



Registration of a Charge

Company name: **CLS HOLDINGS PLC**

Company number: **02714781**



X5MSXG15

Received for Electronic Filing: **28/12/2016**

Details of Charge

Date of creation: **23/12/2016**

Charge code: **0271 4781 0038**

Persons entitled: **THE ROYAL BANK OF SCOTLAND PLC**

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: **STEPHENSON HARWOOD LLP**



CERTIFICATE OF THE REGISTRATION OF A CHARGE

Company number: 2714781

Charge code: 0271 4781 0038

The Registrar of Companies for England and Wales hereby certifies that a charge dated 23rd December 2016 and created by CLS HOLDINGS PLC was delivered pursuant to Chapter A1 Part 25 of the Companies Act 2006 on 28th December 2016 .

Given at Companies House, Cardiff on 29th December 2016

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**

EXECUTION VERSION

Share Charge

Dated **23 December 2016**

(1) **CLS Holdings plc**
(the **Chargor**)

and

(2) **The Royal Bank of Scotland plc**
(the **Security Agent**)

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Share Charge

Dated **23 December 2016**

Between:

- (1) **CLS Holdings plc** registered in England (registered number 02714781) (the "Chargor"); and
- (2) **The Royal Bank of Scotland plc** as security trustee for the Secured Parties (the "Security Agent").

This deed witnesses:

1 Definitions and interpretation

1.1 Definitions

This Share Charge is intended to be a deed between the parties to it and is referred to here as "**this Deed**". Words and expressions defined in the Facility Agreement have the same meanings in this Deed, unless they are expressly defined in this Deed.

"**Default Rate**" means the rate of interest specified in, and calculated in accordance with, clause 8.4 (*Default interest*) of the Facility Agreement.

"**Dividend**" means all dividends, interest and other distributions paid or payable or arising from time to time in respect of any Investment.

"**Facility Agreement**" means the facility agreement dated on or around the date of this Deed between, the Borrowers, the Arranger, the Original Lenders, the Hedge Counterparty, the Agent and the Security Agent.

"**Financial Collateral**" shall have the same meaning as it has in the Regulations.

"**Investments**" means all of the issued shares of each Issuer and all other shares in each Issuer from time to time legally or beneficially owned by the Chargor, including the shares listed in Schedule 1 (*Investments*).

"**Issuer**" means each of:

- (a) **Buspace Studios Limited** registered in England (registered number 01964367); and
- (b) **Quayside Lodge Limited** registered in England (registered number 03205302).

"**LPA**" means the Law of Property Act 1925.

"**Receiver**" means a receiver appointed pursuant to this Deed or to any applicable law, whether alone or jointly, and includes a receiver and manager and, if the Security Agent is permitted by law to appoint an administrative receiver, includes an administrative receiver.

"Regulations" means the Financial Collateral Arrangements (No 2) Regulations 2003 (SI 2003/3226) or equivalent legislation in any applicable jurisdiction bringing into effect Directive 2002/47/EC on financial collateral arrangements, as amended by (i) the Financial Collateral Arrangements (No 2) Regulations 2003 (Amendment) Regulations 2009 (SI 2009/2462), and (ii) the Financial Markets and Insolvency (Settlement Finality and Financial Collateral Arrangements) (Amendment) Regulations 2010 (SI 2010/2993), and **"Regulation"** means any of them.

"Secured Liabilities" means all present and future obligations and liabilities (whether actual or contingent and whether owed jointly or severally or in any other capacity whatsoever) of each Transaction Obligor to any Secured Party under each Finance Document.

"Security Assets" means all of the assets of whatever nature of the Chargor which are the subject of any Security created by or under this Deed.

"Security Period" means the period starting on the date of the Facility Agreement and ending on the date on which the Agent is satisfied (acting reasonably) that all of the Secured Liabilities are irrevocably discharged in full and no Finance Party has any commitment or liability, whether present or future, actual or contingent, in relation to any Facility under the Facility Agreement.

1.2 Construction

1.2.1 The principles of construction set out in clause 1.2 (*Construction*) of the Facility Agreement apply to this Deed, insofar as they are relevant to it subject to only necessary changes.

1.2.2 Unless a contrary intention appears, any reference in this Deed to:

- (a) this **Deed** is a reference to this Share Charge as amended, varied, novated, supplemented and replaced from time to time;
- (b) any person includes any permitted assigns, transferees and successors in title; and
- (c) the **Security Agent**, any other **Secured Party** or a **Receiver** (except for the references in Clause 16 (*Power of attorney*)), includes its duly appointed nominees, attorneys, correspondents, trustees, advisers, agents, delegates and sub-delegates.

1.2.3 Each of the mortgages and fixed charges contained in Clause 5 (*Creation of Security*) shall be read and construed separately, as though each such category and asset were mortgaged, or charged as applicable, independently and separately of each other.

1.2.4 Where this Deed creates Security over any Security Asset which constitutes Financial Collateral, this Deed is intended to be a **"security financial collateral arrangement"** as defined in the Regulations.

