

MR01

Particulars of a charge

Laserform



LD4 04/03/2015 #105
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WEDNESDAY

✓ **What this form is for**
You may use this form to register
a charge created or evidenced by
an instrument

✗ **What this form is NOT for**
You may not use this form to
register a charge where there is no
instrument Use form MR08

For further information, please
refer to our guidance at
www.companieshouse.gov.uk

This form **must be delivered to the Registrar for registration within 21 days** beginning with the day after the date of creation of the charge. If delivered outside of the 21 days it will be rejected unless it is accompanied by a court order extending the time for delivery

You **must** enclose a certified copy of the instrument with this form. This will be scanned and placed on the public record. **Do not send the original**

1 Company details

Company number 0 2 7 1 4 7 8 1

Company name in full CLS Holdings plc
(the "Chargor")

3 0 For official use

→ **Filing in this form**
Please complete in typescript or in
bold black capitals
All fields are mandatory unless
specified or indicated by *

2 Charge creation date

Charge creation date 2 7 2 0 1 5

3 Names of persons, security agents or trustees entitled to the charge

Please show the names of each of the persons, security agents or trustees
entitled to the charge

Name Landesbank Baden-Wuerttemberg, London Branch
(the "Security Agent")

Name

Name

Name

If there are more than four names, please supply any four of these names then
tick the statement below

☐ I confirm that there are more than four persons, security agents or
trustees entitled to the charge

MR01

Particulars of a charge

4

Brief description

Please give a short description of any land, ship, aircraft or intellectual property registered or required to be registered in the UK subject to a charge (which is not a floating charge) or fixed security included in the instrument

Brief description

N/A

Please submit only a short description. If there are a number of plots of land, aircraft and/or ships, you should simply describe some of them in the text field and add a statement along the lines of, "for more details please refer to the instrument"

Please limit the description to the available space

5

Other charge or fixed security

Does the instrument include a charge (which is not a floating charge) or fixed security over any tangible or intangible or (in Scotland) corporeal or incorporeal property not described above? Please tick the appropriate box

☒ Yes

☐ No

6

Floating charge

Is the instrument expressed to contain a floating charge? Please tick the appropriate box

☐ Yes Continue

☒ No Go to **Section 7**

Is the floating charge expressed to cover all the property and undertaking of the company?

☐ Yes

7

Negative Pledge

Do any of the terms of the charge prohibit or restrict the company from creating further security that will rank equally with or ahead of the charge? Please tick the appropriate box

☒ Yes

☐ No

8

Trustee statement ①

You may tick the box if the company named in Section 1 is acting as trustee of the property or undertaking which is the subject of the charge

☐

① This statement may be filed after the registration of the charge (use form MR06)

9

Signature

Please sign the form here

Signature

Signature

X *Maya Bora International Ltd* X
2025

This form must be signed by a person with an interest in the charge

MR01**Particulars of a charge****Presenter information**

You do not have to give any contact information, but if you do, it will help Companies House if there is a query on the form. The contact information you give will be visible to searchers of the public record.

Contact name Natalie Ashford

Company name Mayer Brown International LLP

Address 201 Bishopsgate

Post town London

County/Region Greater London

Postcode

E	C	2	M		3	A	F
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Country United Kingdom

DX

Telephone +44 20 3130 3595

**Certificate**

We will send your certificate to the presenter's address if given above or to the company's Registered Office if you have left the presenter's information blank.

**Checklist**

We may return forms completed incorrectly or with information missing

Please make sure you have remembered the following

- ☐ The company name and number match the information held on the public Register
- ☐ You have included a certified copy of the instrument with this form
- ☐ You have entered the date on which the charge was created
- ☐ You have shown the names of persons entitled to the charge
- ☐ You have ticked any appropriate boxes in Sections 3, 5, 6, 7 & 8
- ☐ You have given a description in Section 4, if appropriate
- ☐ You have signed the form
- ☐ You have enclosed the correct fee
- ☐ Please do not send the original instrument, it must be a certified copy

**Important information**

Please note that all information on this form will appear on the public record.

**How to pay**

A fee of £13 is payable to Companies House in respect of each mortgage or charge filed on paper.

Make cheques or postal orders payable to 'Companies House'

**Where to send**

You may return this form to any Companies House address. However, for expediency, we advise you to return it to the appropriate address below.

For companies registered in England and Wales

The Registrar of Companies, Companies House,
Crown Way, Cardiff, Wales, CF14 3UZ
DX 33050 Cardiff

For companies registered in Scotland:

The Registrar of Companies, Companies House,
Fourth floor, Edinburgh Quay 2,
139 Fountainbridge, Edinburgh, Scotland, EH3 9FF
DX ED235 Edinburgh 1
or LP - 4 Edinburgh 2 (Legal Post)

For companies registered in Northern Ireland

The Registrar of Companies, Companies House,
Second Floor, The Linenhall, 32-38 Linenhall Street,
Belfast, Northern Ireland, BT2 8BG
DX 481 N R Belfast 1

**Further information**

For further information, please see the guidance notes on the website at www.companieshouse.gov.uk or email enquiries@companieshouse.gov.uk

