



Registration of a Charge

Company name: **CLS HOLDINGS PLC**

Company number: **02714781**



X6XE1BZC

Received for Electronic Filing: **11/01/2018**

Details of Charge

Date of creation: **03/01/2018**

Charge code: **0271 4781 0040**

Persons entitled: **SANTANDER UK PLC**

Brief description: **UK TRADEMARK WITH REGISTRATION NUMBER 010187474 AND RENEWAL DATE 10.08.2021. FOR MORE DETAILS OF THE PROPERTY CHARGED PLEASE REFER TO SCHEDULE 1 OF THE INSTRUMENT.**

Contains fixed charge(s).

Contains floating charge(s) (floating charge covers all the property or undertaking of the company).

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:

GOWLING WLG (UK) LLP



CERTIFICATE OF THE REGISTRATION OF A CHARGE

Company number: 2714781

Charge code: 0271 4781 0040

The Registrar of Companies for England and Wales hereby certifies that a charge dated 3rd January 2018 and created by CLS HOLDINGS PLC was delivered pursuant to Chapter A1 Part 25 of the Companies Act 2006 on 11th January 2018 .

Given at Companies House, Cardiff on 15th January 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 3rd January 2017

CLS HOLDINGS PLC

(1)

AND

SANTANDER UK PLC

(2)

DEBENTURE

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THIS DEED is made on

3rd January

2017~~8~~

BETWEEN:

- (1) **CLS HOLDINGS PLC** (company number 02714781) whose registered office is at 86 Bondway, London SW8 1SF (the "**Chargor**"); and
- (2) **SANTANDER UK PLC** (the "**Security Agent**").

This Deed witnesses as follows:

1 DEFINITIONS AND INTERPRETATION

1.1 Definitions

Unless otherwise defined in this Deed, terms defined in the Facilities Agreement (as defined below) shall have the same meanings when used in this Deed and the following definitions shall apply:

"Administrator" means a person appointed under Schedule B1 to the Insolvency Act 1986 to manage the Chargor's affairs, business and property.

"Assigned Contract" means each contract specified in Part 4 (*Assigned Contracts*) of Schedule 1 (*Security Assets*) (if any), and (with effect from the date of a Supplemental Debenture) each contract specified as an Assigned Contract in that Supplemental Debenture (if any) and any other contract entered into by the Chargor that may from time to time be notified in writing by the Security Agent to the Chargor.

"Blocked Accounts" means any Book Debts Account and, with effect from the date of a Supplemental Debenture, any accounts specified in that Supplemental Debenture (as the case may be), together with all monies standing to the credit of any such account and all Related Rights in respect of such account or the monies standing to the credit thereof.

"Book Debts Account" means such separate and denominated account or accounts with the Security Agent or such Secured Party as may be specified in writing by the Security Agent for the purpose of receiving payment of the proceeds of realisation and collection of Debts.

"Debts" means:

- (a) all monies or liabilities due, owing or incurred by a person to the Chargor at present or in the future, in any manner, whether actual or contingent, whether incurred solely or jointly with any other person and whether as principal or surety; and
- (b) any Related Rights in respect thereof.

"Declared Default" means the occurrence of an Event of Default which has resulted in any notice being given by the Agent under clause 22.13 (*Acceleration*) of the Facilities Agreement.

"Derivative Asset" means all allotments, rights, benefits and advantages (including all voting rights) at any time accruing, offered or arising in respect of or incidental to any asset and all money or property accruing or offered at any time by way of conversion, redemption, bonus, preference, option, dividend, distribution, interest or otherwise in respect of an asset.

"EU Regulation" means Regulation (EU) 2015/848 of 20 May 2015 on insolvency proceedings (recast).

"Excluded Shares" means all of the shares in any Subsidiary directly owned by the Chargor over which fixed Security has been granted in favour of any party that has provided financing to that Subsidiary or any Subsidiary of that Subsidiary at any time including any Derivative Asset and Related Rights in respect of the foregoing.

"Facilities Agreement" means a facilities agreement dated on or around the date of this deed and made between (1) the Chargor (2) Santander UK plc as arranger (3) the financial institutions listed in Part II of Schedule 1 therein as lenders (4) Santander UK plc as agent and (5) Santander UK plc as security agent, as the same may be amended, novated, supplemented, extended or restated from time to time.

"Floating Charge Asset" means an asset charged under sub-clause 3.3 (*Floating charge*) of this Deed.

"Insurance Proceeds" means all monies from time to time payable to the Chargor under or pursuant to the Insurances, including the refund of any premium.

"Insurances" means all policies of insurance and all proceeds of them either now or in the future held by, or written in favour of, the Chargor or in which it is otherwise interested including (but not limited to) the policies (if any) described in Part 5 (*Insurance Policies*) of Schedule 1 (*Security Assets*) but excluding:

- (a) such policies of insurance to the extent that they relate to third party liabilities (including business interruption or any such similar policies); and
- (b) the Chargor's policies of insurance as at the date of this Deed covering acts of terrorism in Germany to the extent that such policies cover assets which are already subject to any Security.

"Intellectual Property Rights" means:

- (c) all of the assets (if any) specified in Part 2 (*Intellectual Property Rights*) of Schedule 1 (*Security Assets*);
- (d) any patents, trademarks, service marks, designs, business names, copyrights, database rights, computer software, design rights, domain names, moral rights, inventions, confidential information, trade secrets, knowhow and other intellectual property rights and interests (which may now or in the future subsist), whether registered or unregistered;
- (e) the benefit of all applications and rights to use those assets described in paragraphs (a) to (c) (inclusive) of the Chargor (which may now or in the future subsist); and
- (f) any Related Rights arising in relation to any of the assets described in paragraphs (a) to (d) (inclusive).

"Investments" means any present or future stock, share, debenture, loan stock, interest in any investment fund and any other present or future security (whether or not marketable) whether owned directly or by or to the order of the Chargor or by any trustee, fiduciary or clearance system on its behalf, including any Derivative Asset and any Related Rights in respect of any of the foregoing but excluding any Investments that are shares in the Chargor and/or Excluded Shares.

"LPA" means the Law of Property Act 1925.

"Party" means a party to this Deed.

"Plant and Machinery" means all plant and machinery, equipment, fittings, installations and apparatus, tools, motor vehicles and all other similar assets (other than any assets that are

deemed by law to be immoveable property), wherever they are situated, which are now, or at any time after the date of this Deed become, the property of the Chargor.

"Property" means:

- (a) all of the freehold and/or leasehold property (if any) of the Chargor described in Part 1 (*The Property*) of Schedule 1 (*Security Assets*) and the schedule to each Supplemental Debenture;
- (b) all present and future freehold and leasehold property or immovable property of the Chargor situated in England and Wales (other than the property referred to in paragraph (a));
- (c) any buildings, fixtures, fittings, plant and machinery from time to time on or forming part of the property referred to in paragraphs (a) and (b); and
- (d) any Related Rights arising in relation to any of the assets described in paragraphs (a) to (c) (inclusive),

and **"Properties"** shall be construed accordingly.

"Receiver" means a receiver or receiver and manager of the whole or any part of the Security Assets.

"Related Rights" means, where used in relation to an asset, the Chargor's legal and/or beneficial interest in the following:

- (a) the proceeds of sale and/or other realisation of that asset (or any part thereof or interest therein);
- (b) all Security, authorisations, options, agreements, rights, easements, benefits, indemnities, guarantees, warranties or covenants for title in respect of such asset; and
- (c) all rights under any lease, licence or agreement for lease, sale or use in respect of such asset.

"Secured Liabilities" means all present and future liabilities and obligations at any time due, owing or incurred by the Chargor to any Secured Party under any Finance Document, both

actual and contingent and whether incurred solely or jointly and as principal or surety or in any other capacity.

"Security Assets" means:

- (a) the assets mortgaged, charged or assigned by way of security to the Security Agent by this Deed or any Supplemental Debenture (which, for the avoidance of doubt, shall not include the Excluded Shares); and
- (b) any assets held on trust by the Chargor for the Security Agent

"Security Period" means the period from the date of this Deed until the date on which all of the Secured Liabilities have been irrevocably and unconditionally paid and discharged in full and that no commitment is outstanding.

"Shares" means the shares described in Part 3 (*Shares*) of Schedule 1 (*Security Assets*), including any Derivative Asset and Related Rights in respect of the foregoing and excluding any shares that are and/or which become Excluded Shares.

"Supplemental Debenture" means a supplemental debenture to this Deed in the form set out in Schedule 4 (*Supplemental Debenture*) or such other as the Security Agent may require.

