigned to them in the Financing Agreement.

(d) Terms Defined by Statute. Unless otherwise defined in this Agreement or the Financing Agreement and where plainly apparent by the context in which terms are used, capitalized terms used in this Agreement have the meanings assigned in the UCC (with respect to those matters governed by the UCC).

## **2. Grant and Continuation of Security Interest.**

(a) Grant. Debtor hereby grants to Secured Party a security interest in and to all of Debtor's

right, title and interest in and to the following, wherever located, whether now owned or hereinafter acquired (collectively, the “**Collateral**”):

- (i) all interests, no matter how characterized, in Issuing Entity (the “**LLC Interests**”) including, without limitation, all of Debtor's membership interests in Issuing Entity;
- (ii) any rights related to Debtor's capital account within Issuing Entity in respect of the LLC Interests;
- (iii) any rights to acquire LLC Interests, including subscription rights, preemptive rights, conversion rights, options, warrants or analogous rights;
- (iv) certificates, if any, evidencing or representing the LLC Interests or that may be issued from time to time as evidence of or otherwise with respect to the LLC Interests;
- (iv) all Distributions and rights of Debtor to demand or receive Distributions in respect of the LLC Interests;
- (v) all equity interests, securities or other property received in connection with or as a result of exchange offers, recapitalizations of any type, contributions to capital, options or other rights relating to the LLC Interests, or issued or issuable in connection with or as a result of a split up, revision, reclassification, conversion or other like change of the LLC Interests or which otherwise are received in exchange for or in substitution of the LLC Interests;
- (vi) all rights, privileges, authority and power arising from Debtor's ownership of the LLC Interests or its membership in Issuing Entity, including all of Debtor's rights under any Issuing Entity Governing Documents, the LLC Act, the UCC or otherwise to exercise and enforce every right, power, remedy, authority, option and privilege, or to give or receive any notice, consent, amendment, waiver or approval, on behalf of Debtor relating to the LLC Interests or governance of Issuing Entity;
- (vii) books and records, documents and other information (tangible or electronic) evidencing or relating to any of the foregoing; and
- (viii) proceeds (including insurance proceeds) of any of the foregoing.

### **3. Perfection.**

- (a) Authorization of Financing Statement. Debtor authorizes Secured Party to file UCC-1 financing statements (including amendments and continuations) in any filing office(s), deemed necessary by Secured Party, naming Debtor as Debtor and Secured Party as Secured Party describing the Collateral generally or specifically and containing any other information Secured Party deems necessary to comply with the UCC or other applicable law for perfection of the security interest in the Collateral.
- (b) Certificated Collateral. If any of the Collateral is now or in the future evidenced or represented by a certificate or certificates, Debtor shall immediately deliver all the certificates to Secured Party, duly endorsed in a manner satisfactory to Secured Party, or accompanied by LLC Interests transfer powers duly endorsed in blank, to be held as Collateral pursuant to this Agreement.
- (c) Control. If any of the Collateral is now or in the future an uncertificated security, Debtor shall cause Secured Party to have “control” (within the meaning of Section 8-106 of the UCC) over such Collateral.

(d) Cooperation; Further Assurances. At any time and from time to time, upon the written request of Secured Party, and at the cost and expense of Debtor, Debtor shall promptly and duly give, execute, deliver, file and record any further instruments and documents and take any further actions that Secured Party may reasonably request for the purpose of obtaining, creating, perfecting, enforcing, validating or preserving the full benefits of this Agreement and Secured Party's security interest in the Collateral and the rights and powers granted to Secured Party in this Agreement. Without limiting the generality of the foregoing, Debtor shall obtain the written consent of Issuing Entity and all other owners of equity interests in Issuing Entity to the execution, delivery and performance of this Agreement by Debtor, and to the exercise by Secured Party of all rights and remedies contained in this Agreement (which, for the avoidance of doubt, includes the rights of a secured party under the UCC).

**4. Representations and Warranties.** Debtor represents and warrants to Secured Party that:

(a) Power and Authority. Debtor has the requisite power and authority to enter into this Agreement and to perform its obligations hereunder.

(b) Authorization; No Breach or Default. Execution and delivery of this Agreement by Debtor and performance by Debtor of its obligations under this Agreement have been duly approved, consented to or authorized by all necessary action on the part of the stockholders (or other owners), directors, and officers of Debtor, and does not and will not result in any violation of any agreement, indenture or other instrument, license, judgment, decree, order, law, statute, ordinance or other governmental rule or regulation applicable to Debtor.

(c) Binding Obligation. This Agreement has been duly executed and delivered by Debtor and constitutes the legal, valid and binding obligation of Debtor, and is enforceable against Debtor in accordance with its terms.

(d) Issuing Entity Governing Documents. Performance by Debtor of its obligations under this Agreement does not conflict with, result in a breach of, or constitute a default under any provision of Issuing Entity Governing Documents.

