



**Registration of a Charge**

Company name: **CLS HOLDINGS PLC**

Company number: **02714781**



X6EW8LYJ

Received for Electronic Filing: **13/09/2017**

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**Details of Charge**

Date of creation: **11/09/2017**

Charge code: **0271 4781 0039**

Persons entitled: **METROPOLITAN LIFE INSURANCE COMPANY**

Brief description:

**Contains fixed charge(s).**

**Contains negative pledge.**

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**Authentication of Form**

This form was authorised by: **a person with an interest in the registration of the charge.**

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**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: **TAYLOR WESSING LLP**



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

Company number: 2714781

Charge code: 0271 4781 0039

The Registrar of Companies for England and Wales hereby certifies that a charge dated 11th September 2017 and created by CLS HOLDINGS PLC was delivered pursuant to Chapter A1 Part 25 of the Companies Act 2006 on 13th September 2017 .

Given at Companies House, Cardiff on 15th September 2017

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

11 SEPTEMBER

2017

CLS HOLDINGS PLC  
as Chargor

and

METROPOLITAN LIFE INSURANCE COMPANY  
as Security Trustee

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THIRD PARTY SHARE MORTGAGE

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*Execution version*

Certified to be a true copy of the original

Taylor Wessing  
LLP

Taylor Wessing LLP

(K38, 13/9/2017)

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THIS DEED is made on

11 SEPTEMBER

2017

## BETWEEN

- (1) **CLS HOLDINGS PLC** a company incorporated in England and Wales with company number 02714781 whose registered office is at 86 Bondway, London SW8 1SF (the "Chargor"); and
- (2) **METROPOLITAN LIFE INSURANCE COMPANY** as security trustee for the Secured Parties (the "Security Trustee").

## AGREED TERMS

### 1. Definitions and Interpretation

#### 1.1 Definitions

To the extent not defined herein, capitalised terms and expressions used in this deed shall have the same meanings as ascribed to them in the Facility Agreement and in this deed:

"**Charged Property**" means the assets mortgaged by the Chargor under this deed;

"**Company**" means the company listed in the Schedule;

"**Default Rate**" means the interest rate provided for in clause 8.3 of the Facility Agreement in relation to Unpaid Sums;

"**Dividends**" means all dividends, interest and other money payable in respect of the Investments;

"**Facility Agreement**" means a facility agreement dated 30 September 2016 as amended, varied, supplemented and/or restated from time to time, including as amended and restated by an amendment and restatement agreement dated on or around the date of this deed and made between Ingrove Limited (as borrower) (1), CLS Cliffords Inn Limited and Fetter Lane Apartments Limited (as initial guarantors) (2), the Company as the third guarantor (3), Laxfield Capital Limited as arranger (4), the persons listed in schedule 1 thereto as original lenders (5), Metropolitan Life Insurance Company as agent for the Finance Parties (6) and the Security Trustee (7);

"**Financial Collateral Regulations**" means the Financial Collateral Arrangements (No 2) Regulations 2003 SI 2003/3226;

"**Insolvency Act**" means the Insolvency Act 1986;

"**Investments**" means:

- (a) the shares listed in the Schedule; and
- (b) all other stocks, shares and other securities of the Company now or at any time after the date of the deed owned by the Chargor including any offered by way of redemption, bonus, preference or option or otherwise in respect of any of the shares referred to in (a) above,

and all rights and benefits in respect of the assets referred to in (a) and (b) above other than the right to receive Dividends;

"LPA" means the Law of Property Act 1925;

"Secured Obligations" means:

- (a) all obligations of the Chargor and each Obligor owed or expressed to be owed to the Secured Parties (or any of them) under or in connection with the Finance Documents whether owed jointly or severally, as principal or surety or in any other capacity;
- (b) in the case of any Obligor other than the Chargor any obligation referred to in (a) above which is or becomes Unenforceable and any cost, loss or liability which any Secured Party incurs as a result of any such Obligor not paying any amount expressed to be payable by it under any Finance Document on the date when it is expressed to be due; and

"Unenforceable" means void, voidable, invalid, unenforceable or otherwise irrecoverable (whether or not known to any Secured Party or the Chargor) and "Unenforceability" will be construed accordingly.

