



**Registration of a Charge**

Company name: **CLS Holdings Plc**

Company number: **02714781**

Received for Electronic Filing: **29/12/2015**



X4NA4AUH

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**Details of Charge**

Date of creation: **23/12/2015**

Charge code: **0271 4781 0033**

Persons entitled: **NATIONWIDE BUILDING SOCIETY**

Brief description: **NOT APPLICABLE**

**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: **ADDLESHAW GODDARD LLP**



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

Company number: 2714781

Charge code: 0271 4781 0033

The Registrar of Companies for England and Wales hereby certifies that a charge dated 23rd December 2015 and created by CLS Holdings Plc was delivered pursuant to Chapter A1 Part 25 of the Companies Act 2006 on 29th December 2015 .

Given at Companies House, Cardiff on 30th December 2015

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 23 December

2015

# Nationwide Building Society

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## THIRD PARTY CHARGE OVER SHARES

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Chargor: CLS Holdings Plc

Borrower: CLS Chancery House Limited

### **IMPORTANT – PLEASE READ THIS NOTE BEFORE THIS CHARGE IS EXECUTED**

**This Charge is an important legal document. Nationwide strongly recommends that you seek the advice of your solicitor or other legal adviser before executing this Charge.**

- This is a charge over all of your shares in the Borrower
- Nationwide will hold this Charge as security for all debts and other liabilities owed by the Borrower to Nationwide and as security for your obligations under this Charge. This includes all present and future loans or facilities Nationwide has granted or may in the future grant to the Borrower.
- If any of the debts or liabilities owed by the Borrower to Nationwide are not paid when due Nationwide can appoint a Receiver, or take possession of the assets charged by this Charge and sell them.
- This Charge is separate from and not limited by any other security or guarantee which you may have already given or may give to Nationwide in the future.
- This Charge contains other terms which affect you.

**THIS CHARGE OVER SHARES** is made as a deed on 23 December

2015

and is made **BETWEEN**

**the Chargor and NATIONWIDE BUILDING SOCIETY** whose principal office is at Nationwide House, Pipers Way, Swindon SN38 1NW ("Nationwide")

## 1 Meaning of certain words

### 1.1 Definitions

In this Charge, unless the context otherwise requires:

<b>Authority</b>	means any governmental body, agency, department or regulatory, self-regulatory or other authority including, without limitation, local and public authorities and statutory undertakings;
<b>Borrower</b>	means the company whose details appear in Part B of the Schedule
<b>Charged Property</b>	means the assets, rights and interests charged by Clause 3.1 of this Charge;
<b>Chargor</b>	means the person or persons whose details appear in Part A of the Schedule;
<b>Consents</b>	means all approvals, authorisations, consents, licences, permissions, filings and registrations which it is necessary or advisable to obtain from any Authority or, without limitation, any third party;
<b>Default Rate</b>	means the default interest rate specified in the Facility Letter and if there is more than one Facility Letter and more than one default rate the different default rates shall be applied to such parts of the Indebtedness as Nationwide shall in its absolute discretion deem appropriate;
<b>Disposal</b>	means a sale, transfer, assignment, declaration of trust or other disposal by a person of all or part of its assets, whether by one transaction or a series of transactions and whether at the same time or over a period of time and "dispose" shall be construed accordingly;
<b>Enforcement Date</b>	means the date on which Nationwide demands the payment or discharge of all or any part of the Indebtedness or after the occurrence of an Event of Default or, if earlier, the date on which an application for an administration order is presented or any other formal step is taken with a view to appointing an administrator in relation to the Borrower or the Chargor or there is any Insolvency Event in respect of the Chargor;
<b>Event of Default</b>	has the meaning given to it in the Facility Letter;
<b>Facility Letter</b>	means at any time the facility letter issued by Nationwide and accepted by the Borrower in respect of facilities made available by Nationwide to the Borrower and if there is more than one of them, as the context requires, means each and/or all such facility letters;
<b>Financial Collateral</b>	has the meaning given to it in the Financial Collateral Arrangements (No. 2) Regulations 2003;
<b>Indebtedness</b>	means all moneys, obligations and liabilities to be paid by the Chargor referred to in clause 2;
<b>Insolvency Event</b>	means, as appropriate: <ul style="list-style-type: none"><li>(a) the Chargor ceases to carry on its business or suspends or threatens to suspend payment of its debts or is unable, or is deemed to be unable or admits in writing that it is unable to pay its debts within the meaning of Section 123 Insolvency Act 1986;</li><li>(b) the Chargor enters into any composition with its creditors;</li><li>(c) an application is made for an administration order, or Nationwide receives notice of intention to appoint an administrator, in relation to the Chargor;</li></ul>