This form is available in an alternative format. Please visit the forms page on the website at www.companieshouse.gov.uk



FILE COPY

CERTIFICATE OF THE REGISTRATION OF A CHARGE

Company number: 2714781

Charge code: 0271 4781 0030

The Registrar of Companies for England and Wales hereby certifies that a charge dated 27th February 2015 and created by CLS HOLDINGS PLC was delivered pursuant to Chapter A1 Part 25 of the Companies Act 2006 on 4th March 2015

P

Given at Companies House, Cardiff on 12th March 2015



Companies House



THE OFFICIAL SEAL OF THE
REGISTRAR OF COMPANIES

EXECUTION VERSION

CERTIFIED A TRUE COPY OF THE ORIGINAL	
DATED	2/3/2015
SIGNED	<i>[Signature]</i>
Mayer Brown International LLP	

2281

Dated 27 February 2015

- (1) CLS HOLDINGS PLC as Chargor
- (2) LANDESBANK BADEN-WÜRTTEMBERG,
LONDON BRANCH as Security Agent

SHAREHOLDER'S SECURITY AGREEMENT

MAYER • BROWN

LONDON

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THIS DEED is dated 27 February 2015 and made between

- (1) **CLS HOLDINGS PLC**, a company incorporated in England and Wales (registered number 02714781), whose registered office is at 86 Bondway, London SW8 1SF (the "**Chargor**"), and
- (2) **LANDESBANK BADEN-WURTTENBERG, LONDON BRANCH**, as trustee for the Secured Parties (the "**Security Agent**")

BACKGROUND:

- (A) By a facility agreement dated 26 February 2015 and made between, among others, the Chargor and Landesbank Baden-Wurtemberg as lender and the Security Agent (the "**Facility Agreement**"), the lenders from time to time have agreed to provide £97,000,000 to the Borrower on the terms of the Facility Agreement
- (B) The provision of this Shareholder's Security Agreement is a condition precedent to the obligations of the Lender under the Facility Agreement. This is the "Shareholder's Security Agreement" as defined in the Facility Agreement
- (C) The Security Agent holds the benefit of this Deed, including the security created and other rights granted in it to the Security Agent or any Secured Party, on trust for the Secured Parties on the terms set out in the Facility Agreement
- (D) This document is the deed of the Chargor, even if it has not been duly executed by the Security Agent or has been executed by the Security Agent but not as a deed

THIS DEED WITNESSES that:

1 DEFINITIONS AND INTERPRETATION

1.1 Terms defined in the Facility Agreement

Terms defined in the Facility Agreement but not in this Deed shall have the same meanings in this Deed as in the Facility Agreement

1.2 Definitions

In addition, in this Deed

"Administrator" means any administrator appointed under Clause 11 (*Appointment of Administrator*) to manage the affairs, business and assets of the Chargor

"Borrower" means CLS Spring Gardens Limited, a company incorporated in England and Wales (registered number 09341250) whose registered office is at 86 Bondway, London, SW8 1SF

"Business Day" means a day (other than a Saturday or Sunday) on which banks are open for general business in London

"Discharge Date" has the meaning given to it in Clause 13.1 (*Continuing security*)

"Facility Agreement" has the meaning given to it in Recital (A)

"Finance Documents" has the meaning given to it in the Facility Agreement and includes the Facility Agreement and this Deed

"Finance Parties" has the meaning given to it in the Facility Agreement and includes the Lender (as defined in the Facility Agreement) and the Security Agent

"IA" means the Insolvency Act 1986

"Insolvency" of a person includes the dissolution, bankruptcy, insolvency, winding-up, liquidation, administration, examination, amalgamation, reconstruction, reorganisation, arrangement, adjustment, administrative or other receivership or dissolution of that person, the official management of all of its revenues or other assets or the seeking of protection or relief of debtors and any equivalent or analogous proceeding by whatever name known and in whatever jurisdiction

"Investment" means any share, stock, debenture, bond or other security or investment (in each case together with any associated dividends, interests and other assets) and in relation to the Chargor, **"the CLSSGL Investments"** means all Investments (including the Specified Investments) in the Borrower in which it has any rights and all its rights against any nominee or other trustee, fiduciary, custodian or clearing system with respect to any CLSSGL Investments

"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 appointed under this Deed by the Security Agent over all or any of the Secured Assets whether solely, jointly, severally or jointly and severally with any other person and includes any substitute for any of them appointed from time to time

"Secured Assets" means the CLSSGL Investments and the other assets from time to time the subject of this Security, **"Secured Asset"** means any of them and any reference to one or more of the Secured Assets includes all or any part of it or each of them

"Secured Liabilities" has the meaning given to it in the Facility Agreement,

"Secured Parties" has the meaning given to it in the Facility Agreement,

"Security Interest" means a mortgage, charge, pledge, lien or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect

"Specified Investments" means the 31,001 ordinary shares the Chargor holds in the Borrower of par value of 1 pound sterling (£1 00) (each a **"CLSSGL Ordinary Share"**) represented by share certificate number 1 (for 1 CLSSGL Ordinary Share) and share certificate number 2 (for 31,000 CLSSGL Ordinary Shares)