1.2 Construction

- (a) Unless a contrary intention appears, sub-clause 1.2 (*Construction*) and sub-clause 1.4 (*Third party rights*) of the Facilities Agreement apply to this Deed, and shall be deemed to be incorporated into this Deed, mutatis mutandis, as though set out in full in this Deed, with any reference to "this Agreement" being deemed to be a reference to "this Deed", subject to any other necessary changes.
- (b) Any references to the Security Agent or any Receiver shall include its Representative.
- (c) Unless a contrary indication appears, references to clauses and schedules are to clauses and schedules to this Deed and references to sub-clauses and paragraphs are references to sub-clauses and paragraphs of the clause or schedule in which they appear.

1.3 Law of Property (Miscellaneous Provisions) Act 1989

To the extent necessary for any agreement for the disposition of the Security Assets in this Deed to be a valid agreement under section 2(1) of the Law of Property (Miscellaneous Provisions) Act 1989, the terms of the other Finance Documents and of any side letters between the parties to this Deed are incorporated into this Deed.

1.4 Implied covenants for title

The obligations of the Chargor under this Deed shall be in addition to the covenants for title deemed to be included in this Deed by virtue of Part I of the Law of Property (Miscellaneous Provisions) Act 1994.

1.5 Effect as a Deed

This Deed is intended to take effect as a deed notwithstanding that the Security Agent may have executed it under hand only.

1.6 Trusts

(a) The Security Agent holds the benefit of this Deed on trust for the Secured Parties in accordance with the terms of clause 25.2 (*Security Agent as trustee*) of the Facilities Agreement.

(b) The perpetuity period for any trusts created by this Deed is 125 years.

1.7 Finance Document

This Deed is a Finance Document.

2 COVENANT TO PAY

The Chargor covenants with the Security Agent (as trustee for the Secured Parties) that it will on demand pay to the Security Agent the Secured Liabilities when the same fall due for payment.

3 SECURITY ASSETS

3.1 Fixed charges

The Chargor, as security for the payment of the Secured Liabilities, charges in favour of the Security Agent, with full title guarantee, the following assets, from time to time owned by it or in which it has an interest:

- (a) by way of first legal mortgage, each Property; and
- (b) by way of first fixed charge:
 - (i) all Property not effectively mortgaged under sub-clause 3.1(a);
 - (ii) all fixed and permanent Plant and Machinery;
 - (iii) all Plant and Machinery not effectively charged under sub-clause 3.1(b)(ii);
 - (iv) all Debts;
 - (v) all Blocked Accounts;
 - (vi) all Investments;
 - (vii) all Intellectual Property Rights;
 - (viii) its goodwill and uncalled capital; and
 - (ix) if not effectively assigned by way of security pursuant to sub-clause 3.2 (*Security assignment*), all its rights and interests in (and claims under) the assets described in sub-clause 3.2 (*Security assignment*).

3.2 Security assignment

As security for the payment of the Secured Liabilities, the Chargor assigns, by way of security, with full title guarantee to the Security Agent all its rights, title and interest in:

- (a) the Insurances and the Insurance Proceeds;
- (b) each Assigned Contract; and
- (c) all Related Rights in respect of each of the above.

3.3 Floating charge

- (a) As further security for the payment of the Secured Liabilities, the Chargor charges with full title guarantee in favour of the Security Agent by way of first floating charge the whole of its undertaking and all its present and future assets other than:
 - (i) those assets which are effectively charged by way of first fixed charge or legal mortgage under sub-clause 3.1 (*Fixed charges*) or which are effectively assigned by way of security under sub-clause 3.2 (*Security assignment*); and
 - (ii) the Excluded Shares.
- (b) Paragraph 14 of Schedule B1 to the Insolvency Act 1986 shall apply to any floating charge created by this Deed.
- (c) If at any time after the date of this Deed, shares which are subject to the floating charge created by this clause 3.3 become Excluded Shares, the Security Agent agrees that such shares shall be automatically released from the floating charge.
- (d) If at any time after the date of this Deed, any shares that are Excluded Shares are no longer Excluded Shares, the Chargor agrees that such shares shall be automatically captured by the floating charge created by this clause 3.3.

3.4 Conversion of floating charge by notice

If:

- (a) A Declared Default has occurred; or
- (b) the Security Agent is of the view (acting reasonably) that any legal process or execution is being enforced against any Floating Charge Asset or that any Floating Charge Asset is in danger of being seized, sold or otherwise in jeopardy,

the Security Agent may, by notice to the Chargor, convert the floating charge created under this Deed into a fixed charge as regards those assets which it specifies in that notice. The Chargor shall as soon as reasonably practicable following request by the Security Agent execute a fixed charge or legal or equitable assignment over those assets in such form as the Security Agent may reasonably require.

3.5 Automatic conversion of floating charge

If, without the prior written consent of the Security Agent:

- (a) the Chargor creates any Security over all or any of the Security Assets or attempts to do so;
- (b) any person levies or attempts to levy any distress, attachment, execution or other legal process against any of the Security Assets;
- (c) a resolution is passed or an order is made for the winding up, dissolution, administration or other reorganisation of the Chargor; or
- (d) any steps are taken for the appointment of, or notice is given of intention to appoint, or a petition is filed or application is made, or a competent court makes an order for the appointment of an administrator, in relation to the Chargor,

then the floating charge created by this Deed over the Floating Charge Assets of the Chargor will automatically, without notice, be converted into a fixed charge as soon as such event occurs.

3.6 Small company moratorium

Notwithstanding any other provision of this Deed, the obtaining of a moratorium under section 1A of the Insolvency Act 1986, or anything done with a view to obtaining such a moratorium (including any preliminary decision or investigation), shall not be an event causing any floating charge created by this Deed to crystallise or causing restrictions which would not otherwise apply to be imposed on the disposal of any asset by the Chargor or a ground for the appointment of a Receiver.

3.7 Restricted leasehold property

- (a) This clause 3.7 applies where the Chargor is the lessee of any leasehold property howsoever created (any of which being a "**Restricted Leasehold Property**") whose corresponding lease agreement includes a term or provision which:

- (i) prohibits the Chargor from creating Security over its interest in such Restricted Leasehold Property or from alienating in any way the Restricted Leasehold Property;
 - (ii) requires the consent of any third party prior to the creation of such Security or such alienation and, in such a case, such consent shall not have been previously obtained; or
 - (iii) provides that the Restricted Leasehold Property containing such term shall be liable to forfeiture or early termination if such Security shall be created or such alienation shall be effected.
- (b) Until the relevant consent has been obtained, or the relevant term amended or waived, in each case to the satisfaction of the Security Agent (acting reasonably), any Restricted Leasehold Property shall be excluded from the security created by clause 3.1 (*Fixed Charges*).
- (c) At the request of the Security Agent, the Chargor shall use reasonable endeavours to obtain the consent of the relevant party or amendment or waiver of the relevant term as soon as reasonably practicable.

4 NATURE OF SECURITY

4.1 Continuing security

- (a) The Security created by this Deed is to be a continuing security notwithstanding any intermediate payment or settlement of all or any part of the Secured Liabilities or any other matter or thing and shall remain in effect for the duration of the Security Period.
- (b) The Chargor waives any right it may have of first requiring the Security Agent to proceed against or enforce any other rights or Security or claim payment from any person before claiming from the Chargor under a Finance Document. This waiver applies irrespective of any law or any provision of the Finance Document to the contrary.
- (c) Until the Security Period has ended, the Security Agent may refrain from applying or enforcing any other monies, Security or rights held or received by the Security Agent 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.

- (d) The Chargor expressly confirms that it intends that the Security constituted by this Deed shall extend from time to time to any (however fundamental) variation, increase, extension or addition of or to the Secured Liabilities as a result of the amendment and/or restatement of the Facilities Agreement and/or any of the other Finance Documents and/or any additional facility or amount which is made available under any of the Finance Documents for the purposes of or in connection with any of the following: business acquisitions of any nature; increasing working capital; enabling investor distributions to be made; carrying out restructurings; refinancing existing facilities; refinancing any other indebtedness; making facilities available to new borrowers; any other variation 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.

4.2 Non-merger of Security

The Security created by this Deed is to be in addition to and shall neither be merged with nor in any way exclude or prejudice or be affected by any other Security or other right which the Security Agent may now or after the date of this Deed hold for any of the Secured Liabilities, and this Deed may be enforced against the Chargor without first having recourse to any other rights of the Security Agent.

5 FURTHER ASSURANCES AND PROTECTION OF PRIORITY

5.1 HM Land Registry

- (a) In relation to each Property from time to time, the Chargor shall apply to the Chief Land Registrar for a restriction to be entered on the Register of Title of all that Property (including any unregistered properties subject to compulsory first registration at the date of this Deed) on the prescribed Land Registry form and in the following terms:

"No disposition of the registered estate by the proprietor of the registered estate is to be registered without a written consent signed by the proprietor for the time being of the debenture dated [●] in favour of Santander UK plc referred to in the charges register."

