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COMPANIES FORM No. 395

395

Particulars of a mortgage or charge

A fee of £10 is payable to Companies House in respect of each register entry for a mortgage or charge.

Please do not
write in
this margin

Pursuant to section 395 of the Companies Act 1985

CHFP025

To the Registrar of Companies

For official use

Company Number

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

*Insert full name of
company

Name of company

LOCALRIGHT LIMITED whose registered office is at 1 Citadel Place, Tinworth Street, London, SE11 5EF
(the "Company")

Date of creation of the charge

29 April 2005

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

Deed of Assignment ("the Deed")

Amount secured by the mortgage or charge

All money and liabilities at the date of the Deed or thereafter due, owing or incurred to the Secured Parties (or any of them) by the Borrower under the Finance Documents (or any of them) and under the Deed in whatsoever manner in any currency or currencies whether present or future, actual or contingent, whether incurred solely or jointly with any other person and whether as principal or surety together with all interest accruing thereon and all costs, charges and expenses incurred in connection therewith (the "Secured Liabilities")

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

DEUTSCHE BANK AG LONDON of Winchester House, 1 Great Winchester Street, London EC2N 2DB as trustee for the Secured Parties (the "Security Trustee" which expression shall include any successor security trustee appointed from time to time)

Presentors name address and
reference (if any):

ADDLESHAW GODDARD
BOX 500
21 BLOOMSBURY STREET
LONDON

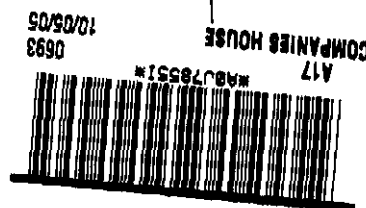
Ref: COLES/ 310610-65

LON4/410786.1

For official use

Mortgage Section

Post room



Time critical reference

Short particulars of all the property mortgaged or charged

1 Assignment

- 1.1 As a continuing security for the payment of the Secured Liabilities, the Company thereby assigned to the Security Trustee (for the benefit of itself and the other Secured Parties) with full title guarantee all its right title and interest in and to the Lease and the Rental Income relating thereto.
- 1.2 The Company shall remain liable to perform all its obligations under the Lease.
- 1.3 Whilst no Event of Default exists (i) the Security Trustee shall permit the Company to exercise its rights under Lease provided that the exercise of those rights in the manner proposed would not result in an Event of Default under the terms of the Credit Agreement, and (ii) any payments received by the Security Trustee under or in respect of the Lease by virtue of the Deed shall be paid by the Security Trustee to the Company.

Particulars as to commission allowance or discount (note 3)

N/A

Signed Adalshaw Qaddar Date

9 May 2005

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

L delete as appropriate

NOTES

- 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.
- 5 Cheques and Postal Orders are made payable to **Companies House**.
- 6 The address of the Registrar of Companies is:-
Companies House, Crown Way, Cardiff CF4 3UZ

2 Continuing Security

In entering into the Deed the Company undertook that:

- 2.1 the security created by the Deed is to be a continuing security which shall remain in full force and effect notwithstanding any intermediate payment or settlement of account or other matter or thing whatsoever and in particular the intermediate satisfaction by the Company or any other person of the whole or any part of the Secured Liabilities.
- 2.2 the security created by the Deed is to be in addition and without prejudice to any other security or securities which the Security Trustee and/or any other Secured Party at the date of the Deed now or thereafter hold for the Secured Liabilities or any part thereof and the security created by the Deed may be enforced against the Company without first having recourse to any other rights of the Security Trustee and/or any other Secured Party (as the case may be).

3 Further Assurance

In entering into the Deed the Company undertook that it would, at its own expense, promptly execute such deeds, assurances, agreements, instruments and otherwise do such acts and things as the Security Trustee may reasonably require for perfecting and protecting the security created (or intended to be created) by the Deed or facilitating the realisation thereof or otherwise for enforcing the same or exercising any of the Security Trustee's rights hereunder.

Definitions

In this Form 395:

"Borrower" means Coventry House Limited, a company registered in England and Wales with registered number 02210046, whose registered office is at 1 Citadel Place, Tinworth Street, London, SE11 5EF

"Credit Agreement" means the credit agreement dated 29 April 2005 between Deutsche Bank AG London as Original Lender (1) the Security Trustee (2) Deutsche Bank AG London as Facility Agent (3) and the Borrower (4) the Original Lender agreed to make available a loan facility on the terms and conditions contained in the Credit Agreement

"Debenture" means the debenture dated 29 April 2005 executed by the Borrower in favour of the Security Trustee

"Duty of Care Agreement" means the duty of care agreement dated 29 April 2005 entered into between the Security Trustee and the Managing Agents in relation to the management of the Property

"Event of Default" means an event of default as defined in the Credit Agreement

"Facility Agent" means Deutsche Bank AG London whose registered office is at Winchester House 1 Great Winchester Street London EC2N 2DB