1.3 Construction

- (a) Clause 1.2 (*Construction*) of the Facility Agreement shall apply as if set out in full again here, with references to "this Agreement" being construed as references to this Deed and with such other changes as are appropriate to fit this context
- (b) In addition, in this Deed, any reference to
 - (i) "**assets**" includes present and future properties, revenues, rights and other assets of every description (and any reference to a particular type or category of assets includes any present or future assets of that type or category),
 - (ii) **this Deed** includes the Recitals, which form part of this **Deed** for all purposes;
 - (iii) any **Finance Document** or other **document** is to that Finance Document or other document as supplemented, otherwise amended, replaced or novated from time to time (however fundamental that amendment, novation or replacement may be, even if it involves increased, new, additional and/or replacement facilities or an increase in any other amount or rate),
 - (iv) the masculine, feminine or neuter **gender** respectively includes the other genders and the **singular** includes the plural (and vice versa),
 - (v) "**including**" means "including without limitation" (with related words being construed accordingly), "**in particular**" means "in particular but without limitation" and other **general words** shall not be given a restrictive interpretation by reason of their being preceded or followed by words indicating a particular class of assets, matters or things,
 - (vi) a "**Recital**" is to a statement made under the heading "Background" above and any reference to a "**Clause**" is to a clause of this Deed,
 - (vii) a "**right**" includes any title, estate, interest, claim, remedy, power, authority, discretion or other right of any kind, both present and future (and any reference to rights in a particular asset or type or category of assets includes any rights in the proceeds of any disposal of that asset or any assets within that type or category),
 - (viii) "**this Security**" means the Security Interests constituted by or pursuant to this Deed
- (c) The index and Clause headings are for ease of reference only
- (d) If there is any inconsistency between the terms of this Deed and those of the Facility Agreement, the terms of the Facility Agreement shall prevail

1 4 Third party rights

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

2 PAYMENT OF THE SECURED LIABILITIES

2 1 Covenant to pay

The Chargor covenants with the Security Agent that it shall pay and discharge, or procure the payment or discharge of, each of the Secured Liabilities at the time and in the manner provided in the Facility Agreement

2 2 Interest

If the Chargor fails to pay or procure the payment of any amount payable by it under Clause 2 1 (*Covenant to pay*) on its due date, interest shall accrue on a daily basis on the overdue amount from the due date up to the date of actual payment (both before and after judgment), at the rate and on the terms from time to time applicable under the terms of the Facility Agreement (or, in the absence of an applicable rate and applicable terms, to be calculated and paid under the terms of the Facility Agreement as if it were an Unpaid Sum) and shall be payable on demand

2 3 Further advances

This Deed is made to secure any further advances or other facilities made available by the Lender under the Facility Agreement, but it does not create any obligation on the Lender to make any further advances or other facilities available

2 4 Limited recourse

The Security Agent (on behalf of itself and the other Finance Parties) acknowledges that the recourse of the Finance Parties against the Chargor under this Clause 2 (*Payment of the Secured Liabilities*) shall be limited to the proceeds of any enforcement of the Security expressed to be granted by it pursuant to this Agreement

3 SECURITY

As security for the payment and discharge of the Secured Liabilities, the Chargor with full title guarantee charges to the Security Agent by way of first fixed charge all of its rights in the CLSSGL Investments

4 FURTHER ASSURANCE

The Chargor shall at the request of the Security Agent and at its own expense promptly execute (in such form as the Security Agent may reasonably require) any document and otherwise do any acts and things which the Security Agent may require to improve, preserve, perfect or protect the security created (or intended to be created) by this Deed or the priority of it or to facilitate the realisation or enforcement of it or to exercise any of the rights of the Security Agent, any other Finance Party or any Receiver in relation to the same

5 NEGATIVE PLEDGE AND DISPOSALS

5.1 Negative pledge

The Chargor undertakes that it will not, at any time prior to the Discharge Date, create or permit to subsist any Security Interest over any Secured Asset

5.2 No disposals

The Chargor undertakes that it will not, at any time prior to the Discharge Date, dispose of (or agree to dispose of) any Secured Asset

6 OTHER COVENANTS OF GENERAL APPLICATION

6.1 Information and access

The Chargor shall deliver to the Security Agent from time to time on request such information about the Secured Assets and its compliance with the terms of this Deed as the Security Agent may reasonably require

6.2 Enforcement of rights

The Chargor shall use its reasonable endeavours to enforce any rights and institute, continue or defend any proceedings relating to any of the Secured Assets which the Security Agent may from time to time reasonably require, in each case at the Chargor's cost

6.3 Management of Secured Assets

The Chargor shall manage its Secured Assets in a proper and efficient manner and in particular shall not do, permit or allow to be done anything which might in any way depreciate, jeopardise or otherwise prejudice the security held by the Security Agent or the value of any of the Secured Assets and shall immediately inform the Security Agent of anything which occurs which might have that effect