(e) Perfection and Priority. Upon filing of the financing statement with the applicable filing office in the jurisdiction in which Debtor is located (in accordance with Section 9-307 of the UCC), the security interest granted by Debtor to Secured Party in this Agreement will constitute a valid, perfected first priority security interest in the Collateral, enforceable against Debtor, all other creditors of Debtor or any persons purporting to purchase the LLC Interests from Debtor.

(f) Organizational Information; Information Regarding Debtor. Debtor's jurisdiction of organization, exact legal name as it appears on file with the appropriate authorities in the United Kingdom, and chief executive office and principal place of business, are as set forth on the signature page of this Agreement.

(g) Title to Collateral. Debtor is the sole, direct, legal owner of the Collateral, has good and marketable title to the Collateral, and no part of the Collateral is subject to any lien, option, restriction on sale, claim, encumbrance, voting agreement, proxy or voting trust, option, right of first refusal or first offer or right of others and no other Person has a beneficial interest in the Collateral.

(h) Capital Contribution Obligations. Debtor has made all capital contributions heretofore required to be made to Issuing Entity in respect of the LLC Interests and no additional capital contributions are required to be made in respect of the LLC Interests.

(i) Issuing Entity Governing Documents. Debtor has delivered to Secured Party true and correct copies of all Issuing Entity Governing Documents, and all other documents or agreements representing, governing, or otherwise relating to the LLC Interests, Debtor's ownership of the LLC Interests or the exercise of Debtor's rights with respect to the LLC Interests, and (i) all of the foregoing are in full force and effect in accordance with their written terms, (ii) there are no other agreements or understandings, written or oral, between or among Debtor, Issuing Entity or any other person having an interest in Issuing Entity relating to the LLC Interests or the rights of Debtor with respect to or representing the LLC Interests, (iii) to the knowledge of Debtor, Debtor is not in breach or default of Debtor's obligations under any of the foregoing, and (iv) no event has occurred that would now, or upon the lapse of time or giving of notice, or both, constitute a breach or default by Debtor under Issuing Entity Governing Documents or that would otherwise result in the dissociation of Debtor from Issuing Entity or the dissolution of Issuing Entity under Issuing Entity Governing Documents or otherwise.

(j) No Article 8 Opt-In. Issuing Entity has not elected to treat the LLC Interests as Investment Property under Article 8 of the UCC.

(k) Non-Certificated Interest. There are no certificates or other writings evidencing the LLC Interests.

(l) No Governmental Filings or Consents. No consent, approval or authorization of, notice to or filing with, or other act by or in respect of, any governmental authority is required (i) for the execution, delivery and performance of this Agreement by Debtor, (ii) for the grant of a security interest in the Collateral by Debtor in accordance with this Agreement, or (iii) for the exercise by Secured Party of the rights and remedies provided for in this Agreement, except those which have been obtained, made or taken and are in full force and effect or, with respect to any disposition of the LLC Interests, which apply to the offer and sale of securities generally.

(m) [Reserved].

(n) LLC Interests Not Margin Stock. None of the LLC Interests constitutes margin stock (as defined in Regulation U of the Board of Governors of the Federal Reserve System).

**5. Covenants.** Debtor covenants that, without the consent of Secured Party, until the Secured Obligations are fully paid and satisfied:

(a) No Sale or Transfer. Debtor will not (i) sell, assign, transfer, hypothecate, exchange or otherwise dispose of, or grant any option with respect to, any direct or indirect interest in, the LLC Interests, or (ii) create, incur, authorize or permit to exist any lien, right of first refusal, option or other encumbrance affecting the LLC Interests in favor of, or any claim of any Person with respect to, the LLC Interests, except for (x) the security interest hereunder, or (y) rights of Issuing Entity or other owners of equity interests in Issuing Entity as set forth in Issuing Entity's Governing Documents.

(b) Payment of Taxes. Debtor shall promptly pay and discharge all taxes, assessments, and governmental charges or liens imposed on Debtor or the LLC Interests before they become delinquent, including all stamp, excise, sales or other similar taxes, and shall save Secured Party harmless from, any and all liabilities with respect to, or resulting from any delay in paying, any and all stamp, excise, sales or other similar taxes that may be payable or determined to be payable with respect to any of the LLC Interests or in connection with the transactions contemplated by this Agreement.



(c) Changes to Issuing Entity Governing Documents. Debtor shall not consent to, or cause, any amendment of Issuing Entity Governing Documents, whether written, oral or otherwise. Debtor shall promptly notify Secured Party, in writing, of any amendments to Issuing Entity Governing Documents, whether completed with or without Debtor consent.

(d) Changes to LLC Interests or Issuing Entity Transactions. Debtor shall not consent to or cause the issuance or grant by Issuing Entity of any other right or interest in respect of, in addition to or in substitution for the LLC Interests, except to Debtor, nor shall Debtor consent to, or cause, any merger, consolidation, share exchange, reorganization, or other business combination involving Issuing Entity or to which Issuing Entity is a party.