## 1.2 Interpretation

- (a) This deed is a Finance Document.
- (b) The provisions of clause 1.2 (Construction) of the Facility Agreement shall be deemed to be incorporated into this deed.
- (c) In this deed, unless a contrary indication appears:
  - (i) "**obligations**" means obligations and liabilities;
  - (ii) references to obligations and liabilities include the whole or any part of them, present and future, actual and contingent;
  - (iii) any reference to "**powers**" includes rights, powers, discretions and authorities; and
  - (iv) any reference to any asset includes any proceeds of sale of any such asset.

## 1.3 Construction of charging clause

Each of the security interests created by clause 2 (Security) shall be construed as separate and distinct interests over the relevant assets so that the recharacterisation for any reason of any security interest over any one asset shall not affect the nature of the security interest created over any other asset.

## 2. Security

As continuing security for the payment of the Secured Obligations the Chargor with full title guarantee assigns to the Security Trustee by way of equitable mortgage all its present and future rights and interest in:

- (a) the Investments; and

- (b) all Dividends.

### **3. Investments**

#### **3.1 *Deposit of certificates***

The Chargor shall deposit with the Security Trustee:

- (a) on or before the date of this deed, the certificates or other documents of title to each Investment owned by the Chargor on such date;
- (b) on the date of the acquisition of any Investment acquired by the Chargor after the date of this deed or on the withdrawal of any Investment from any clearance system, the certificates or other documents of title to each such Investment;
- (c) together with the certificates or other documents referred to in paragraphs (a) and (b) above, duly executed undated blank transfers in respect of each such Investment and forms of waiver of any pre-emption rights necessary to enable such transfers to be registered.

#### **3.2 *Payment of money due***

The Chargor shall promptly pay all money which may from time to time be due in respect of any Investment forming part of the Charged Property.

#### **3.3 *Nominees***

If any Investment is registered in the name of a nominee the Chargor shall on demand provide to the Security Trustee an equitable mortgage over such Investment or power of attorney or acknowledgement of the rights created by this deed over such Investment in favour of the Security Trustee in such terms as the Security Trustee may require duly executed by or on behalf of such nominee.

#### **3.4 *Completion of transfers***

The Security Trustee may at any time complete any transfers of any Investment delivered to it under clause 3.1(c) in favour of itself or any nominee for it as transferee and may present the same for registration.

#### **3.5 *Dividends and voting rights before enforceability***

The Chargor shall be entitled to exercise each of the following rights until this deed becomes enforceable and the Security Trustee gives notice of its intention to exercise any of such rights itself:

- (a) to receive all Dividends in respect of any Investment free from the security created by this deed; and
- (b) to exercise all voting rights attached to any Investment and if the Security Trustee is registered as the holder of any such Investment it will exercise all voting rights attached to it as directed by the Chargor.

### 3.6 *Dividends and voting rights after enforceability*

The Security Trustee shall be entitled to exercise each of the following rights at any time after this deed becomes enforceable and the Security Trustee gives the Chargor notice of its intention to exercise such right itself:

- (a) to receive all Dividends and apply them in reduction of the Secured Obligations whether or not any Investment is registered in the name of the Security Trustee or any nominee for the Security Trustee or in the name of the Chargor or any nominee for the Chargor;
- (b) at its discretion to exercise or procure the exercise of all voting rights attached to any Investment registered in the name of the Security Trustee or any nominee for the Security Trustee for the purpose only of preserving the value of such Investment or realising the security over such Investment created by this deed; and
- (c) to require the Chargor to exercise any voting rights attached to any Investment registered in the name of the Chargor or any nominee for the Chargor as directed by the Security Trustee for the purpose mentioned in paragraph (b) above.

### 3.7 *Security Trustee may give up voting rights*

The Security Trustee may at any time by giving notice to the Chargor give up any right it may have under clause 3.6(b) or clause 3.6(c) in relation to any of the Investments specified in such notice (the "**Notified Shares**") whereupon the Chargor may exercise all voting rights in relation to the Notified Shares subject to the terms of the Finance Documents.

### 3.8 *Dematerialisation*

The Chargor must promptly take all action required for the rematerialisation of any Investment held in dematerialised form in a clearance system.

## 4. **Representations**

### 4.1 *Duration and Scope*

The Chargor makes the representations and warranties set out in this clause to the Security Trustee on the date of this deed.