- (b) The Finance Parties must perform their obligations under the Facilities Agreement (including any obligation to make available further advances). In relation to each Property, the Chargor shall apply to the Chief Land Registrar for a notice to be entered onto the Register of Title of all that Property (including any unregistered properties subject to compulsory first registration at the date of this Deed) of the obligation to make further advances.

5.2 Register of Intellectual Property Rights

The Chargor shall, if requested by the Security Agent, execute all such documents and do all such acts as the Security Agent may reasonably require to record the interests of the Security Agent in any registers relating to registered Intellectual Property Rights.

5.3 Notices

The Chargor shall, as soon as reasonably practicable following the request of the Security Agent, give notice of:

- (a) the charge over its Blocked Accounts (other than accounts maintained with the Security Agent) under this Deed to the person at which such accounts are maintained in the form set out in Part 1 (*Form of notice in relation to a Blocked Account*) of Schedule 2 (*Form of notices*);
- (b) the assignment of the Insurances under this Deed to the relevant insurers in the form set out in Part 2 (*Form of notice to insurers*) of Schedule 2 (*Form of notices*); and
- (c) the assignment of any other Assigned Contract under this Deed to each counterparty in the form set out in Part 3 (*Form of notice in relation to Contracts*) of Schedule 2 (*Form of notices*),

and, in each case, shall use its reasonable endeavours to procure that each person on whom a notice is served, executes and delivers to the Security Agent an acknowledgement of that notice in the relevant form scheduled to this Deed.

6 REPRESENTATIONS AND WARRANTIES

The Chargor makes the representations and warranties listed below in favour of each of the Secured Parties by reference to the facts and circumstances then existing that:

- 6.1 the Security Assets are, or when acquired will be, legally and beneficially owned by the Chargor free of any Security other than Security created by this Deed and/or permitted by the Finance Documents;
- 6.2 Subject to any Perfection Requirements, this Deed creates the Security which it purports to create and is not liable to be avoided or otherwise set aside on the liquidation or administration of the Chargor or otherwise;
- 6.3 no litigation, arbitration or administrative proceedings are currently taking place or are threatened which, if adversely determined, might reasonably be expected to have a Material Adverse Effect on any of the Security Assets;
- 6.4 the Investments are fully paid; and
- 6.5 for the purposes of the EU Regulation, the Chargor's centre of main interests (as that expression is used in Article 3(1) of the EU Regulation, is situated in England and Wales and the Chargor has no other "establishment" (as that term is used in Article 2(10) of the EU Regulation) in any other jurisdiction.

6.6 **Repetition**

The Chargor makes the Repeating Representations to each Secured Party on the date of this Deed and on each day on which the Repeating Representations are repeated or deemed to be repeated in accordance with the Facilities Agreement.

7 **UNDERTAKINGS**

7.1 **Duration of undertakings**

The Chargor undertakes to the Security Agent in the terms of this clause for the duration of the Security Period.

7.2 **General undertakings**

- (a) Negative pledge and disposal restrictions

It will not:

- (i) create or agree to create or permit to subsist or arise any Security over all or any part of the Security Assets; or
- (ii) sell, transfer, lease out, lend or otherwise dispose of all or any part of the Security Assets (other than Floating Charge Assets on arm's length terms in the ordinary course of trading) or agree or attempt to do the same,

except as permitted by the Facilities Agreement or with the prior written consent of the Security Agent.

(b) Deposit of documents or title deeds

It will deposit with the Security Agent:

- (i) to the extent requested by the Security Agent from time to time and to the extent that the relevant documents have not been deposited with a clearance system, settlement system or custodian acceptable to the Security Agent (acting reasonably), all deeds, stock and share certificates or other documents of title (or documents evidencing title or the right to title) and agreements relating to a Security Asset (including, without limitation, all deeds and documents of title relating to the Property);
- (ii) to the extent requested by the Security Agent from time to time, the Insurances;
- (iii) any stock transfer forms or other instruments of transfer duly completed to the Security Agent's satisfaction;
- (iv) to the extent requested by the Security Agent from time to time:
 - (A) certified copies of all the Assigned Contracts;
 - (B) all deeds and documents of title (if any) relating to the Debts;
 - (C) details of all Plant and Machinery; and
 - (D) details of all bank accounts; and

(v) any other document which the Security Agent may reasonably require for the purposes of perfecting the Security created by this Deed.

(c) Compliance with laws

It shall comply in all respects with all laws to which it may be subject, if failure to comply would materially impair its ability to perform its obligations under the Finance Documents.

(d) Information

It shall supply to the Security Agent as soon as reasonably practicable such information in relation to the Security Assets as the Security Agent may reasonably require.

(e) Insurance

The Chargor shall:

- (i) effect and maintain at its expense insurances in respect of the Security Assets with insurers;
- (ii) supply on request copies of each of its policies of insurance together with the current premium receipts relating to each such policy;
- (iii) following a written request from the Security Agent, ensure that the interest of the Security Agent as mortgagee is noted on all its insurance policies in respect of its Security Assets from time to time;
- (iv) duly and punctually pay all premiums and any other monies necessary for maintaining its insurance policies in full force and effect. If the Chargor at any time fails to pay any such premiums or other monies, the Security Agent may pay such premiums and other monies and the Chargor shall reimburse the Security Agent for the amount of such premiums and other monies within 3 Business Days of demand;
- (v) not, without the prior written consent of the Security Agent, do any act or commit any default which might prejudice the insurance policies, including,

without limitation, any act or default whereby the insurance policies might become void or voidable; and

- (vi) apply any monies received by virtue of any insurance relating to the whole or any part of the Security Assets in accordance with the terms of the Finance Documents.

7.3 Investments and Shares

(a) Exercise of rights

- (i) Prior to the occurrence of a Declared Default, the Chargor may exercise or refrain from exercising (or direct the same) any of the powers or rights conferred upon or exercisable by the legal or beneficial owner of the Investments or the Shares unless such exercise or refrain from exercising (or direction to do the same):

- (A) would, or might reasonably be expected to, have an adverse effect on the value of any of the Security Assets or otherwise prejudice any Transaction Security; or

- (B) would, or might reasonably be expected to, affect any rights or powers of the Chargor arising from its legal or beneficial ownership of the Investment or the Shares.

- (ii) At any time following the occurrence of a Declared Default, the Chargor shall not, without the prior written consent of the Security Agent, exercise or refrain from exercising (or direct the same) any of the powers or rights conferred upon or exercisable by the legal or beneficial owner of the Investments or the Shares.

(b) Registration of transfers

At the request of the Security Agent, the Chargor shall use its reasonable endeavours to procure all consents, waivers and approvals which are necessary, under the articles of association of any relevant issuer or otherwise, for the transfer of the Investments to the Security Agent or its nominee or to a purchaser upon the enforcement of this Deed and shall use its reasonable endeavours to procure the amendment of the share

transfer provisions of each relevant issuer's articles of association in such manner as the Security Agent may reasonably require in order to permit such a transfer.

(c) Clearance systems etc

If requested by the Security Agent at any time following the occurrence of a Declared Default, the Chargor shall instruct any clearance system, settlement system, custodian or similar person to transfer any Investments then held by any such person for its or some nominee's account to the account of the Security Agent (or its nominee) with such clearance system (or as otherwise required by the Security Agent).

(d) Acquisition and calls

The Chargor shall:

- (i) not, without the prior written consent of the Security Agent, acquire any Investments or Shares unless in accordance with the Facilities Agreement;
- (ii) as soon as reasonably practicable notify the Security Agent of the acquisition of any Investment or Shares;
- (iii) duly and promptly pay all calls, instalments or other payments which may be due and payable in respect of any Investments or Shares and, for the avoidance of doubt, no Secured Party shall incur any liability in respect of any amounts due from the Chargor in respect of any Investments or Shares.

(e) Dividends

At any time following the occurrence of a Declared Default, the Chargor shall immediately pay all dividends or other monies received by it in respect of the Investments and the Shares to the Security Agent, or as the Security Agent may direct from time to time.

(f) Nominees

The Chargor shall not appoint any nominee to exercise or enjoy all or any of its rights in relation to the Investments or the Shares.

7.4 Debts

(a) Value of Debts

- (i) The Chargor undertakes to provide to the Security Agent promptly upon its request (and in a form acceptable to the Security Agent) a certificate showing the aggregate value of the Debts due to it from any person.
- (ii) The Chargor will ensure that all Debts are evidenced by a written agreement between the Chargor and the debtor or debtors.