(e) No Article 8 Opt-In. Debtor will not consent to or cause an election by Issuing Entity or otherwise facilitate any action that would result in the classification of the LLC Interests as “investment property” under the UCC.

(f) Payment of Expenses. In the event that Secured Party exercises any rights or remedies under this Agreement, or in the event of the bankruptcy, insolvency, receivership, conservatorship, dissolution, liquidation, rehabilitation or other similar proceeding of Debtor or Issuing Entity, or any assignment by Debtor or Issuing Entity for the benefit of creditors, Debtor and its successors and assigns shall pay all reasonable costs of collection and defense, including reasonable attorneys’ fees and costs, incurred by Secured Party in connection therewith and in connection with any bankruptcy (including cash collateral, relief from stay, adequate protection, plan confirmation, and general case administration matters) appellate proceeding, or post-judgment action involved therein, together with all required service or use taxes.

(g) Comply with Agreement. Debtor (i) shall take, and (to the extent of its rights under Issuing Entity Governing Documents or under applicable law) use commercially reasonable efforts to cause Issuing Entity to take, any and all actions either necessary or reasonably requested by Secured Party to ensure compliance in all material respects with the terms and provisions of this Agreement, and (ii) shall not take any actions that violate the terms and provisions of this Agreement, or Issuing Entity Governing Documents to the extent consistent with Debtor’s obligations under this Agreement.

(h) Defend Title. Debtor will defend, at Debtor’s sole cost and expense, any action or proceeding brought or claim or demand asserted by any person that affects or may affect Debtor’s or Secured Party’s rights or interests in the Collateral.

(i) Name Changes. Debtor will not change its legal name, place of organization or jurisdiction and registration, or organizational type without giving Secured Party at least thirty (30) days’ prior advance notice.

(j) Notice. Debtor shall give prompt notice to Secured Party of any of the following:

- (i) any suit or litigation that is filed naming Debtor or Issuing Entity;
- (ii) any judgment (or any litigation that may result in a judgment) that might give rise to an attachment, charging order or other lien or enforcement action with respect to the Collateral;
- (iii) an event or condition that constitutes an Event of Default or that, with the giving of any notice or the passage of time, or both, would be an Event of Default; and

(iv) any event or condition that would reasonably be expected to result in a material adverse effect on the value of the LLC Interests.

(k) Maintenance of Books and Records. Debtor shall maintain of itself, and cause to be maintained, of Issuing Entity, proper books of record and account, in a manner to allow financial statements to be prepared in all material respects in conformity with US generally accepted accounting principles. Debtor shall permit Secured Party to inspect the books and records, and any other books and records of Issuing Entity to which Debtor has access, at the reasonable expense of Debtor and at reasonable times during normal business hours upon reasonable advance written notice to Debtor.

(l) Further Assurances. Debtor will, upon request of Secured Party, furnish further assurances of title as may be required by Secured Party, and deliver and execute or cause to be delivered and executed, in form and content satisfactory to Secured Party, any assignment, security agreement, or other document Secured Party may request in order to perfect, preserve, maintain, or continue the perfection of Secured Party's security interest in the Collateral or its priority or to facilitate payment of Distributions to Secured Party in accordance with this Agreement.

(m) Fees and Expenses. Debtor will pay to Secured Party on demand the reasonable costs, fees and expenses of preparing and filing any financing, continuation or termination statement as well as any recordation or transfer tax required by law to be paid in connection with the filing or recording of any statement with respect to the security interests granted hereunder.

## **6. Distributions**

(a) Generally. Except as set forth in Section 6(b), Debtor shall promptly deliver to Secured Party, without the necessity of notice from or demand by Secured Party, all Distributions (whether in cash or other property and whether made before or following the occurrence of an Event of Default). Secured Party will apply to the payment of the Secured Obligations in the manner provided in the Financing Agreement the amount of cash Distributions so delivered. Distributions received by Debtor in a form other than cash will be delivered by Debtor to Secured Party properly endorsed for transfer, and following delivery will be held by Secured Party as additional Collateral. Pending delivery of any Distributions to Secured Party, Debtor agrees to hold all Distributions (whether in cash or other property) that comes into Debtor's possession in trust for the benefit of Secured Party, segregated from other funds of Debtor.

(b) Prior to Default. Prior to the occurrence of an Event of Default, Debtor may receive and retain Distributions of cash from Issuing Entity.

## **7. Exercise of Rights by Debtor.**

(a) Rights Prior to Event of Default. So long as no Event of Default exists and subject to Debtor's ongoing compliance with all other obligations in this Agreement, Debtor may exercise all voting and other consensual rights pertaining to the Collateral, as well as any other rights, privileges and powers vested in Debtor under Issuing Entity Governing Documents.