### 4.2 *Security*

There is no Security over any of the Charged Property except for any Security created pursuant to the Security Documents.

### 4.3 *Ranking of Security*

This deed creates valid first priority Security of the type described over the assets to which they relate and those assets are not subject to any other Security.

### 4.4 *Shares*

- (a) The shares referred to in paragraph (a) of the definition of Investments in clause 1.1 are fully paid and constitute the entire issued share capital of the Company.



- (b) The Investments are not subject to any lien, rights of pre-emption, forfeiture or disenfranchisement whether under the articles of association of the Company or any shareholders' agreement or otherwise.
- (c) No notice has been issued to the Chargor under s790D (2) or (5) of the Companies Act 2006 in respect of the Company other than any notice with which the Chargor has complied or in respect of which the Chargor has provided a valid reason for non-compliance.
- (d) No warning notice or restriction notice (each as defined in Schedule B1 paragraph 1 (2) of the Companies Act 2006) has been issued in respect of the shares in the Company.

#### 4.5 *Repetition*

The representations and warranties in this clause (save in clauses 4.4(c) and 4.4(d)) are deemed to be made by the Chargor by reference to the facts and circumstances then existing on each day on which any Repeating Representations are deemed to be made under the Facility Agreement.

### 5. **Negative Undertakings**

#### 5.1 *Negative pledge*

The Chargor shall not (without the prior written consent of the Security Trustee) create or permit to subsist any Security over any of the Charged Property other than any Security created pursuant to the Security Documents.

#### 5.2 *Disposals*

The Chargor shall not (without the prior written consent of the Security Trustee) sell, transfer or otherwise dispose or purport or agree to dispose of any Charged Property.

### 6. **General Undertakings**

#### 6.1 *Authorisations*

The Chargor 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 Trustee of,

any Authorisation required under any law or regulation of its Relevant Jurisdictions to enable it to perform its obligations under the Finance Documents to which it is a party and to ensure the legality, validity, enforceability or admissibility in evidence in the Relevant Jurisdictions of any such Finance Document.

#### 6.2 *Compliance with laws*

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

### 6.3 Consents

The Chargor shall ensure that all consents and all documents, registrations, licences and other matters and things required by the Security Trustee to perfect this deed are produced executed obtained or made as required by the Security Trustee in accordance with this deed.

### 6.4 Failure to comply

If the Chargor fails to comply with any of its obligations under this deed the Security Trustee may take such steps as it considers appropriate to procure compliance with such obligations at the cost of the Chargor.

### 6.5 Information Undertakings

- (a) The Chargor shall promptly and in any event within 5 Business Days of receipt notify the Security Trustee if any notice under s790D (2) or (5) of the Companies Act 2006 in respect of the Company is issued to the Chargor and shall:
  - (i) comply with each such notice or provide a valid reason for non-compliance; and
  - (ii) provide the Security Trustee with a copy of each such notice.
- (b) The Chargor shall promptly and in any event within 5 Business Days of receipt notify the Security Trustee if any warning notice or restriction notice (each as defined in Schedule B1 paragraph 1 (2) of the Companies Act 2006) is issued to the Chargor in respect of the shares in the Company shall provide the Security Trustee with a copy of each such notice.

## 7. Enforcement of Security

### 7.1 Security Trustee's powers

On the occurrence of an Event of Default which is continuing or if the Chargor requests that the Security Trustee exercises any of its powers under this clause 7.1, this deed shall become enforceable and the Security Trustee may immediately or at any time thereafter:

- (a) exercise the power of sale and all other powers conferred by s. 101 of the LPA as varied or extended by this deed;
- (b) subject to s.72A of the Insolvency Act, appoint one or more persons as a Receiver of any Charged Property;
- (c) exercise all the powers conferred on a Receiver by this deed, the LPA and the Insolvency Act;
- (d) secure and perfect its title to all or any part of the Charged Property and/or transfer any asset into the name of its nominee;
- (e) to the extent that this deed constitutes a "security financial collateral arrangement" as defined in the Financial Collateral Regulations, appropriate any Charged Property which constitutes "financial collateral" as defined in the Financial Collateral Regulations in or towards satisfaction of the Secured Obligations and the Security Trustee shall value such Charged Property by

reference to an independent valuation or other procedure selected by the Security Trustee acting reasonably.

