



Registration of a Charge

Company name: **CLS HOLDINGS PLC**

Company number: **02714781**

Received for Electronic Filing: **12/12/2018**



X7KNSRZE

Details of Charge

Date of creation: **11/12/2018**

Charge code: **0271 4781 0042**

Persons entitled: **BANK J. SAFRA SARASIN (GIBRALTAR) LTD, LONDON BRANCH**

Brief description:

Contains fixed charge(s).

Contains negative pledge.

Authentication of Form

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

Authentication of Instrument

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

Certified by: **IRWIN MITCHELL LLP**



CERTIFICATE OF THE REGISTRATION OF A CHARGE

Company number: 2714781

Charge code: 0271 4781 0042

The Registrar of Companies for England and Wales hereby certifies that a charge dated 11th December 2018 and created by CLS HOLDINGS PLC was delivered pursuant to Chapter A1 Part 25 of the Companies Act 2006 on 12th December 2018 .

Given at Companies House, Cardiff on 13th December 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

DATED

11 December

2018

(1) CLS HOLDINGS PLC
as Chargor

-and-

(2) BANK J. SAFRA SARASIN (GIBRALTAR) LTD, LONDON BRANCH
as Lender

We hereby certify this to be
a true copy of the original
document.

Irwin Mitchell (Irwin Mitchell)

12/12/18 (Dated)

CHARGE OVER SHARES

CONTENTS

Page No.

| | | |
|----|--|----|
| 1 | DEFINITIONS AND INTERPRETATION | 1 |
| 2 | NATURE OF SECURITY | 3 |
| 3 | GRANT OF SECURITY | 4 |
| 4 | CONTINUING SECURITY | 4 |
| 5 | LIABILITY OF THE CHARGOR RELATING TO SECURITY ASSETS | 4 |
| 6 | REPRESENTATIONS..... | 4 |
| 7 | UNDERTAKINGS BY THE CHARGOR..... | 6 |
| 8 | RIGHTS OF THE PARTIES IN RESPECT OF CHARGED INVESTMENTS..... | 8 |
| 9 | POWER TO REMEDY..... | 9 |
| 10 | WHEN SECURITY BECOMES ENFORCEABLE..... | 9 |
| 11 | ENFORCEMENT OF SECURITY..... | 10 |
| 12 | RECEIVER..... | 11 |
| 13 | POWERS OF RECEIVER..... | 12 |
| 14 | APPLICATION OF PROCEEDS..... | 13 |
| 15 | DELEGATION | 14 |
| 16 | FURTHER ASSURANCES..... | 14 |
| 17 | POWER OF ATTORNEY | 15 |
| 18 | PAYMENTS | 15 |
| 19 | STAMP DUTY | 16 |
| 20 | COSTS AND EXPENSES | 16 |
| 21 | CURRENCIES | 17 |
| 22 | CHANGES TO THE PARTIES..... | 17 |
| 23 | INDEMNITY | 17 |
| 24 | DEFAULT INTEREST..... | 18 |
| 25 | MISCELLANEOUS | 18 |
| 26 | THIRD PARTY CLAUSES..... | 18 |
| 27 | NOTICES..... | 20 |
| 28 | CALCULATIONS AND CERTIFICATES..... | 21 |
| 29 | PARTIAL INVALIDITY..... | 21 |
| 30 | REMEDIES AND WAIVERS | 21 |
| 31 | AMENDMENTS AND WAIVERS..... | 21 |
| 32 | DISCLOSURE..... | 21 |
| 33 | COUNTERPARTS | 21 |
| 34 | RELEASE | 21 |
| 35 | GOVERNING LAW..... | 22 |

THIS CHARGE OVER SHARES is made on

11 December

2018

BETWEEN:

- (1) **CLS HOLDINGS PLC** a company incorporated and registered under the laws of England and Wales with number 02714781 with its registered office at 16 Tinworth Street, London SE11 5AL (the “Chargor”); and
- (2) **BANK J. SAFRA SARASIN (GIBRALTAR) LTD, LONDON BRANCH** (the “Lender”).

IT IS AGREED:

1 DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Deed:

- (a) terms defined in, or construed for the purposes of, the Facility Agreement (as defined below) have the same meanings when used in this Deed (unless the same are otherwise defined in this Deed); and

- (b) the following terms have the following meanings:

“Act” means the Law of Property Act 1925;

“Charged Investments” means:

- (a) the Charged Securities; and
- (b) all present and future Related Rights accruing to all or any of the Charged Securities;

“Charged Securities” means:

- (a) 2,000 ordinary shares of £1.00 each in the share capital of the Company; and
- (b) any other stocks, shares, debentures, bonds or other securities of the Company now or in future owned legally or beneficially by the Chargor, held by any nominee, trustee, fiduciary or clearance system on its behalf or in which the Chargor has an interest at any time;

“Company” means CI Tower Investments Limited, a company incorporated and registered under the laws of England and Wales with number 02471018 with its registered office at 16 Tinworth Street, London SE11 5AL;

“Default Rate” means the rate of interest determined in accordance with clause 8(c) of the Facility Agreement except that references to the Company are to be construed as references to the Chargor;

“Delegate” means any delegate, sub-delegate, agent, attorney or co-trustee appointed by the Lender or by a Receiver under or pursuant to this Deed;

“Facility Agreement” means the facility agreement dated on or about the date of this Deed and made between (1) the Company as Borrower and (2) the Lender, pursuant to which the Lender agreed to make a term loan facility available to the Company;

“**Party**” means a party to this Deed;

“**Receiver**” means any receiver or receiver and manager or administrative receiver appointed by the Lender under this Deed;

“**Related Rights**” means, in relation to any Charged Security:

- (a) all dividends, distributions and other income paid or payable on the relevant Charged Security or on any asset referred to in paragraph (b) of this definition; and
- (b) all rights, monies or property accruing or offered at any time in relation to such Charged Security whether by way of redemption, substitution, exchange, bonus or preference, under option rights or otherwise;

“**Secured Obligations**” means all present and future obligations and liabilities (whether actual or contingent and whether owed jointly or severally or alone or in any other capacity whatsoever) of the Company to the Lender under or pursuant to any Finance Document and all monies covenanted to be paid under this Deed;

“**this Security**” means the Security created or evidenced by or pursuant to this Deed;

“**Security Assets**” means all property and assets from time to time mortgaged, charged or assigned (or expressed to be mortgaged, charged or assigned) by or pursuant to this Deed; and

“**Security Period**” means the period beginning on the date of this Deed and ending on the date on which:

- (a) all the Secured Obligations have been unconditionally and irrevocably paid and discharged in full; and
- (b) the Lender has no further commitment, obligation or liability under or pursuant to the Finance Documents.