- (d) any steps are taken by any person to wind up or dissolve or declare bankrupt the Chargor other than where such steps are frivolous or vexatious and are dismissed within 7 days;
- (e) any steps are taken by any person to appoint a liquidator, trustee, receiver, administrative receiver, administrator or similar officer to the Chargor over all or any part of its assets or undertakings;
- (f) any Security Right over any of the assets of the Chargor becomes enforceable;
- (g) any judgement, distress, warrant of attachment or similar processes is issued, levied or enforced upon the Charged Property or any material part of the assets of the Chargor and remains unsatisfied or unremedied within 21 days of it being issued;
- (h) there occurs in relation to the Chargor any event anywhere which corresponds with any of the events specified in (a) to (g) above;

**Permitted Charge** means any charge over the Charged Property which has been granted or permitted to subsist with the prior written consent of Nationwide

**Receiver** means any one or more receivers and/or managers and/or administrative receivers appointed by Nationwide pursuant to this Charge over all or any of the Charged Property including any substituted receiver and/or manager;

**Recoverable Amount** means the amount equal to the amount recoverable pursuant to the realisation of the Charged Property;

**Regulation** includes any regulation, rule, official directive, request or guideline (whether or not having the force of law) of any Authority from time to time;

**Shares** means the shares in the Borrower held by or on behalf of the Chargor listed in Part C of the Schedule;

**Security Financial Collateral Arrangement** has the meaning given to it in the Financial Collateral Arrangements (No. 2) Regulations 2003;

**Security Right** means any mortgage, debenture, charge (whether fixed or floating), pledge, lien, hypothecation, standard security, assignment by way of security or other security interest or arrangement of any kind having the effect of conferring security of any kind;

**Status Change** means:

- (a) an amalgamation of Nationwide with one or more other building societies pursuant to section 93 of the Building Societies Act 1986; or
- (b) a transfer of all or substantially all its engagements (including all the obligations of Nationwide under this Charge) to another building society pursuant to section 94 of the Building Societies Act 1986; or
- (c) a transfer of the whole of Nationwide's business to a company pursuant to section 97 of the Building Societies Act 1986; or
- (d) an alteration in the status of Nationwide by virtue of any statute or statutory provisions which alters, or permits the alteration of, the status of building societies generally or building societies which meet specified criteria to that of an institution authorised under the Financial Services and Markets Act 2000 or to a body which is regulated on a similar basis to an institution authorised under the Financial Services and Markets Act 2000;

and "Successor" means the resulting building society, company, institution or body;

**Subsidiary** shall have the meaning given to it by section 1159 of the Companies Act 2006;

**Transfer** has the meaning set out in clause 17.5(b);

**Transferee** has the meaning set out in clause 17.5(b).

## **2 Indebtedness secured on the Charged Property**

### **2.1 *Indebtedness***

The Chargor hereby covenants that it will pay to Nationwide on demand all moneys and discharge all obligations and liabilities now or in the future due, owing or incurred to Nationwide by the Borrower when the same become due for payment or discharge whether by acceleration or otherwise, and further that it will pay all monies and discharge all obligations now or in the future due, owing or incurred to Nationwide by the Chargor under the terms of this Charge. The moneys, obligations or liabilities which are due, owing or incurred to Nationwide may be:

- (a) express or implied;
- (b) present, future or contingent;
- (c) joint or several;
- (d) incurred as principal or under a guarantee or indemnity to Nationwide;
- (e) originally owing to Nationwide or purchased or otherwise acquired by it;
- (f) denominated in Sterling or in any other currency; or
- (g) incurred on any banking or other account or in any other manner whatsoever.

