



**Registration of a Charge**

Company Name: **CLS HOLDINGS PLC**

Company Number: **02714781**



XCXRQNRV

Received for filing in Electronic Format on the: **27/02/2024**

**Details of Charge**

Date of creation: **19/02/2024**

Charge code: **0271 4781 0050**

Persons entitled: **LLOYDS BANK PLC AS SECURITY TRUSTEE FOR THE SECURED PARTIES.**

Brief description: **NOT APPLICABLE.**

**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: **ADDLESHAW GODDARD LLP**



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

Company number: 2714781

Charge code: 0271 4781 0050

The Registrar of Companies for England and Wales hereby certifies that a charge dated 19th February 2024 and created by CLS HOLDINGS PLC was delivered pursuant to Chapter A1 Part 25 of the Companies Act 2006 on 27th February 2024 .

Given at Companies House, Cardiff on 1st March 2024

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** 19 February **2024**

**CLS HOLDINGS PLC**  
**as Chargor**

**LLOYDS BANK PLC**  
**as Security Agent**

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**SHARE CHARGE**

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This Deed is made on

19 February

2024

**Between**

- (1) **CLS Holdings plc** (company number 02714781) whose registered office is at 16 Tinworth Street, London SE11 5AL (**Chargor**); and
- (2) **Lloyds Bank plc** as security trustee for the Secured Parties (**Security Agent**).

**It is agreed****1 Definitions and interpretation****1.1 Definitions**

In this Deed:

**2019 Share Charge** means the charge over shares dated 30 April 2019 between the Chargor and the Security Agent

**Charged Property** means all of the rights and assets of the Chargor which from time to time are, or are expressed to be, the subject of any Security created (or expressed to be created) by, under or supplemental to, this Deed in favour of the Security Agent

**Borrower** means New Printing House Square Limited (company number 02720262) whose registered office is at 16 Tinworth Street, London SE11 5AL

**Facility Agreement** means the facility agreement dated 30 April 2019 and made between the Borrower as borrower, Lloyds Bank plc as Arranger, Agent, Security Agent, Original Lender and Original Hedge Counterparty, as amended on 12 April 2023 and as amended and restated on or about the date of this Deed

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

**Party** means a party to this Deed

**Receiver** means any receiver, receiver and manager or administrative receiver of the Chargor or the whole or any part of any of the Charged Property and includes any appointee made under a joint or several appointment

**Related Rights** means, in respect of any asset:

- (a) all monies, amounts and proceeds paid or payable in respect of (or derived from) that asset (whether as income, capital or otherwise)
- (b) all shares, investments or other assets derived from that asset and all dividends, interest and other monies payable in respect of such asset (whether derived by way of redemption, bonus, preference, options, substitution, conversion, compensation or otherwise)
- (c) all rights in respect of, derived from or incidental to that asset (including all rights to make any demand or claim)
- (d) all powers, remedies, causes of action, guarantees, indemnities, security or other collateral in respect of, or derived from, that asset (or any of them)

- (e) the benefit of any judgment or order to pay a sum of money and all rights of enforcement in respect of that asset and
- (f) the benefit of any covenant for title given or entered into by any predecessor in title of the Chargor in respect of that asset or any monies paid or payable in respect of those covenants

**Relevant Jurisdiction** means, in relation to the Chargor:

- (a) its jurisdiction of incorporation
- (b) any jurisdiction where any asset subject to or intended to be subject to the Transaction Security to be created by it is situated
- (c) any jurisdiction where it conducts its business and
- (d) the jurisdiction whose laws govern the perfection of any of the Security Documents entered into by it

**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 Period** means the period beginning on the date of this Deed and ending on the date on which the Security Agent is satisfied (acting reasonably) that the Secured Liabilities have been irrevocably and unconditionally satisfied and discharged in full and that no commitment under or pursuant to the Finance Documents is outstanding

**Shares** means:

- (a) 6,305,702 ordinary shares in the Borrower and
- (b) all other stocks, shares, warrants or other equity securities issued by the Borrower now or in the future owned by the Chargor from time to time or any in which it has an interest

## 1.2 Interpretation

- (a) Unless otherwise defined in this Deed, a term defined in the Facility Agreement has the same meaning when used in this Deed or any notices, acknowledgements or other documents issued under or in connection with this Deed.
- (b) In this Deed, the term **disposal** includes a sale, transfer, assignment, grant, lease, licence, declaration of trust or other disposal, whether voluntary or involuntary, and **dispose** will be construed accordingly.
- (c) Clause 1.2 (Construction) and 1.3 (Currency symbols and definitions) of the Facility Agreement are incorporated in this Deed as if set out here in full but so that each reference in that clause to this **Agreement** or a **Finance Document** shall be read as a reference to this Deed.

## 1.3 Third party rights

- (a) Unless expressly provided to the contrary in any Finance Document, a person who is not a Party has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce

or enjoy the benefit of any term of this Deed or any other Finance Document issued or entered into under or in connection with it.

- (b) Subject to clause 38.3 (Other exceptions) of the Facility Agreement but otherwise notwithstanding any term of any Finance Document, the consent of any person who is not a Party is not required to rescind or vary this Deed at any time.
- (c) Any Receiver or Delegate may enforce and enjoy the benefit of any clause which expressly confers rights on it, subject to clause 1.3(b) and the provisions of the Contracts (Rights of Third Parties) Act 1999.