7 THE CLSSGL INVESTMENTS

7.1 Delivery of Investment title documents; registration

(a) The Chargor shall, on the date of this Deed and from time to time, deliver (or procure that there are delivered) to the Security Agent (or a nominee specified by the Security Agent acting on its behalf) all share certificates or other documents of title to or representing the CLSSGL Investments, together with (in each case in form and substance satisfactory to the Security Agent (acting reasonably))

(i) if any of the CLSSGL Investments is not in its sole name, a declaration of trust in respect of those Investments in its favour duly executed by each person other than the Chargor in whose name those Investments are registered or held,

- (ii) any instrument of transfer or assignment of such Investments specified by the Security Agent duly executed by each person in whose name any of those Investments are registered or held (with the name of the transferee or assignee, the consideration and the date left blank), and
 - (iii) any other document or thing which the Security Agent may reasonably specify to perfect or improve its security over the CLSSGL Investments, including waivers of pre-emption and other rights which may affect the exercise of any rights under, or the enforcement of, this Deed
- (b) The Security Agent shall be entitled to hold or retain (or have its nominee hold or retain) all items delivered pursuant to Clause 7 1(a)
 - (c) The Security Agent may at any time have any of the CLSSGL Investments registered in its name or in the name of a nominee specified by it acting on its behalf

7 2 Rights before a post-Event of Default notification

Except to the extent specified in a notice given by the Security Agent pursuant to Clause 7 3 (*Rights after a post-Event of Default notification*)

- (a) the Chargor shall
 - (i) receive and retain all dividends, distributions, interest and other monies paid on or derived from the CLSSGL Investments, and
 - (ii) exercise all voting and other rights attached to the CLSSGL Investments, provided that the Chargor shall not
 - (A) exercise any rights attached to the CLSSGL Investments in any manner which in the Security Agent's reasonable opinion is prejudicial to this Security or the security created by any other Security Document, and
 - (B) without the prior written consent of the Security Agent, permit or agree to any variation of the rights attaching to the CLSSGL Investments, participate in any rights issue, elect to receive or vote in favour of receiving any dividend other than in the form of cash or participate in any resolution concerning a winding-up, liquidation or administration

7 3 Rights after a post-Event of Default notification

If at any time following the occurrence of an Event of Default the Security Agent gives notice in writing to the Chargor that this Clause 7 3 (*Rights after a post-Event of Default notification*) applies, then from that date of, and to the extent specified in, that notice

- (a) the Security Agent (or its nominee) may at the Security Agent's discretion (and in the name of the Chargor or otherwise) exercise all voting and other

rights attached to the CLSSGL Investments and all rights to receive dividends, interest and other monies paid on or to be received in respect of the CLSSGL Investments without any further consent or authority on the part of the Chargor, and

- (b) the Chargor shall not exercise any of the rights referred to in Clause 7.3(a) without the prior written consent of the Security Agent

7.4 Calls and notices

The Chargor shall

- (a) at all times until the Discharge Date, duly and promptly pay (or ensure that these are paid) all calls, instalments or other monies which may from time to time become due in respect of any of the CLSSGL Investments without deduction or set-off, and
- (b) provide the Security Agent with a copy of any report, accounts, circular, notice or other item sent or provided to it (or to any person on its behalf) in connection with its holding the CLSSGL Investments immediately upon receipt

8 ENFORCEMENT – GENERAL PROVISIONS

8.1 Enforcement

On or at any time after the occurrence of an Event of Default, this Security shall become immediately enforceable and the Security Agent may enforce all or any of its rights under this Deed as it thinks fit. In particular, it may without further notice exercise in relation to the Secured Assets

- (a) the power of sale and all other powers conferred on mortgagees by the LPA (or otherwise by law) or on an administrative receiver by the IA, in either case as extended or otherwise amended by this Deed,
- (b) to the extent that Clause 9 (*Right of appropriation*) applies, the power to appropriate the Secured Assets in or towards the payment and discharge of the Secured Liabilities in accordance with Clause 9.2 (*Exercise of right of appropriation*), and
- (c) (without first appointing a Receiver) any or all of the rights which are conferred by this Deed (whether expressly or by implication) on a Receiver

8.2 LPA provisions

- (a) The Secured Liabilities shall be deemed for the purposes of all powers implied by statute to have become due and payable within the meaning of s101 LPA immediately on the execution of this Deed
- (b) s93(1) LPA (restriction on the consolidation of mortgages), s103 LPA (restricting the power of sale) and s109 LPA (restricting the power to appoint a receiver) shall not apply to this Security

8 3 Protection of third parties

- (a) No purchaser, mortgagee or other person dealing with a Receiver or the Security Agent shall be bound to enquire whether its right to exercise any of its rights has arisen or become exercisable, or be concerned as to the application of any money paid, raised or borrowed or as to the propriety or regularity of any sale by or other dealing with that Receiver or the Security Agent
- (b) All of the protection to purchasers contained in ss104 and 107 LPA and s42(3) IA shall apply to any person purchasing from or dealing with a Receiver or the Security Agent as if the Secured Liabilities had become due and the statutory powers of sale and of appointing a Receiver in relation to the Secured Assets had arisen on the date of this Deed