1.2.5 The Chargor confirms that it has received a copy of the Facility Agreement.

1.3 Third party rights

1.3.1 Each Secured Party and their respective officers, employees and agents may enforce any term of this Deed which purports to confer a benefit on that person principally in relation to the rights and indemnities set out in Clauses 13 (*Protection of the Secured Parties*) and 17 (*Currency*) but no other person who is not a party to this Deed has any right under the Contracts (Rights of Third Parties) Act 1999 to enforce or to enjoy the benefit of any term of this Deed.

1.3.2 Notwithstanding any term of any Finance Document, the Parties to this Deed and any Receiver may rescind, vary, waive, release, assign, novate or otherwise dispose of all or any of their respective rights or obligations under this Deed without the consent of any person who is not a Party to this Deed.

1.4 Effect as a deed

This Deed shall take effect as a deed even if it is signed under hand on behalf of the Security Agent.

2 Covenant to pay

2.1 Subject to Clause 3 (*Limited Recourse*), the Chargor shall on demand pay and discharge the Secured Liabilities when due and payable in accordance with the terms of the Finance Documents.

2.2 The Chargor shall pay interest at the Default Rate on the sums payable under this Deed from the date on which the liability was incurred to the date of actual payment, both before and after judgment.

3 Limited Recourse

Notwithstanding any other provision of this Deed, the total amount recoverable by the Security Agent from the Chargor shall be limited to the Security Assets and to its rights of enforcement and recovery against the Security Assets and, accordingly, the Security Agent agrees that the total amount recoverable from or against the Chargor under this Deed shall be limited to the Security Assets and the aggregate proceeds received by the Security Agent as a result of realising the Secured Assets in accordance with the terms of this Deed.

4 Nature of Security created

4.1 General

All of the Security created under this Deed is created:

4.1.1 in favour of the Security Agent as trustee for the Secured Parties;

4.1.2 as a continuing security to secure the payment and discharge of all of the Secured Liabilities;

4.1.3 over all present and future Investments which are owned by the Chargor and, to the extent that it does not own those assets, shall extend to any right or interest which it may have in them; and

4.1.4 with full title guarantee in accordance with the Law of Property (Miscellaneous Provisions) Act 1994.

5 Creation of Security

Investments

The Chargor charges by way of first fixed charge:

- 5.1 all Investments owned by it from time to time including those held for it by any nominee;
- 5.2 all allotments, accretions, offers, options, rights, moneys, property, bonuses, benefits and advantages, whether by way of conversion, exchange, bonus, redemption, preference, option rights, substitution or otherwise which at any time accrue to or are offered or arising from any Investment;
- 5.3 all Dividends; and
- 5.4 any proceeds of sale of each Investment or any right relating to it.

6 Representations

The Chargor makes the representations and warranties set out in this Clause 6 to the Security Agent and the other Secured Parties on the date of this Agreement and (other than in relation to Clause 6.6 (*No proceedings pending or threatened*)) on each date on which the Repeating Representations are deemed to be made by under the Facility Agreement. In entering into the Finance Documents to which they are party, the Security Agent and the other Finance Parties have relied on the representations of the Chargor set out in this Clause.

6.1 Status

- 6.1.1 It is a limited liability corporation, duly incorporated and validly existing under the law of England.
- 6.1.2 It has the power to own its assets and carry on its business as it is being conducted.

6.2 Binding obligations

The obligations expressed to be assumed by it in this Deed are, subject to the Legal Reservations, legal, valid and binding obligations which are enforceable in accordance with their terms.

6.3 Non-conflict with other obligations

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

- 6.3.1 any law or regulation applicable to it;
- 6.3.2 its constitutional documents; or

- 6.3.3 any agreement or instrument binding upon it or any of its assets or constitute a default or termination event (however described) under any such agreement or instrument which has or is reasonably likely to have a Material Adverse Effect.

6.4 Power and authority

- 6.4.1 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.
- 6.4.2 No limit on its powers will be exceeded as a result of the grant of Security under this Deed.

6.5 Validity and admissibility in evidence

- 6.5.1 All Authorisations required or prudent or necessary:
- (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, except registration of this Deed at Companies House under the Companies Act 2006 and payment of associated fees, which registrations, filings and fees will be made and paid promptly after the date of this Deed.

6.6 No proceedings pending or threatened

No litigation, arbitration or administrative proceedings or investigations of, or before, any court, arbitral body or agency which, if adversely determined, are reasonably likely to have a Material Adverse Effect have (to the best of its knowledge and belief) been started or threatened in writing against it.

6.7 Centre of main interests and establishments

For the purposes of The Council of the European Union Regulation No. 1346/2000 on Insolvency Proceedings (the "**Regulation**"), its centre of main interest (as that term is used in Article 3(1) of the Regulation) is situated in England and Wales.

6.8 Ranking of Security

The Security conferred by this Deed constitutes a first priority security interest of the type described, over the Security Assets which are not subject to any prior or pari passu Security.

6.9 Ownership

- 6.9.1 Each Issuer's entire issued share capital is legally and beneficially owned and controlled by the Chargor and none of the shares in each Issuer is held by a nominee.