#### 1.4 **Application of provisions in Facility Agreement**

Clauses 8.4 (Default interest), 12 (Tax gross-up and indemnities), 14 (Other indemnities), 16 (Costs and expenses), 32 (Payment mechanics), 35.1 (Accounts) and 38 (Amendments and waivers) of the Facility Agreement are deemed to form part of this Deed as if expressly incorporated into it and as if all references in those clauses to:

- (a) the Facility Agreement were references to this Deed; and
- (b) an Obligor or the Obligors were references to the Chargor.

#### 1.5 **Present and future assets**

- (a) A reference in this **Deed** to any **Charged Property** or other asset includes, unless the contrary intention appears, present and future **Charged Property** and other assets.
- (b) The absence of or incomplete details of any Charged Property in any Schedule shall not affect the validity or enforceability of any Security under this Deed.

#### 1.6 **Fixed security**

Clause 3.2 (First fixed charge) shall be construed as creating a separate and fixed charge or assignment by way of security over each relevant asset within any particular class of assets defined under this Deed and the failure to create an effective fixed charge or assignment by way of security (whether arising out of this Deed or any act or omission by any party) on any one asset shall not affect the nature of any fixed charge or assignment by way of security imposed on any other asset whether within that same class of assets or not.

#### 1.7 **No obligations**

The Security Agent shall not be under any obligation in relation to the Charged Property as a consequence of this Deed and the Chargor shall at all times remain liable to perform all obligations expressed to be assumed by it in respect of the Charged Property.

#### 1.8 **2019 Share Charge**

- (a) This Deed is in addition, and without prejudice, to the 2019 Share Charge. The parties agree that:
  - (i) the 2019 Share Charge continues in full force and effect and continues to secure the Secured Liabilities (as defined therein); and
  - (ii) they are entering into this Deed:

- (A) in case, notwithstanding their agreement set out in clause 1.9(a)(i), the 2019 Share Charge is or becomes ineffective in any way; and
  - (B) in order for the Chargor to assume its additional obligations contained in this deed.
- (b) In the event of any inconsistency between the 2019 Share Charge and this Deed, this Deed shall prevail.
- (c) The satisfaction of any obligation of the Chargor under the 2019 Share Charge shall, where it is also contained in this Deed, be deemed to satisfy the same obligation of the Chargor under this Deed.
- (d) Without prejudice to the generality of clauses 1.9(a) – (c):
  - (i) any reference to a fixed charge is qualified by and subject to the equivalent Security created by the 2019 Share Charge in respect of the relevant Secured Assets until such time as the Security created by the 2019 Share Charge ceases to have effect;
  - (ii) any reference to Security being created by this deed “with full title guarantee” is qualified by and subject to the Security created by the 2019 Share Charge in respect of the Secured Assets until such time as the Security created by the 2019 Share Charge ceases to have effect;
  - (iii) the deposit with the Security Agent under the 2019 Share Charge of any deeds, documents of title, certificate, evidence of ownership or related document in connection with the 2019 Share Charge shall be deemed to satisfy the Chargor’s equivalent obligation hereunder; and
  - (iv) the covenants of the Chargor contained in clause 5 (Negative pledge) are qualified by and subject to the Security created by the 2019 Share Charge in respect of the Secured Assets.

## **2 Covenant to pay**

### **2.1 Covenant**

Subject to the provisions of clause 2.2, the Chargor covenants with the Security Agent as security trustee for the Secured Parties, to pay and discharge the Secured Liabilities when they become due for payment and discharge in accordance with the terms of the Finance Documents.

### **2.2 Limited recourse**

Notwithstanding the terms of any other provision of this Deed, the Security Agent shall have no recourse against the Chargor or its assets, whether by way of court proceedings, a winding up application or otherwise, in respect of its obligations and liabilities under this Deed except by enforcement of its security over the Charged Property, and the liability of the Chargor shall extend only to and shall not exceed the proceeds of any such enforcement.



### **3 Charging provisions**

#### **3.1 General**

- (a) All Security created by the Chargor under this Deed is:
- (i) a continuing security for the payment and discharge of the Secured Liabilities;
  - (ii) granted with full title guarantee; and
  - (iii) granted in favour of the Security Agent as security trustee for the Secured Parties and the Security Agent shall hold the benefit of this Deed and the Security created by or pursuant to it on trust for the Secured Parties.

#### **3.2 First fixed charge**

The Chargor charges by first fixed charge the Shares together with all Related Rights.

### **4 Effectiveness of security**

#### **4.1 Continuing security**

The Security constituted by this Deed shall be continuing security and shall remain in full force and effect unless and until discharged by the Security Agent in writing and regardless of any intermediate payment, discharge or satisfaction by the Chargor or any other person of the whole or any part of the Secured Liabilities.

#### **4.2 No prejudice**

The Security created by or pursuant to this Deed shall not be prejudiced by any unenforceability or invalidity of any other agreement or document or by any time or indulgence granted to the Chargor or any other person, by the Security Agent (whether in its capacity as trustee or otherwise) or any of the other Secured Parties or by any variation of the terms of the trust upon which the Security Agent holds the Security or by any other thing which might otherwise prejudice that Security.

#### **4.3 Cumulative rights**

- (a) The Security constituted by this Deed shall be cumulative, in addition to and independent of any other Security which any Secured Party may hold at any time for the Secured Liabilities (or any of them) or any other obligations or any rights, powers and remedies provided by law and shall operate as an independent security notwithstanding any receipt, release or discharge endorsed on or given in respect of or under any such other Security.
- (b) No prior Security held by the Security Agent (whether in its capacity as trustee or otherwise) or any of the other Secured Parties over the whole or any part of the Charged Property shall merge into the Security constituted by this Deed.