1.2 Interpretation

- (a) Unless a contrary indication appears, any reference in this Deed to:
 - (i) the “**Chargor**”, the “**Company**”, the “**Lender**” or any other person shall be construed so as to include its successors in title, permitted assigns and permitted transferees;
 - (ii) “**this Deed**”, the “**Facility Agreement**”, any other “**Finance Document**” or any other agreement or instrument is a reference to this Deed, the Facility Agreement, that other Finance Document or that other agreement or instrument as amended, supplemented, extended, restated, novated and/or replaced in any manner from time to time (however fundamentally and even if any of the same increases the obligations of the Company or provides for further advances);
 - (iii) “**assets**” includes present and future properties, revenues and rights of every description and includes uncalled capital;
 - (iv) an Event of Default that is “**continuing**” shall be construed as meaning an Event of Default that has not been remedied or waived;
 - (v) “**including**” or “**includes**” means including or includes without limitation;

- (vi) **“Secured Obligations”** includes obligations and liabilities which would be treated as such but for the liquidation, administration or dissolution of or similar event affecting the Company or the Chargor;
- (vii) a provision of law is a reference to that provision as amended or re-enacted; and
- (viii) the singular includes the plural and vice versa.
- (b) Clause headings are for convenience only and shall not affect the construction of this Deed.
- (c) References to clauses are to be construed, unless otherwise stated, as references to clauses of this Deed unless otherwise stated.
- (d) Each undertaking of the Chargor (other than a payment obligation) contained in this Deed must be complied with at all times during the Security Period.
- (e) If the Lender reasonably considers that an amount paid by the Company to the Lender under a Finance Document is capable of being avoided or otherwise set aside on the liquidation or administration of the Company, then that amount shall not be considered to have been irrevocably paid for the purposes of this Deed.
- (f) The Parties intend that this document shall take effect as a deed notwithstanding the fact that a Party may only execute this document under hand.

1.3 Third party rights

A person who is not a Party has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce or enjoy the benefit of any term of this Deed.

2 LIMITED RECOURSE

Notwithstanding any other provision of the Finance Documents, it is expressly agreed that:

- (a) the sole recourse of the Lender to the Chargor under this Deed shall be limited to the Security Assets; and
- (b) the liability of the Chargor to the Lender under this Deed shall be limited in aggregate to an amount equal to that recovered as a result of the enforcement of this Deed in respect of the Security Assets. If the amount recovered as a result of the enforcement of this Deed is insufficient to satisfy the Secured Obligations in full, the Chargor shall have no obligation under this Deed to make up the insufficiency.

For the avoidance of doubt, this clause 2 shall not limit the rights of the Lender against the Chargor under any other Finance Document.

3 NATURE OF SECURITY

All Security and dispositions created or made by or pursuant to this Deed are created or made:

- (a) in favour of the Lender;
- (b) with full title guarantee in accordance with the Law of Property (Miscellaneous Provisions) Act 1994; and

(c) as continuing security for payment of the Secured Obligations.

4 GRANT OF SECURITY

The Chargor charges and agrees to charge by way of first fixed charge all of its present and future right, title and interest in and to:

- (a) all the Charged Securities which are at any time owned by the Chargor or in which the Chargor from time to time has an interest; together with
- (b) all present and future Related Rights from time to time accruing to those Charged Securities.

5 CONTINUING SECURITY

5.1 Continuing security

This Security is continuing and will extend to the ultimate balance of the Secured Obligations regardless of any intermediate payment or discharge in whole or in part. This Deed shall remain in full force and effect as a continuing security for the duration of the Security Period.

5.2 Additional and separate security

This Deed is in addition to, without prejudice to, and shall not merge with, any other right, remedy, guarantee or Security which the Lender may at any time hold for any Secured Obligation.

5.3 Right to enforce

This Deed may be enforced against the Chargor without the Lender first having recourse to any other right, remedy, guarantee or Security held by or available to it.

6 LIABILITY OF THE CHARGOR RELATING TO SECURITY ASSETS

Notwithstanding anything contained in this Deed or implied to the contrary, the Chargor remains liable to observe and perform all the conditions and obligations assumed by it in relation to the Security Assets. The Lender is under no obligation to perform or fulfil any such condition or obligation or make any payment in respect of such condition or obligation.

7 REPRESENTATIONS

7.1 General

The Chargor makes the representations and warranties set out in this clause 7 to the Lender.

7.2 No Security

No Security (other than that created by this Deed) exists over any Charged Investment.

7.3 Ownership of Charged Investments

It is the sole legal and beneficial owner of all the Charged Securities.

7.4 Charged Securities fully paid

The Charged Securities are fully paid.

7.5 Entire share capital

The Charged Securities constitute the entire share capital of the Company.

7.6 Status

- (a) It is a public limited corporation, duly incorporated and validly existing under the law of its jurisdiction of incorporation.
- (b) It has the power to own the Charged Securities.

7.7 Binding obligations

Subject to the Legal Reservations and registration at Companies House (if applicable):

- (a) the obligations expressed to be assumed by it in this Deed are legal, valid, binding and enforceable obligations of the Chargor; and
- (b) this Deed creates the security interests which it purports to create, and those security interests are valid and effective and are not liable to be avoided or otherwise set aside on its liquidation or administration or otherwise.