6.9.2 The issued shares of each Issuer are fully paid and are not subject to any option to purchase or similar rights.

6.9.3 The constitutional documents of each Issuer do not and could not restrict or inhibit any transfer of the shares of that Issuer on creation or enforcement of the Security conferred by this Deed or any other Security Document.

7 Undertakings relating to the Security Assets

The undertakings in this Clause 7 remain in force from the date of this Deed until the expiry of the Security Period.

7.1 Disposals

The Chargor shall not enter into a single transaction or a series of transactions (whether related or not, and whether voluntary or involuntary), to dispose of any Security Asset or part of any Security Asset, or enter into an agreement to make any disposal, except as permitted under the terms of the Facility Agreement or with the prior written consent of the Security Agent.

7.2 Negative pledge

The Chargor shall not create or permit to subsist any Security over any Security Asset except as permitted under the terms of the Facility Agreement.

7.3 Preservation of Assets

The Chargor, subject to the terms of the Facility Agreement:

7.3.1 shall notify the Security Agent of any action commenced by a third party to seize, attach, charge, take possession of or sell any Security Asset which (to the best of its knowledge and belief) has been started or threatened and at its own cost, defend such proceedings;

7.3.2 shall not take any Security in connection with its liability under this Deed from any guarantor of, or provider of Security for, any of the Secured Liabilities.

7.4 Shareholding

7.4.1 The Chargor shall:

- (a) not appoint a nominee to hold any of the Investments at any time, (unless instructed to do so by the Security Agent at any time while an Event of Default is continuing);
- (b) not make, and has not made, any nomination under section 145 of the Companies Act 2006 in connection with any of the Investments; and
- (c) not amend or waive any provision of the constitutional documents of each Issuer or any shareholder agreement relating to the share capital of that Issuer.

7.5 No deductions

The Chargor shall make all payments to be made by it in respect of this Deed without any deduction for set-off, counterclaim or any other circumstance.

8 Investments: Undertakings, Dividends and Voting rights etc

The Chargor shall:

- 8.1.1 promptly pay all calls, instalments and other payments which may be made or become due in respect of the Investment (or, in respect of any Investment of which the Security Agent is the legal owner, promptly pay to the Security Agent on demand such amounts as the Security Agent may require to make those payments, together with interest at the Default Rate from the date of payment by the Security Agent to the date of payment by the Chargor under this Clause, both before and after judgment);
- 8.1.2 not acquire any additional Investments after the date of this Deed unless they are fully paid; and
- 8.1.3 comply with any notice served on it, in respect of or in connection with any Investment and promptly send to the Security Agent a copy of that notice.

8.2 Before an Event of Default

For so long as no Event of Default is continuing, the Chargor may:

- 8.2.1 receive and retain Dividends, and exercise all voting and other rights and powers attached to the Investments; or
- 8.2.2 in respect of any Investments of which the Security Agent is the legal owner, direct the Security Agent to pay over the Dividends to it, and exercise all such voting and other rights and powers,

but, in each case, only in a manner consistent with this Deed and not to prejudice (i) the ability of the Security Agent to enforce the Security, or (ii) any other right created under this Deed.

8.3 After an Event of Default

Following the occurrence of an Event of Default which is continuing:

- 8.3.1 the Chargor shall promptly pay over to the Security Agent all Dividends which it may receive, and shall direct all Dividends to be paid into such account as the Security Agent shall direct, and exercise all voting and other rights and powers attached to the Investments in any manner which the Security Agent may direct; or
- 8.3.2 in respect of Investments of which the Security Agent is the legal owner, the Security Agent may receive and retain all Dividends and apply them in any manner permitted by this Deed, and may exercise all such voting and other rights and powers in such manner as it determines and the Security Agent shall notify the Chargor of such action as soon as practicable thereafter

unless the Agent has taken any steps under Clause 24.16 (*Acceleration*) of the Facility Agreement.

9 Rights of Appropriation

The Security Agent may to the extent that any Security Asset constitutes Financial Collateral at any time after the Security created by this Deed becomes enforceable:

- 9.1 appropriate it and transfer the title to it to the Security Agent insofar as not already transferred, subject to paragraphs (1) and (2) of Regulation 18 (*Duty to value collateral and account for any difference in value on appropriation*); and
- 9.2 value any Security Asset at the time of appropriation as referred to in the Regulations, as the market price of the relevant Security Asset, as determined by the Security Agent by reference to such method or source, (including an independent valuation), as the Security Agent may reasonably determine, and which shall constitute a 'commercially reasonable manner' for the purposes of the Regulations.

10 Enforcement

10.1 When Security becomes enforceable

The Security created by this Deed shall become immediately enforceable:

- 10.1.1 if an Event of Default occurs and is continuing; or
- 10.1.2 if the Chargor so requests.

