

Particulars of a mortgage or charge

395

Pursuant to section 395 of the Companies Act 1985

Please do not
write in
this margin

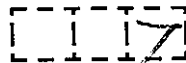
CHA 116

Please complete
legibly, preferably
in black type, or
in bold block letteringinsert full name
of company

To the Registrar of Companies

For official use

Company number



2114695

Name of company

* CLIFFORDS INN LIMITED (the "Borrower")

Date of creation of the charge

25th January 1996

Description of the instrument (if any) creating or evidencing the charge (note 2)

Charge over Accounts dated 25th January 1996 between the Borrower and the Bank (the "Charge").

Amount secured by the mortgage or charge

All monies, obligations and liabilities whether actual or contingent now or at any time hereafter due, owing or incurred to the Bank by the Borrower (whether alone or jointly and in whatever style, name or form and whether as principal or surety) under or pursuant to the Finance Documents (including, without limitation, the Charge) (the "Secured Obligations").

to
the Co

the Finance Documents

Names and addresses of the mortgagees or persons entitled to the charge

DEUTSCHE HYPOTHEKENBANK FRANKFURT AG of Taunusanlage 9, 60329 Frankfurt am Main, Postfach 16 02 65, Germany (the "Bank").

Presentor's name address and
reference (if any):

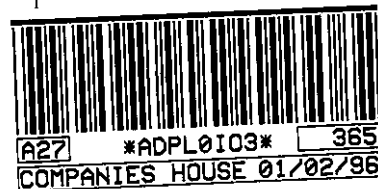
Lawrence Graham
190 Strand London WC2R 1JN

Ref: NT/D2071/69/236797

Time critical reference

For official use
Mortgage Section

Post room



Short particulars of all the property mortgaged or charged

By way of first fixed charge, the Deposited Monies and all right, title, benefit and interest of the Borrower whatsoever present and future therein together with any certificates of deposit, deposit receipts or other instruments or securities relating thereto and to the intent that such charge shall operate as a release of the Deposited Monies to the Bank until the Secured Obligations have been unconditionally and irrevocably paid in full

Please do not write in this margin

Please complete legibly, preferably in black type, or bold block lettering

Except as expressly contemplated in the Charge, the Borrower covenants to and agrees with the Bank that:

- (1) it will not create, or purport to agree to create, or permit to subsist any prior, *pari passu* or subsequent Security Interest upon or affecting the whole or any part of the Deposited Monies;
- (2) nor sell, assign, transfer, discount or otherwise dispose of, the Deposited Monies (or agree to do the same); and
- (3) will procure that no lien or right of set-off or other equities whatever will in any case, or in any manner, arise or affect, the Deposited Monies, either in priority to, *pari passu* with or subsequent to, the Bank's rights under this Deed.

Particulars as to commission allowance or discount (note 3)

Nil

Signed

Lawrence Gabe

Date

31st January 1996

On behalf of ~~company~~ mortgagee/chargee[†]

[†] delete as appropriate

- 1 The original instrument (if any) creating or evidencing the charge, together with these prescribed particulars correctly completed must be delivered to the Registrar of Companies within 21 days after the date of creation of the charge (section 395). If the property is situated and the charge was created outside the United Kingdom delivery to the Registrar must be effected within 21 days after the date on which the instrument could in due course of post, and if dispatched with due diligence, have been received in the United Kingdom (section 398). A copy of the instrument creating the charge will be accepted where the property charged is situated and the charge was created outside the United Kingdom (section 398) and in such cases the copy must be verified to be a correct copy either by the company or by the person who has delivered or sent the copy to the Registrar. The verification must be signed by or on behalf of the person giving the verification and where this is given by a body corporate it must be signed by an officer of that body. A verified copy will also be accepted where section 398(4) applies (property situate in Scotland or Northern Ireland) and Form No. 398 is submitted.
- 2 A description of the instrument, eg "Trust Deed", "Debenture", "Mortgage" or "Legal charge", etc, as the case may be; should be given.
- 3 In this section there should be inserted the amount or rate per cent. of the commission, allowance or discount (if any) paid or made either directly or indirectly by the company to any person in consideration of his;
 - (a) subscribing or agreeing to subscribe, whether absolutely or conditionally, or
 - (b) procuring or agreeing to procure subscriptions, whether absolute or conditional,for any of the debentures included in this return. The rate of interest payable under the terms of the debentures should not be entered.
- 4 If any of the spaces in this form provide insufficient space the particulars must be entered on the prescribed continuation sheet.