(b) Irrevocable Proxy on Default. Effective upon the occurrence and during the continuance of an Event of Default, Debtor grants to Secured Party an irrevocable proxy to exercise all voting and other consensual rights, as well as any other rights, powers, privileges and remedies to which an owner of the Collateral is or would be entitled under Issuing Entity Governing Documents and the LLC Act (including without limitation, giving or withholding written consents in lieu of meetings, and calling and voting at special meetings of the members, managers or other body responsible for governing the internal affairs of Issuing Entity). The foregoing proxy will be effective without the necessity of any further action on the

part of Debtor, Secured Party or Issuing Entity; provided, however, that if the grant of the foregoing proxy by Debtor or exercise by Secured Party of any rights as proxy for Debtor violates or breaches any Issuing Entity Governing Documents that results or could result in any actual or potential material diminution in the value of the Collateral or Secured Party's security interest in the Collateral, (i) the proxy granted in this Section will be null and void of any force and effect, and (ii) Debtor will act strictly in accordance with Secured Party's instructions with respect to any matter that otherwise would have been within the scope of the proxy.

## **8. Default and Remedies.**

(a) Events of Default. Debtor will be in default upon the occurrence of any of the following events (each, an "**Event of Default**"):

- (i) an "Event of Default" as defined in the Financing Agreement;
- (ii) any representation or warranty furnished by Debtor under or in connection with this Agreement is false or inaccurate in any material respect when made or deemed made;
- (iii) Debtor transfers any Collateral in violation of Section 5(a) without the prior written consent of Secured Party; or
- (iv) Debtor fails to keep, observe or perform any other provision of this Agreement, which failure is not cured and remedied to the reasonable satisfaction of Secured Party within fifteen (15) calendar days.

(b) Secured Party Rights and Remedies. Following and during the continuance of an Event of Default, in addition to all other rights and remedies granted in this Agreement or otherwise, Secured Party may:

- (i) exercise all rights and remedies of a secured party under the UCC;
- (ii) sell, assign, grant an option or options to purchase or otherwise dispose of and deliver the Collateral or any portion thereof (or contract to do any of the foregoing), in one or more parcels at one or more public or private sale or sales, in the over-the-counter market, at any exchange, broker's board or office of Secured Party or elsewhere, upon terms and conditions as Secured Party may deem advisable and at prices as Secured Party may deem best in its reasonable discretion, for cash or on credit or for future delivery without assumption of any credit risk;
- (iii) make any agreement, compromise or settlement with respect to any of the Collateral or the disposition thereof, including without limitation agreements with Issuing Entity or any other person who holds an equity interest in Issuing Entity that relates to or provides for the repurchase, redemption, sale or other transfer or hypothecation of, any part of the Collateral;
- (iv) in its own name or in the name of Debtor or otherwise, demand, sue for, collect, notify, direct payment of or receive any Distributions or any other money or property at any time coming due and payable on account of or in exchange for any of the Collateral, including, without limitation, direct Issuing Entity to make Distributions directly to Secured Party;
- (v) make or consent to any modification to the terms of any agreement or understanding relating to the Collateral, including extending the time of payment for, or arranging for payment in installments of, Distributions or any other money or property at any time coming due and

payable on account of or in exchange for any of the Collateral; and

(c) Debtor's Obligations. Following and during the continuance of an Event of Default:

(i) upon the written request of Secured Party, Debtor shall make available to Secured Party the Collateral and all records relating thereto at any place or places specified by Secured Party;

(ii) Debtor will use its commercially reasonable efforts to do or cause to be done all other acts as may be reasonably necessary to make any disposition or dispositions of all or any portion of the LLC Interests and other Collateral valid and binding and in compliance with any and all applicable legal requirements, and otherwise to use commercially reasonable efforts to effectuate any sale or other disposition of the Collateral as Secured Party may reasonably deem necessary. Without limiting the generality of the foregoing, if any consent, approval or authorization of, or filing with, any governmental authority or any other person is necessary to effect any disposition of the Collateral, including under any federal or state securities laws, Debtor agrees to execute all applications, registrations and other documents and instruments as may be required in connection with securing the required consent, approval or authorization, and to use commercially reasonable efforts to secure the same. A breach by Debtor of any of the foregoing covenants will cause irreparable injury to Secured Party for which Secured Party will have no adequate remedy at law and, as a consequence, the covenants contained in this section are specifically enforceable against Debtor. To the maximum extent permitted by law, Debtor waives and agrees not to assert any defenses against an action for specific performance of any of the foregoing covenants.