#### **4.4 Waiver of defences**

The obligations of, and the Security created by, the Chargor under this Deed will not be affected by an act, omission, matter or thing which, but for this clause 4.4, would reduce, release or prejudice any of its obligations under this Deed (without limitation and whether or not known to it or any Finance Party) including:

- (a) any time, waiver or consent granted to, or composition with, any Obligor or other person;
- (b) the release of any other Obligor or any other person under the terms of any composition or arrangement with any creditor of any member of the Group;
- (c) the taking, variation, compromise, exchange, renewal or release of, or refusal or neglect to perfect, take up or enforce, any rights against, or security over assets of, any Obligor 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;
- (d) any incapacity or lack of power, authority or legal personality of or dissolution or change in the members or status of an Obligor or any other person;
- (e) any amendment, novation, supplement, extension, restatement (however fundamental and whether or not more onerous) or replacement of a Finance Document or any other document or security including, without limitation, any change in the purpose of, any extension of or increase in any facility or the addition of any new facility under any Finance Document or other document or security;
- (f) any unenforceability, illegality or invalidity of any obligation of any person under any Finance Document or any other document or security; or
- (g) any insolvency or similar proceedings.

#### 4.5 **Chargor intent**

Without prejudice to the generality of clause 4.4, the Chargor expressly confirms that it intends that the Security created under the 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/or any facility or amount made available under any of the Finance Documents for the purposes of or in connection with any of the following: acquisitions of any nature; increasing working capital; enabling 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.

#### 4.6 **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.

#### 4.7 **Deferral of rights**

Until the end of the Security Period and unless the Security Agent otherwise directs the Chargor will not exercise any rights which it may have by reason of performance by it of its obligations under the Finance Documents:

- (a) to be indemnified by an Obligor;

- (b) to claim any contribution from any other guarantor of any Obligor's obligations under this Deed;
- (c) to take the benefit (in whole or in part and whether by way of subrogation or otherwise) of any rights of the Secured Parties under this Deed or of any other guarantee or Security taken pursuant to, or in connection with, this Deed by any Secured Party;
- (d) to bring legal or other proceedings for an order requiring any Obligor to make any payment, or perform any obligation, in respect of which any Guarantor has given a guarantee, undertaking or indemnity under any Finance Document;
- (e) to exercise any right of set-off against any Obligor; and/or
- (f) to claim or prove as a creditor of any Obligor 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 to the extent necessary to enable all amounts which may be or become payable to any Secured Party by the Obligors under or in connection with this Deed to be repaid in full on trust for the Security Agent and shall promptly pay or transfer the same to the Security Agent or as the Security Agent may direct for application in accordance with clause 15 (Application of monies).

## **5 Negative pledge**

- 5.1 The Chargor shall not create or permit to subsist any Security over any of the Charged Property.
- 5.2 Clause 5.1 does not apply to any Security which is expressly permitted pursuant to the terms of the Facility Agreement or with the prior written consent of the Security Agent.

## **6 Restrictions on disposals**

- 6.1 The Chargor shall not enter into a single transaction or a series of transactions (whether related or not) and whether voluntary or involuntary to sell, lease, transfer or otherwise dispose of all or any part of the Charged Property.
- 6.2 Clause 6.1 does not apply to any disposal expressly permitted pursuant to the terms of the Facility Agreement.

## **7 Further assurance**

- 7.1 The Chargor shall promptly, at its own expense, take all such action (including filings, registrations, notarisations and applying for relief against forfeiture) and execute all such documents (including assignments, transfers, mortgages, charges, notices and instructions) as the Security Agent or a Receiver may reasonably specify (and in such form as the Security Agent may reasonably require):
  - (a) to create, perfect, protect and/or maintain the Security created or intended to be created under or evidenced by this Deed in favour of the Security Agent or its nominee(s) (which may include the execution by the Chargor of a mortgage, charge or assignment over all or any of the assets constituting, or intended to constitute, Charged Property) or for the exercise of any rights, powers and remedies of the Security Agent, the Finance Parties or any Receiver provided by or pursuant to this Deed or by law; and/or

- (b) (if an Event of Default is continuing) to facilitate the realisation of the assets which are, or are intended to be, the subject of the Security created by or under this Deed.

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

## **8 Representations**

The Chargor makes the representations set out in this clause 8 to the Security Agent for the benefit of each Secured Party.

### **8.1 Status**

- (a) It is a limited liability corporation, duly incorporated and validly existing under the law of its jurisdiction of incorporation.
- (b) It has the power to own its assets and carry on its business as it is being conducted.

### **8.2 Binding obligations**

- (a) The obligations expressed to be assumed by it in this Deed are, subject to the Legal Reservations, legal, valid, binding and enforceable obligations.
- (b) Without limiting the generality of clause 8.2(a), the Security conferred by this Deed constitutes a first priority Security interest of the type described, over the assets referred to, in this Deed and those assets are not subject to any prior or pari passu Security.

### **8.3 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 contemplated by this Deed do not and will not conflict with:

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

### **8.4 Power and authority**

- (a) It has the power to enter into, perform and deliver, and has taken all necessary action to authorise its entry into, performance and delivery of, this Deed and the transactions contemplated by this Deed.
- (b) No limit on its powers will be exceeded as a result of the grant of the Security contemplated by this Deed.