7.8 Non-conflict with other obligations

The entry into and performance by it of, and the transactions and granting of Security contemplated by, this Deed do not and will not conflict with:

- (a) any law or regulation applicable to it;
- (b) its constitutional documents; or
- (c) any agreement or instrument binding upon it or any of its assets.

7.9 Power and authority

- (a) It has the power to enter into, perform and deliver, and has taken all necessary action to authorise its entry into, performance and delivery of, this Deed and the transactions contemplated by this Deed.
- (b) No limit on its powers will be exceeded as a result of the grant of security contemplated by this Deed.
- (c) It is acting in all matters relating to this Deed for its own account and not as trustee, nominee or agent or any other capacity whatsoever.

7.10 Validity and admissibility in evidence

All authorisations required or desirable:

- (a) to enable it lawfully to enter into, exercise its rights and comply with its obligations in this Deed; and
- (b) to make this Deed admissible in evidence in its jurisdiction of incorporation, have been obtained or effected and are in full force and effect if failure to obtain or effect those authorisations has or is reasonably likely to have a Material Adverse Effect.

7.11 Governing law and enforcement

- (a) The choice of English law as the governing law of this Deed will be recognised and enforced in the Chargor's jurisdiction of incorporation.
- (b) Any judgment obtained in England in relation to this Deed will be recognised and enforced in its jurisdiction of incorporation.

7.12 Insolvency

No:

- (a) corporate action, legal proceeding or other procedure or step described in clause 21(g) of the Facility Agreement; or
- (b) creditor's process described in clause 21(h) of the Facility Agreement,

has been taken or threatened in relation to it and none of the circumstances described in clause 21(f) of the Facility Agreement applies to it.

7.13 No proceedings pending or threatened

To the best of its knowledge and belief, after due and careful enquiry, no litigation, arbitration or administrative proceedings or investigations are currently taking place or threatened in relation to any of the Charged Investments.

7.14 Ranking

This Security has a first ranking priority and is not subject to any prior ranking or pari passu Security.

7.15 Time when representations made

All the representations and warranties in this clause 7 are deemed to be made by the Chargor on the date of this Deed and (except for the representation in clause 7.12 (*Insolvency*) and 6.13 (*No proceedings pending or threatened*)) are also deemed to be made by the Chargor on:

- (a) the date of the Utilisation Request; and
- (b) the first day of each Interest Period during the Security Period.

Each representation or warranty deemed to be made after the date of this Deed shall be deemed to be made by reference to the facts and circumstances existing at the date the representation or warranty is deemed to be made.

8 UNDERTAKINGS BY THE CHARGOR

8.1 Negative pledge and disposals

The Chargor shall not do or agree to do any of the following without the prior written consent of the Lender:

- (a) create or permit to subsist any Security over any Security Asset except as created by this Deed; or

- (b) sell, transfer, lease, lend or otherwise dispose of (whether by a single transaction or a number of transactions and whether related or not), the whole or any part of its interest in any Security Asset; or
- (c) take or permit the taking of any action which may result in:
 - (i) the rights attaching to any Charged Investment being adversely altered; or
 - (ii) further shares in the Company being issued.

8.2 Protection of security

The Chargor shall within five Business Days of execution of this Deed or (if later) as soon as practicable after the acquisition of any Charged Investments by way of security for the Secured Obligations:

- (a) deposit (or procure the deposit) with the Lender (or as the Lender may direct) all certificates and other documents of title or evidence of ownership to the Charged Securities and their Related Rights; and
- (b) execute and deliver to the Lender:
 - (i) instruments of transfer in respect of the Charged Securities (executed in blank and left undated); and/or
 - (ii) such other documents as the Lender shall reasonably require to enable it (or its nominees) after this Deed has become enforceable to be registered as the owner of or otherwise to acquire a legal title to the Charged Securities and their Related Rights (or to pass legal title to any purchaser).

8.3 Notification

The Chargor shall:

- (a) notify the Lender within 14 days of receipt of every material notice, order, application, requirement or proposal given or made in relation to the Charged Investments by any competent authority;
- (b) (if reasonably required by the Lender) immediately provide it with a copy of the same and either (A) comply with such notice, order, application, requirement or proposal or (B) make such objections to it as the Lender may reasonably require or approve;
- (c) promptly give notice to any custodian of any agreement with the Chargor in respect of any Charged Investment in a form the Lender may reasonably require; and
- (d) use its reasonable endeavours to ensure that the custodian acknowledges that notice in a form the Lender may require.

8.4 Compliance with laws and obligations

The Chargor shall comply with:

- (a) all obligations in relation to the Charged Investments under any present or future law, regulation, order or instrument or under bye-laws, regulations or requirements of any competent authority or any other authorisation; and

- (b) all other conditions and obligations assumed by it in respect of the Charged Investments.

8.5 Calls

The Chargor shall promptly pay all calls or other payments which may become due in respect of the Charged Investments.

8.6 Companies Act 2006

- (a) The Chargor shall not nominate another person (other than the Lender) to enjoy or exercise all or any of its specified rights in relation to any Charged Investment, as contemplated by section 145 of the Companies Act 2006 or otherwise.
- (b) Without limiting its obligation under clause 8.7(b) (*General provisions relating to the Charged Investments*), the Chargor shall promptly copy to the Lender and comply with all requests for information within its knowledge relating to the Charged Investments and which are made under section 793 of the Companies Act 2006 or which could be made under section 793 if the relevant company were a public company or under any similar provision contained in any articles of association or other constitutional document of the relevant company or relating to the Charged Investments and if it fails to do so the Lender may provide such information as it may have on behalf of the Chargor.