10.2 Powers on enforcement

At any time after the Security created by this Deed has become enforceable, the Security Agent may (without prejudice to any other of its rights and remedies and without notice to the Chargor) do all or any of the following:

- 10.2.1 subject to Clause 11.1 (*Method of appointment and removal*), appoint one or more persons to be a Receiver or Receivers of all or any of the Security Assets;
- 10.2.2 exercise all the powers and rights conferred on mortgagees by the LPA, as varied and extended by this Deed, without the restrictions contained in sections 103 (*Regulation of exercise of power of sale*) or 109(1) (*Appointment, powers, remuneration and duties of receiver*) of the LPA; and
- 10.2.3 require the Chargor to transfer all or any of the Investments to the Security Agent.

10.3 Disposal of the Security Assets

In exercising the powers referred to in Clause 10.2 (*Powers on enforcement*), the Security Agent or any Receiver may sell or dispose of all or any of the Security Assets at the times, in the manner and order, on the terms and conditions and for the consideration determined by it.

10.4 Application of moneys

10.4.1 The Security Agent or any Receiver shall apply moneys received by them under this Deed after the Security created under this Deed has become enforceable in the following order:

- (a) **first**, in or towards the payment pro rata of, or the provision pro rata for, any unpaid costs and expenses of the Security Agent and any Receiver under this Deed or which are incidental to any Receiver's appointment, together with interest at the Default Rate (both before and after judgment) from the date those amounts became due until the date they are irrevocably paid in full;
- (b) **secondly**, in or towards the payment pro rata of, or the provision pro rata for, any unpaid fees, commission or remuneration of the Security Agent and any Receiver;
- (c) **thirdly**, in or towards the discharge of all liabilities having priority to the Secured Liabilities;
- (d) **fourthly**, in or towards the discharge of the Secured Liabilities in accordance with the Facility Agreement; and
- (e) **fifthly**, in the payment of any surplus to the Chargor or other person entitled to it,

and section 109(8) (*Appointment, powers, remuneration and duties of receiver*) of the LPA shall not apply.

10.4.2 Clause 10.4.1 will override any appropriation made by the Chargor.

11 Appointment and powers of Receivers

11.1 Method of appointment and removal

11.1.1 The Security Agent may not appoint a Receiver by reason only of a moratorium being obtained, or anything being done with a view to a moratorium being obtained, under section 1A (*Moratorium*) of the Insolvency Act 1986.

11.1.2 Every appointment or removal of a Receiver, of any delegate or of any other person by the Security Agent pursuant to this Deed may be made in writing under the hand of any officer or manager of the Security Agent (subject to any requirement for a court order in the removal of an administrative receiver).

11.2 Powers of Receiver

Every Receiver shall have all the powers:

11.2.1 of the Security Agent under this Deed;

11.2.2 conferred by the LPA on mortgagees in possession and on receivers appointed under the LPA;

11.2.3 which are specified in Schedule 1 (*Powers of Administrator or Administrative Receiver*) of the Insolvency Act 1986 in relation to, and to the extent applicable to, the Security Assets or any of them (whether or not the Receiver is an administrative receiver within the meaning of the Insolvency Act 1986);

11.2.4 of the legal and beneficial owner of each Security Asset; and

11.2.5 to do whatever, in the opinion of the Receiver it

(a) considers necessary or desirable to realise, protect, exploit, maintain or increase the value of the Security Assets or any of them, including bringing or defending proceedings in the name or on behalf of the Chargor or Security Agent and entering into and executing documents and taking any action in the name of the Chargor or Security Agent, and

(b) considers incidental or conducive to any right, power, function, discretion or authority of the Receiver under this Deed or by law; and

(c) considers necessary or desirable to undertake as agent of the Chargor.

11.3 Joint or several

If two or more persons are appointed as Receivers of the same assets, they may act jointly and/or severally so that (unless any instrument appointing them specifies to the contrary) each of them may exercise individually all the powers and discretions conferred on a Receiver by this Deed.

11.4 Receiver as agent

Every Receiver shall be the agent of the Chargor without personal liability. The Chargor shall be solely responsible for the acts and defaults of the Receiver and for the payment of the Receiver's remuneration.

11.5 Receiver's remuneration

Every Receiver shall be entitled to remuneration for his services at a rate to be fixed by agreement between him and the Security Agent and the maximum rate specified in section 109(6) (*Appointment, powers, remuneration and duties of receiver*) of the LPA shall not apply.

12 Protection of purchasers

No purchaser or other person dealing with the Security Agent or any Receiver shall be bound or concerned:

12.1.1 to see or enquire whether the right of the Security Agent or any Receiver to exercise any of the powers conferred by this Deed has arisen or not;

12.1.2 with the propriety of the exercise or purported exercise of those powers; or

- 12.1.3 with the application of any moneys paid to the Security Agent, to any Receiver or to any other person.