"Fees Letter" means the letter dated on 29 April 2005 from the Facility Agent to the Borrower relating to certain fees payable to the Facility Agent and the Lenders in relation to the Credit Agreement and being described on its face as the "Fees Letter"

"Finance Document" means each and all of the Credit Agreement, each Transfer Certificate, the Duty of Care Agreement, the Fees Letter and the Security Documents, the Subordination Agreement and any other document designated as such by the Facility Agent and the Borrower

"Lease" has the meaning given to it in the Schedule of this Form 395

"Liabilities" means all present and future sums, liabilities and obligations payable or owing by the Borrower (whether actual or contingent, jointly or severally or otherwise howsoever)

"Occupational Lease" means any lease or licence or other right of occupation to which the Property may be subject from time to time

"Original Lender" means Deutsche Bank AG London whose registered office is at Winchester House, 1 Great Winchester Street, London EC2N 2DB

"Property" means the freehold land and buildings being Coventry House, 21/24 Coventry Street and 35a Haymarket, London registered at The Land Registry with title absolute under title number NGL 778661.

"Rental Income" means the aggregate of all amounts paid or payable to, or for the benefit or account of, the Borrower in connection with the letting or licensing of the Property, including (but not limited to, and without double counting,):

- (a) rent and/or licence fees and equivalent sums paid or payable whether it is variable or not and however or whenever it is described, reserved or made payable;
- (b) any sums received or receivable from any deposit held as security for performance of any tenant's obligations;
- (c) a sum equal to any apportionments of rent allowed in favour of the Borrower under the contract for the purchase of any Property;
- (d) any other moneys paid or payable in respect of occupation and/or usage of the Property and/or paid or payable to the Borrower under the terms of any Occupational Lease and every fixture and fitting therein and any and every fixture thereon for display or advertisement, on licence or otherwise (for the avoidance of doubt, including monies received in respect of the roof sign lease from Van Wagner UK Limited to Localright Limited);
- (e) any sums paid or payable or the value of consideration given in connection with the surrender or determination of any Occupational Lease and/or any grant or surrender of any underlease;
- (f) any profits, damages, compensation, settlement or expenses for or representing loss of rent or interest thereon awarded or agreed to be payable as a result of any proceedings taken or claim made for the same net of any costs, fees and expenses paid or payable (and which have not been reimbursed to, and which are not recoverable by, the Borrower from any party) in furtherance of such proceedings so taken or claim so made;
- (g) any moneys payable under any policy of insurance in respect of loss of rent or interest thereon;
- (h) any sum paid or payable by any guarantor of any occupational tenant or licensee under any Occupational Lease or other agreement;
- (i) any interest paid or payable on any sum referred to above and any damages, compensation or settlement payable in respect of the same; and
- (j) any other sum (not being of a principal or capital nature) paid or payable to the Borrower in relation to the Property

"Security Document" means each and all of:

- (k) the Debenture;
- (l) the Share Charge; and

any guarantee and any document creating security executed and delivered after 29 April 2005 as security for any of the Liabilities of the Borrower to any of the Secured Parties

"Share Charge" means the charge over the shares in the Borrower dated 29 April 2005 executed by the Shareholder

"Shareholder" means CLS Holdings Plc, a public limited company registered in England and Wales with registration number 02714781 and whose registered office is at 1 Citadel Place, Tinworth Street, London SE11 5EF

"Subordination Agreement" means the subordination agreement dated 29 April 2005 executed by the Borrower and the Subordinated Lenders and the Security Trustee

"Subordinated Lenders" means the following:

- (a) NYK Investments Limited, a company registered in England and Wales with registration number 2767722; and
- (b) CLSH Management Limited, a company registered in England and Wales with registration number 2879688

"Transfer Certificate" means a transfer certificate in substantially the form set out in schedule 5 of the Credit Agreement or any other form agreed between the Facility Agent and the Borrower

Schedule

THE LEASE

The lease between Localright Limited and Van Wagner (UK) Limited dated 7 October 2002.

Short particulars of all the property mortgaged or charged (continued)

Please do not write
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margin

FILE COPY



CERTIFICATE OF THE REGISTRATION OF A MORTGAGE OR CHARGE

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

COMPANY No. 02240596

THE REGISTRAR OF COMPANIES FOR ENGLAND AND WALES HEREBY CERTIFIES THAT A DEED OF ASSIGNMENT DATED THE 29th APRIL 2005 AND CREATED BY LOCALRIGHT LIMITED FOR SECURING ALL MONIES DUE OR TO BECOME DUE FROM THE BORROWER TO THE SECURED PARTIES (OR ANY OF THEM) UNDER THE TERMS OF THE AFOREMENTIONED INSTRUMENT CREATING OR EVIDENCING THE CHARGE WAS REGISTERED PURSUANT TO CHAPTER 1 PART XII OF THE COMPANIES ACT 1985 ON THE 10th MAY 2005.

GIVEN AT COMPANIES HOUSE, CARDIFF THE 16th MAY 2005.

PS



THE OFFICIAL SEAL OF THE
REGISTRAR OF COMPANIES



Companies House

— for the record —