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COMPANIES FORM No. 395

Particulars of a mortgage or charge

395

Pursuant to section 395 of the Companies Act 1985

CHA 116

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

*insert full name
of company

To the Registrar of Companies

For official use

Company number

81111

2714781

Name of company

*CLS Holdings plc (the "Company")

Date of creation of the charge

24 July 1996

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

Deed of Subordination

Amount secured by the mortgage or charge

All present and future liabilities of Coombe Hill House Limited (Company No. 3205302) (the "Borrower") to the below mentioned creditor (the "Senior Creditor") due owing or incurred by the Borrower to the Senior Creditor in any manner whatsoever whether certain or contingent (in all cases whether alone or jointly with any other person and in whatever style name or form and whether as principal or surety) (the "Senior Debt") References to the Senior Debt shall include not only the whole but any part thereof

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

Orix Ireland Limited
Second Floor IFSC House
Custom House Docks Dublin 1 Ireland

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

Nicholson Graham & Jones
110 Cannon Street
London
EC4N 6AR

[M:\DOCS\ABB\0105-11\CLS.F2]

Time critical reference

For official use
Mortgage Section

Post room



KLO *KZD5LNLU* 76
COMPANIES HOUSE 27/07/96

All present and future liabilities of the Borrower to the Company whatsoever (whether principal or interest) (whether alone or jointly with any other person and in whatever style name or form and whether as principal or surety) (the "Junior Debt") References to the Junior Debt shall include not only the whole but any part thereof

NOTE:

The Company will:

- (a) not demand or receive payment of or any distribution in respect or on account of the Junior Debt from the Borrower or any other source or apply any money or assets in discharge of the Junior Debt
- (b) not discharge the Junior Debt by set-off
- (c) not permit to subsist or receive any security for the Junior Debt
- (d) not permit to subsist or receive any guarantee or other assurance against loss in respect of the Junior Debt
- (e) promptly notify the Senior Creditor of any default or event of default in respect of the Junior Debt

(see continuation sheet)

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Particulars as to commission allowance or discount (note 3)

Nil

Signed Nicholas Galen A Jones Date 25 July 1996

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

† 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.

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Particulars of a mortgage or charge (continued)

Continuation sheet No 1
to Form No 395 and 410 (Scot)

CHA 116

Please complete
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Company Number

2714781

Name of Company

CLS Holdings Plc (the "Company")

~~limited~~

* delete if
inappropriate

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

**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**

- (f) not:
 - (i) accelerate the Junior Debt
 - (ii) enforce the Junior Debt by execution or otherwise
 - (iii) initiate or support or take any steps with a view to any insolvency reorganisation or dissolution proceedings in respect of the Borrower
- (g) not:
 - (i) assign or dispose of or create or permit to subsist any security over the Junior Debt or its proceeds or any interest in the Junior Debt or its proceeds to or in favour of any person
 - (ii) subordinate the Junior Debt or its proceeds to any sums owing by the Borrower to any person other than the Senior Creditor
 - (iii) transfer by novation or otherwise any of its rights or obligations in respect of the Junior Debt to any person unless the Senior Creditor has agreed in advance

Please complete
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CERTIFICATE OF THE REGISTRATION OF A MORTGAGE OR CHARGE

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

COMPANY No. 02714781

THE REGISTRAR OF COMPANIES FOR ENGLAND AND WALES HEREBY CERTIFIES THAT A DEED OF SUBORDINATION DATED THE 24th JULY 1996 AND CREATED BY CLS HOLDINGS PLC FOR SECURING ALL PRESENT AND FUTURE LIABILITIES NOW DUE OR TO BECOME DUE FROM COOMBE HILL HOUSE LIMITED TO ORIX IRELAND LIMITED ON ANY ACCOUNT WHATSOEVER PURSUANT TO THE TERMS OF THE CHARGE WAS REGISTERED PURSUANT TO CHAPTER 1 PART XII OF THE COMPANIES ACT 1985 ON THE 27th JULY 1996.

GIVEN AT COMPANIES HOUSE, CARDIFF THE 31st JULY 1996.

R.L. ADAMS

for the Registrar of Companies

Post
31-7 SW



COMPANIES HOUSE

HC026B