### **2.2 *Other liabilities***

The liabilities referred to in clause 2.1 shall, without limitation, include:

- (a) all liabilities arising under this Charge including without limitation under clause 12;
- (b) all liabilities under or in connection with foreign exchange transactions, interest rate swaps and other arrangements entered into for the purpose of limiting exposure to fluctuations in interest or exchange rates; and
- (c) interest (both before and after judgement) to date of payment at such rates and upon such terms specified in the Facility Letter, commission, fees and other charges (including interest rate breakage costs) and all legal and all other costs, charges and expenses (including any internal management, monitoring or enforcement costs, charges and expenses of Nationwide) on a full and unqualified indemnity basis which may be incurred by Nationwide in relation to any of the Indebtedness or any guarantee in respect of any part of the Indebtedness or otherwise in respect of the Borrower or the Chargor or any guarantor of any part of the Indebtedness.

### **2.3 *Limited Recourse***

The total amount recoverable by Nationwide from the Chargor under this Charge shall not exceed the aggregate of the Recoverable Amount plus interest on the Recoverable Amount as referred to in clause 2.2(c) plus any money payable by the Chargor under clause 12 and shall be limited (i) to such aggregate amount and (ii) to enforcing the security hereby created and it is agreed that Nationwide or its successors shall not be entitled under this Charge to have recourse to any other assets of the Chargor.

## **3 Charges**

### **3.1 *Fixed charge***

The Chargor with full title guarantee as a continuing security for the payment and discharge of the Indebtedness hereby charges to Nationwide by way of first fixed charge:

- (a) its entire right, title and interest in and to the Shares and their proceeds of sale; and
- (b) all accretions, rights, benefits, money or property accruing, issued or offered in respect of the Shares at any time, whether by way of rights, bonus, capitalisation, conversion, exchange, pre-emption, option, redemption or otherwise.

### 3.2 ***Financial Collateral***

To the extent that the whole or any part of the Charged Property constitutes Financial Collateral and this Charge and the obligations of the Chargor hereunder constitute a Security Financial Collateral Arrangement, Nationwide shall have the right to appropriate all or any part of such Financial Collateral in or towards the satisfaction of the Indebtedness secured by, or pursuant to, this Charge. The value of such Financial Collateral so appropriated shall be such amount as Nationwide so determines having taken into account advice obtained by it from an independent investment or accountancy firm of national standing selected by it.

### 3.3 ***Further advances***

This Charge secures further advances made by Nationwide to the Borrower.

## 4 **Representations and Warranties**

### 4.1 ***Representations and Warranties***

The Chargor represents and warrants to Nationwide that:

- (a) it is the sole, absolute and beneficial owner of the Shares;
- (b) it has not created or granted any Security Right over the Shares to any other person;
- (c) it has not entered into any agreement to sell, dispose of or grant any Security Right over the Shares;
- (d) the Shares are duly authorised, validly issued and fully paid up;
- (e) it has and will at all times have the necessary power to enter into and perform its obligations under this Charge;
- (f) this Charge (subject to the usual equitable remedies) constitutes its legal, valid, binding and enforceable obligations and is a security over all and every part of the Shares effective in accordance with its terms;
- (g) this Charge does not and will not conflict with or result in any breach of or constitute a default under any agreement, instrument or obligation to which the Chargor is a party or by which it is bound; and
- (h) all necessary authorisations and consents to enable or entitle it to enter into this Charge have been obtained and will remain in full force and effect at all times during the subsistence of the security constituted by this Charge.

The above representations and warranties shall survive the execution of this Charge and shall be deemed to be repeated by the Chargor on each date on which any Shares are deposited with Nationwide pursuant to this Charge, the date of drawdown under the Facility Letter and each day on which interest is due to be paid under the Facility Letter as if made with reference to the facts and circumstances existing at that time.