8.7 General provisions relating to the Charged Investments

- (a) The Chargor shall not, except with the prior written consent of the Lender enter into any onerous or restrictive obligation affecting any of the Charged Investments.
- (b) The Chargor shall provide the Lender with all information which it may reasonably request in relation to the Charged Investments.
- (c) The Chargor shall not do, cause or permit to be done anything which may in any way depreciate, jeopardise or otherwise prejudice the value or marketability of any Charged Investment (or make any omission which has such an effect).

9 RIGHTS OF THE PARTIES IN RESPECT OF CHARGED INVESTMENTS

9.1 Dividends and voting rights

Save for so long as an Event of Default is continuing, the Chargor shall be entitled to:

- (a) receive and retain all dividends, distributions and other monies paid on or derived from the Charged Securities; and
- (b) exercise all voting and other rights and powers attaching to the Charged Securities, provided that it must not do so in a manner which:
 - (i) has the effect of changing the terms of the Charged Securities (or any class of them) or of any Related Rights in a way which could reasonably be expected to adversely affect the interests of the Lender; or
 - (ii) is prejudicial to the interests of the Lender under this Deed.

9.2 Authority to complete transfers

At any time following the occurrence of an Event of Default which is continuing, the Lender may complete the instrument(s) of transfer for all or any Charged Securities on behalf of the Chargor in favour of itself or such other person as it may select.

9.3 Exoneration of the Lender

At any time when any Charged Security is registered in the name of the Lender or its nominee, the Lender shall be under no duty to:

- (a) ensure that any dividends, distributions or other monies payable in respect of such Charged Security are duly and promptly paid or received by it or its nominee;
- (b) verify that the correct amounts are paid or received; or
- (c) take any action in connection with the taking up of any (or any offer of any) Related Rights in respect of or in substitution for such Charged Security.

10 POWER TO REMEDY

10.1 General power to remedy

If at any time the Chargor does not comply with any of its obligations under this Deed within the period required (if relevant), the Lender (without prejudice to any other rights arising as a consequence of such non-compliance) shall be entitled (but not bound) to rectify that default. The Chargor irrevocably authorises the Lender and its employees and agents by way of security to do all things (including entering into any property of the Chargor) which are necessary or desirable to rectify that default. The Lender shall as soon as reasonably practical notify the Chargor of any action taken by it to rectify any default pursuant to this clause 10.1.

10.2 Mortgagee in possession

The exercise of the powers of the Lender under this clause 10 shall not render it liable as a mortgagee in possession.

10.3 Monies expended

The Chargor shall pay to the Lender on demand any monies which are expended by the Lender in exercising its powers under this clause 10, together with interest at the Default Rate from the date on which those monies were expended by the Lender (both before and after judgment) and otherwise in accordance with clause 25 (*Default interest*).

11 WHEN SECURITY BECOMES ENFORCEABLE

11.1 When enforceable

This Security shall become immediately enforceable upon the occurrence of an Event of Default and shall remain so for as long as such Event of Default is continuing.

11.2 Statutory powers

The power of sale and other powers conferred by section 101 of the Act (as amended or extended by this Deed) shall be immediately exercisable upon and at any time after the occurrence of any Event of Default and for so long as such Event of Default is continuing.

11.3 Enforcement

After this Security has become enforceable the Lender may in its absolute discretion enforce all or any part of this Security in such manner as it sees fit (but at all times in accordance with the provisions of this Deed or as permitted by law).

12 ENFORCEMENT OF SECURITY

12.1 General

For the purposes of all rights and powers implied by statute, the Secured Obligations are deemed to have become due and payable on the date of this Deed. Sections 93 and 103 of the Act shall not apply to this Security.

12.2 Powers of the Lender

At any time after this Security becomes enforceable (or if so requested by the Chargor by written notice at any time), the Lender may without further notice (unless required by law):

- (a) appoint any qualified person or persons to be a receiver or receiver and manager or administrative receiver of all or any part of the Charged Investments and/or of the income of the Security Assets; and/or
- (b) exercise all or any of the powers conferred on mortgagees by the Act (as amended or extended by this Deed) and/or all or any of the powers which are conferred by this Deed on a Receiver, in each case without first appointing a Receiver or notwithstanding the appointment of any Receiver; and/or
- (c) exercise (in the name of the Chargor and without any further consent or authority of the Chargor) any voting rights and any powers or rights which may be exercised by any person(s) in whose name any Charged Investment is registered or who is the holder of any of them.

12.3 Redemption of prior security

At any time after this Security has become enforceable, the Lender may:

- (a) redeem any prior Security against any Security Asset; and/or
- (b) procure the transfer of that Security to itself; and/or
- (c) settle and pass the accounts of the holder of any prior Security and any accounts so settled and passed shall be conclusive and binding on the Chargor (save in the case of manifest error).

All principal, interest, costs, charges and expenses of and incidental to any such redemption and/or transfer shall be paid by the Chargor to the Lender on demand.

12.4 Privileges

- (a) Each Receiver and the Lender is entitled to all the rights, powers, privileges and immunities conferred by the Act on mortgagees and receivers when such receivers have been duly appointed under the Act, except that section 103 of the Act does not apply.

- (b) To the extent that the Security Assets constitute “*financial collateral*” and this Deed and the obligations of the Chargor under this Deed constitute a “*security financial collateral arrangement*” (in each case for the purpose of and as defined in the Financial Collateral Arrangements (No. 2) Regulations 2003 (SI 2003 No. 3226)) each Receiver and the Lender shall have the right after this Security has become enforceable to appropriate all or any part of that financial collateral in or towards the satisfaction of the Secured Obligations.
- (c) For the purpose of clause 12.4(b), the value of the financial collateral appropriated shall be such amount as the Receiver or the Lender reasonably determines having taken into account advice obtained by it from an independent investment or accountancy firm of national standing selected by it.