13 Protection of the Secured Parties

13.1 Exclusion of liability

None of the Secured Parties, or any of their respective officers, employees or agents shall have any responsibility or liability:

- 13.1.1 for any action taken, or any failure to take any action, in relation to all or any of the Security Assets;
- 13.1.2 to account as mortgagee in possession or for any loss upon realisation of any Security Asset;
- 13.1.3 for any other default or omission in relation to all or any of the Security Assets for which a mortgagee in possession might be liable,
- 13.1.4 for any loss resulting from any fluctuation in exchange rates in connection with any purchase of currencies as referred to in the Facility Agreement; or
- 13.1.5 for the loss or destruction of, or damage to, any of the Security Assets, or to any documents of or evidencing title to them, which are in the possession or held to the order of any such person (and which will be held by such persons at the expense and risk of the Chargor);

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

13.2 Indemnity out of the Security Assets

Each Secured Party and their respective officers, employees and agents shall be entitled to be indemnified out of the Security Assets or any part of them in respect of the following indemnities and may retain and use monies received by it under this Deed towards payment of any sums under those indemnities:

- 13.2.1 any act or omission by any of them in relation to all or any of the Security Assets, including, but not limited to, any act or omission by any of them on the directions of the Chargor in relation to any Investment which is a Security Asset;
- 13.2.2 any payment relating to or in respect of all or any of the Security Assets which becomes payable at any time by any of them;
- 13.2.3 any stamp, registration or similar Tax or duty which becomes payable in connection with the entry into, or the performance or enforcement of, this Deed or any Security created under it;
- 13.2.4 carrying out or purporting to carry out any of the rights, powers, authority and discretions conferred on them by, or permitted under, this Deed; and
- 13.2.5 any breach by the Chargor of any of its undertakings or other obligations to the Security Agent or any other Secured Party,

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

14 Preservation of Security

14.1 Reinstatement

If any payment by the Chargor or discharge given by the Security Agent (whether in respect of the obligations of any Borrower or any Security for those obligations or otherwise) is avoided or reduced as a result of insolvency, liquidation, administration or any similar event:

14.1.1 the liabilities of the Chargor and the Security created by this Deed shall continue as if the payment, discharge, avoidance or reduction had not occurred; and

14.1.2 the Secured Parties shall be entitled to recover the value or amount of that Security or payment from the Chargor, as if the payment, discharge, avoidance or reduction had not occurred.

14.2 Waiver of defences

Neither the Security created by this Deed nor the obligations of the Chargor under this Deed will be affected by an act, omission, matter or thing which, but for this Clause, would reduce, release or prejudice that Security or any of those obligations (whether or not known to it, the Security Agent or any other Secured Party) including:

14.2.1 any time, waiver or consent granted to, or composition with, any Borrower or other person;

14.2.2 the release of any Borrower or any other person under the terms of any composition or arrangement with any person;

14.2.3 the taking, variation, compromise, exchange, renewal, enforcement or release of, or refusal or neglect to perfect, take up or enforce, any rights against, or Security over, assets of any Borrower or 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;

14.2.4 any incapacity or lack of power, authority or legal personality of or dissolution or change in the members or status of an Borrower or any other person;

14.2.5 any amendment, novation, supplement, extension, restatement (however fundamental and whether or not more onerous) or replacement of any document or Security, including without limitation any change in the purpose of, any extension of or any increase in any facility or the addition of any new facility under any Finance Document or other document or Security;

14.2.6 any unenforceability, illegality or invalidity of any obligation of, or any Security created by, any person under any Finance Document or any other document; or

14.2.7 any insolvency, liquidation, administration or similar proceedings.

14.3 Chargor intent

Without prejudice to the generality of Clause 14.2 (*Waiver of defences*), the Chargor expressly confirms that it intends that the Security created by this Deed shall extend from time to time to any (however fundamental) variation, increase, extension or addition of or to any of the Finance Documents and any facility or amount made available under any of the Finance Documents for the purposes of or in connection with any of the following:

14.3.1 acquisitions of any nature;

14.3.2 increasing working capital;

14.3.3 enabling distributions to be made;

14.3.4 carrying out restructurings;

14.3.5 refinancing existing facilities;

14.3.6 refinancing any other indebtedness;

14.3.7 making facilities available to new borrowers;

14.3.8 any other variation or extension of the purposes for which any such facility or amount might be made available from time to time; and

14.3.9 any fees, costs and/or expenses associated with any of the foregoing.

14.4 Immediate recourse

The Chargor waives any right it may have of first requiring any Secured Party (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 claiming from the Chargor under this Deed. This waiver applies irrespective of any law or any provision of a Finance Document to the contrary.

14.5 Appropriations

During the Security Period each Secured Party may:

14.5.1 refrain from applying or enforcing any moneys, Security or rights held or received by it (or any trustee or agent on its behalf) in respect of the Secured Liabilities, or, subject to Clause 10.4 (*Application of moneys*), apply and enforce the same in such manner and order as it sees fit (whether against the Secured Liabilities or otherwise) and the Chargor shall not be entitled to the benefit of the same; and

14.5.2 hold in an interest-bearing suspense account any moneys received from the Chargor or on account of the Secured Liabilities.