(b) Realisation of Debts

During the Security Period, the Chargor undertakes with reference to the Debts:

- (i) to collect the Debts in the ordinary course of its business and (prior to the payment into any Book Debts Account) to hold the proceeds of those Debts on trust for the Security Agent;
- (ii) not, without the prior written consent of the Security Agent, to sell, factor, discount, charge, assign, declare a trust over or otherwise dispose of or release, exchange, compound, set off or grant time or indulgence or otherwise deal with all or any of the Debts in favour of any other person or purport to do so other than in accordance with the Facilities Agreement;
- (iii) if required by the Security Agent following a Declared Default, to pay into the Book Debts Account or otherwise as the Security Agent may direct from time to time all monies the Chargor may receive in respect of the Debts; and
- (iv) if called upon so to do by the Security Agent following a Declared Default, execute a legal assignment of the Debts to the Security Agent in such terms as the Security Agent in its discretion may require, give such notice of that legal assignment to the debtors from whom the Debts are due, owing or incurred and take any such other step as the Security Agent in its discretion may require to perfect such legal assignment.

(c) Blocked Accounts

During the Security Period, the Chargor shall not, except with the prior written consent of the Security Agent, withdraw or attempt or be entitled to withdraw from any Blocked Account all or any monies standing to the credit of any Blocked Account.

(d) Other Bank Accounts

At any time following the occurrence of a Declared Default, if the Security Agent has served written notice on the Chargor requiring the same, the Chargor shall not, except with the prior written consent of the Security Agent, withdraw or attempt or be entitled to withdraw from any of its bank accounts all or any monies standing to the credit of such bank accounts.

7.5 Property

(a) Title

- (i) The Chargor must exercise its rights and comply in all material respects with any covenant, stipulation or obligation (restrictive or otherwise) at any time affecting its Property, where a failure to do so might reasonably be expected to have a Material Adverse Effect.
- (ii) The Chargor may not agree to any material amendment, supplement, waiver, surrender or release of any covenant, stipulation or obligation (restrictive or otherwise) which may in any way materially depreciate, jeopardise or otherwise prejudice the value or marketability of any of its Property, without the prior written consent of the Security Agent (such consent not to be unreasonably withheld or delayed).

(b) Headleases

The Chargor must:

- (i) exercise its rights and comply with its obligations under any headlease under which it holds Property;
- (ii) use its reasonable endeavours to ensure that each landlord complies with its obligations under any such headlease; and

- (iii) if so required by the Security Agent, apply for relief against forfeiture of any such headlease,

in a proper and timely manner, where failure to do so might reasonably be expected to have a Material Adverse Effect.

(c) Maintenance

The Chargor must ensure that all buildings, plant, machinery, fixtures and fittings on its Property are in, and maintained in, good and substantial repair and condition and, as appropriate, in good working order, where failure to do so might reasonably be expected to have a Material Adverse Effect.

(d) Development

- (i) The Chargor may not, without the prior written consent of the Security Agent (such consent not to be unreasonably withheld or delayed):

- (A) make or allow to be made any application for planning permission in respect of any part of its Property; or

- (B) carry out, or allow to be carried out, any demolition, construction, structural alterations or additions, development or other similar operations in respect of any part of its Property.

- (ii) Sub-clause 7.5(d)(i) shall not apply to:

- (A) ordinary course maintenance of buildings, plant, machinery, fixtures and fittings; or

- (B) the carrying out of non-structural improvements or alterations which affect only the interior of any building on a Property.

- (iii) The Chargor must comply in all respects with all planning laws, permissions, agreements and conditions to which its Property may be subject, where failure to do so might reasonably be expected to have a Material Adverse Effect.

(e) Notices

The Chargor must, within 14 Business Days after the receipt of any application, requirement, order or notice served or given by any public or local or any other authority or any landlord with respect to its Property (or any part of it):

- (i) deliver a copy to the Security Agent; and
- (ii) inform the Security Agent of the steps taken or proposed to be taken to comply with the relevant application, requirement, order or notice.

7.6 Goodwill

The Chargor shall not grant any franchise, licence or other authority to any person to use its company name, trade name or business name or any other business asset which will materially and adversely affect the value of the goodwill of the Chargor.

7.7 Uncalled capital

The Chargor shall:

- (a) not call up, or receive in advance of its due date, any uncalled capital; and
- (b) as soon as reasonably practicable apply any paid capital towards the repayment, in full or in part, of the Secured Liabilities.

7.8 Power to remedy

If the Chargor fails to comply with any covenant set out in sub-clause 7.2 (*General undertakings*) to sub-clause 7.5 (*Property*) (inclusive) within a reasonable time frame (in the reasonable opinion of the Security Agent), the Chargor will allow (and irrevocably authorises) the Security Agent or any Receiver to take any action on its behalf which the Security Agent or the Receiver (in each case acting reasonably) deems necessary or desirable to ensure compliance with those covenants. The Chargor shall reimburse to the Security Agent and/or any Receiver, within three Business Days, all amounts expended by the Security Agent or any Receiver in remedying such failure together with interest in accordance with clause 9.3 (*Default Interest*) of the Facilities Agreement from the date of payment by the Security Agent or Receiver (as the case may be) until the date of reimbursement

8 ENFORCEMENT AND POWERS OF THE SECURITY AGENT

8.1 Enforcement

At any time following the occurrence of a Declared Default, the Security created pursuant to this Deed shall be immediately enforceable and the Security Agent may in its absolute discretion and without notice to the Chargor or any of them or the prior authorisation of any court:

- (a) enforce all or any part of the Security created by this Deed and take possession of or dispose of all or any of the Security Assets in each case at such times and upon such terms as it sees fit; and
- (b) whether or not it has appointed a Receiver, exercise all of the powers, authorities and discretions:
 - (i) conferred from time to time on mortgagees by the LPA (as varied or extended by this Deed) or by law; and
 - (ii) conferred on the holder of a qualifying floating charge (as defined in the Insolvency Act 1986) by the Insolvency Act 1986; and
 - (iii) granted to a Receiver by this Deed or from time to time by law.

8.2 Power of sale, leasing and other powers

- (a) For the purpose of all rights and powers implied or granted by law, the Secured Liabilities are deemed to have fallen due on the date of this Deed. The power of sale and other powers conferred by section 101 LPA and all other enforcement powers conferred by this Deed shall be immediately exercisable at any time following the occurrence of a Declared Default.
- (b) The Security Agent may lease, make agreements for leases at a premium or otherwise, accept surrenders of leases and grant options or vary or reduce any sum payable under any leases or tenancy agreements as it thinks fit, without the need to comply with any of the provisions of sections 99 and 100 LPA.

- (c) In the exercise of the powers conferred by this Deed, the Security Agent may sever and sell plant, machinery or other fixtures separately from the property to which they may be annexed and it may apportion any rent or other amount without the consent of the Chargor.

8.3 Statutory restrictions

The restriction on the consolidation of mortgages and on power of sale imposed by sections 93 and 103 respectively of the LPA shall not apply to the Security constituted by this Deed.

8.4 Appropriation

- (a) In this Deed, "financial collateral" has the meaning given to that term in the Financial Collateral Arrangements (No.2) Regulations 2003 (the "**Financial Collateral Regulations**").
- (b) To the extent that any of the Security Assets constitute financial collateral, the Chargor agrees that such Security assets shall be held or designated so as to be under the control of the Security Agent for the purposes of the Financial Collateral Regulations.
- (c) At any time following the occurrence of a Declared Default, the Security Agent may appropriate all or part of the financial collateral in or towards satisfaction of the Secured Liabilities.
- (d) The Parties agree that the value of any such Security Assets appropriated in accordance with sub-clause 8.4(b) shall be (i) in the case of cash, the amount standing to credit of any account, together with accrued but unposted interest at the time the right of appropriation is exercised and (ii) in the case of Investments, the market price of such Security Assets at the time the right of appropriation is exercised as determined by the Security Agent by reference to such method or source of valuation as the Security Agent may reasonably select, including by independent valuation. The Parties agree that the methods or sources of valuation provided for in this sub-clause or selected by the Security Agent in accordance with this sub-clause shall constitute a commercially reasonable manner of valuation for the purposes of the Financial Collateral Regulations.

- (e) The Security Agent shall notify the Chargor, as soon as reasonably practicable, of the exercise of its right of appropriation as regards such of the Security Assets as are specified in such notice.

9 APPOINTMENT OF A RECEIVER OR ADMINISTRATOR

9.1 Appointment

- (a) At any time following the occurrence of a Declared Default, or at the request of the Chargor or its directors, the Security Agent may, without prior notice to the Chargor or any of them, in writing (under seal, by deed or otherwise under hand) appoint:
 - (i) a Receiver in respect of the Security Assets or any part thereof and may in like manner from time to time (and insofar as it is lawfully able to do) remove any Receiver and appoint another in his place; or
 - (ii) one or more persons to be an Administrator in accordance with paragraph 14 of Schedule B1 to the Insolvency Act 1986.
- (b) Nothing in sub-clause 9.1(a) shall restrict the exercise by the Security Agent of any one or more of the rights of the Security Agent under Schedule B1 to the Insolvency Act 1986 and the rules thereunder or at common law.
- (c) Section 109(1) LPA shall not apply to this Deed.