(iii) Debtor appoints Secured Party as its lawful attorney-in-fact to do, with full authority in the place of Debtor and in the name of Debtor to take any action and to execute any instrument which Secured Party may deem necessary to accomplish the purposes of this Agreement, including, without limitation (i) to ask for, demand, collect, sue for, recover, compromise, receive and give acquittance and receipts for monies due and to become due under or in respect of any of the Collateral, (ii) to receive, endorse and collect any drafts or other instruments and documents in connection with clause (i) above, (iii) to file claims or take any other action or institute proceedings that Secured Party may deem necessary or desirable to enforce the rights of Secured Party with respect to any of the Collateral, (iv) to execute endorsements, assignments, or other instruments of conveyance or transfer with respect to all or any of the Collateral, arrange for the transfer of any of the Collateral on the books of Issuing Entity, including for purposes of the admitting Secured Party or any other transferee of any LLC Interests as a member of the Company; and (v) to exercise any rights under or with respect to the Collateral, including, without limitation, voting rights. The foregoing power of attorney is coupled with an interest and is irrevocable for so long as this Agreement is in effect. However, Secured Party is not obligated to act on behalf of Debtor as attorney-in-fact or otherwise.

(d) Certain Acknowledgments and Waivers of Debtor Concerning Disposition of Collateral. In connection with the exercise by Secured Party of any right or remedy following the occurrence and during the continuance of an Event of Default, Debtor agrees that:

(i) to the extent permitted under applicable law, Secured Party is not required to conduct any foreclosure sale of the Collateral or any portion thereof;

(ii) in its sole and absolute discretion, to the extent permitted by applicable law, Secured Party may retain and acquire for itself or its designees or nominees the Collateral or any portion thereof by instructing the applicable Issuing Entity to register on its ledgers and books Secured Party's (or its nominee's) acquisition of the Collateral or portion thereof, subject to the rights, if any, of Debtor or any other person to object in accordance with the UCC (to the extent Debtor or any other person has not previously renounced or waived any rights under the UCC);

(iii) compliance with the Securities Act of 1933 as now in effect or as hereafter amended, or any similar statute hereafter adopted with similar purpose or effect (the “**Securities Act**”), as well as any applicable “Blue Sky” or other state securities laws, if applicable to the Collateral or the portion thereof being sold, may require strict limitations as to the manner in which Secured Party or any subsequent transferee may dispose of the Collateral. With respect to any disposition as to which the Securities Act or analogous state securities laws is applicable, Debtor hereby waives any objection to sale in a compliant manner, and agrees that Secured Party has no obligation to obtain the maximum possible price for the Collateral so long as Secured Party proceeds in a commercially reasonable manner. Without limiting the generality of the foregoing, Debtor agrees that in conducting a disposition of the Collateral as to which the Securities Act or analogous state securities laws applies, Secured Party may seek to sell the Collateral by private placement, and may restrict bidders and prospective purchasers to those who are willing to represent that they are purchasing for investment only and not for distribution and who otherwise satisfy qualifications designed to ensure compliance with the Securities Act and analogous state securities laws and those that may be established in Issuing Entity Governing Documents. Debtor acknowledges that in order to protect Secured Party’s interest, it may be necessary to sell the Collateral at a price less than the maximum price attainable if a sale were delayed or were made in another manner, including, without limitation, a public offering under the Securities Act. In order to address these potential compliance requirements, Secured Party may solicit offers to purchase the Collateral from a limited number of bidders reasonably believed by Secured Party to be institutional investors or accredited investors. If Secured Party solicits offers in a commercially reasonable manner, then acceptance by Secured Party of one or more of the offers shall be deemed to be a commercially reasonable method of disposition of the Collateral and Secured Party will not be responsible or liable for selling all or any portion of the Collateral at a price that Secured Party deems in good faith to be reasonable. Secured Party is under no obligation to delay a disposition of any portion of the Collateral that are securities under the Securities Act or applicable “Blue Sky” or other state securities law for the period of time necessary to permit any Debtor or Issuing Entity to register the securities for public sale under the Securities Act or under applicable “Blue Sky” or other state securities laws, even if Debtor or Issuing Entity agrees to do so. In addition, to the extent not prohibited by applicable law, Debtor waives any right to prior notice (except to the extent expressly provided in this Agreement) or judicial hearing in connection with the taking possession or the disposition of any of the Collateral, including any right which Debtor otherwise would have. If any notice of a proposed sale or other disposition of any part of the Collateral is required under applicable law, Debtor agrees that ten (10) calendar days prior notice of the time and place of any public sale and of the time after which any private sale or other disposition is to be made is commercially reasonable.

(iv) Secured Party may elect to conduct a sale of an economic interest in the LLC Interests that does not result in the purchaser being admitted as a substitute limited liability company member in Issuing Entity, and that any sale or dispositions made in good faith will be considered commercially reasonable, notwithstanding the possibility that a substantially higher price might be realized if the purchaser were able to be admitted as a substitute limited liability company member rather than the holder of only an economic interest in Issuing Entity.

(v) Secured Party may disclose to prospective purchasers all of the information relating to the Collateral (and Issuing Entity) that is in Secured Party’s possession or otherwise available to Secured Party.