14.6 Deferral of the Chargor's rights

During the Security Period the Chargor shall not exercise any rights which it may have by reason of performance by it of its obligations under this Deed or the enforcement of the Security created by this Deed:

- 14.6.1 to receive or claim payment from, or be indemnified by a Borrower;
- 14.6.2 to claim any contribution from any guarantor of, or party who has granted Security in respect of, any Borrower's obligations under the Finance Documents;
- 14.6.3 to take the benefit (in whole or in part and whether by way of subrogation or otherwise) of any rights of any Secured Party under any Finance Document or of any guarantee or Security taken pursuant to, or in connection with, the Finance Documents by any Secured Party;
- 14.6.4 to exercise any right of set-off against any Borrower; and/or
- 14.6.5 to claim or prove as a creditor of any Borrower in competition with any Secured Party.

If the Chargor receives any benefit, payment or distribution in relation to such rights it shall hold that benefit, payment or distribution on trust for the Secured Parties and shall promptly pay or transfer the same to the Security Agent as the Security Agent may direct for application in accordance with this Deed and the Facility Agreement.

14.7 Additional Security

This Deed is in addition to, is not in any way prejudiced by and shall not merge with any contractual right or remedy or other Security now or in the future held by or available to any Secured Party.

14.8 New accounts

If any subsequent Security is granted over or affects all or any of the Security Assets, the Security Agent or any other Secured Party may open a new account or accounts in the name of the Chargor from the date it receives notice of such Security or the date it is deemed to have received such notice. If it does not do so, it shall nevertheless be treated as if it had done so at the time when it received or was deemed to have received notice of that subsequent Security. As from that time, all payments made by or on behalf of the Chargor to that Secured Party:

- 14.8.1 shall be credited or be treated as having been credited to the new account of the Chargor; and
- 14.8.2 shall not operate to reduce the Secured Liabilities.

15 Further assurance

15.1 Further action

The Chargor shall, at its own expense, promptly take whatever action and sign or execute any further documents which the Security Agent may reasonably require to:

- 15.1.1 give effect to the requirements of this Deed;
- 15.1.2 create, protect, preserve and perfect the Security intended to be created by or under this Deed;
- 15.1.3 protect and preserve the ranking of the Security intended to be created by or under this Deed; and
- 15.1.4 (after the Security created by this Deed has become enforceable) facilitate the realisation of all or any of the Security Assets, or the exercise of any rights, powers and discretions by the Security Agent, any Receiver or any administrator or any delegate, agent or employee in connection with all or any of the Security Assets, including but not limited to executing and delivering all documentation necessary to transfer legal title to any Security Asset to the Security Agent, its nominee or any third party;

and any such document may disapply section 93 (*Restriction on consolidation of mortgages*) of the LPA.

15.2 Deposit of documents

The Chargor shall promptly, on the date of this Deed and at all times during the Security Period, and if the Security Agent so requests, deposit with the Security Agent:

- 15.2.1 all deeds, certificates and other documents of or evidencing title for the Security Assets;
- 15.2.2 signed undated transfers of the Investments charged under Clause 5 (*Creation of Security*), completed in blank and, if the Security Agent so requires, pre-stamped; and
- 15.2.3 any other documents which the Security Agent may from time to time reasonably require for perfecting its title, or the title of any purchaser.

15.3 Law of Property (Miscellaneous Provisions) Act 1994

The covenant set out in section 2(1)(b) (*Right to dispose and further assurance*) of the Law of Property (Miscellaneous Provisions) Act 1994 shall extend to the provisions set out in this Clause 15.

16 Power of attorney

- 16.1 The Chargor by way of security, irrevocably and severally, appoints each of the Security Agent, any Receiver, and any of its delegates or sub-delegates, or other person nominated in writing by, an officer of the Security Agent or Receiver jointly and severally as its attorney, in the name of the Chargor, on its behalf and in such manner as the attorney may in its or his absolute discretion think fit to take any action, sign or execute any documents which the Chargor is obliged to take, sign or execute under with this Deed and which it has failed to do where the Chargor has been notified in writing by the Security Agent of such failure.

- 16.2 The Chargor ratifies and confirms, and agrees to ratify and confirm, all such actions taken and documents signed or executed or purported to be done by any attorney under its appointment under this Deed.

17 Currency

17.1 Currency indemnity

- 17.1.1 Subject to Clause 3 (*Limited Recourse*), if any sum due from the Chargor under this Deed (a "**Sum**"), or any order, judgment or award given or made in relation to a Sum, has to be converted from the currency (the "**First Currency**") in which that Sum is payable into another currency (the "**Second Currency**") for the purpose of:

- (a) making or filing a claim or proof against the Chargor; or
- (b) obtaining or enforcing an order, judgment or award in relation to any litigation or arbitration proceedings,

the Chargor shall as an independent obligation, within three Business Days of demand, indemnify each Secured Party to whom that Sum is due against any cost, loss or liability arising out of or as a result of the conversion including any discrepancy between (A) the rate of exchange used to convert that Sum from the First Currency into the Second Currency and (B) the rate or rates of exchange available to that person at the time of its receipt of that Sum.

- 17.1.2 The Chargor waives any right it may have in any jurisdiction to pay any amount under this Deed in a currency or currency unit other than that in which it is expressed to be payable.