9.2 Several Receivers

If at any time there is more than one Receiver, each Receiver may separately exercise all of the powers conferred by this Deed (unless the document appointing such Receiver states otherwise).

9.3 Remuneration of Receiver

The Security Agent may from time to time fix the remuneration of any Receiver appointed by it from time to time. For the purpose of this sub-clause, the limitation set out in section 109(6) LPA shall not apply.

10 POWERS OF A RECEIVER

A Receiver shall have (and be entitled to exercise) in relation to the Security Assets over which he is appointed the following powers (as the same may be varied or extended by the provisions of this Deed):

- (a) all of the specific powers set out in Schedule 5 (*Powers of Receiver*);
- (b) all of the powers of an administrative receiver set out in Schedule 1 to the Insolvency Act 1986 (whether or not the Receiver is an administrative receiver);
- (c) all of the powers conferred from time to time on receivers, mortgagors and mortgagees in possession by the LPA;
- (d) all of the powers conferred on the Security Agent under this Deed;
- (e) all the powers and rights of a legal and beneficial owner and the power to do or omit to do anything which the Chargor itself could do or omit to do; and
- (f) the power to do all things which, in the opinion of the Receiver, are incidental to any of the powers, functions, authorities or discretions conferred or vested in the Receiver pursuant to this Deed or upon receivers by statute or law generally (including the bringing or defending of proceedings in the name of, or on behalf of, the Chargor; the collection and/or realisation of Security Assets in such manner and on such terms as the Receiver sees fit; and the execution of documents in the name of the Chargor (whether under hand, or by way of deed or by utilisation of the company seal of the Chargor)).

11 APPLICATION OF MONIES

11.1 Order of application

All amounts from time to time received or recovered by the Security Agent pursuant to the terms of this Deed or in connection with the realisation or enforcement of all or any part of the Security created by this Deed (for the purposes of this sub-clause, the "**Recoveries**") shall be held by the Security Agent on trust to apply the same at any time as the Security Agent (in its discretion) sees fit, to the extent permitted by applicable law (and subject to the provisions of

this sub-clause), in the following order, after the payment of any preferential debts ranking in priority to the Secured Liabilities:

- (a) in discharging any sums owing to the Security Agent or any Receiver or Administrator;
- (b) in payment of all costs and expenses incurred by any Secured Party in connection with any realisation or enforcement of the Security created by this Deed;
- (c) in payment of any Secured Liabilities; and
- (d) the balance of any Recoveries, after all amounts due under sub-clauses 11.1(a) to 11.1(c) have been paid in full, to the Chargor.

The provisions of this sub-clause will override any appropriation made by the Chargor.

11.2 Prospective liabilities

At any time following the occurrence of a Declared Default, the Security Agent may, in its discretion, hold any amount of the Recoveries in an interest bearing suspense or impersonal account(s) in the name of the Security Agent with such financial institution (including itself) and for so long as the Security Agent shall think fit (the interest being credited to the relevant account) for later application under sub-clause 11.1 (*Order of application*) in respect of:

- (a) any sum to a Secured Party; and
- (b) any part of the Secured Liabilities,

that the Security Agent reasonably considers, in each case, might become due or owing at any time in the future.

11.3 Investment of proceeds

Prior to the application of the proceeds of the Recoveries in accordance with sub-clause 11.1 (*Order of application*) the Security Agent may, in its discretion, hold all or part of those proceeds in an interest bearing suspense or impersonal account(s) in the name of the Security Agent with such financial institution (including itself) and for so long as the Security Agent shall think fit (the interest being credited to the relevant account) pending the application from time

to time of those monies in the Security Agent's discretion in accordance with the provisions of sub-clause 11.1 (*Order of application*).

11.4 Currency conversion

- (a) For the purpose of, or pending the discharge of, any of the Secured Liabilities the Security Agent may convert any monies received or recovered by the Security Agent from one currency to another, at a market rate of exchange.
- (b) 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.

12 PROTECTION OF THIRD PARTIES

12.1 No obligation to enquire

No purchaser from, or other person dealing with, a Secured Party shall be obliged or concerned to enquire whether:

- (a) the right of the Secured Party to exercise any of the powers conferred by this Deed has arisen or become exercisable or as to the propriety or validity of the exercise or purported exercise of any such power; or
- (b) any of the Secured Liabilities remains outstanding or be concerned with notice to the contrary and the title and position of such a purchaser or other person shall not be impeachable by reference to any of those matters.

12.2 Receipt conclusive

The receipt of the Security Agent or any Receiver shall be an absolute and a conclusive discharge to a purchaser, and shall relieve such purchaser of any obligation to see to the application of any monies paid to or by the direction of the Security Agent or any Receiver.

13 PROTECTION OF THE SECURED PARTIES

13.1 No liability

No Secured Party shall be liable in respect of any of the Security Assets or 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, their respective powers.

13.2 Possession of Security Assets

Without prejudice to sub-clause 13.1 (*No liability*), if a Secured Party enters into possession of the Security Assets, it will not be liable to account as mortgagee in possession and may at any time at its discretion go out of such possession.

13.3 No proceedings

No Party (other than the Security Agent, a Receiver or a Representative in respect of its own officers, employees or agents) may take any proceedings against any officer, employee or agent of a Secured Party in respect of any claim it might have against a Secured Party or in respect of any act or omission of any kind by that officer, employee or agent in relation to any Finance Document or any Security Asset and any officer, employee or agent of a Secured Party may rely on this sub-clause subject to sub-clause 1.4 (*Third party rights*) of the Facilities Agreement and the provisions of the Third Parties Rights Act.

14 CUMULATIVE POWERS AND AVOIDANCE OF PAYMENTS

14.1 Cumulative powers

The powers which this Deed confers on the Security Agent and any Receiver appointed under this Deed are cumulative, without prejudice to their respective powers under the general law, and may be exercised as often as the relevant person thinks appropriate. The Security Agent or the Receiver may, in connection with the exercise of their powers, join or concur with any person in any transaction, scheme or arrangement whatsoever. The respective powers of the Security Agent and the Receiver will in no circumstances be suspended, waived or otherwise prejudiced by anything other than an express consent or amendment.

14.2 Amounts avoided

If any amount paid by the Chargor in respect of the Secured Liabilities is capable of being avoided or set aside on the liquidation or administration of the Chargor or otherwise, then for the purposes of this Deed that amount shall not be considered to have been paid.

14.3 Discharge conditional

Any settlement or discharge between the Chargor and the Security Agent shall be conditional upon no security or payment to the Security Agent by the Chargor or any other person being avoided, set aside, ordered to be refunded or reduced by virtue of any provision or enactment relating to insolvency and accordingly (but without limiting the other rights of the Security Agent under this Deed) the Security Agent shall be entitled to recover from the Chargor the value which the Security Agent has placed on that security or the amount of any such payment as if that settlement or discharge had not occurred.

15 RULING-OFF ACCOUNTS

If the Security Agent receives notice of any subsequent Security or other interest affecting any of the Security Assets (except as permitted by the Facilities Agreement) it may open a new account for the Chargor in its books. If it does not do so then (unless it gives written notice to the contrary to the Chargor), as from the time it receives that notice, all payments made by the Chargor to it (in the absence of any express appropriation to the contrary) shall be treated as having been credited to a new account of the Chargor and not as having been applied in reduction of the Secured Liabilities.

16 POWER OF ATTORNEY

- (a) The Chargor, by way of security, irrevocably and severally appoints each of the Security Agent and any Receiver as its attorney (with full power of substitution and delegation) in its name and on its behalf to execute, seal and deliver (using the company seal where appropriate) and otherwise perfect and do any deed, assurance, agreement, instrument, act or thing which it ought to execute and do under the terms of this Deed, or which may be required or deemed proper in the exercise of any rights or powers conferred on the Security Agent or any Receiver under this Deed or otherwise for any of the purposes of this Deed, and the Chargor covenants with each of the Security Agent and any Receiver to ratify and confirm all such acts or things made, done or executed by that attorney.
- (b) Save in relation to the exercise of rights or powers conferred on the Security Agent or any Receiver under clause 7.8 (*Power to remedy*), the Security Agent and any Receiver shall not act under the power of attorney granted pursuant to paragraph (a) above prior to the occurrence of a Declared Default.

17 DELEGATION

- 17.1 A Secured Party may, at any time, delegate by power of attorney or otherwise to any person for any period, all or any of the rights, powers and discretions vested in it by or pursuant to this Deed.
- 17.2 That delegation may be made upon any terms and conditions (including the power to sub-delegate) and subject to any restrictions that that Secured Party may, in its discretion, think fit in the interests of the Secured Parties and it shall not be bound to supervise, or be in any way responsible for any loss incurred by reason of any misconduct or default on the part of any such delegate or sub-delegate.