(e) Appointment of Receiver. Secured Party, at its option, may obtain the appointment of a receiver to take possession of the Collateral and, at the option of Secured Party, a receiver may be empowered (i) to collect, receive and enforce all Distributions, (ii) to exercise the rights of Secured Party as provided in this Agreement, (iii) to collect all other amounts owed to Debtor in respect of the Collateral as and when due to Debtor, (iv) to otherwise collect, sell or dispose of the Collateral, (v) to exercise all

rights in and under the LLC Interests; and (vi) to turn over all net proceeds to Secured Party. Debtor irrevocably and unconditionally agrees that a receiver may be appointed by a court to take the actions listed above without regard to the adequacy of the security for the Secured Obligations, and the actions of the receiver may be taken in the name of the receiver, Debtor or Secured Party.

## **9. Indemnification of Secured Party.**

(a) Scope of Indemnity Obligation. Debtor agrees to:

(i) indemnify and hold harmless Secured Party and each of its directors, officers, employees, agents and affiliates from and against any and all claims, damages, demands, losses, obligations, judgments and liabilities (including, without limitation, reasonable attorneys' fees and expenses) in any way arising out of or in connection with this Agreement, the Collateral and the Secured Obligations, except to the extent the same shall arise as a result of the gross negligence or willful misconduct of the party seeking to be indemnified; and

(ii) pay and reimburse Secured Party upon demand for all reasonable costs and expenses (including, without limitation, reasonable attorneys' fees and expenses) that Secured Party may incur in connection with the custody, use or preservation of, or the sale of, collection from or other realization upon, the Collateral, including the reasonable expenses of preparing for sale or other disposition of the Collateral, the exercise or enforcement of any rights or remedies granted under this Agreement or otherwise available to it at law or in equity, or the failure by Debtor to perform or observe any obligation under this Agreement.

(b) Secured Party shall be indemnified by Debtor to the same extent of Debtor's indemnification rights by Issuing Entity under Issuing Entity Governing Documents.

(c) Survival. Debtor's indemnification obligations will survive the execution and delivery of this Agreement, repayment of the Secured Obligations, and the termination of this Agreement, any Financing Statement or related writing.

## **10. General Provisions.**

(a) Governing Law. THE VALIDITY OF THIS AGREEMENT, ITS CONSTRUCTION, INTERPRETATION AND ENFORCEMENT, AND THE RIGHTS OF THE PARTIES HERETO SHALL BE DETERMINED UNDER, GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA (WITHOUT REFERENCE TO THE CHOICE OF LAW PRINCIPLES THEREOF).

(b) Amendments. No amendment or waiver of any provision of this Agreement nor consent to any departure by Debtor from strict compliance with the terms of this Agreement will be effective unless in writing and signed by an authorized representative of Secured Party, and then any waiver or consent will be effective only in the specific instance and for the specific purpose for which given. No failure of Secured Party to exercise, and no delay in exercising any right under this Agreement or otherwise with respect to any of the Secured Obligations, operates as a waiver thereof, nor does any single or partial exercise of any right under this Agreement or otherwise with respect to any of the Obligations preclude any other or further exercise thereof or the exercise of any other right.

(c) Notices. Any notice required or permitted hereunder shall be given at the address of Debtor (with respect to any notice to Debtor or Issuing Entity) or Secured Party set forth in the Financing Agreement. All such addresses may be modified, and all such notices shall be given and shall be effective,

as provided in Section 15 of the Financing Agreement.

(d) Binding on Successors. This Agreement creates a continuing security interest in the Collateral and will: (i) remain in full force and effect until the indefeasible payment in full of the Secured Obligations, (ii) be binding upon Debtor and its successors and assigns; and (iii) inure to the benefit of Secured Party and its successors, transferees and assigns. Upon the indefeasible payment in full of the Secured Obligations, the security interests granted herein will automatically terminate and all rights in and to the Collateral revert to Debtor. Upon termination, Secured Party will, at Debtor's expense, execute and deliver to Debtor any documents as Debtor shall reasonably request to evidence the termination of the security interest. The documents shall be prepared by Debtor and shall be in form and substance reasonably satisfactory to Secured Party.

(e) Secured Party's Rights. To the maximum extent permitted by law, all rights of Secured Party, all security interests hereunder, and all obligations of Debtor hereunder, shall be absolute and unconditional irrespective of any lack of validity or enforceability of any of the Secured Obligations or any other agreement or instrument relating thereto, any change in the time, manner or place of payment of, or in any other term of, all or any of the Secured Obligations, or any other amendment or waiver of, or any consent to any departure from, any agreement or instrument relating to the Secured Obligations, any exchange, release or non-perfection of any other collateral, or any release or amendment or waiver of, or consent to departure from, any guaranty for all or any of the Secured Obligations, or any other circumstances that might otherwise constitute a defense available to, or a discharge of, Debtor.