17.2 Currency Conversion

- 17.2.1 For the purpose of, or pending the discharge of, any of the Secured Liabilities, the Security Agent may convert any moneys received or recovered by the Security Agent from one currency to another, at a market rate of exchange.
- 17.2.2 The obligations of the Chargor to pay in the due currency shall only be satisfied to the extent of the amount of the due currency purchased after deducting the costs of conversion.

17.3 Currency of account

- 17.3.1 Each payment in respect of costs, expenses or Taxes shall be made in the currency in which the costs, expenses or Taxes are incurred.
- 17.3.2 Any amount payable under this Deed shall be paid in the currency in which it is owed.

17.4 Change of currency

17.4.1 Unless otherwise prohibited by law, if more than one currency or currency unit are at the same time recognised by the central bank of any country as the lawful currency of that country, then:

- (a) any reference in this Deed to, and any obligations arising under this Deed in, the currency of that country shall be translated into, or paid in, the currency or currency unit of that country designated by the Security Agent (after consultation with the Chargor); and
- (b) any translation from one currency or currency unit to another shall be at the official rate of exchange recognised by the central bank for the conversion of that currency or currency unit into the other, rounded up or down by the Security Agent (acting reasonably).

17.4.2 If a change in any currency of a country occurs, this Deed will, to the extent the Security Agent (acting reasonably and after consultation with the other Secured Parties and the Chargor) specifies to be necessary, be amended to comply with any generally accepted conventions and market practice in the relevant market and otherwise to reflect the change in currency.

18 Costs and expenses

18.1 Transaction expenses

The Chargor shall promptly on demand pay the Security Agent the amount of all costs and expenses (including legal fees) reasonably and properly incurred by it and by any Receiver or Delegate) in connection with the negotiation, preparation, printing, execution and perfection of this Deed and any other Finance Document related to or entered into pursuant to it.

18.2 Amendment costs and expenses

If the Chargor (i) requests an amendment, waiver or consent, or (ii) an amendment is required pursuant to Clause 17.4 (*Change of currency*), it shall, within three Business Days of demand, reimburse the Security Agent for the amount of all costs and expenses (including legal fees) reasonably and properly incurred by it and by any Receiver or Delegate in responding to, evaluating, negotiating or complying with that request or requirement.

18.3 Enforcement costs

The Chargor shall, within three Business Days of demand, pay to each Secured Party the amount of all costs and expenses (including legal fees) incurred by that Secured Party in connection with the enforcement of, or the preservation of any rights under this Deed or the Transaction Security and with any proceedings instituted by or against that Secured Party as a consequence of it entering into a Finance Document, taking or holding the Transaction Security, or enforcing those rights.

19 Resignation of Security Agent

19.1 Procedure

The Security Agent may resign, and a successor Security Trustee may be appointed, in accordance with the Facility Agreement.

19.2 Disclosure of Information

The Security Agent may disclose to any successor Security Agent any information it reasonably believes it has received as Security Agent under this Deed in accordance with the provisions of the Facility Agreement.

20 Set off

At any time while an Event of Default is continuing, the Security Agent may set off any matured obligation due from the Chargor under the Finance Documents (to the extent beneficially owned by it) against any matured obligation owed by the Security Agent to the Chargor, regardless of the place of payment, booking branch or currency of either obligation. If the obligations are in different currencies, the Security Agent may convert either obligation at a market rate of exchange in its usual course of business for the purpose of the set-off.

21 Notices

21.1 Communications in writing

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

21.2 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:

21.2.1 in the case of the Chargor, that identified with its name below;

21.2.2 in the case of the Security Agent, that identified with its name below,

or any substitute address or fax number or department or officer as the Party may notify to the Agent (or the Agent may notify to the other Parties, if a change is made by the Agent) by not less than five Business Days' notice.

21.3 Delivery

21.3.1 Any communication or document made or delivered by one person to another under or in connection with the Finance Documents will only be effective:

(a) if by way of fax, when received in legible form; or

- (b) If by way of letter, when it has been left at the relevant address or three 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 21.2 (*Addresses*), if addressed to that department or officer.

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

21.3.3 Any communication or document which becomes effective, in accordance with paragraphs 21.3.1 to 21.3.2, after 5.00 p.m. in the place of receipt shall be deemed only to become effective on the following day.

21.4 Electronic communication

21.4.1 Any communication to be made between any two Parties under or in connection with the Finance Documents may be made by electronic mail or other electronic means (including, without limitation, by way of posting to a secure website) if the Parties:

- (a) notify each other in writing of their electronic mail address and/or any other information required to enable the transmission of information by that means; and
- (b) notify each other of any change to their address or any other such information supplied by them by not less than five Business Days' notice.

21.4.2 Any such electronic communication as specified in Clause 21.4.1 to be made between the Chargor and the Security Agent may only be made in that way to the extent that the Parties agree that, unless and until notified to the contrary, this is to be an accepted form of communication.

21.4.3 Any such electronic communication as specified in Clause 21.4.1 made between any of the Parties will be effective only when actually received (or made available) in readable form and in the case of any electronic communication made by a Party to the Security Agent only if it is addressed in such a manner as the Agent or the Security Agent shall specify for this purpose.