## **7.2 Powers under the LPA**

- (a) S.103 of the LPA will not apply to this deed.
- (b) The power of sale and all other powers conferred by s.101 of the LPA as varied or extended by this deed will arise upon execution of this deed by the Chargor.

## **7.3 Receivers**

- (a) The Security Trustee may appoint any Receiver upon such terms as to remuneration and otherwise as the Security Trustee thinks fit and the maximum rate specified in s.109(6) of the LPA shall not apply.
- (b) Any Receiver will be the agent of the Chargor for all purposes and the Chargor will be responsible for such Receiver's acts and defaults and for his remuneration, costs, fees, taxes and expenses to the exclusion of liability on the part of the Security Trustee.
- (c) Where two or more persons are appointed as Receiver any act authorised to be done by the Receiver may be done by all of them acting jointly or by any one or more of them acting severally.
- (d) The Security Trustee may at any time by writing remove any Receiver (subject to the obtaining of any required order of the court in the case of an administrative receiver) whether or not the Security Trustee appoints any other person as Receiver in his place.

## **8. Powers of Receiver and Security Trustee**

### **8.1 Statutory powers**

A Receiver shall have and be entitled to exercise all the powers conferred on a receiver by the LPA and, whether or not such a Receiver is an administrative receiver, all the powers conferred upon an administrative receiver by Schedule 1 to the Insolvency Act which powers are incorporated into this deed provided that references in that Schedule to the "property of the Company" will be deemed to be references to the Charged Property for the purposes of this deed.

### **8.2 Additional powers**

By way of addition to and without limiting any other powers referred to in this clause a Receiver shall have power (both before and after the commencement of any liquidation of the Chargor) to do every act and thing and exercise every power:

- (a) which the Chargor would have been entitled to do or exercise if no Receiver had been appointed or which the Receiver would have been entitled to do or exercise if the Receiver were the absolute legal and beneficial owner of the Charged Property; and
- (b) which such Receiver in his absolute discretion considers necessary or desirable for maintaining or enhancing the value of any Charged Property or for or in connection with the enforcement of the Security created by this deed or the realisation of any Charged Property,

and may use the name of the Chargor in connection with any exercise of such powers.

**8.3**     *Consideration*

The receipt of the Security Trustee or any Receiver shall be a conclusive discharge to a purchaser and, in making any sale or disposal of any of the Charged Property the Security Trustee or any Receiver may do so for such consideration, in such manner and on such terms as it thinks fit.

**8.4**     *Prior encumbrances*

At any time after the security given by this deed has become enforceable, the Security Trustee may redeem any prior Security against the Charged Property or procure a transfer of such Security to itself and may agree the accounts of the person entitled to that Security and any accounts so agreed will be binding on the Chargor (save in the case of manifest error). Any money paid by the Security Trustee in connection with a redemption or transfer of any prior Security will form part of the Secured Obligations.

**8.5**     *Possession*

If the Security Trustee, any Receiver or any Delegate takes possession of any Charged Property it may go out of possession at any time.

**9.**       **Exclusion of Liability**

**9.1**     *No obligation to recover*

None of the Security Trustee, any Receiver or any Delegate is under any obligation to take action to collect any money or enforce any rights comprised in the Charged Property whether or not it is in possession of the relevant Charged Property.

**9.2**     *Liability as mortgagee in possession*

If the Security Trustee, any Receiver or any Delegate takes possession of any Charged Property, it will not be liable to account to the Chargor for anything except actual receipts or be liable to the Chargor for any loss arising from any realisation of any Charged Property or for any default or omission for which a receiver or mortgagee in possession would be liable (other than where such loss, default or omission is a consequence of the fraud, gross negligence or wilful default of the Security Trustee, Receiver or Delegate).

**9.3**     *Losses on enforcement*

No Secured Party will be liable to the Chargor for any loss or damage arising from:

- (a)     any sale of any Charged Property;
- (b)     any act, default or omission of any Secured Party in relation to any Charged Property; or
- (c)     any exercise or non-exercise by any Secured Party of any power conferred upon it in relation to any Charged Property under this deed or by the LPA,

unless such loss or damage is caused by the fraud, gross negligence or wilful misconduct of such Secured Party.