(f) Severability. In case any provision in or obligation under this Agreement is held to be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations, or of the provision or obligation in any other jurisdiction, shall not in any way be affected or impaired thereby.

(g) Counterparts and Delivery. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same Agreement. Delivery of an executed counterpart of this Agreement by facsimile or other electronic method of transmission shall be equally as effective as delivery of an original executed counterpart of this Agreement. Any party delivering an executed counterpart of this Agreement by facsimile or other electronic method of transmission also shall deliver an original executed counterpart of this Agreement, but the failure to deliver an original executed counterpart shall not affect the validity, enforceability or binding effect hereof.

(h) No Marshalling, Etc. In exercising any rights under or with respect to the Collateral, Secured Party (i) is under no obligation to marshal any Collateral, (ii) may, in its absolute discretion, realize upon the Collateral in any order and in any manner it so elects, and (iii) may, in its absolute discretion, apply the proceeds of any or all of the Collateral to the Secured Obligations in any order and in any manner it so elects.

(i) **JURY TRIAL WAIVER.** DEBTOR AND SECURED PARTY HEREBY WAIVE THEIR RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT OR ANY OF THE TRANSACTIONS CONTEMPLATED HEREIN, INCLUDING CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS AND ALL OTHER COMMON LAW OR STATUTORY CLAIMS. DEBTOR AND SECURED PARTY REPRESENT THAT EACH HAS REVIEWED THIS WAIVER AND EACH KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL. IN THE EVENT OF LITIGATION, A COPY OF THIS AGREEMENT MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY

## THE COURT.

(j) California Judicial Reference. If any action or proceeding is filed in a court of the State of California by or against any party hereto in connection with any of the transactions contemplated by this Agreement or any other document or agreement related to the Financing Agreement, (a) the court shall, and is hereby directed to, make a general reference pursuant to California Code of Civil Procedure Section 638 to a referee (who shall be a single active or retired judge) to hear and determine all of the issues in such action or proceeding (whether of fact or of law) and to report a statement of decision, provided that at the option of any party to such proceeding, any such issues pertaining to a "provisional remedy" as defined in California code of Civil Procedure Section 1281.8 shall be heard and determined by the court, and (b) without limiting the generality of Section 9, Debtor shall be solely responsible to pay all fees and expenses of any referee appointed in such action or proceeding.

*[Signature Page Follows]*



IN WITNESS WHEREOF, Debtor and Secured Party have caused this Agreement to be duly executed and delivered by their officers thereunto duly authorized as of the date first written above.

**DEBTOR:**

ALLIED COMMERCIAL EXPORTERS LIMITED

By: \_\_\_\_\_

Name: A. MELLAL

Title: DIRECTOR

**SECURED PARTY:**

CALIMAX HOLDINGS CORP.

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Signature Page to Security Agreement (Limited Liability Company Interests)

## EXHIBIT A

### ISSUING ENTITY ACKNOWLEDGMENT AND CONSENT

Date: January 31, 2018

Parties:

Allied Santa Monica, LLC (the “**Issuing Entity**”)

Calimax Holdings Corp. (the “**Secured Party**”)

Allied Commercial Exporters Limited (the “**Debtor**”)

#### **Background Statements:**

Debtor owns all of the limited liability Issuing Entity interest (the “**LLC Interest**”) in Issuing Entity.

Debtor desires to grant to Secured Party a security interest in the LLC Interest in accordance with the terms of a Security Agreement (Limited Liability Company Interests) dated on or about the date hereof (the “**Security Agreement**”) (Capitalized terms used but not otherwise defined in this Issuing Entity Consent and Acknowledgment (this “**Consent**”) have the meanings assigned in the Security Agreement).

As a condition to its acceptance of a security interest in the LLC Interests, Secured Party has requested Issuing Entity’s confirmation and agreement with respect to certain matters, all as more fully set forth in below.

As a condition to its consent to the grant by Debtor of a security interest in the LLC interest, Issuing Entity desires Secured Party’s confirmation and agreement with respect to certain matters, all as more fully set forth below.

Intending to be legally bound, Issuing Entity, Secured Party and Debtor agree as follows:

1. Representations and Covenants of Issuing Entity.

(a) Issuing Entity represents to Secured Party that:

(i) Issuing Entity is a limited liability Issuing Entity formed and existing under the Delaware Limited Liability Company Act, 6 Del. Code. § 18-101 et. seq. (the “**LLC Act**”). Debtor and Issuing Entity have provided Secured Party with true, correct and complete copies of Issuing Entity’s Certificate of Formation filed with the filing office of the State of Delaware on March 27, 2017, and the Certificate of Amendment thereto filed with the filing office of the State of Delaware on October 26, 2017 (as so amended, the “**Certificate**”).

(ii) Debtor and Issuing Entity have provided Secured Party with a true, correct and complete copy of the Limited Liability Company Agreement of Issuing Entity dated as of (the “**Operating Agreement**”).