12.5 No liability

- (a) Neither the Lender nor any Receiver shall be liable:
 - (i) in respect of all or any part of the Charged Investments; or
 - (ii) for any loss or damage which arises out of the exercise or the attempted or purported exercise of, or the failure to exercise any of, its or his respective powers (unless such loss or damage is caused by its or his fraud, gross negligence or wilful misconduct).
- (b) Without prejudice to the generality of clause 12.5(a), neither the Lender nor any Receiver shall be liable, by reason of entering into possession of a Security Asset, to account as mortgagee in possession or for any loss on realisation or for any default or omission for which a mortgagee in possession might be liable.

12.6 Protection of third parties

No person (including a purchaser) dealing with the Lender or any Receiver or Delegate will be concerned to enquire:

- (a) whether the Secured Obligations have become payable; or
- (b) whether any power which the Lender or the Receiver is purporting to exercise has become exercisable; or
- (c) whether any money remains due under any Finance Document; or
- (d) how any money paid to the Lender or to the Receiver is to be applied.

13 RECEIVER

13.1 Removal and replacement

The Lender may from time to time remove any Receiver appointed by it (subject, in the case of an administrative receivership, to section 45 of the Insolvency Act 1986) and, whenever it may deem appropriate, may appoint a new Receiver in the place of any Receiver whose appointment has terminated.

13.2 Multiple Receivers

If at any time there is more than one Receiver of all or any part of the Charged Investments and/or the income of the Security Assets, each Receiver shall have power to act individually (unless otherwise stated in the appointment document).

13.3 Remuneration

Subject to section 36 of the Insolvency Act 1986, any Receiver shall be entitled to remuneration for his services at a rate to be fixed by agreement between him and the Lender (or, failing such agreement, to be fixed by the Lender).

13.4 Payment by Receiver

Only monies actually paid by a Receiver to the Lender in relation to the Secured Obligations shall be capable of being applied by the Lender in discharge of the Secured Obligations.

13.5 Agent of Chargor

- (a) Any Receiver shall be the agent of the Chargor.
- (b) The Chargor shall (subject to the Companies Act 2006 and the Insolvency Act 1986) be solely responsible for his acts and defaults and for the payment of his remuneration. The Lender shall not incur any liability (either to the Chargor or to any other person) by reason of the appointment of a Receiver or for any other reason except in the case of fraud, gross negligence or wilful misconduct on the part of such Receiver.

14 POWERS OF RECEIVER

14.1 General powers

Any Receiver shall have:

- (a) all the powers which are conferred on the Lender by clause 12.2 (*Powers of the Lender*);
- (b) all the powers which are conferred by the Act on mortgagees in possession and receivers appointed under the Act;
- (c) (whether or not it is an administrative receiver) all the powers which are listed in schedule 1 of the Insolvency Act 1986; and
- (d) all powers which are conferred by any other law conferring power on receivers.

14.2 Additional powers

In addition to the powers referred to in clause 14.1 (*General powers*), a Receiver shall have the following powers:

- (a) to take possession of, collect and get in all or any part of the Security Assets and/or income in respect of which he was appointed;
- (b) to manage the Security Assets as he thinks fit;

- (c) to redeem any security and to borrow or raise any money and secure the payment of any money in priority to the Secured Obligations for the purpose of the exercise of his powers and/or defraying any costs or liabilities incurred by him in such exercise;
- (d) to sell or concur in selling or otherwise disposing of all or any part of the Security Assets in respect of which he was appointed without the need to observe the restrictions imposed by section 103 of the Act, and, without limitation:
 - (i) the consideration for any such transaction may consist of cash, debentures or other obligations, shares, stock or other valuable consideration (and the amount of such consideration may be dependent upon profit or turnover or be determined by a third party); and
 - (ii) any such consideration may be payable in a lump sum or by instalments spread over such period as he thinks fit;
- (e) to carry out any sale or other disposal of all or any part of the Security Assets by conveying, transferring, assigning or leasing the same in the name of the Chargor and, for that purpose, to enter into covenants and other contractual obligations in the name of, and so as to bind, the Chargor;
- (f) to take any such proceedings (in the name of the Chargor or otherwise) as he shall think fit in respect of the Security Assets and/or income in respect of which he was appointed;
- (g) to enter into or make any such agreement, arrangement or compromise as he shall think fit in respect of the Security Assets and/or income in respect of which he was appointed;
- (h) to appoint and employ such managers and officers and engage such professional advisers as he shall think fit (including, without prejudice to the generality of the foregoing power, to employ his partners and firm); and
- (i) to:
 - (i) give valid receipts for all monies and to do all such other things as may seem to him to be incidental or conducive to any other power vested in him or necessary or desirable for the realisation of any Security Assets;
 - (ii) exercise in relation to the Security Assets or any part of them all such powers and rights as he would be capable of exercising if he were the absolute beneficial owner of the Security Assets; and
 - (iii) use the name of the Chargor for any of the above purposes.

15 APPLICATION OF PROCEEDS

15.1 Application

All monies received by the Lender or any Receiver under or in connection with this Deed or the Security Assets after this Security has become enforceable shall (subject to the rights and claims of any person having a security ranking in priority to this Security) be applied in the following order:

- (a) *first* in satisfaction of, or provision for, all costs, charges and expenses incurred and payments made by the Lender or any Receiver and of all remuneration due to the Receiver in connection with this Deed or the Security Assets;
- (b) *secondly* in or towards the satisfaction of the remaining Secured Obligations in accordance with clause 15.3 (*Appropriation and suspense account*); and
- (c) *thirdly* in payment of any surplus to the Chargor or other person entitled to it.

15.2 Contingencies

If this Security is enforced at a time when no amounts are due under the Finance Documents (but at a time when amounts may become so due), the Lender or a Receiver may pay the proceeds of any recoveries effected by it into a blocked suspense account (bearing interest at such rate as the Lender may determine).