## **10. Application of Proceeds**

### **10.1 Order of application**

Subject to clause 10.2 (Prospective liabilities) and to claims having priority to the Security created by this deed and by way of variation to the provisions of the LPA, all amounts from time to time received or recovered by the Security Trustee in connection with the realisation or enforcement of all or any part of the Security constituted by this deed (for the purposes of this clause the "**Recoveries**") shall be held by the Security Trustee on trust to apply them at any time as the Security Trustee (in its discretion) sees fit, to the extent permitted by applicable law (and subject to the provisions of this clause), in the following order:

- (a) in payment of all costs and expenses incurred by any Secured Party in connection with any realisation or enforcement of this deed and of all outgoings properly payable by any Secured Party;
- (b) in payment of remuneration to any Receiver;
- (c) in or towards satisfaction of the Secured Obligations in accordance with the Facility Agreement;
- (d) the balance (if any) will be applied as required by law.

### **10.2 Prospective liabilities**

Until all Secured Obligations have been irrevocably paid in full, the Security Trustee 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 Trustee (or at its option the name of any other Finance Party any of whose Secured Obligations are at that time still contingent) with such financial institution (including itself) and for so long as the Security Trustee shall think fit (the interest being credited to the relevant account) for later application under clause 10.1 (Order of Application) in respect of:

- (a) any sum owing to the Security Trustee, any Receiver or any Delegate; and
- (b) any part of the Secured Obligations,

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

### **10.3 Investment of proceeds**

Prior to the application of the proceeds of the Recoveries in accordance with clause 10.1 (Order of Application) the Security Trustee 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 Trustee with such financial institution (including itself) and for so long as the Security Trustee shall (acting reasonably) think fit (the interest being credited to the relevant account) pending the application from time to time of those moneys in the Security Trustee's discretion in accordance with clause 10.1 (Order of Application).

### **10.4 Currency Conversion**

- (a) For the purpose of, or pending the discharge of, any of the Secured Obligations the Security Trustee may convert any moneys received or recovered by the Security Trustee from one currency to the currency in which the Secured Obligations are denominated, at a market rate of exchange.

- (b) The Secured Obligations shall only be satisfied to the extent of the amount of the due currency purchased after deducting the costs of conversion.

#### 10.5 *Permitted Deductions*

The Security Trustee shall be entitled, in its discretion:

- (a) to set aside by way of reserve amounts required to meet, and to make and pay, any deductions and withholdings (on account of taxes or otherwise) which it is or may be required by any applicable law to make from any distribution or payment made by it under this deed; and
- (b) to pay all Taxes which may be assessed against it in respect of any of the Charged Property, or as a consequence of performing its duties, or by virtue of its capacity as Security Trustee under any of the Finance Documents or otherwise (other than in connection with its remuneration for performing its duties under the Facility Agreement).

#### 11. **Protection of Persons Dealing with Security Trustee Receiver or Delegate**

No person dealing with the Security Trustee or any Receiver or Delegate will be concerned to enquire:

- (a) whether any event has happened upon which any of the powers conferred by this deed may have arisen or be exercisable;
- (b) otherwise as to the propriety or regularity of any exercise of the powers conferred by this deed or of any act purporting or intended to be in exercise of such powers; or
- (c) whether any Secured Obligations remain owing.

#### 12. **Notice of Subsequent Charge**

If any Finance Party receives notice of any Security or other interest affecting any Charged Property:

- (a) it may open a new account for the Chargor in its books and may transfer any outstanding balance owing by the Chargor to such new account;
- (b) if it does not open a new account then, unless it gives express written notice to the contrary to the Chargor, all payments made by the Chargor to it will as from the time of receipt of such notice be treated as having been credited to a new account of the Chargor and not as having been applied in reduction of the Secured Obligations.

#### 13. **Further Assurance**

When required by the Security Trustee or any Receiver the Chargor shall, at its own cost:

- (a) execute a transfer of any Investments into the name of the Security Trustee or a nominee of the Security Trustee or a purchaser from the Security Trustee or a nominee of such purchaser;

- (b) execute any documents or do any other thing which the Security Trustee or any Receiver may (acting reasonably) require for perfecting or protecting any Security created by this deed or in connection with the exercise of any powers given to the Security Trustee or any Receiver under this deed; and
- (c) convey, transfer, assign or otherwise deal with any Charged Property in such manner as the Security Trustee or any Receiver may require in connection with any enforcement of any Security created by this deed.