### **8.5 Validity and admissibility in evidence**

All Authorisations required or desirable:

- (a) to enable it lawfully to enter into, exercise its rights and comply with its obligations in this Deed; and
- (b) to make this Deed admissible in evidence in its Relevant Jurisdictions,

have been obtained or effected and are in full force and effect except any Authorisation referred to in clause 8.8 which Authorisation will be promptly obtained or effected after the date of this Deed.

#### **8.6 Acting as principal**

It is acting in all matters relating to this Deed as principal for its own account and not as agent or trustee or in any other capacity whatsoever on behalf of any third party.

#### **8.7 Governing law and enforcement**

- (a) Subject to the Legal Reservations, the choice of English law as the governing law of this Deed will be recognised and enforced in its Relevant Jurisdictions.
- (b) Subject to the Legal Reservations, any judgment obtained in England in relation to this Deed will be recognised and enforced in its Relevant Jurisdictions.

#### **8.8 No filing or stamp taxes**

It is not necessary under the laws of its Relevant Jurisdiction that this Deed be filed, recorded or enrolled with any court or other authority in that jurisdiction or that any stamp, registration or similar tax be paid on or in relation to this Deed or the transactions contemplated by this Deed except registration of a statement of particulars and a certified copy of this Deed at Companies House under the Companies Act 2006 and payment of associated fees, which registrations and filings will be made and paid promptly after the date of this Deed.

#### **8.9 Good title to assets**

It has a good, valid and marketable title to the Charged Property, in each case, free from Security (other than that created by or pursuant to this Deed).

#### **8.10 Legal and beneficial ownership**

- (a) The Chargor is the sole legal and beneficial owner of the Charged Property.
- (b) The Charged Property is legally and beneficially owned by the Chargor free from any claims, third party rights or competing interests other than Security created under this Deed.

#### **8.11 Shares**

- (a) The Shares constitute all of the issued share capital of the Borrower and are fully paid.
- (b) No Charged Property is subject to any option to purchase or similar rights.
- (c) As at the date of this Deed, none of the Shares is in an uncertificated form.
- (d) The constitutional documents of the Borrower do not restrict or inhibit any transfer of the Charged Property on creation or enforcement of the Security conferred by this Deed.

**8.12 Centre of main interest and establishments**

For the purposes of Regulation (EU) 2015/848 of 20 May 2015 on insolvency proceedings (recast) (Regulation), its centre of main interest (as that term is used in Article 3(1) of the Regulation) is situated in England and Wales and it has no "establishment" (as that term is used in Article 2(10) of the Regulations) in any other jurisdiction.

**8.13 Repetition**

The representations and warranties in this clause 8 are deemed to be made by the Chargor by reference to the facts and circumstances then existing on:

- (a) the date of this Deed; and
- (b) the first day of each Interest Period.

**9 Undertakings****9.1 Duration**

The Chargor undertakes to the Security Agent for the benefit of the Secured Parties in accordance with this clause 9. The undertakings in this clause 9 shall remain in force during the Security Period.

**9.2 Authorisations**

It shall promptly:

- (a) obtain, comply with and do all that is necessary to maintain in full force and effect; and
- (b) supply certified copies to the Security Agent of,

any Authorisation required under any law or regulation of a Relevant Jurisdiction to enable it to perform its obligations under this Deed and to ensure the legality, validity, enforceability or admissibility in evidence of this Deed.

**9.3 Compliance with laws**

It shall comply in all respect with all laws to which it may be subject, if failure so to comply has or is reasonably likely to have a Material Adverse Effect.

**9.4 Shares**

- (a) On:
  - (i) the date of this Deed; and
  - (ii) if later, the date of acquisition of any Shares or Related Rights,

the Chargor shall:

- (A) deliver to the Security Agent all certificates of title and other documents of title or evidence of ownership in respect of those Shares or Related Rights; and

- (B) deliver to the Security Agent such transfer documents (executed with the transferee left blank) or any other documents as the Security Agent may reasonably require in respect of those Shares and Related Rights.
- (b) Until the occurrence of an Event of Default which is continuing, the Chargor shall be entitled to:
  - (i) receive and retain all dividends, distributions and other monies receivable in respect of the Shares and Related Rights; and
  - (ii) exercise all voting and other rights in relation to its Shares.
- (c) On and from the occurrence of an Event of Default which is continuing, the Security Agent may, at its discretion (without any further consent or authority from the Chargor):
  - (i) receive and retain the dividends, distributions and other monies receivable in respect of its Shares and Related Rights and apply the dividends, distributions and other monies receivable in respect of its Shares and Related Rights in accordance with clause 15 (Application of monies); and
  - (ii) exercise (or refrain from exercising) all voting rights in relation to the Shares; and
  - (iii) exercise (or refrain from exercising) the powers and rights conferred on or exercisable by the legal or beneficial owner of the Shares in the manner and on the terms the Security Agent thinks fit.
- (d) The Chargor shall not exercise its voting and other rights in respect of its Shares and Related Rights in a manner which is likely to be prejudicial to the interests of the Finance Parties.
- (e) The Chargor shall make all payments which may become due and payable in respect of any of the Shares and Related Rights. If the Chargor fails to make any such payments, the Security Agent may but shall not be obliged to make such payment on behalf of the Chargor. Any sums so paid by the Security Agent shall be repayable by the Chargor to the Security Agent on demand and pending such repayment shall constitute part of the Secured Liabilities.
- (f) The Chargor shall remain liable to observe and perform all of the conditions and obligations assumed by it in respect of the Shares and Related Rights and the Security Agent shall not be required to perform or fulfil any obligation of the Chargor in respect of any Shares or Related Rights.
- (g) The Chargor shall comply with any notice served on it, under the Companies Act 2006 or pursuant to its articles of association or any other constitutional document, in respect of or in connection with the Shares or Related Rights and will promptly provide to the Security Agent a copy of that notice.
- (h) The Chargor shall ensure that none of the Shares are converted into uncertificated form without the prior written consent of the Security Agent.
- (i) Immediately on the conversion of any of the Chargor's Shares or Related Rights from a certificated to an uncertificated form, or on the acquisition by the Chargor of any Shares or Related Rights in an uncertificated form, the Chargor shall give such

instructions or directions and take such other steps and enter into such documentation as the Security Agent may require in order to protect or preserve the Security intended to be created by this Deed.