(iii) The Certificate and the Operating Agreement are the only writings that govern the internal affairs of Issuing Entity. There are no oral or written amendments or modifications to the

Certificate or the Operating Agreement other than those described above.

(iv) According to the records of Issuing Entity, Debtor holds 100% of the LLC Interest and is the sole member of Issuing Entity.

(v) The LLC Interest is not certificated, nor has Issuing Entity opted to classify any ownership interest in Issuing Entity (including the LLC Interests) as a security under Article 8 of the UCC.

(vi) All capital contributions required to be made by Debtor have been received by Issuing Entity.

(vii) Issuing Entity has no right to require Debtor to make any additional contributions of capital to Issuing Entity.

(viii) Issuing Entity has no knowledge of any other grant, transfer or assignment (including any prior grant of a security interest) by Debtor of or affecting the LLC Interest.

(ix) The grant by Debtor to Secured Party of the security interest in the LLC Interest is not prohibited by, and does not otherwise violate, the Certificate or the Operating Agreement.

(b) Issuing Entity covenants and agrees with Secured Party that:

(i) Issuing Entity will not contest the validity or enforceability of Secured Party's security interest in the LLC Interest.

(ii) Issuing Entity will provide prompt notice to Secured Party of any of the following events:

A. A breach or default by Debtor of any obligations under the Certificate or Operating Agreement that could result in dilution, termination or forfeiture of, or otherwise adversely affect the LLC Interest;

B. Debtor's withdrawal (voluntary or involuntary) or the occurrence of any other event causing Debtor's disassociation from Issuing Entity;

C. The merger, consolidation, conversion, re-domestication, recapitalization or other material transaction affecting the character, ownership or location of Issuing Entity;

D. The bankruptcy or insolvency of Issuing Entity;

E. The cessation of business operations by Issuing Entity; or

F. The liquidation or dissolution of Issuing Entity.

(iii) Upon Issuing Entity's receipt of Secured Party's written demand, all Distributions to which Debtor is entitled from Issuing Entity to Debtor in respect of the LLC Interest will be sent to Secured Party.

(iv) No interest in Issuing Entity (including the LLC Interest) will be certificated, and Issuing Entity will not opt-in to Article 8 of the UCC.

(v) Issuing Entity will not approve any sale or transfer of the LLC Interests, including without limitation any sale or transfer otherwise permitted under the terms of Issuing Entity Governing Documents, without the prior written consent of Secured Party, and any sale or transfer or attempted sale or transfer made without the prior written consent of Secured Party is void.

(vi) Issuing Entity will not amend or permit or consent to the amendment of any provision of Issuing Entity Governing Documents in any manner that adversely affects the value of the LLC Interest, or which limits or impairs the rights or remedies of Secured Party.

(vii) Issuing Entity has reviewed the Security Agreement and consents to Secured Party's rights and remedies as set forth therein.

2. Representations and Covenants of Secured Party.

(a) Secured Party represents to Issuing Entity that:

(i) Secured Party's status with respect to the LLC Interest is that of secured party only.

(ii) Secured Party has reviewed the Certificate and the Operating Agreement, including all restrictions on future transfers of the LLC Interest.

(b) Secured Party covenants and agrees with Issuing Entity that:

(i) Secured Party will promptly provide the following to Issuing Entity:

A. Copies of any notice to Debtor of Secured Party's intent to, or exercise of any remedy under the Security Agreement in respect of the LLC Interest; or

B. Notice of payment in full of the Secured Obligations or the occurrence of any other event that results in the satisfaction and release of its security interest in the LLC Interest.

(ii) Except as may be incidental to the exercise of its rights and remedies as a secured party, it will not interfere with the business and management of Issuing Entity.

3. Release and Indemnification by Debtor. Debtor releases Issuing Entity and Secured Party from any claim or cause of action arising out of or based upon this Acknowledgement and Consent or any action taken by either of them pursuant to or in reliance upon its terms. Debtor will indemnify and defend Issuing Entity and Secured Party from any loss, liability, damage, cost or expense (including reasonable attorney's fees and other costs of defense) incurred by either of them in connection with or arising out of any action taken by either of them pursuant to this Acknowledgment and Consent.


4. Authority of Issuing Entity. Issuing Entity certifies that it has the authority to enter into this Acknowledgement and Consent and to perform its obligations hereunder. To the extent that the consent or approval of any of the other equity owners of Issuing Entity is required, Issuing Entity certifies that the consent or approval has been obtained.

*[Signature Page Follows]*

Dated as of the date first above written.

**ISSUING ENTITY:**

ALLIED SANTA MONICA, LLC

By:   
Name: Alex Dellal  
Title: Manager

**DEBTOR:**

ALLIED COMMERCIAL EXPORTERS LIMITED

By:   
Name: A. DELLAL  
Title: DIRECTOR

**SECURED PARTY:**

CALIMAX HOLDINGS CORP.

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_