## 5 **Obligations in respect of the Charged Property**

### 5.1 ***Undertakings – positive***

The Chargor undertakes to Nationwide that during the continuance of this security the Chargor shall:

- (a) *Comply with the Charge:* at all times comply with the terms of this Charge and of all agreements relating to the Indebtedness;
- (b) *Deposit of Documents:* on the date of this Charge (or on the date of issue where any Shares are issued subsequently) deliver to Nationwide (or its nominee) all certificates (or such other documents or evidence of title as Nationwide may require) with respect to the Shares together with stamped, executed and undated transfers with the transferee's details left blank;
- (c) *Comply with Borrower's Memorandum and Articles:* subject to clause 5.4, comply in all respects with the terms of the memorandum and articles of association of the Borrower;
- (d) *To comply with notices:* comply promptly with any notices served on it under the Companies Act 2006;

- (e) *Breach of condition:* forthwith notify Nationwide, in writing, upon the happening of an event which with the giving of time, fulfilment of a condition or giving of notice would constitute a breach of the obligations on the part of the Chargor contained in this Charge;
- (f) *Information:* give to Nationwide such information as Nationwide shall reasonably require as to all matters relating to the Charged Property including, but not limited to, the allotment or issue of any shares in the capital of the Borrower to any person after the date of this Charge;
- (g) *Calls:* duly and promptly pay all calls, instalments or other moneys which may from time to time become due in respect of any of the Shares, it being acknowledged by the Chargor that Nationwide shall not in any circumstances incur any liability whatsoever in respect of any such calls, instalments or other moneys.

## 5.2 *Undertakings – negative*

The Chargor undertakes to Nationwide that during the continuance of this security the Chargor shall not without the prior written consent of Nationwide:

- (a) create or purport to create or permit to subsist any Security Right over the whole or any part of any of the Shares (other than a lien arising by operation of law arising in the ordinary course of the Chargor's business and any Permitted Charge); or
- (b) permit any person other than the Chargor or Nationwide (or the nominee or agent of Nationwide) to be registered as the holder of the Shares or any part thereof;
- (c) sell, transfer, grant any option over or otherwise attempt to dispose of all or any part of the Shares or any interest therein; or
- (d) knowingly do or cause or permit to be done anything which may in any way depreciate, jeopardise or otherwise prejudice the interest of Nationwide in, or the value to Nationwide of, the Shares and shall use its best endeavours not to permit a variation of any rights attaching to any part of the Shares.

## 5.3 *Authorisation to Register*

The Chargor irrevocably authorises Nationwide to arrange, at any time, for any of the Shares to be registered in the name of Nationwide (or its nominee).

## 5.4 *Authorisation to Transfer*

- (a) The Chargor irrevocably agrees that it will, notwithstanding any restriction or condition on the transfer of shares under the Borrower's memorandum and articles of association, after the Enforcement Date and when so requested by Nationwide transfer all or any of the Shares to such nominees or agents as Nationwide may select and the Chargor hereby gives its consent to such a transfer.
- (b) Where any power, right or discretion is conferred on the Chargor under the Borrower's memorandum or articles of association in respect of the transfer of shares of the Borrower, the Chargor shall not after the Enforcement Date exercise any right of pre-emption or refusal in respect of the Shares so as to prevent their transfer to Nationwide or its nominees or agents and shall do such things as are necessary and shall, in its capacity as a shareholder or otherwise of the Borrower, sign any consents or shareholder resolutions in accordance with the Borrower's memorandum and articles of association as Nationwide might require to transfer the Shares to Nationwide or its nominees or agents.

## 5.5 *No limitation*

None of the undertakings in clause 5 shall be construed as limiting any powers exercisable by any Receiver appointed by Nationwide under this Charge.

# 6 *Certain powers of Nationwide*

## 6.1 *Powers on enforcement*

Section 103 of the Law of Property Act 1925 shall not apply. At any time on or after the Enforcement Date or if requested by the Chargor, Nationwide may, without further notice, and whether or not a Receiver shall have been appointed:



- (a) exercise all voting or other powers pertaining to the Shares in any manner which Nationwide may consider appropriate;
- (b) exercise all the powers and rights conferred on mortgagees by the Law of Property Act 1925 as hereby varied or extended;
- (c) receive and retain all dividends, interest or other money or assets accruing on or in respect of the securities under and subject to the terms of this Charge and any such dividends, interest or money or assets received by the Chargor after such time shall be held in trust by the Chargor for Nationwide and paid or transferred to Nationwide on demand; and
- (d) dispose of or realise the Shares in any manner which Nationwide may consider appropriate, the costs of such disposal or realisation constituting part of the Indebtedness.

In the event of any conflict between the powers contained in the Law of Property Act 1925 and those conferred by this Charge, the terms of this Charge shall prevail.