#### 9.5 **Information**

The Chargor shall provide to the Security Agent such documents or information relating to the Charged Property as the Security Agent (acting reasonably) may from time to time request and shall promptly deliver to the Security Agent a copy of any notice or proceedings served by any person on the Chargor concerning any Charged Property or alleging any breach of its obligations relating to any Charged Property.

### 10 **Power to remedy**

10.1 If the Chargor fails to comply with any of the undertakings set out in clause 9 (Undertakings) it shall allow and irrevocably authorises the Security Agent and/or such persons as it shall nominate, to take such action on behalf of the Chargor as shall be necessary to ensure that it complies with those undertakings.

10.2 If the Chargor fails to perform any obligation or other covenant affecting any Charged Property, the Chargor shall permit the Security Agent or its agents and contractors:

- (a) to comply with or object to any notice served on the Chargor relating to such Charged Property; and
- (b) to take any action the Security Agent may reasonably consider expedient to prevent or remedy any breach of any such term or to comply with or object to any such notice.

10.3 The Chargor shall within 3 Business Days of demand indemnify the Security Agent against any cost, loss or liability incurred by it in taking any of the steps referred to in this clause 10.

### 11 **Security power of attorney**

(a) The Chargor, by way of security, irrevocably and severally appoints the Security Agent, each Receiver and any of their delegates or sub-delegates to be its attorney with the full power and authority of the Chargor (in its name and otherwise on its behalf) to:

- (i) execute, deliver and perfect all deeds, instruments and other documents; and
- (ii) to do or cause to be done all acts and things,

in each case which any attorney may in its absolute discretion deem necessary or appropriate for carrying out any obligation of the Chargor under or pursuant to this Deed or generally for enabling the Security Agent or any Receiver to exercise the respective powers conferred on them under this Deed or by law. The Chargor ratifies and confirms whatever any attorney does or purports to do under its appointment under this clause.

(b) Neither the Security Agent nor any Receiver may exercise the power of attorney granted pursuant to this Deed unless either:

- (i) the Chargor has failed to execute, perfect or do any such deed, assurance, agreement, instrument, act or thing which it ought to have executed or done under the terms of this Deed; or
- (ii) an Event of Default is continuing.



## 12 Enforcement of security

### 12.1 When security is enforceable

On and at any time after the occurrence of any Event of Default which is continuing, any Security created by and under this Deed is immediately enforceable.

### 12.2 Acts of enforcement

The Security Agent may, at its absolute discretion, at any time after the Security created by or under this Deed is enforceable:

- (a) enforce all or any part of the Security created by or under this Deed in any manner and on the terms it sees fit;
- (b) exercise all and any of its rights and powers conferred upon mortgagees by the LPA or otherwise by any law on mortgagees, as varied and extended by this Deed, and rights and powers conferred on a Receiver by this Deed or otherwise by law on Receivers, whether or not it has taken possession or appointed a Receiver to any of the Charged Property;
- (c) appoint one or more persons to be a Receiver to all or any part of the Charged Property; and/or
- (d) exercise its power of sale under section 101 of the LPA (as amended by this Deed).

### 12.3 Right of appropriation

- (a) To the extent that the Security created by this Deed constitutes a "security financial collateral arrangement" and the Charged Property constitutes "financial collateral" for the purpose of the Financial Collateral Arrangements (No. 2) Regulations 2003 (**Regulations**), the Security Agent shall have the right at any time when an Event of Default is continuing, to appropriate all or any part of the Charged Property in or towards discharge of the Secured Liabilities.
- (b) The value of the appropriated Charged Property shall be:
  - (i) in the case of cash, the amount of cash appropriated, together with any accrued but unposted interest at the time of appropriation; and
  - (ii) in the case of Secured Shares and Investments, determined by the Security Agent by reference to any publicly available market price or by such other means as the Security Agent (acting reasonably) may select including, without limitation, an independent valuation.

In each case, for the purpose of the Regulations, the Chargor agrees that any such determination by the Security Agent will constitute a valuation "in a commercially reasonable manner".

### 12.4 Statutory powers - general

- (a) For the purposes of all powers implied by statute, the Secured Liabilities are deemed to have become due and payable on the date of this Deed.

- (b) Section 103 of the LPA (restricting the power of sale) and section 93 of the LPA (restricting the right of consolidation) do not apply to the Security constituted by or under this Deed.
- (c) Each Receiver and the Security Agent is entitled to all the rights, powers, privileges and immunities conferred by the LPA and the Insolvency Act 1986 on mortgagees and receivers duly appointed under the LPA, except that section 103 of the LPA does not apply.

## 12.5 Contingencies

If the Security Agent enforces the Security constituted by or under this Deed at a time when no amounts are due under the Finance Documents but at a time when amounts may or will become so due, the Security Agent (or the Receiver) may pay the proceeds of any recoveries effected by it into a suspense account or other account selected by it.