#### **14. Power of Attorney by Chargor**

The Chargor irrevocably and by way of security appoints each of the Security Trustee, any person selected by the Security Trustee and any Receiver its attorney in each case (with full power to appoint substitutes and to delegate) severally in its name and on its behalf to execute any document or do any act or thing which:

- (a) the Chargor is entitled to execute or do in relation to the Charged Property including:
  - (i) the exercise of voting rights in respect of the Investments (but in the case of the Security Trustee only to the extent that the Security Trustee is entitled to exercise such voting rights under clauses 3.6(b) and 3.6(c));
  - (ii) executing or completing any transfer in respect of the Investments;
  - (iii) giving a receipt for any money and exercising any rights or remedies forming part of the Charged Property; or
- (b) the Chargor is obliged to execute or do under this deed.

where either:

- (i) the Security created by this deed has become enforceable; or
- (ii) such Chargor has failed to do anything which the Chargor is obliged to do under this deed and that Chargor has been notified in writing by the Security Trustee of such failure.

#### **15. Protective Provisions**

##### **15.1 Waiver of defences**

The obligations of the Chargor under this deed and the security constituted by this deed will not be affected by an act, omission, matter or thing which, but for this clause, would reduce, release or prejudice any of such obligations or security including (whether or not known to it or any Secured Party):

- (a) any time, waiver or consent granted to, or composition with, any Obligor or other person;
- (b) the release of any Obligor or any other person under the terms of any composition or arrangement with any creditor of any Obligor;
- (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

property 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 any Obligor or any other person;
- (e) any amalgamation, merger or reconstruction of any Secured Party with any other person or any sale or transfer of the whole or any part of the assets of any Secured Party to any other person;
- (f) the existence of any claim, set-off or other rights which any Obligor may have at any time against any Secured Party, whether in connection with the Finance Documents or otherwise;
- (g) any novation, amendment (however fundamental) or replacement of a Finance Document or any other document or security;
- (h) any obligation of any person under any Finance Document or any other document or security being Unenforceable; or
- (i) any insolvency or similar proceedings.

#### 15.2 *Chargor Intent*

Without prejudice to the generality of clause 15.1 (Waiver of Defences), the Chargor expressly confirms that it intends that the security created by this 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 investor distributions to be made; carrying out restructurings; refinancing existing facilities; refinancing any other indebtedness; making available acceptance credit facilities, note purchase facilities, guarantee, stand-by or documentary credit issuance facilities; 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; any Fixed Rate Hedging Agreement in connection with any such facility; and any fees, costs and/or expenses associated with any of the foregoing.

#### 15.3 *Immediate recourse*

The Chargor waives any right it may have of first requiring any Secured Party to proceed against or enforce any other rights or security or claim payment from any person before enforcing the security constituted by this deed. This waiver applies irrespective of any law or any provision of a Finance Document to the contrary.

#### 15.4 *Appropriations*

Until the Secured Obligations have been irrevocably paid in full, the Security Trustee may:

- (a) refrain from applying or enforcing any other moneys, security or rights held or received by the Security Trustee in respect of the Secured Obligations, or apply and enforce the same in such manner and order as it sees fit (whether against the Secured Obligations or otherwise) and the Chargor shall not be entitled to the benefit of the same; and



- (b) hold in an interest-bearing suspense account any money received under this deed.

#### 15.5 *Deferral of Chargor's rights*

Until the Secured Obligations have been irrevocably paid in full and unless the Security Trustee otherwise directs, the Chargor will not exercise any rights which it may have by reason of the enforcement of this deed:

- (a) to be indemnified by any Obligor;
- (b) to claim any contribution from any Obligor or any other person in respect of any obligations of that person under the Finance Documents;
- (c) to take the benefit (in whole or in part and whether by way of subrogation or otherwise) of any rights of any Secured Party under the Finance Documents or of any other guarantee or security taken pursuant to, or in connection with, the Finance Documents by any Finance 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 the Chargor has given security under this deed;
- (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.

#### 15.6 *Turnover*

If the Chargor receives any benefit, payment or distribution in relation to the rights referred to in clause 15.5 (Deferral of Chargor's rights) it shall hold that benefit, payment or distribution to the extent necessary to enable the Secured Obligations to be repaid in full on trust for the Security Trustee and shall promptly pay or transfer the same to the Security Trustee or as the Security Trustee may direct for application as provided in clause 10 (Application of Proceeds).