8 4 Delegation

- (a) The Security Agent may delegate to any person or persons all or any of the rights which are exercisable by it under this Deed. A delegation under this Clause may be made in any manner (including by power of attorney) and on any terms (including power to sub-delegate) which the Security Agent may think fit
- (b) A delegation under Clause 8 4(a) shall not preclude the subsequent exercise of those rights by the Security Agent itself nor preclude the Security Agent from making a subsequent delegation of them to another person or from revoking that delegation
- (c) The Security Agent shall not be liable or responsible to the Chargor for any loss or damage arising from any act, default, omission or misconduct on the part of any delegate or sub-delegate, except in the case of fraud or wilful misconduct

8 5 No liability

None of the Security Agent, any Receiver or any Administrator shall be liable as a mortgagee in possession or otherwise to account in relation to all or any part of the Secured Assets for any loss on realisation or for any other action, default or omission for which it, he or she might be liable (unless the same is caused by its or his fraud or wilful misconduct)

9 RIGHT OF APPROPRIATION

9 1 Application of right of appropriation

This Clause 9 (*Right of appropriation*) applies to the extent the Secured Assets constitute "financial collateral" and this Deed constitutes a "financial collateral arrangement" (within the meaning of the Financial Collateral Arrangements (No. 2) Regulations 2003)

9.2 Exercise of right of appropriation

If and to the extent that this Clause 9 (*Right of appropriation*) applies, the Security Agent may appropriate the Secured Assets following the occurrence of a Default. If the Security Agent exercises its right of appropriation then it shall for these purposes value any relevant Secured Asset by reference to an independent valuation or other procedure determined by the Security Agent, acting reasonably, at the time of the appropriation.

10 APPOINTMENT OF RECEIVER

10.1 Appointment of Receiver

Without prejudice to any statutory or other powers of appointment of the Security Agent under the LPA as extended by this Deed or otherwise, at any time after this Security has become enforceable or if the Chargor so requests in writing at any time the Security Agent may without further notice to the Chargor do any of the following:

- (a) appoint by deed or otherwise (acting through a duly authorised officer) any one or more persons qualified to act as a Receiver to be a Receiver of all or any part of the Secured Assets,
- (b) either at the time of appointment or any time after that appointment fix his or their remuneration (without being limited by the maximum rate specified in s109(6) LPA), and
- (c) (except as otherwise required by statute) remove any Receiver and appoint another or others in his or her place.

10.2 Powers of Receiver

Every Receiver shall have in relation to the Secured Assets (every reference in this Clause 10.2 (*Powers of Receiver*) to "**Secured Assets**" being a reference only to all or any part of the Secured Assets in respect of which that Receiver was appointed) the powers granted by the LPA to any receiver appointed under it or to any mortgagor or mortgagee in possession and (whether or not the Receiver is an administrative receiver) the powers granted by the IA to any administrative receiver, all as varied and extended by this Deed. In addition, but without limiting the preceding sentence, every Receiver shall have power to do the following:

- (a) **Collection:** collect and get in the Secured Assets and make any demands and take any actions or other proceedings which may seem to him or her expedient,
- (b) **Compliance with Deed:** comply with and perform all or any of the acts, matters, omissions or things undertaken to be done or omitted by the Chargor under this Deed,
- (c) **Management of business:** carry on, manage, develop, reconstruct, amalgamate or diversify the business of the Chargor or any part of it in such manner as the Receiver shall in his or her discretion think fit,

- (d) **Dealing with Secured Assets:** sell or otherwise dispose of the Secured Assets, grant rights or options over or in respect of them and vary any agreement or arrangement relating to them. This power may be exercised without the need to comply with ss99 and 100 LPA. Any disposal or other dealing under this Clause 10 2(d) (*Powers of Receiver*) may be effected in the manner and on any terms which the Receiver thinks fit, for consideration consisting of cash, debentures or other obligations, shares or other valuable consideration and this consideration may be payable in a lump sum or by instalments spread over such period as the Receiver may think fit. The Receiver may if he thinks fit in connection with or to facilitate a sale or other disposal of Secured Assets release or discharge, whether or not for any consideration, any Debts comprised within the Secured Assets,
- (e) **Severance of assets:** sever from the premises to which they are annexed and sell separately (in accordance with Clause 10 2(d) (*Powers of Receiver*)) any plant, machinery or fixtures,
- (f) **Dealing with third parties:** appoint or dismiss officers, employees, contractors or other agents and employ professional advisers and others on such terms (as to remuneration and otherwise) as the Receiver may think fit,
- (g) **Proceedings:** settle, arrange, compromise or submit to arbitration any accounts, claims, questions or disputes which may arise in connection with the business of the Chargor or the Secured Assets and bring, prosecute, defend, enforce, compromise, submit to and discontinue any actions, suits, arbitrations or other proceedings,
- (h) **Rights in connection with Secured Assets:** exercise or permit the Chargor or any nominee of the Chargor to exercise any rights incidental to the ownership of the Secured Assets in such manner as the Receiver may think fit,
- (i) **Subsidiaries:** form a subsidiary or subsidiaries of the Chargor and transfer, lease or license to it or them or any other person the Secured Assets on such terms as the Receiver may think fit,
- (j) **Raising money:** in the exercise of any of the rights conferred on the Receiver by this Deed or for any other purpose to raise and borrow money either unsecured or secured and either in priority to, pari passu with or subsequent to this Security and generally on such terms as he or she may think fit,
- (k) **Receipts and discharges:** give valid receipts for all monies and execute all discharges, assurances and other documents which may be proper or desirable for realising the Secured Assets and redeem, discharge or compromise any Security Interest whether or not having priority to this Security or any part of it,
- (l) **All other acts:** execute and do all such other acts, things and documents as the Receiver may consider necessary or desirable for the realisation or preservation of the Secured Assets or incidental or conducive to any of the rights conferred on or vested in him or her under or by virtue of this Deed or otherwise and exercise and do in relation to the Secured Assets, and at the cost