15.3 Appropriation and suspense account

- (a) Subject to clause 15.1 (*Application*), the Lender shall apply all payments received in respect of the Secured Obligations in reduction of any part of the Secured Obligations in any order or manner which it may determine.
- (b) Any such appropriation shall override any appropriation by the Chargor.
- (c) All monies received, recovered or realised by the Lender under or in connection with this Deed may at the discretion of the Lender be credited to a separate interest-bearing suspense account for so long as the Lender determines (with interest accruing thereon at such rate (if any) as the Lender may determine) without the Lender having any obligation to apply such monies and interest or any part of it in or towards the discharge of any of the Secured Obligations unless such monies would clear all Secured Obligations in full.

16 DELEGATION

Each of the Lender and any Receiver may delegate by power of attorney (or in any other manner) to any person any right, power or discretion exercisable by them under this Deed upon any terms (including power to sub-delegate) which it may think fit. Neither the Lender nor any Receiver shall be in any way liable or responsible to the Chargor for any loss or liability arising from any act, default, omission or misconduct on the part of any Delegate except in the case of fraud, gross negligence or wilful misconduct on the part of such Delegate.

17 FURTHER ASSURANCES

17.1 Further action

The Chargor shall at its own expense, promptly do all acts and execute all documents as the Lender or a Receiver may reasonably specify (and in such form as the Lender or a Receiver may reasonably require) for:

- (a) creating, perfecting or protecting the Security intended to be created by this Deed;
- (b) facilitating the realisation of any Security Asset;

- (c) facilitating the exercise of any rights, powers and remedies exercisable by the Lender or any Receiver or any Delegate in respect of any Security Asset or provided by or pursuant to the Finance Documents or by law.

This includes:

- (i) the re-execution of this Deed;
- (ii) the execution of any legal mortgage, charge, transfer, conveyance, assignment, assignation or assurance of any Security Asset, whether to the Lender or to its nominee; and
- (iii) the giving of any notice, order or direction and the making of any filing or registration,

which, in any such case, the Lender may reasonably think expedient.

17.2 Finance Documents

The Chargor shall take all such action as is available to it (including making all filings and registrations) as may be necessary for the purpose of the creation, perfection, protection or maintenance of any Security conferred or intended to be conferred on the Lender by or pursuant to this Deed.

17.3 Specific security

Without prejudice to the generality of clause 17.1 (*Further action*), the Chargor will immediately upon request by the Lender execute any document contemplated by that clause over any Security Asset which is subject to or intended to be subject to any fixed security under this Deed.

18 POWER OF ATTORNEY

The Chargor, by way of security and only during such period as an Event of Default is continuing, irrevocably and severally appoints the Lender, each Receiver and any Delegate to be its attorney to take any action which the Chargor is obliged to take under this Deed, including under clause 17 (*Further assurances*) or, if no Event of Default is continuing, which the Chargor has failed to take within any applicable grace or cure period. After taking such action, the Lender, Receiver or Delegate (as applicable) shall notify the Chargor as soon as reasonably practicable of the action taken and if requested provide copies of any document entered into on its behalf or in its name. The Chargor ratifies and confirms whatever any attorney does or purports to do pursuant to its appointment under this clause 18.

19 PAYMENTS

19.1 Payments

Subject to clause 19.2 (*Gross-up*), all payments to be made by the Chargor in respect of this Deed shall be:

- (a) made in immediately available funds to the credit of such account as the Lender may designate; and
- (b) calculated and be made without (and free and clear of, and without any deduction for, or on account of):

- (i) any set-off or counterclaim; or
- (ii) except to the extent compelled by law, any deduction or withholding for or on account of tax.

19.2 Gross-up

If the Chargor is compelled by law to make any deduction or withholding from any sum payable under this Deed to the Lender, the sum so payable by the Chargor shall be increased so as to result in the receipt by the Lender of a net amount equal to the full amount expressed to be payable under this Deed but only if and to the extent that under the terms of the Facility Agreement the Company would also be required to so increase the payment.

20. STAMP DUTY

The Chargor shall:

- (a) pay all present and future stamp duty, registration and similar taxes or charges which may be payable, or determined to be payable, in connection with the execution, delivery, performance or enforcement of this Deed or any judgment given in connection with it; and
- (b) indemnify the Lender on demand against any and all costs, losses or liabilities (including, without limitation, penalties) with respect to, or resulting from, its delay or omission to pay any such stamp, registration and similar taxes or charges.

21 COSTS AND EXPENSES

21.1 Transaction and amendment expenses

The Chargor shall promptly within five Business Days of demand pay the Lender the amount of all costs and expenses (including legal fees, valuation, accountancy and consultancy fees (and any VAT or similar tax thereon)) reasonably incurred by it in connection with:

- (a) the negotiation, preparation, printing, execution, registration, perfection and completion of this Deed, the Security constituted by or pursuant to this Deed or any document referred to in this Deed; or
- (b) any actual or proposed amendment or extension of, or any waiver or consent under, this Deed.

21.2 Enforcement and preservation costs

The Chargor shall within three Business Days of demand pay to the Lender and any Receiver the amount of all costs and expenses (including legal fees (and any VAT or similar tax thereon)) incurred by any of them:

- (a) in contemplation of, or otherwise in connection with, the enforcement, exercise or preservation (or the attempted enforcement, exercise or preservation) of any rights under this Deed or any document referred to in this Deed or the Security constituted by or pursuant to this Deed (including all remuneration of the Receiver); and
- (b) any proceedings instituted by or against the Lender as a consequence of taking or holding the Security constituted by or pursuant to this Deed or enforcing these rights.

21.3 Default interest

Any amount demanded under clauses 21.1 (*Transaction and amendment expenses*) or 20.2 (*Enforcement and preservation costs*) shall bear interest at the Default Rate (both before and after judgment) from the day on which those costs, charges or expenses were paid, incurred or charged by the relevant person and otherwise in accordance with clause 8(c) of the Facility Agreement.