## 12.6 Mortgagee in possession - no liability

None of the Security Agent, its nominee(s) nor any Receiver shall be liable, by reason of entering into possession of any Charged Property, to account as a mortgagee or mortgagee in possession or for any loss arising by reason of taking any action permitted by this Deed or any neglect, default or omission in connection with the Charged Property or taking possession of or realising all or any part of the Charged Property.

## 12.7 Redemption of prior mortgages

- (a) At any time after the Security created by or under this Deed has become enforceable, the Security Agent may:
  - (i) redeem any prior form of Security over any Charged Property; and/or
  - (ii) procure the transfer of that Security to itself; and/or
  - (iii) settle and pass the accounts of any prior mortgagee, chargee or encumbrancer which once so settled and passed shall be conclusive and binding on the Chargor.
- (b) The Chargor must pay to the Security Agent, immediately on demand, the costs and expenses incurred by the Security Agent in connection with any such redemption and/or transfer, including the payment of any principal or interest.

## 12.8 Shares following an Event of Default

- (a) If an Event of Default is continuing, the Chargor shall on request by the Security Agent:
  - (i) deliver to the Security Agent such pre-stamped stock transfer forms or other transfer documents as the Security Agent may require to enable the Security Agent or its nominee or nominees to be registered as the owner of, and to obtain legal and beneficial title to, the Shares and/or Related Rights referred to in such request;
  - (ii) provide to the Security Agent certified copies of all resolutions and authorisations approving the execution of such transfer forms and registration of such transfers as the Security Agent may reasonably require;

- (iii) procure that each such transfer is promptly registered by the relevant company or other entity; and
  - (iv) procure that, immediately on their issue, all share certificates or other documents of title in the appropriate form, in respect of the relevant Shares and/or Related Rights, are delivered to the Security Agent in each case showing the registered holder as the Security Agent or its nominee or nominees (as applicable).
- (b) At any time while an Event of Default is continuing, the Security Agent may complete any transfer documents held by it in respect of the Shares and/or the Related Rights in favour of itself or such other person or nominee as it shall select.
  - (c) At any time while an Event of Default is continuing the Security Agent and its nominee or nominees may sell all or any of the Shares or Related Rights of the Chargor in any manner permitted by law and on such terms as the Security Agent shall in its absolute discretion determine.
  - (d) If the Chargor receives any dividends, distributions or other monies in respect of its Shares and Related Rights at a time following the occurrence of an Event of Default that is continuing, the Chargor shall immediately pay such sums received directly to the Security Agent for application in accordance with clause 15 (Application of monies) and shall hold all such sums on trust for the Security Agent pending payment of them to such account as the Security Agent shall direct.

### **13 Receiver**

#### **13.1 Appointment of Receiver**

(a)

At any time after any Security created by or under this Deed is enforceable, the Security Agent may appoint a Receiver to all or any part of the Charged Property in accordance with clause 12.2(c) (On and at any time after the occurrence of any Event of Default which is continuing, any Security created by and under this Deed is immediately enforceable).

- (i) Acts of enforcement).
  - (ii) At any time if so requested in writing by the Chargor, without further notice, the Security Agent may appoint one or more persons to be a Receiver of all or any part of the Charged Property as if the Security Agent had become entitled under the LPA to exercise the power of sale conferred under the LPA.
- (b) Any appointment under clause 13.1(a) may be by deed, under seal or in writing under its hand.
  - (c) Except as provided below, any restriction imposed by law on the right of a mortgagee to appoint a Receiver (including under section 109(1) of the LPA) does not apply to this Deed.
  - (d) Any Receiver appointed under this Deed shall be deemed to be the agent of the Chargor for all purposes and accordingly will be deemed to be in the same position as a Receiver duly appointed by a mortgagee under the LPA. The Chargor alone is responsible for

any contracts, engagements, acts, omissions, defaults and losses of a Receiver and for any liabilities incurred by a Receiver.

- (e) In no circumstances whatsoever shall the Security Agent or any Secured Party be liable (either to the Chargor or to any other person) by reason of the appointment of a Receiver or for any other reason nor be in any way responsible for any misconduct, negligence or default of the Receiver.

### 13.2 Removal

The Security Agent may remove from time to time any Receiver appointed by it and may, whenever it may deem appropriate, appoint a new Receiver in the place of any Receiver whose appointment has terminated.

### 13.3 Powers of Receiver

#### (a) General

- (i) A Receiver has all of the rights, powers and discretions set out below in this clause 13.3 in addition to those conferred on it by the LPA.
- (ii) A Receiver shall have all 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).
- (iii) A Receiver may, in the name of the Chargor:
  - (A) do all other acts and things which he may consider expedient for realising any Charged Property; and
  - (B) exercise in relation to any Charged Property all the powers, authorities and things which he would be capable of exercising if he were its absolute beneficial owner.
- (iv) If there is more than one Receiver holding office at the same time, unless the document appointing him states otherwise, each Receiver may exercise all of the powers conferred on a Receiver under this Deed or under the Insolvency Act 1986 individually and to the exclusion of any other Receivers.

#### (b) Borrow money

A Receiver may raise and borrow money (either unsecured or on the security of any Charged Property, either in priority to the Security constituted by this Deed or otherwise) on any terms and for whatever purpose which he thinks fit. No person lending that money need enquire as to the propriety or purpose of the exercise of that power or to check the application of any money so raised or borrowed.