of the Chargor, all the rights and things which he or she would be capable of exercising or doing if he or she were the absolute beneficial owner of the same, and

- (m) **Name of Chargor:** use the name of the Chargor or his or her own name to exercise all or any of the rights conferred by this Deed

10.3 Agent of the Chargor

Any Receiver appointed under this Deed whether acting solely or jointly shall be deemed to be the agent of the Chargor and to be in the same position as a receiver appointed under the LPA and the Chargor shall be solely responsible for his or her acts, omissions, defaults, losses and misconduct and for his or her remuneration and the Security Agent shall not be in any way liable or responsible either to the Chargor or to any other person for any Receiver, except in the case of fraud or wilful misconduct on the part of such Receiver

10.4 Joint appointment

If at any time two or more persons have been appointed as Receivers of the same Secured Assets, each one of those Receivers shall be entitled to exercise individually all of the rights conferred on Receivers under this Deed to the exclusion of the other or others in relation to any of the Secured Assets in respect of which he or she has been appointed unless the Security Agent shall state otherwise in the document appointing him or her

11 APPOINTMENT OF ADMINISTRATOR

11.1 Appointment of Administrator

- (a) The Security Agent may without notice appoint any one or more persons to be an administrator of the Chargor pursuant to Schedule B1, Paragraph 14 IA at any time after this Security has become enforceable
- (b) Clause 11.1(a) shall not apply to the Chargor if Schedule B1, Paragraph 14 IA does not permit an administrator of the Chargor to be appointed
- (c) Any appointment under Clause 11.1(a) shall be in writing signed by a duly authorised officer of the Security Agent

11.2 Replacement of an Administrator

The Security Agent may (subject to any necessary approval from the court) end the appointment of any Administrator by notice in writing signed by a duly authorised officer and appoint under Clause 11.1 (*Appointment of Administrator*) a replacement for any Administrator whose appointment ends for any reason

12 APPLICATION OF PROCEEDS

12.1 Order of priority

Any monies received by the Security Agent or any Receiver under this Deed or under the rights conferred by this Deed shall be applied in accordance with Clause 28.1 (*Order of application*) of the Facility Agreement. The application of monies received by an Administrator will be governed by the IA.

13 GENERAL SECURITY PROVISIONS

13.1 Continuing security

This Deed is a continuing security and regardless of any intermediate payment or discharge in whole or in part to any Finance Party, shall be binding until the date (the "**Discharge Date**") on which

- (a) all of the Secured Liabilities have been unconditionally and irrevocably paid or discharged in full to the satisfaction of the Security Agent, and
- (b) the Security Agent is satisfied that all of the Finance Parties have ceased to have any commitment, obligation or other liability (whether actual or contingent) to make any credit or provide any other accommodation to the Chargor under any Finance Document or otherwise or to any other person in respect of whose liabilities the Chargor has undertaken a liability to the Security Agent or any other Finance Party under any Finance Document.

13.2 Additional security

This Deed is in addition to and is not in any way prejudiced by any other guarantee or Security Interest now or subsequently held by or on behalf of the Security Agent or any other Finance Party.

13.3 Waiver of defences

The obligations of the Chargor under this Deed will not be discharged, impaired or otherwise affected by any act, omission, matter or thing which, but for this Clause 13.3 (*Waiver of defences*), would reduce, release or prejudice any of its obligations under this Deed, including (whether or not known to it or the Security Agent)

- (a) any time, waiver, consent or other indulgence granted to, or composition with, any Obligor or any other person,
- (b) the release of any other Obligor or any other person under the terms of any composition or arrangement with any creditor,
- (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 Interest over the assets of, the Chargor or any other person or any non-presentation or non-observance of any formality or other requirement in respect of any document or any failure to take, or failure to realise the full value of, any Security Interest,

- (d) any incapacity or lack of power, authority or legal personality of or Insolvency or change in the members or status of the Chargor or any other person, or
- (e) any disclaimer, unenforceability, illegality, invalidity or ineffectiveness of any of the Secured Liabilities or any other obligation of any person under any Transaction Document or any other document or Security Interest

13.4 Immediate recourse

The Chargor waives any right it may have of first requiring any Finance Party to proceed against or enforce any Security Interest or other rights or claim payment from any other person before claiming from it under this Deed. This waiver applies irrespective of any applicable law and regulation or any provision of any Finance Document to the contrary.