**Particulars of a mortgage or charge
(continued)**

Please do not
write in this
binding margin

Continuation sheet No _____
to Form No 395 and 410 (Scot)

CHA 116

Please complete
legibly, preferably
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bold block lettering

Company Number

2114695

Name of Company

CLIFFORDS INN LIMITED (the "Borrower")

Limited*

* delete if
inappropriate

Description of the instrument creating or evidencing the mortgage or charge (continued) (note 2)

Please do not
write in this
binding margin

Please complete
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Names, addresses and descriptions of the mortgagees or persons entitled to the charge (continued)

Please complete
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bold block lettering

Unless the Bank has given its prior written consent and except as otherwise provided below, the Borrower may not withdraw the whole or any part of the Deposited Monies while the Charge continues in effect.

Please complete
legibly, preferably
in black type, or
bold block lettering

The Charge permits the Bank to appoint an Administrative Receiver.

Definitions

"Accounts" means the Deposit Account, the Operating Account and the Rent Account;

"Company" means CLS Holdings Plc, registered number 2714781;

"Deposit Account" means an account of the Borrower account number 10020662 sort code 16-00-16 held with The Royal Bank of Scotland plc and designated "Cliffords Inn Deposit Account" or such other account of the Borrower as from time to time agreed between the Bank and the Borrower;

"Deposited Monies" means all monies from time to time standing to the credit of the Accounts and interest earned thereon and the debts represented thereby;

"Finance Documents" means all or any of the following:

- (a) Loan Agreement dated 22.01.96 between Borrower(1) and Bank(2);
- (b) Deed of Subordination dated 25.01.96 between Company(1), Borrower(2) and Bank(3);
- (c) Debenture dated 25.01.96 between Borrower(1) and Bank(2);
- (d) Assignment of Rents dated 25.01.96 between Borrower(1) and Bank(2);
- (e) Assignment of Cap Agreement dated 25.01.96 between Borrower(1) and Bank(2);
- (f) This Charge over Accounts;
- (g) Charge over Shares dated 25.01.96 between Company(1) and Bank(2);
- (h) Duty of Care letter from the Managing Agent dated 25.01.96;
- (i) Any other document designated in writing as such by the Bank and the Borrower.

"Loan Agreement" means the same as is referred to above under (a) of the Finance Documents;

"Operating Account" means a current account of the Borrower account number 10018927 sort code 16-00-16 held with The Royal Bank of Scotland plc and designated "Cliffords Inn Operating Account" or such other account as may from time to time be agreed between the Borrower and the Bank;

"Rent Account" means an account of the Borrower account number 10020654 sort code 16-10-16 held with The Royal Bank of Scotland plc and designated "Cliffords Inn Rent Account" or such other account of the Borrower into which the Rents are paid from time to time with the consent of the Bank;

"Security Interest" means any deposit by way of security, mortgage, charge (whether by fixed or floating), pledge, lien (otherwise than by operation of law), encumbrance, hypothecation, security interest or other security arrangement of any kind.

FILE COPY



CERTIFICATE OF THE REGISTRATION OF A MORTGAGE OR CHARGE

Pursuant to section 401(2) of the Companies Act 1985

COMPANY No. 02114695

THE REGISTRAR OF COMPANIES FOR ENGLAND AND WALES HEREBY CERTIFIES THAT A CHARGE OVER ACCOUNTS DATED THE 25th JANUARY 1996 AND CREATED BY CLIFFORDS INN LIMITED FOR SECURING ALL MONIES DUE OR TO BECOME DUE FROM THE COMPANY TO DEUTSCHE HYPOTHEKENBANK FRANKFURT AG UNDER THE TERMS OF THE FINANCE DOCUMENTS WAS REGISTERED PURSUANT TO CHAPTER 1 PART XII OF THE COMPANIES ACT 1985 ON THE 1st FEBRUARY 1996.

GIVEN AT COMPANIES HOUSE, CARDIFF THE 6th FEBRUARY 1996.

A handwritten signature in cursive script, reading "Fiona M. Sangster".

FIONA M. SANGSTER
for the Registrar of Companies



C O M P A N I E S H O U S E

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