#### (c) Compromise

A Receiver may settle, adjust, refer to arbitration, compromise and arrange any claims, accounts, disputes, questions and demands with or by any person who is or claims to be a creditor of the Chargor relating in any way to any Charged Property.

#### (d) Delegation

A Receiver may delegate his powers in accordance with clause 14 (Delegation).

(e) Lending

A Receiver may lend money or advance credit to any person.

(f) Employees

For the purposes of this Deed, a Receiver as he thinks appropriate, on behalf of the Chargor or for itself as Receiver, may:

(i) appoint and discharge managers, officers, agents, accountants, servants, workmen and others upon such terms as to remuneration or otherwise as he may think proper; and

(ii) discharge any such persons appointed by the Chargor.

(g) Legal actions

A Receiver may bring, prosecute, enforce, defend and abandon all actions, suits and proceedings or submit to arbitration or any form of alternative dispute resolution in the name of the Chargor in relation to any Charged Property as he considers expedient.

(h) Possession

A Receiver may take immediate possession of, get in and collect any Charged Property.

(i) Receipts

A Receiver may give valid receipts for all monies and execute all assurances and things which may be proper and desirable for realising any Charged Property.

(j) Sale of assets

(i) A Receiver may sell, exchange, convert into monies and realise any Charged Property by public auction or private contract in any manner and on any terms which he thinks proper.

(ii) The consideration for any such transaction may consist of cash, or non-cash consideration and any such consideration may be payable in a lump sum or by instalments spread over such period as he thinks fit.

(k) Deal with Charged Property

A Receiver may, without restriction vary the terms of or otherwise dispose of or deal with, all or any part of the Charged Property without being responsible for loss or damage, and so that any such disposition may be made for cash payable by instalments, loan stock or other debt obligations or for shares or securities of another company or other valuable consideration, and the Receiver may form and promote, or concur in forming and promoting, a company or companies to purchase or otherwise acquire interests in all or any of the Charged Property or otherwise, arrange for such companies to trade or cease to trade and to purchase or otherwise acquire all or any of the Charged Property on such terms and conditions whether or not including payment by instalments secured or unsecured as he may think fit.

## (l) Voting rights

A Receiver may exercise all voting and other rights attaching to the Investments, Secured Shares, Related Rights, and stocks, shares and other securities owned by that Chargor and comprised in the Charged Property in such manner as he may think fit.

## (m) Security

A Receiver may redeem any prior Security and settle and pass the accounts of the person entitled to the prior Security so that any accounts so settled and passed shall (subject to any manifest error) be conclusive and binding on the Chargor and the money so paid shall be deemed to be an expense properly incurred by the Receiver.

## (n) Uncalled capital

A Receiver may make calls conditionally or unconditionally on the members of any relevant Chargor in respect of uncalled capital.

## (o) Incidental matters

A Receiver may do all other acts and things including without limitation, signing and executing all documents and deeds as may be considered by the Receiver to be incidental or conducive to any of the matters or powers listed here or granted by law or otherwise incidental or conducive to the preservation, improvement or realisation of the Charged Property and to use the name of the Chargor for all the purposes set out in this clause 13.

**13.4 Remuneration**

The Security Agent may from time to time fix the remuneration of any Receiver appointed by it.

**14 Delegation**

14.1 Each of the Security Agent, any Receiver and any Delegate may, at any time, delegate by power of attorney or otherwise to any person for any period, all or any of right, power, authority or discretion vested in it in its capacity as such.

14.2 That delegation may be made upon such terms and conditions (including the power to sub-delegate) and subject to any restrictions as the Security Agent, that Receiver or that Delegate (as the case may be) may, in its discretion, think fit in the interests of the Secured Parties.

14.3 Neither the Security Agent, any Receiver nor any Delegate shall be bound to supervise, or be in any way responsible for any damages, costs or losses incurred by reason of any misconduct, omission or default on the part of, any such delegate or sub-delegate.

**15 Application of monies**

15.1 Sections 109(6) and (8) (Appointment, powers, remuneration and duties of receiver) of the LPA shall not apply to a Receiver appointed under this Deed.

15.2 All monies from time to time received or recovered by the Security Agent or any Receiver under this Deed or in connection with the realisation or enforcement of all or part of this Security will be held by the Security Agent and shall be applied in accordance with the terms of the Facility Agreement. This clause 15:

- (a) is subject to the payment of any claims having priority over this Security; and
- (b) does not prejudice the right of any Secured Party to recover any shortfall from the Chargor.

15.3 When an Event of Default is continuing, the Security Agent and any Receiver may place any money received, recovered or realised pursuant to this Deed in an interest bearing suspense account and it may retain the same for such period as it considers expedient (the interest being credited to the relevant account) for later application in accordance with the terms of the Facility Agreement 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 .

## 16 Expenses and indemnity

The Chargor must:

- (a) immediately on demand pay to each Secured Party the amount of all costs and expenses (including legal fees) incurred by that Secured Party in connection with this Deed including any arising from any actual or alleged breach by any person of any law or regulation; and
- (b) keep each Secured Party indemnified against any failure or delay in paying those costs or expenses.

## 17 Remedies and waivers

17.1 No failure to exercise, nor any delay in exercising, on the part of the Security Agent or any Receiver, any right or remedy under this Deed shall operate as a waiver of any such right or remedy or constitute an election to affirm this Deed. 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 are cumulative and not exclusive of any rights or remedies provided by law.

17.2 A waiver or affirmation given or consent granted by the Security Agent or any Receiver under this Deed will be effective only if given in writing and then only in the instance and for the purpose for which it is given.