21.4.4 Any electronic communication which becomes effective, in accordance with Clause 21.4.3, after 5:00 p.m. in the place in which the Party to whom the relevant communication is sent or made available has its address for the purpose of this Deed shall be deemed only to become effective on the following day.

21.4.5 Any reference in a Finance Document to a communication being sent or received shall be construed to include that communication being made available in accordance with this Clause 21.4

21.5 English language

Any notice given under or in connection with this Deed must be in English.

22 Calculations and certificates

22.1 Accounts

In any litigation or arbitration proceedings arising out of or in connection with this Deed, the entries made in the accounts maintained by the Security Agent are prima facie evidence of the matters to which they relate.

22.2 Certificates and Determinations

Any certification or determination by the Security Agent of a rate or amount under this Deed or any other Finance Document is, in the absence of manifest error, conclusive evidence of the matters to which it relates.

22.3 Day count convention

Any interest, commission or fee accruing under this Deed or any other Finance Document will accrue from day to day and is calculated on the basis of the actual number of days elapsed and a year of 365 days or, in any case where the practice in the Relevant Market differs, in accordance with that market practice.

23 Partial Invalidity

If, at any time, any provision of this Deed is or becomes illegal, invalid or unenforceable in any respect under any law of any jurisdiction, neither the legality, validity or enforceability 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.

24 Remedies and Waivers

No failure to exercise, nor any delay in exercising, on the part of the Security Agent, any right or remedy under this Deed or any Finance Document pursuant to it, shall operate as a waiver of any such right or remedy or constitute an election to affirm this Deed or any of the Finance Documents. No election to affirm this Deed or any such Finance Document on the part of the Security Agent shall be effective unless it is in writing. No single or partial exercise of any right or remedy shall prevent any further or other exercise or the exercise of any other right or remedy. The rights and remedies provided in this Deed and in each Finance Document are cumulative and not exclusive of any rights or remedies provided by law.

25 Amendments and waivers

Any term of this Deed may be amended or waived only with the written consent of the Chargor and the Security Agent.

26 Discharge of Security

At the end of the Security Period, the Security Agent shall, or shall procure that its appointees will, at the request and cost of the Chargor:

- 26.1 take whatever action is necessary to release the Security Assets or any part of them from the Security created by or under this Deed; and
- 26.2 Section 93 (*Restriction on consolidation of mortgages*) of the LPA shall not apply to this Deed.

27 Assignments and Transfers

- 27.1 The Chargor may not assign any of its rights or transfer any of its rights or obligations under this Deed.
- 27.2 The Security Agent may assign any of its rights or transfer any of its rights or obligations under this Deed to any person who replaces the Security Agent as security trustee for the Secured Parties.

28 Counterparts

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

29 Governing law

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

30 Enforcement

30.1 Jurisdiction:

- 30.1.1 The courts of England have exclusive jurisdiction to settle any dispute arising out of or in connection with this Deed (including a dispute relating to the existence, validity and termination of this Deed or any non-contractual obligation arising out of or in connection with this Deed (a "**Dispute**").
- 30.1.2 The Parties agree that the courts of England are the most appropriate and convenient courts to settle Disputes and accordingly no Party will argue to the contrary.
- 30.1.3 This clause is for the benefit of the Security Agent only. As a result the Security Agent shall not be prevented from taking proceedings relating to a Dispute in any other courts with jurisdiction. To the extent allowed by law, the Security Agent may take concurrent proceedings in a number of jurisdictions.

Executed as a deed and delivered on the date appearing at the beginning of this Deed.

Schedule 1
Investments

Shares	Securities	Other Investments
100 Ordinary Shares of £1 each	Buspace Studios Limited	
2,000 Ordinary Shares of £1 each	Quayside Lodge Limited	

Execution page to Share Charge

The Chargor

Executed as a deed by **CLS Holdings plc** acting by a director in the presence of:

Signature
redacted

Director

signature

signature
of witness

Signature
redacted

FREDERIK WIDMUND
print name

name

KAREN JOAN

print name of witness

address

Address redacted

Address:

c/o CLSH Management Limited
86 Bondway
London SW8 1SF

Fax:

020 7840 7728

Attention:

Alain Millet

The Security Agent

Signed for and on behalf of

)

Royal Bank of Scotland plc

)

Address:

The Royal Bank of Scotland plc,
3rd Floor,
5-10 Great Tower Street,
London EC3P 3HX

Fax:

+44 (0)20 7615 4470

Attention:

Gavin Richards

Execution page to Share Charge

The Chargor

Executed as a deed by **CLS Holdings plc** acting by a director in the presence of:

signature Director

signature
of witness _____

print name

name _____
print name of witness

address

Address: c/o CLSH Management Limited
86 Bondway
London SW8 1SF

Fax: 020 7840 7728

Attention: Alain Millet

The Security Agent

Signed for and on behalf of
Royal Bank of Scotland plc

)
)

Signature
relocked

Address: The Royal Bank of Scotland plc,
3rd Floor,
5-10 Great Tower Street,
London EC3P 3HX

Fax: +44 (0)20 7615 4470

Attention: Gavin Richards