13.5 Discretion in enforcement

Until the Discharge Date, the Security Agent or any Receiver may

- (a) refrain from applying or enforcing any other monies, Security Interests or other rights held or received by it in respect of the Secured Liabilities or apply and enforce them in such manner and order as it sees fit, whether against the Secured Liabilities or otherwise (unless such monies would clear all Secured Liabilities in full and the Security Agent is satisfied (acting reasonably) that such monies are not susceptible to any avoidance, reduction or clawback), and the Chargor shall not be entitled to the benefit of the same, and
- (b) hold in an interest-bearing suspense account any monies received from the Chargor or on account of the Secured Liabilities

13.6 Subsequent Security Interests

At any time following

- (a) the Security Agent or any other Finance Party's receipt of notice (either actual or constructive) of any subsequent Security Interest affecting the Secured Assets,
- (b) the Insolvency of the Chargor, or
- (c) any disposal of all or any of the Secured Assets in breach of Clause 5.2 (*No disposals*),

any Finance Party may open a new account or accounts in the name of the Chargor (whether or not it permits any existing account to continue). If a Finance Party does not open such a new account, it shall nevertheless be treated as if it had done so at the time when the notice was received or was deemed to have been received or, as the case may be, the Insolvency commenced or the assignment or transfer occurred and from that time all payments made by the Chargor to, the Finance Party or received by the Finance Party for the account of the Chargor shall be credited or treated as having been credited to the new account and shall not operate to reduce the amount secured by this Deed at the time when the Finance Party received or was deemed to have

received that notice or, as the case may be, the Insolvency commenced or the assignment or transfer occurred

13 7 **Deferral of Chargor's rights**

Until all amounts which may be or become payable by the Obligors under or in connection with the Finance Documents have been irrevocably paid in full 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 or by reason of any amount being payable, or liability arising, under any guarantee, undertaking or indemnity

- (a) to be indemnified by the Borrower,
- (b) to claim any contribution from any other guarantor of the Borrower's obligations 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 the Finance Parties 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 the Borrower to make any payment, or perform any obligation, in respect of which the Chargor has given a guarantee, undertaking or indemnity,
- (e) to exercise any right of set-off against the Borrower, and/or
- (f) to claim or prove as a creditor of the Borrower in competition with any Finance 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 the Finance Parties by the Transaction Obligors under or in connection with the Finance Documents to be repaid in full on trust for the Finance Parties and shall promptly pay or transfer the same to the Agent or as the Agent may direct for application in accordance with Clause 31 (*Payment mechanics*) of the Facility Agreement

14 **POWER OF ATTORNEY**

14 1 **Appointment**

The Chargor irrevocably and by way of security appoints the Security Agent and any Receiver and every delegate referred to in Clause 8 4 (*Delegation*) and each of them jointly and also severally to be its attorney (with full powers of substitution and delegation) and in its name or otherwise and on its behalf and as its act and deed to execute, deliver and perfect all documents and do any other acts and things which may be required or which the attorney may consider desirable

- (a) to carry out any obligation imposed on the Chargor by this Deed which the Chargor has failed to undertake,

- (b) to carry into effect any disposal or other dealing by the Security Agent or any Receiver following the occurrence of an Event of Default,
- (c) to transfer any right in any asset following the occurrence of an Event of Default,
- (d) to get in the Secured Assets following the occurrence of an Event of Default, and
- (e) generally to enable the Security Agent and any Receiver to exercise the respective rights conferred on them by this Deed or by applicable law and regulation,

and the Chargor undertakes to ratify and confirm all acts and things done by an attorney in the proper and lawful exercise or purported exercise of its powers and all monies spent by an attorney shall be deemed to be expenses incurred by the Security Agent under this Deed.

14 2 Irrevocable power

The Chargor acknowledges that each power of attorney granted by Clause 14 1 (*Appointment*) is granted irrevocably and for value as part of this Security to secure a proprietary interest of, and the performance of obligations owed to, the donee within the meaning of s4 Powers of Attorney Act 1971

15 RETENTION OF SECURITY

15 1 Release of Security

Following the Discharge Date and at the request and cost of the Chargor, the Security Agent shall, as soon as reasonably practicable after receipt of that request, release and discharge this Security and re-assign the assets assigned to the Security Agent under this Deed to the Chargor (or as it shall direct), at all times without recourse, representation or warranty and subject to the provisions of the Facility Agreement, Clauses 15 2 (*Reinstatement*) and 15 3 (*Retention of security*) and the rights of any person having prior rights over those assets. Any release or discharge of this Security or re-assignment shall not release or discharge the Chargor from any liability to the Security Agent or any other Finance Party for the Secured Liabilities or any other monies which exists independently of this Deed