18 REDEMPTION OF PRIOR CHARGES

The Security Agent may redeem any prior Security on or relating to any of the Security Assets or procure the transfer of that Security to itself, and may settle and pass the accounts of any person entitled to that prior Security. Any account so settled and passed shall (subject to any manifest error) be conclusive and binding on the Chargor. The Chargor will on demand pay to the Security Agent all principal monies and interest and all losses incidental to any such redemption or transfer.

19 EXPENSES AND INDEMNITY

19.1 Transaction expenses

The Chargor shall, within three Business Days of demand, pay the Security Agent the amount of all reasonable costs and expenses (including legal fees) (together with any applicable VAT) properly incurred by it and by any Receiver or Delegate in connection with the negotiation, preparation, execution and perfection of this Deed..

19.2 Enforcement costs and preservation costs

The Chargor shall, within three Business Days of demand, pay to the Security Agent the amount of all costs and expenses (including legal fees and together with any applicable VAT) incurred by the Security Agent in connection with the enforcement of, or the preservation of any rights under this Deed and any proceedings instituted by or against the Security Agent as a consequence of taking or holding the Security created by this Deed or enforcing these rights.

19.3 Indemnity to the Security Agent

- (a) The Chargor shall promptly indemnify the Security Agent and every Receiver and Delegate against any cost, loss or liability (together with any applicable VAT) incurred by any of them as a result of:
- (i) acting or relying on any notice, request or instruction which it reasonably believes to be genuine, correct and appropriately authorised;
 - (ii) the taking, holding, protection or enforcement of the Security created by this Deed;
 - (iii) the exercise of any of the rights, powers, discretions, authorities and remedies vested in the Security Agent, each Receiver and each Delegate by this Deed or by law;
 - (iv) any default by the Chargor in the performance of any of the obligations expressed to be assumed by it in this Deed;
 - (v) instructing lawyers, accountants, tax advisers, surveyors, a financial adviser or other professional advisers or experts as permitted under this Deed; or
 - (vi) acting as Security Agent, Receiver or Delegate under the Finance Documents or which otherwise relates to any of the Security Assets (otherwise, in each case, than by reason of the relevant Security Agent's, Receiver's or Delegate's gross negligence or wilful misconduct).
- (b) The Security Agent and every Receiver and Delegate may indemnify itself out of the property subject to the Security created by this Deed in respect of, and pay and retain, all sums necessary to give effect to the indemnity in this Clause 19.3, and shall have a lien on such Security and the proceeds of the enforcement of such Security for all moneys payable to it.

20 MISCELLANEOUS

20.1 No Deduction

All payments to be made to the Security Agent under this Deed shall be made in freely available funds and shall be made clear of and without deduction for or on account of tax. If the Chargor is required by law to make a tax deduction, the sum payable by the Chargor shall be increased to the extent necessary to ensure that, after the making of such deduction, the recipient of such sum receives and retains a net sum equal to the sum which it would have received and retained had no such deduction been made or required to be made.

20.2 Assignment

The Chargor may not assign any of its rights or transfer any of its rights or obligations under this Deed. The Security Agent may assign and transfer all or any part of its rights and obligations under this Deed.

20.3 Partial Invalidity

If, at any time, any provision of this Deed is or becomes illegal, invalid or unenforceable in any respect under the law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions of this Deed nor the legality, validity or enforceability of such provision under the laws of any jurisdiction shall in any way be affected or impaired.

20.4 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.

20.5 Covenant to release

At the end of the Security Period, the Security Agent shall, at the request and cost of the Chargor, release the Security Assets from the security constituted by this Deed (including any assignment by way of security) by executing a release substantially in the form set out in Schedule 3 (Form of Deed of Release) with such amendments as the Security Agent may agree.

21 NOTICES

Each communication to be made under this Deed shall be made in accordance with the provisions of clause 30 (*Notices*) of the Facilities Agreement.

22 GOVERNING LAW

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

23 JURISDICTION

23.1 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 or termination of this Deed or any non-contractual obligation arising out of or in connection with this Deed) (a "**Dispute**").

23.2 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.

23.3 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 any number of jurisdictions.

In witness this Deed is executed on the date appearing at the head of page 1.

SCHEDULE 1

Security Assets

Part 1

The Property

N/A

Part 2

Intellectual Property

Trade marks

Trademark	Registration number	Renewal date
CLS	010187474	10/08/2021

Patents

N/A

Designs

N/A

Part 3

Shares

N/A

Part 4

Assigned Contracts

N/A

Part 5

Insurance Policies

Policy No.	Insurer	Insured	Period of Insurance
100623407CCI	Aviva	CLS Holdings plc & the UK subsidiaries thereof, including but not limited to CLSH Management Ltd & Instant Office Ltd	01 July 2017 – 30 June 2018

SCHEDULE 2

Form of notices

Part 1

(Form of notice in relation to a Blocked Account)

To: ●[insert name and address of account bank] (the "**Account Bank**")

Dated: ●

Dear Sirs

Re: ●

We notify you that by a debenture dated [●] (the "**Debenture**") we have charged to Santander UK plc (the "**Security Agent**") all our right, title and interest in and to the monies from time to time standing to the credit of the accounts identified in the schedule to this notice (the "**Blocked Accounts**") and, by way of floating charge, to any other accounts from time to time that we maintain with you (the "**Other Accounts**") and to all interest (if any) accruing on the Blocked Accounts and the Other Accounts.

In this notice the Blocked Accounts and the Other Accounts are together referred to as the "**Charged Accounts**".

We irrevocably authorise and instruct you to:

- 1 credit to the Charged Accounts all interest from time to time earned on the sums of money held in the Charged Accounts;
- 2 disclose to the Security Agent any information relating to us and the Charged Accounts which the Security Agent may from time to time request you to provide;
- 3 hold all sums from time to time standing to the credit of the Blocked Accounts (and, following your receipt of a notice from the Security Agent that a Declared Default (as

defined in the Debenture) has occurred (a "**Default Notice**"), all Other Accounts) to the order of the Security Agent;

- 4 comply with the terms of any written notice or instruction relating to any Blocked Account (and, following your receipt of a Default Notice, all Other Accounts) received by you from the Security Agent; and
- 5 pay or release any sum standing to the credit of any Blocked Account (and, following your receipt of a Default Notice, all Other Accounts) in accordance with the written instructions of the Security Agent.

We acknowledge that you may comply with the instructions in this notice without any further permission from us.

The instructions in this notice may not be revoked or amended without the prior written consent of the Security Agent.

Please sign and return the enclosed copy of this notice to the Security Agent (with a copy to us) by way of your confirmation that:

- (a) you agree to act in accordance with the provisions of this notice;
- (b) you have not received notice that we have assigned or charged our rights to the monies standing to the credit of the Charged Accounts or otherwise granted any other interest over those monies in favour of any third party;
- (c) you will not exercise any right to combine accounts or any rights of set-off or lien or any similar rights in relation to the monies standing to the credit of the Charged Accounts, except for any netting or set-off arrangement entered into by us in the ordinary course of our banking arrangements for the purpose of netting debit and credit balances;
- (d) you have not claimed or exercised, nor do you have outstanding any right to claim or exercise against us, any right of set-off, counter-claim or other right relating to the Charged Accounts;
- (e) you will not permit any amount to be withdrawn from any Blocked Account without the Security Agent's prior written consent; and

- (f) in respect of the Other Accounts and following your receipt of a Default Notice, you will not permit any amount to be withdrawn from those Other Accounts without the Security Agent's prior written consent.

The provisions of this notice and any non-contractual obligations arising out of or in connection with it are governed by English law.

Schedule

Account Designation	Account Number	Sort Code

Yours faithfully

.....
for and on behalf of
CLS Holdings plc

[On acknowledgement copy]

To: Santander UK plc

Copy to: CLS Holdings plc

We acknowledge receipt of the above notice and the notifications therein, agree to abide by its terms and confirm the matters set out in paragraphs (a) to (f) (inclusive) of that notice.

.....
for and on behalf of
[Insert name of account provider]

Dated: ●

Part 2

(Form of notice to insurers)

To: • *[insert name and address of insurer]*

Dated: •

Dear Sirs

Re: [identify the relevant insurance policy[ies]] (the "Policy[ies]")

We notify you that we have assigned, by way of security, to Santander UK plc (the "**Security Agent**") all our right, title and interest in the Policy[ies] as security for certain obligations owed by us to the Security Agent.