#### 16. **Discharge of Security**

Any discharge of the Chargor by the Security Trustee in reliance on a payment or security received by the Security Trustee will cease to be effective if that payment or security is avoided, reduced or invalidated for any reason and the Security Trustee will be entitled to recover from the Chargor on demand the amount of the Secured Obligations discharged by such payment or security.

#### 17. **Redemption**

If the Security Trustee determines in accordance with the Facility Agreement that all of the Secured Obligations have been fully and finally discharged and none of the Secured Parties is under any commitment, obligation or liability (actual or contingent) to make advances or provide other financial accommodation to any Obligor pursuant to the Finance Documents the Security Trustee shall release:

- (a) without recourse or warranty, all of the Security constituted by this deed; and
- (b) the rights of the Security Trustee under this deed

and shall procure the reassignment, retransfer or reconveyance to the Chargor of the property and assets assigned to the Security Trustee pursuant to this deed (including, at the cost of the Chargor, executing such notices and directions to any persons as the Chargor may reasonably require in order to give effect to such releases and reassignment).

## **18. Default Interest**

Any sum payable by the Chargor under this deed will bear interest from the date on which it is due or if payable on demand from the date of demand until payment (both before and after judgment) at the Default Rate as calculated and compounded from time to time in accordance with the Facility Agreement.

## **19. Notices**

### **19.1 Communications in writing**

Any communication to be made under or in connection with this deed shall be made in writing and, unless otherwise stated, may be made by fax or letter.

### **19.2 Addresses for service**

The address and fax number (and the department or officer, if any, for whose attention the communication is to be made) of each party for any communication or document to be made or delivered under or in connection with this deed is that identified with its name in the execution pages to this deed or any substitute address, fax number or department or officer as the party may notify to the other by not less than five Business Days' notice. In the case of the Chargor the address of its registered office or of any place where it carries on business shall also be addresses of the Chargor for the purpose of this clause.

### **19.3 Delivery**

(a) Any communication or document made or delivered by the Security Trustee on any other party under or in connection with this deed will be effective:

- (i) if by way of fax, when received in legible form; or
- (ii) if by way of letter, when it has been left at the relevant address or two Business Days after being deposited in the post postage prepaid in an envelope addressed to it at that address,

and, if a particular department or officer is specified as part of its address details provided under clause 19.2 (*Addresses for service*), if addressed to that department or officer.

(b) Any communication or document to be made or delivered to the Security Trustee will be effective only when actually received by the Security Trustee and then only if it is expressly marked for the attention of the department or officer specified above (or any substitute department or officer as the Security Trustee shall specify for this purpose).

### **19.4 English language**

Any notice given under or in connection with this deed must be in English. All other documents provided under or in connection with this deed must be:

- (a) in English; or
- (b) if not in English, and if so required by the Security Trustee, accompanied by a certified English translation and, in this case, the English translation will prevail unless the document is a constitutional, statutory or other official document.

## **20. Changes to the parties**

### **20.1 Security Trustee**

The Security Trustee may assign or transfer the rights and interests of the Security Trustee under or in connection with this deed to any successor to the Security Trustee as permitted under the Facility Agreement.

### **20.2 Chargor**

The Chargor may not assign any of its rights or transfer any of its rights or obligations under this deed.

### **20.3 Disclosure**

Any Finance Party may disclose any information about the Chargor to any person it is permitted to disclose information to pursuant to clause 38 (Confidentiality) of the Facility Agreement.

## **21. Set-off**

The Security Trustee may set off any matured obligation due from the Chargor under this deed against any matured obligation owed by the Security Trustee to the Chargor, regardless of the place of payment, booking branch or currency of either obligation. If the obligations are in different currencies, the Security Trustee may convert either obligation at a market rate of exchange in its usual course of business for the purpose of the set-off.

## **22. Miscellaneous**

### **22.1 Trust**

The Security Trustee holds the benefit of this deed as trustee for the Secured Parties on the terms set out in the Facility Agreement.