15 2 Reinstatement

- (a) Any release, settlement, discharge, re-assignment or arrangement (in this Clause 15 (*Retention of security*), a "**release**") made by the Security Agent on the faith of any assurance, security or payment shall be conditional on that assurance, security or payment not being avoided, reduced, clawed back or ordered to be repaid under any law relating to Insolvency
- (b) If any avoidance, reduction or clawback occurs or order is made as referred to in Clause 15 2(a), then the release given by the Security Agent shall have no effect and shall not prejudice the right of the Security Agent to enforce this Security in respect of the Secured Liabilities. As between the Chargor and the

Security Agent, this Security shall (notwithstanding the release) be deemed to have remained at all times in effect and held by the Security Agent as security for the Secured Liabilities

15 3 Retention of security

The Security Agent may retain all or part of this Security, the documents of title and other documents relating to the Secured Assets and its other rights under this Deed as security for the Secured Liabilities if and for so long as any assurances, security or payment as referred to in Clause 15 2(a) (*Reinstatement*) remains in the reasonable opinion of the Security Agent (acting on the basis of legal advice) susceptible of being avoided, reduced, clawed back or ordered to be repaid under any law relating to insolvency

16 PRIOR SECURITY INTERESTS

16 1 Redemption

The Security Agent may at any time

- (a) redeem, or procure the transfer to itself of, any prior Security Interest over any Secured Assets, or
- (b) settle and pass the accounts of the holder of any prior Security Interest Any accounts so settled and passed shall be conclusive and binding on the Chargor save in the case of manifest error

16 2 Costs of redemption

All principal monies, interest, costs, expenses and other amounts incurred in and incidental to any redemption or transfer under Clause 16 1 (*Redemption*) shall be paid by the Chargor to the Security Agent on demand

17 COSTS

The Chargor shall promptly on demand pay all the reasonable and proper costs and expenses (including legal fees) incurred in connection with this Deed by the Security Agent, including any arising from any actual or alleged breach by any person or any environmental or other law or regulation

18 TRANSFERS

18 1 Security Agent

The Security Agent may assign any or all of its rights and transfer any or all of its obligations under this Deed to a successor appointed pursuant to Clause 27 13 (*Resignation of the Agent and the Security Agent*) of the Facility Agreement

18 2 Chargor

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

19 FACILITY AGREEMENT PROVISIONS

The Facility Agreement contains various provisions which purport to apply to the Finance Documents, including this Deed. Each of those provisions, including Clauses 8.4 (*Default interest*), 31 (*Payment mechanics*), 32 (*Set-off*), 33 (*Notices*), 34 (*Calculations and certificates*), 35 (*Partial invalidity*), 36 (*Remedies and waivers*), 37 (*Amendments and waivers*) and 40 (*Counterparts*) shall apply to this Deed as if they were set out in full again here, with

- (a) references to the Agent including the Security Agent,
- (b) references to the Borrower including the Chargor,
- (c) the notice details of the Chargor for the purposes of Clause 33.2(a) (*Addresses*) of the Facility Agreement being as follows

Address 86 Bondway, London SW8 1SF

Facsimile no +44 (0) 207 735 2779

Electronic mail address amillet@CLSHOLDINGS.COM

For the attention of Alain Millet, and

- (d) any other changes which are necessary to fit this context

20 GOVERNING LAW

This Deed and any non-contractual obligations arising out of or in connection with it are governed by, and shall be construed in accordance with, English law

21 ENFORCEMENT

21.1 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 regarding the existence, validity or termination of this Deed) (a "**Dispute**")
- (b) The Parties agree that the courts of England are the most appropriate and convenient courts to settle Disputes and accordingly neither Party will argue to the contrary
- (c) This Clause 21.1 (*Jurisdiction of English courts*) is for the benefit of the Security Agent only. As a result, the Security Agent 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 Agent may take concurrent proceedings in any number of jurisdictions

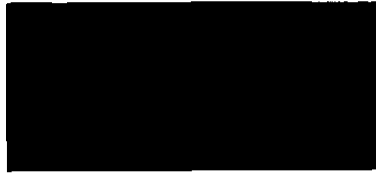
EXECUTION:

The parties have shown their acceptance of the terms of this Deed by executing it, in the case of the Chargor as a deed

EXECUTION:

CLS Holdings plc as Chargor

SIGNED as a deed by)
JOHN WHITELEY)
Director, duly authorised for and on behalf)
of CLS HOLDINGS PLC in the presence
of



Witness's signature



Witness's name
(in capitals)

KAREN SOAN

Witness's address



Landesbank Baden-Wurttemberg, London Branch as Security Agent

SIGNED as a deed by)
)
_____, and

_____, duly
authorised for and on behalf of
LANDESBANK BADEN-
WURTEMBERG LONDON BRANCH

EXECUTION:

CLS Holdings plc as Chargor

SIGNED as a deed by)
_____,)
Director, duly authorised for and on behalf)
of CLS HOLDINGS PLC in the presence
of

Witness's signature

Witness's name
(in capitals)

Witness's address

Landesbank Baden-Wurttemberg, London Branch as Security Agent

SIGNED as a deed by)
_____,)
ALAIN LAVIOLETTE, and
MICHAEL WEIR, duly
authorised for and on behalf of
LANDESBANK BADEN-
WURTEMBERG, LONDON BRANCH