We further notify you that:

- 1 you may continue to deal with us in relation to the Policy[ies] until you receive written notice to the contrary from the Security Agent. Thereafter, we will cease to have any right to deal with you in relation to the Policy[ies] and therefore from that time you should deal only with the Security Agent;
- 2 you are authorised to disclose information in relation to the Policy[ies] to the Security Agent on their request; and
- 3 the provisions of this notice may only be revoked or amended with the prior written consent of the Security Agent.

We will remain liable to perform all our obligations under the Policy[ies] and the Security Agent is under no obligation of any kind whatsoever under the Policy[ies] nor under any liability whatsoever in the event of any failure by us to perform our obligations under the Policy[ies].

Please sign and return the enclosed copy of this notice to the Security Agent (with a copy to us) by way of confirmation that:

- (a) you agree to act in accordance with the provisions of this notice;
- (b) you will not amend, waive or release any right, interest or benefit in relation to the Policy[ies] (or agree to do the same) without the prior written consent of the Security Agent if such amendment, waiver or release is materially detrimental to the value of the Policy[ies];
- (c) the interest of the Security Agent as assignee has been noted against the Policy[ies];
- (d) after receipt of written notice in accordance with paragraph 1, you will pay all monies to which we are entitled under the Policy[ies] direct to the Security Agent (and not to us) unless the Security Agent otherwise agrees in writing;
- (e) you will notify the Security Agent if you propose to repudiate, rescind or cancel any Policy[ies], to treat [it/them] as avoided in whole or in part, to treat [it/them] as expired due to non-payment of premium or otherwise decline any valid claim under [it/them] by or on behalf of any insured party ;
- (f) you have not received notice that we have assigned or charged our rights under the Policy[ies] to a third party or created any other interest in the Policy[ies] in favour of a third party; and
- (g) you have not claimed or exercised nor do you have any outstanding right to claim or exercise against us, any right of set-off, counter-claim or other right relating to the Policy[ies].

The provisions of this notice and any non-contractual obligations arising out of or in connection with it are governed by English law.

Yours faithfully

.....
for and on behalf of
CLS Holdings plc

[On acknowledgement copy]

To: Santander UK plc

Copy to: CLS Holdings plc

We acknowledge receipt of the above notice and the notifications therein, agree to abide by its terms and confirm the matters set out in paragraphs (a) to (f) (inclusive) of that notice.

.....

for and on behalf of

• *[insert name of insurer]*

Dated: •

Part 3

(Form of notice in relation to Contracts)

To: *[insert name and address of counterparty]*

Dated: •

Dear Sirs

Re: [identify the relevant agreement] (the "Agreement")

We notify you that we have assigned, by way of security to Santander UK plc (the "**Security Agent**") all our right, title and interest in the Agreement as security for certain obligations owed by us to the Security Agent.

We further notify you that:

- 1 you may continue to deal with us in relation to the Agreement until you receive written notice to the contrary from the Security Agent. Thereafter, we will cease to have any right to deal with you in relation to the Agreement and therefore, from that time, you should deal only with the Security Agent;
- 2 you are authorised to disclose information in relation to the Agreement to the Security Agent on request;
- 3 after receipt of written notice in accordance with paragraph 1, you must pay all monies to which we are entitled under the Agreement direct to the Security Agent (and not to us) unless the Security Agent otherwise agrees in writing; and
- 4 the provisions of this notice may only be revoked or amended with the prior written consent of the Security Agent.

Please sign and return the enclosed copy of this notice to the Security Agent (with a copy to us) by way of confirmation that:

- (a) you agree to the terms set out in this notice and to act in accordance with its provisions;
- (b) you will not amend in a material way, waive or release any rights, interest or benefit in relation to the Agreement or terminate the Agreement without the prior written consent of the Security Agent if such amendment, waiver or release is materially detrimental to the value of the Agreement;
- (c) you have not received notice that we have assigned or charged our rights under the Agreement to a third party or created any other interest in the Agreement in favour of a third party; and
- (d) you have not claimed or exercised, nor do you have any outstanding right to claim or exercise against us any right of set-off, counter-claim or other right relating to the Agreement.

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

Yours faithfully

.....
for and on behalf of
CLS Holdings plc

[On acknowledgement copy]

To: Santander UK plc

Copy to: CLS Holdings plc

We acknowledge receipt of the above notice and the notifications therein, agree to abide by its terms and confirm the matters set out in paragraphs (a) to (c) (inclusive) of that notice.

.....
for and on behalf of
[insert name of counterparty]

Dated: •

SCHEDULE 3

Form of Deed of Release

THIS DEED OF RELEASE is made on

20●●

BETWEEN:

- (3) **SANTANDER UK PLC** (the "**Security Agent**"); and
- (4) **CLS Holdings plc** (company number 02714781) whose registered office is at 86 Bondway, London SW8 1SF (the "**Chargor**").

IT IS AGREED as follows:

- 1 Capitalised terms used but not otherwise defined in this Deed have the meaning ascribed to them by the debenture granted by the Chargor to the Security Agent on ● (the "**Debenture**").
- 2 The Security Agent irrevocably and unconditionally releases all and any Security (including any assignment by way of security) created by, or evidenced in, the Debenture (together the "**Security Interests**").
- 3 The Security Agent confirms that it is entering into this Deed on behalf of the Secured Parties.
- 4 The Security Agent agrees, subject to its costs for so doing being fully indemnified by the Chargor, to execute such other documents for the release of the Security Interests as the Chargor may reasonably require, including, without limitation, notices of reassignment and Land Registry Forms.
- 5 This Deed and any non-contractual obligations arising out of or in connection with it are governed by English Law.

In witness this Deed is executed on the date appearing at the head of page 1.

[Add signature blocks]

NOTE: this deed of release is intended to provide a simple template for the Security Agent to execute on redemption of the secured liabilities without needing to take additional legal advice at such time should it choose not to. It cannot therefore be negotiated until the time of release, at which point the Security Agent will consider any proposed amendments from the Chargor.

SCHEDULE 4

Supplemental Debenture

THIS SUPPLEMENTAL DEBENTURE is made on

20●●

BETWEEN:

- (1) **CLS Holdings plc** (company number 02714781) whose registered office is at 86 Bondway, London SW8 1SF (the "**Chargor**"); and
- (2) **Santander UK plc** (the "**Security Agent**").

BACKGROUND

Pursuant to the Original Debenture (as defined below), the Chargor created Security over all of its assets for, amongst other things, its present and future obligations and liabilities under the Finance Documents.

The Chargor has acquired interests in additional assets and has agreed to enter into this Supplemental Debenture to create security over such assets.

THIS SUPPLEMENTAL DEBENTURE is supplemental to the Original Debenture (as defined below).

THIS SUPPLEMENTAL DEBENTURE witnesses as follows:

1 DEFINITIONS AND INTERPRETATION

1.1 Definitions

Terms defined in the Original Debenture shall, unless otherwise defined in this Supplemental Debenture or unless a contrary intention appears, bear the same meaning when used in this Supplemental Debenture and the following definitions shall apply:

["**Additional Insurance Policy**" means ●.]

["**Additional Property**" means:

- (a) all of the freehold and/or leasehold property of the Chargor specified in the schedule (Additional Property);
- (b) any buildings, fixtures, fittings, plant or machinery from time to time on or forming part of the property referred to in paragraph 1(a) above; and
- (c) the Related Rights arising in relation to any of the assets described in paragraphs 1(a) and 1(b) above.]

["Assigned Contract" means •.]

["Blocked Account" means •.]

"Original Debenture" means the debenture made between (1) the Chargor and (2) the Security Agent dated •.

2 CONSTRUCTION

2.1 Unless a contrary intention appears, sub-clause 1.2 (*Construction*) and sub-clause 1.4 (*Third party rights*) of the Facilities Agreement apply to this Supplemental Debenture, and shall be deemed to be incorporated into this Supplemental Debenture, mutatis mutandis, as though set out in full in this Supplemental Debenture, with any reference to "this Agreement" being deemed to be a reference to "this Supplemental Debenture", subject to any necessary changes.

2.2 Any references to the Security Agent or any Receiver shall include its Representative.

3 LAW OF PROPERTY (MISCELLANEOUS PROVISIONS) ACT 1989

To the extent necessary for any agreement for the disposition of the Security Assets in this Supplemental Debenture to be a valid agreement under section 2(1) of the Law of Property (Miscellaneous Provisions) Act 1989, the terms of the other Finance Documents and of any side letters between the parties to this Supplemental Debenture are incorporated into this Supplemental Debenture.

4 IMPLIED COVENANTS FOR TITLE

The obligations of the Chargor under this Supplemental Debenture shall be in addition to the covenants for title deemed to be included in this Supplemental Debenture by virtue of Part I of the Law of Property (Miscellaneous Provisions) Act 1994.