### **22.2 Incorporation**

Clauses 2.3 (Finance Parties Rights and Obligations), 8.3 (Default Interest), 12 (Tax Gross Up and Indemnities), 14 (Other Indemnities), 16 (Costs and Expenses), 25 (Events of Default), 26 (Changes to the Finance Parties), 27 (Changes to the Obligors), 28 (Role of the Agent, Security Trustee, Arranger and Servicer), 30 (Sharing among the Finance Parties), 31 (Payment Mechanics), 34 (Calculations and Certificates), 35 (Partial Invalidity), 36 (Remedies and Waivers), 37 (Amendments and Waivers), 38 (Confidentiality) and 40 (Counterparts) of the Facility Agreement shall be deemed to be incorporated into this deed.

### 22.3 *Third Party Rights*

- (a) Unless expressly provided to the contrary, a person who is not a party to this deed has no right under the Third Parties Act to enforce or to enjoy the benefit of any term of this deed.
- (b) Notwithstanding any term of this deed, the consent of any person other than the Chargor and the Security Trustee is not required to rescind or vary this deed at any time.
- (c) A Secured Party may, subject to this clause 22.3 and the Third Parties Act, rely on any provision of this deed which expressly confers rights on it.

### 22.4 *Continuing Security*

This deed is a continuing security and extends to the balance from time to time of the Secured Obligations irrespective of any intermediate payment of the Secured Obligations.

### 22.5 *Other Security*

This deed is in addition to and will not in any way be prejudiced or affected by the holding or release by the Security Trustee or any other person of any other security at any time held by the Security Trustee.

### 22.6 *Consolidation*

The restrictions on the right of consolidating mortgage securities contained in s. 93 of the LPA will not apply to this deed.

## 23. **Recourse**

Notwithstanding any other provisions of the Deed, the Security Trustee's recourse under this Deed in respect of the Secured Obligations is limited to the Charged Property and to its rights of enforcement and recovery against the Charged Property and, accordingly, the Security Trustee agrees that the total amount recoverable from or against the Chargor under this Deed shall be limited to the Charged Property and the aggregate proceeds received by the Security Trustee as a result of realising the Charged Property in accordance with the terms of this Deed.

## 24. **Law**

This deed and any non-contractual obligations arising out of or in connection with this deed shall be governed by English law.

## 25. **Jurisdiction**

- (a) The courts of England have exclusive jurisdiction to settle any dispute arising out of or in connection with this deed (including a dispute regarding the existence, validity or termination of this deed and a dispute regarding a non-contractual obligation referred to in clause 24 (Law)) (a "**Dispute**").
- (b) The Security Trustee and the Chargor agree that the courts of England are the most appropriate and convenient courts to settle Disputes. The Chargor will not argue to the contrary.

- (c) This clause is for the benefit of the Security Trustee only. As a result, the Security Trustee 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 Trustee may take concurrent proceedings in any number of jurisdictions.

This deed has been executed and delivered as a deed by the Chargor and signed on behalf of the Security Trustee on the date shown at the beginning of this deed.

## THE SCHEDULE

### The Company

1 ordinary share of £1.00 in the issued share capital of **FETTER LANE LEASEHOLD LIMITED**, a company incorporated in England and Wales and formerly known as Shard of Glass Limited, with company number 04982695, being the entire issued share capital of such company.

EXECUTION PAGES

THE CHARGOR

EXECUTED by  
CLS HOLDINGS PLC  
acting by a director  
in the presence of:

)  
)  
)  
)  


Director



Witness signature:

Witness name:

Address:

R. WATLEY  
86 BONDWAY  
LONDON SW8 1SF

Address for notices:

86 Bondway  
London, SW8 1SF

Fax:

+44 (0)20 7735 4249

Att:

Alain Millet, Group Treasurer

**THE SECURITY TRUSTEE**

**SIGNED** for and on behalf of  
**METROPOLITAN LIFE INSURANCE COMPANY**  
in its capacity as Security Trustee

)  
)  
)



Address for notices:

Metropolitan Life Insurance Company  
One MetLife Way  
3rd Floor  
Whippany  
NJ 07981-1449

Fax: +1 973 355 4460

Att: Senior Managing Director  
Real Estate Investments

With copy to:

MetLife Investments Limited  
Level 34  
One Canada Square  
Canary Wharf  
London  
E14 5AA

Fax: +44 (0)207 632 8101

Att: Paul Wilson  
Regional Managing Director