## 18 Protection of third parties

18.1 No person (including a purchaser) dealing with the Security Agent or a Receiver or its or his agents has an obligation to enquire:

- (a) whether the Secured Liabilities have become payable;
- (b) whether any power purported to be exercised has become exercisable or is being properly exercised;
- (c) whether any Secured Liabilities or other monies remain outstanding;
- (d) how any monies paid to the Security Agent or to the Receiver shall be applied; or
- (e) the status, propriety or validity of the acts of the Receiver or Security Agent.

18.2 The receipt of the Security Agent or any Receiver shall be an absolute and a conclusive discharge to a purchaser and shall relieve that 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.

18.3 In clauses 18.1 and 18.2 **purchaser** includes any person acquiring, for money or monies worth, any lease of, or Security over, or any other interest or right whatsoever in relation to, the Charged Property or any of them.

## **19 Settlements conditional**

19.1 If the Security Agent (acting reasonably) believes that any amount paid by any person in respect of the Secured Liabilities is capable of being avoided or set aside for any reason, then for the purposes of this Deed, such amount shall not be considered to have been paid.

19.2 Any settlement, discharge or release between the Chargor and any Secured Party shall be conditional upon no Security or payment to or for that Secured Party by the Chargor or any other person being avoided or set aside or ordered to be refunded or reduced by virtue of any law relating to bankruptcy, insolvency or liquidation or otherwise.

## **20 Subsequent Security**

20.1 If any subsequent charge or other interest affects any Charged Property, a Secured Party may open a new account with the Chargor.

20.2 If that Secured Party does not open a new account, it will nevertheless be treated as if it had done so at the time when it received or was deemed to have received notice of that charge or other interest.

20.3 As from that time all payments made to that Secured Party will be credited or to be treated as having been credited to the new account and will not operate to reduce any Secured Liabilities.

## **21 Set-off**

A Finance Party may set off any matured obligation due from a Chargor under the Finance Documents (to the extent beneficially owned by that Finance Party) against any matured obligation owed by that Finance Party to that Chargor, regardless of the place of payment, booking branch or currency of either obligation. If the obligations are in different currencies, the Finance Party may convert either obligation at a market rate of exchange in its usual course of business for the purpose of the set-off.

## **22 Notices**

Any communication under this Deed or any other Security or Finance Document created by or under this Deed, shall be made and given in accordance with the terms of clause 22.5 (Notices) of the Facility Agreement.

## **23 Invalidity**

Clause 36 (Partial invalidity) of the Facility Agreement shall apply to this Deed as if set out here in full but so that references to the Finance Documents shall be construed as references to this Deed and any Security created by or under it.



**24 Assignment**

- 24.1 Each Finance Party may assign or otherwise transfer all or any part of its rights under this Deed or any Security created by or under it in accordance with the terms of the Finance Documents.
- 24.2 The Chargor may not assign or otherwise transfer any of its rights and obligations under this Deed.

**25 Releases**

Upon the expiry of the Security Period, the Security Agent shall, at the request and cost of the Chargors, take whatever action is necessary to release and reassign to each relevant Chargor:

- (a) its rights arising under this Deed; and
- (b) the Charged Property from the Security created by and under this Deed.

**26 Currency clause**

- 26.1 Clause 32.8 (Currency of account) of the Facility Agreement shall apply to this Deed as if set out here in full but so that references to the Finance Documents shall be construed as references to this Deed and any Security created by or under it and references to the Obligors shall be construed as references to the Chargors.
- 26.2 If a payment is made to the Security Agent under this Deed in a currency (**Payment Currency**) other than the currency in which it is expressed to be payable (**Contractual Currency**), the Security Agent may convert that payment into the Contractual Currency at the market rate of exchange and to the extent that the converted amount of the payment falls short of the amount due and payable the Chargors will remain liable for such shortfall

**27 Certificates and determinations**

Clause 35.2 (Certificates and determinations) of the Facility Agreement shall apply to this Deed as if set out here in full but so that references to the Finance Documents shall be construed as references to this Deed and any Security created by or under it and references to the Finance Parties shall be construed as references to the Security Agent.

**28 Counterparts**

This Deed or any Finance Document entered into under or in connection with 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 or any Finance Document.

**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 of English courts**

- (a) 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) (**Dispute**).

- (b) 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.

**This Deed** has been signed on behalf of the Security Agent and executed as a deed by the Chargor and is delivered on the date given at the beginning of this Deed. It is intended by the parties to this Deed that this Deed will take effect as a deed notwithstanding that the Security Agent may only execute it under hand.

SIGNATURES TO THE DEED

The Chargor

Executed as a deed by ANDREW (CIRKMAN)  
CLS Holdings plc  
acting by a director in the presence of

X  
) .....  
) Director

.....  
Signature of witness

Name R. WAKLEY

Address .....  
.....

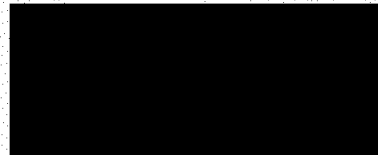
Address: 16 Tinworth Street  
London  
SE11 5EL  
Email: treasury@clsholdings.com  
Attention: Group Treasurer

The Security Agent

Lloyds Bank plc

By: *KATARZYNA WOJDA*

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)  
)  
)



Address: 10 Gresham Street  
London

EC2V 7AE

Email: [timothy.bearne@lloydsbanking.com](mailto:timothy.bearne@lloydsbanking.com)

Attention: Tim Bearne