5 EFFECT AS A DEED

This Supplemental Debenture is intended to take effect as a deed notwithstanding that the Security Agent may have executed it under hand only.

6 TRUSTS

6.1 The Security Agent holds the benefit of this Supplemental Debenture on trust for the Secured Parties in accordance with the terms of clause 25.2 (*Security Agent as trustee*) of the Facilities Agreement.

6.2 The perpetuity period for any trusts created by this Supplemental Debenture is 125 years.

7 SECURITY ASSETS

7.1 Supplemental to clause 3 (*Security Assets*) of the Original Debenture, the Chargor, as security for the payment of the Secured Liabilities:

(a) [charges in favour of the Security Agent, with full title guarantee, by way of legal mortgage, the Additional Property.]

(b) [assigns, by way of security, with full title guarantee to the Security Agent all its right, title and interest in the Assigned Contract.]

(c) [assigns, by way of security, with full title guarantee to the Security Agent all its right, title and interest in the Additional Insurance Policy.]

(d) [charges in favour of the Security Agent, with full title guarantee, by way of first fixed charge, the Blocked Account.]

7.2 [The Chargor hereby irrevocably consents to the Security Agent applying to the Chief Land Registrar for a restriction to be entered on the Register of Title of all that

Additional Property on the prescribed Land Registry form and in the following or substantially similar terms:

["No disposition of the registered estate by the proprietor of the registered estate is to be registered without a written consent signed by the proprietor for the time being of the supplemental debenture dated • in favour of • referred to in the charges register."]

- 7.3 [The Finance Parties must perform their obligations under the Facility Agreement (including any obligation to make available further advances). In relation to the Additional Property, the Security Agent may apply to the Chief Land Registrar for a notice to be entered onto the Register of Title of all that Additional Property of the obligation to make further advances.]

8 INCORPORATION

The provisions of clause 2 (*Covenant to pay*) and clauses 4 (*Nature of Security*) to 20 (*Miscellaneous*) (inclusive) of the Original Debenture apply to this Supplemental Debenture as though they were set out in full in this Supplemental Debenture except that references to "this Deed" in the Original Debenture are to be construed as references to "this Supplemental Debenture".

9 CONTINUATION

- 9.1 Except insofar as supplemental hereby, the Original Debenture will remain in full force and effect.
- 9.2 The Chargor agrees that the execution of this Supplemental Debenture shall in no way prejudice or affect the security granted by it (or the covenants given by it) under the Original Debenture.
- 9.3 References in the Original Debenture to "this Deed" and expressions of similar import shall be deemed to be references to the Original Debenture as supplemented by this Supplemental Debenture and to this Supplemental Debenture.
- 9.4 This Supplemental Debenture is designated as a Finance Document.

10 GOVERNING LAW

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

11 JURISDICTION

- 11.1 The courts of England have exclusive jurisdiction to settle any dispute arising out of or in connection with this Supplemental Debenture (including a dispute relating to the existence, validity or termination of this Supplemental Debenture or any non-contractual obligation arising out of or in connection with this Supplemental Debenture) (a "**Dispute**").
- 11.2 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.
- 11.3 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 any number of jurisdictions.

In witness this Supplemental Debenture is executed on the date appearing at the head of page 1.

Schedule

Additional Property

Chargor	Address or description of Additional Property	Title Number (if registered)

[Signature blocks to be inserted here]

SCHEDULE 5

Powers of Receiver

1 POSSESSION

Take immediate possession of, get in and collect the Security Assets or any part thereof.

2 CARRY ON BUSINESS

Carry on, manage or concur in carrying on or managing the whole or any part of the business of the Chargor as he in his discretion may think fit.

3 PROTECTION OF ASSETS

3.1 Manage, insure, repair, decorate, maintain, alter, improve, develop, construct, modify, refurbish, renew or add to the Security Assets or concur in so doing;

3.2 commence, continue or complete any new works, unfinished work, building operations, construction, reconstruction, maintenance, furnishing, finishing or fitting-out on the Property;

3.3 apply for and maintain any planning permissions, building regulations, approvals and any other permissions, consents or licences,

in each case as he in his discretion may think fit.

4 REALISATION OF ASSETS

Sell, exchange, convert into money and realise the Security Assets or concur in so doing by public auction or private contract and generally in such manner and on such terms as he in his discretion may think fit. Without prejudice to the generality of the foregoing, he may do any of these things for any valuable consideration, whether full market value or otherwise, including, without limitation, cash, shares, stock, debentures or other obligations. Any such consideration may be payable in a lump sum or by instalments spread over such period as he in his discretion may think fit.

5 LET, HIRE OR LEASE

- 5.1 Let, hire or lease (with or without premium) and accept surrenders of leases or tenancies or concur in so doing;
- 5.2 grant rights, options or easements over and otherwise deal with or dispose of, and exercise all rights, powers and discretions incidental to, the ownership of the Security Assets;
- 5.3 exchange or concur in exchanging the Security Assets;

in each such case in such manner and generally on such terms as he may in his discretion think fit, with all the powers of an absolute beneficial owner. The Receiver may exercise any such power by effecting such transaction in the name or on behalf of the Chargor or otherwise.

6 REGISTRATION

Use the Chargor's name to effect any registration or election for tax or other purposes.

7 INSURANCES

Effect, review or vary insurances.

8 BORROWING

For the purpose of exercising any of the powers, authorities or discretions conferred on him by or pursuant to this Deed or of defraying any costs (including, without limitation, his remuneration) which are incurred by him in the exercise of such powers, authorities or discretions or for any other purpose, to raise and borrow money or incur any other liability either unsecured or secured on the Security Assets, either in priority to the Security created by this Deed or otherwise, and generally on such terms as he in his discretion may think fit. No person lending such money is to be concerned to enquire as to the propriety or purpose of the exercise of such power or as to the application of money so raised or borrowed.

9 LENDING

Lend money to any person.

10 ADVANCE CREDIT

Advance credit, in the ordinary course of the Chargor's business, to any person.

11 MAKE CALLS

Make, or require the directors of the Chargor to make, such calls upon the shareholders of the Chargor in respect of any uncalled capital of the Chargor as the Receiver in his discretion may require and enforce payment of any call so made by action (in the name of the Chargor or the Receiver as the Receiver in his direction may think fit) or otherwise.

12 COMPROMISE

12.1 Settle or compromise any claim by, adjust any account with, refer to arbitration any dispute with, and deal with any question or demand from, any person who is, or claims to be, a creditor of the Chargor, as he may in his discretion think fit; and

12.2 settle or compromise any claim, adjust any account, refer to arbitration any dispute and deal with any question or demand relating in any way to the Security Assets, as he in his discretion may think fit.

13 PROCEEDINGS

In the name of the Chargor, bring, prosecute, enforce, defend or abandon all such actions, suits and proceedings in relation to the Security Assets as he in his discretion may think fit.

14 SUBSIDIARIES

14.1 Promote the formation of any subsidiary of the Chargor with a view to such subsidiary purchasing, leasing, licensing or otherwise acquiring an interest in the Security Assets;

14.2 arrange for the purchase, lease, licence or acquisition of an interest in the Security Assets by any such subsidiary for any valuable consideration, including, without limitation, cash, shares, debentures, loan stock, convertible loan stock or other securities, profits or a sum calculated by reference to profits, turnover, royalties, licence fees or otherwise, whether or not secured on the undertaking or assets of such subsidiary and whether or not such consideration is payable or receivable in a lump sum or at any time or any number of times by instalments spread over such period, as the Receiver in his discretion may think fit; and

14.3 arrange for such subsidiary to trade or cease to trade as the Receiver in his discretion may think fit;

15 EMPLOYEES

Appoint and discharge any manager, officer, agent, professional adviser, employee and any other person, upon such terms as he in his discretion may think fit.

16 RECEIPTS

Give valid receipts for all monies and execute all assurances and things which he in his discretion may think proper or desirable for realising the Security Assets.

17 DELEGATION

Delegate any or all of his powers in accordance with this Deed.

Signatories to Debenture

THE CHARGOR

EXECUTED and DELIVERED

as a **DEED** by

CLS HOLDINGS PLC

acting by a director

in the presence of:

)
)
)
)
)



Director

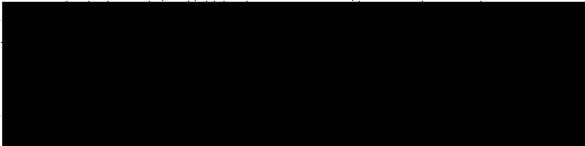
Witness signature:



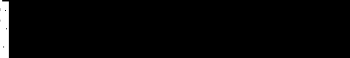
Witness name:

R WATLEY

Witness address:



Witness occupation:



THE SECURITY AGENT

SIGNED for and on)
behalf of)
SANTANDER UK PLC)

..........
Authorised signatory