22 CURRENCIES

22.1 Conversion

All monies received or held by the Lender or any Receiver under this Deed may be converted from their existing currency into such other currency as the Lender or the Receiver reasonably considers necessary or desirable to cover the obligations and liabilities comprised in the Secured Obligations in that other currency at the Lender's spot rate of exchange. The Chargor shall indemnify the Lender against all costs, charges and expenses incurred in relation to such conversion. Neither the Lender nor any Receiver shall have any liability to the Chargor in respect of any loss resulting from any fluctuation in exchange rates after any such conversion.

22.2 Currency indemnity

No payment to the Lender (whether under any judgment or court order or in the liquidation, administration or dissolution of the Chargor or otherwise) shall discharge the obligation or liability of the Company or the Chargor in respect of which it was made, unless and until the Lender shall have received payment in full in the currency in which the obligation or liability was incurred and, to the extent that the amount of any such payment shall on actual conversion into such currency fall short of such obligation or liability expressed in that currency, the Lender shall have a further separate cause of action against the Company or the Chargor and shall be entitled to enforce the Security constituted by or pursuant to this Deed to recover the amount of the shortfall.

23 CHANGES TO THE PARTIES

- (a) The Chargor may not assign any of its rights or obligations under this Deed.
- (b) The Lender may assign or transfer all or any part of its rights under this Deed in accordance with the Facility Agreement. The Chargor shall, promptly upon written request from the Lender, enter into such documents as may be necessary to effect such assignment or transfer.

24 INDEMNITY

The Chargor shall promptly indemnify the Lender and every Receiver and Delegate and the Lender's officers and employees against any cost, loss, or liability incurred by any of them as a result of or in connection with:

- (a) the taking, holding protection or enforcement of this Security;
- (b) anything done or omitted in the exercise or purported exercise of any of the rights, powers, discretions and remedies vested in the Lender and each Receiver and Delegate by this Deed (or any other Finance Document in connection with the Security Assets) or by law;
- (c) the Security Assets or the use or holding of them by any person; or

- (d) any Event of Default or any default by the Chargor in the performance of any of the obligations expressed to be assumed by it in this Deed

except in the case of fraud, gross negligence or wilful misconduct on the part of that person.

25 DEFAULT INTEREST

Any amount which is not paid under this Deed when due shall bear interest (both before and after judgment and payable on demand) from the due date until the date on which such amount is unconditionally and irrevocably paid and discharged in full on a daily basis at the Default Rate and in the manner agreed in the Facility Agreement. Default interest will accrue from day to day and will be compounded at such intervals as are provided for in the Facility Agreement.

26 MISCELLANEOUS

26.1 New accounts

- (a) If the Lender receives, or is deemed to be affected by, notice, whether actual or constructive, of any subsequent Security affecting any Security Asset and/or the proceeds of sale of any Security Asset or any guarantee under the Finance Documents ceases to continue in force, it may open a new account or accounts for the Chargor and/or the Company. If it does not open a new account, it shall nevertheless be treated as if it had done so at the time when it received or was deemed to have received such notice.
- (b) As from that time all payments made to the Lender will be credited or be treated as having been credited to the new account and will not operate to reduce any amount of the Secured Obligations.

26.2 Tacking

- (a) The Lender shall perform its obligations under the Facility Agreement (including any obligation to make available further advances).
- (b) This Deed secures advances already made and further advances to be made.

27 THIRD PARTY CLAUSES

27.1 Waiver of defences

The obligations of the Chargor under this Deed shall not be discharged, impaired or otherwise affected by an act, omission, matter or thing which, but for this clause 27.1, would reduce, release or prejudice any of its obligations, or the Security intended to be granted, under this Deed (without limitation and whether or not known to it or the Lender) including:

- (a) any time, waiver or consent granted to, or composition with, the Company or other person;
- (b) the release of the Company, any other surety or any other person under the terms of any composition or arrangement with any creditor of the Company or such other surety or other person;
- (c) the taking, variation, compromise, exchange, renewal or release of, or refusal or neglect to perfect, take up or enforce, any rights against, or Security over assets of,

the Company, any other surety or any other person or any non-presentation or non-observance of any formality or other requirement in respect of any instrument or any failure to realise the full value of any Security;

- (d) any incapacity or lack of power, authority or legal personality of or dissolution or change in the members, name or status or constitution of the Chargor, the Company the Lender or any other person;
- (e) any amendment, novation, supplement, extension, restatement (however fundamental and whether or not more onerous) or replacement of a Finance Document or any other document or Security including, without limitation, any change in the purpose of, any extension of or increase in any facility or the addition of any new facility under any Finance Document or other document or Security;
- (f) any unenforceability, illegality or invalidity of any obligation of any person under any Finance Document or any other document or Security; or
- (g) any insolvency, administration or similar proceedings.

27.2 Chargor intent

Without prejudice to the generality of clause 27.1 (*Waiver of defences*), the Chargor expressly confirms that it intends that this Security shall extend from time to time to any (however fundamental) variation, increase, extension or addition of or to any of the Finance Documents and/or any facility or amount made available under any of the Finance Documents for the purposes of or in connection with any of the following: property acquisitions of any nature; carrying out restructurings; refinancing existing facilities; refinancing any other indebtedness; making facilities available to new borrowers; any other variations or extension of the purposes for which any such facility or amount might be made available from time to time; and any fees, costs and/or expenses associated with any of the foregoing.

27.3 Immediate recourse

The Chargor waives any right it may have of first requiring the Lender (or any trustee or agent on its behalf) to proceed against or enforce any other rights or Security or claim payment from any person before exercising any right under this Deed. This waiver applies irrespective of any law or any provision of a Finance Document to the contrary.

27.4 Application

Until the Secured Obligations have been irrevocably paid in full, the Lender (or any trustee or agent on its behalf) may refrain from applying or enforcing any other monies, Security or rights held or received by the Lender (or any trustee or agent on its behalf) in respect of those amounts, or apply and enforce the same in such manner and order as it sees fit (whether against those amounts or otherwise) and the Chargor shall not be entitled to the benefit of the same.

27.5 Deferral of Chargor's rights

Until the end of the Security Period and unless the Lender otherwise directs the Chargor shall not exercise any rights which it may have by reason of performance by it of its obligations under this Deed:

- (a) to be indemnified by the Company;

- (b) to claim any contribution from any guarantor of the Company's obligations under the Finance Documents or any other person giving Security for the Secured Obligations under the Finance Documents;
- (c) to take the benefit (in whole or in part and whether by way of subrogation or otherwise) of any rights of the Lender under the Finance Documents or of any other guarantee or Security taken pursuant to, or in connection with, the Finance Documents by the Lender;
- (d) to bring legal or other proceedings for an order requiring the Company to make any payment, or perform any obligation, in respect of which the Chargor has given Security under this Deed;
- (e) to exercise any right of set-off against the Company; and/or
- (f) to claim or prove as a creditor of the Company in competition with the Lender.

If the Chargor receives any benefit, payment or distribution in relation to such rights it shall hold that benefit, payment or distribution to the extent necessary to enable all amounts which may be or become payable to the Lender by the Company under or in connection with the Finance Documents to be repaid in full on trust for the Lender and shall promptly pay or transfer the same to the Lender or as the Lender may direct for application in accordance with this Deed.

28 NOTICES

28.1 Communications in writing

Any communication to be made under or in connection with this Deed shall be made in writing and, unless otherwise stated, may be made by fax or letter.

28.2 Addresses

The address and fax number (and the department or officer, if any, for whose attention the communication is to be made) of each Party for any communication or document to be made or delivered under or in connection with this Deed is that identified with its name below or any substitute address, fax number or department or officer as the Party may notify to the other Party by not less than five Business Days' notice.

28.3 Delivery

- (a) Subject to clause 28.3(b) (*Delivery*), any communication or document made or delivered by one Party to another under or in connection with this Deed will only be effective:
 - (i) if by way of fax, when received in legible form; or
 - (ii) if by way of letter, when it has been left at the relevant address or five Business Days after being deposited in the post postage prepaid in an envelope addressed to it at that address,

and, if a particular department or officer is specified as part of its address details provided under clause 28.2 (*Addresses*), if addressed to that department or officer.

- (b) Any communication or document to be made or delivered to the Lender will be effective only when actually received by the Lender and then only if it is expressly marked for the attention of the department or officer identified with the Lender's signature below (or any substitute department or officer as the Lender shall specify for this purpose).

29 CALCULATIONS AND CERTIFICATES

Any certificate of or determination by the Lender specifying the amount of any Secured Obligation due from the Company or the Chargor (including details of any relevant calculation thereof) is in the absence of manifest or proven error conclusive evidence against the Chargor of the matters to which it relates.

30 PARTIAL INVALIDITY

All the provisions of this Deed are severable and distinct from one another and if at any time any provision is or becomes illegal, invalid or unenforceable in any respect under any law of any jurisdiction, neither the legality, validity or enforceability of any of the remaining provisions nor the legality, validity or enforceability of such provision under the law of any other jurisdiction, will in any way be affected or impaired.

31 REMEDIES AND WAIVERS

No failure to exercise, nor any delay in exercising, on the part of the Lender, any right or remedy under this Deed shall operate as a waiver, nor shall any single or partial exercise of any right or remedy prevent any further or other exercise, or the exercise of any other right or remedy. The rights and remedies provided are cumulative and not exclusive of any rights or remedies provided by law.

32 AMENDMENTS AND WAIVERS

Any provision of this Deed may be amended only if the Lender and the Chargor so agree in writing and any breach of this Deed may be waived before or after it occurs only if the Lender so agrees in writing. A waiver given or consent granted by the Lender under this Deed will be effective only if given in writing and then only in the instance and for the purpose for which it is given.

33 DISCLOSURE

The Lender may disclose to any person referred to in clause 22(g) of the Facility Agreement such information about the Chargor in relation to this Deed as the Lender may consider appropriate.

34 COUNTERPARTS

This Deed may be executed in any number of counterparts and this has the same effect as if the signatures (and seals, if any) on the counterparts were on single copy of this Deed.

35 RELEASE

35.1 Release

Upon the expiry of the Security Period (but not otherwise), the Lender shall, at the request and cost of the Chargor (where an Event of Default is not continuing, such cost to be

reasonable), promptly take whatever action is necessary to release the Security Assets (without recourse or warranty) from this Security.

35.2 Reinstatement

Where any discharge (whether in respect of the obligations of the Company, the Chargor or any Security or guarantee for those obligations or otherwise) is made in whole or in part or any arrangement is made on the faith of any payment, security or other disposition which is avoided or must be restored on insolvency, liquidation or otherwise (without limitation), the liability of the Chargor under this Deed shall continue as if the discharge or arrangement had not occurred. The Lender may concede or compromise any claim that any payment, security or other disposition is liable to avoidance or restoration.

36 GOVERNING LAW

This Deed and any non-contractual obligations arising out of or in connection with it shall be governed by English law.

IN WITNESS of which this Deed has been duly executed by the Chargor as a deed and duly executed by the Lender and has been delivered on the first date specified on page 1 of this Deed.

EXECUTION PAGE

THE CHARGOR

Executed as a deed, but not delivered until the)
first date specified on page 1, by)
CLS HOLDINGS PLC acting by:)

Director

Witness signature

Witness name:

R WAILEY

Witness address:

16 Tinworth Street
London
SE11 5AL

Address: 16 Tinworth Street, London, SE11 5AL

Fax: +44 (0)20 7735 4249

Attention: Manuel Sconcia

THE LENDER

Signed by **OLIVER CARTADE** and)
MARVIN CARTWRIGHT for and on)
behalf of **BANK J. SAFRA SARASIN**)
(GIBRALTAR) LTD, LONDON BRANCH:)

Signature _____
Oliver Cartade

Signature _____
Marvin Cartwright

Address: 47 Berkeley Square
London
W1J 5AU

Fax: 020 7514 1001

Attention: Oliver Cartade