## 6.2 *Subsequent Security Rights*

If Nationwide receives or has notice (actual or constructive) of any subsequent Security Right affecting the Charged Property or any part of it or if the continuing nature of this Charge is determined for any reason, Nationwide may open a new account for the Chargor. If it does not do so then, unless Nationwide gives express written notice to the contrary to the Chargor for the purposes of this Charge, Nationwide shall nevertheless be treated as if it had opened a new account at the time when it received or had such notice and as from that time all payments made by or on behalf of the Chargor to Nationwide shall be credited or be treated as having been credited to the new account and shall not operate to reduce the amount due from the Chargor to Nationwide at the time when it received such notice.

## 6.3 *Settlement of accounts*

Any sale or other disposition by Nationwide or by a Receiver may be made either subject to or discharged from any prior charge or upon such terms of indemnity as Nationwide or such Receiver may think fit. Nationwide or the Receiver may settle and pay the accounts of any person in whom any prior charge may from time to time be vested and any accounts so settled and paid shall as between Nationwide, the Receiver and the Chargor be deemed to be properly settled and paid and shall be binding on the Chargor accordingly. The money so expended by Nationwide shall be repayable by the Chargor to Nationwide on demand, shall constitute part of the Indebtedness and shall bear interest at the Default Rate from the date of payment by Nationwide.

## 6.4 *Contingencies*

If Nationwide enforces the security constituted by this Charge at a time when no amount in respect of the Indebtedness is due and payable, or when the amount due and payable is not ascertained, Nationwide (or the Receiver) may pay the proceeds of any recoveries effected by it into an interest-bearing suspense account. Nationwide may withdraw amounts standing to the credit of such suspense account for application in accordance with clause 9.1.

## 6.5 *No Liability*

Nationwide shall incur no liability for any loss arising out of a sale pursuant to clause 6.1 above from whatever cause and whether or not a better price could have been obtained on the sale of any Shares by deferring or advancing the date of such sale or otherwise.

## 7 *Rights attaching to securities*

### 7.1 *Voting Rights*

Unless and until this Charge becomes enforceable, or Nationwide directs otherwise:

- (a) all voting and other rights attaching to the Shares shall continue to be exercised by the Chargor for so long as the Chargor remains their registered owner; and
- (b) if the Shares are registered in the name of Nationwide or its nominee, all voting and other rights attaching to them shall be exercised by Nationwide or its nominee in accordance with instructions in writing from time to time

received from the Chargor and, in the absence of such instructions, Nationwide or the nominees shall refrain from exercising any such rights.

## **7.2 *Payment of Calls***

The Chargor will pay promptly all calls or other payments, and will discharge all other obligations which may become due in respect of any Shares and, if the Chargor fails to do so, Nationwide may if it thinks fit make such payments or discharge such obligations on behalf of the Chargor. Any sums so paid by Nationwide shall be repayable by the Chargor to Nationwide on demand. Nationwide may debit such amounts to any account that the Chargor may hold with Nationwide (or, if no account is held, to open an account in the Chargor's name for this purpose) and any such amounts will form part of the Indebtedness.

## **7.3 *Exercise of Rights***

Nationwide shall have no duty to ensure that any dividends, interest or other money and assets or rights receivable in respect of the Shares are duly and punctually paid, received or collected or exercised when they become due and payable or exercisable, or to ensure the taking up of any (or any offer of any) stocks, shares, rights, money or other property paid, distributed, accruing or offered at any time by way of redemption, bonus, rights, reference or to otherwise in respect of the Shares.

## **8 *Appointment and powers of Receiver***

### **8.1 *Appointment***

At any time on or after the Enforcement Date or if requested by the Chargor, or if the security created by this Charge shall in Nationwide's opinion be in jeopardy, Nationwide may by instrument in writing executed as a deed or under the hand of any director or other duly authorised officer appoint any person to be a Receiver of the Charged Property or any part of it. Where more than one Receiver is appointed, each joint Receiver shall have power to act severally, independently and to the exclusion of any other joint Receivers, except to the extent that Nationwide may specify to the contrary in the appointment. Nationwide may (subject, where relevant, to section 45 of the Insolvency Act 1986) remove any Receiver so appointed and appoint another in his place.

### **8.2 *Receiver as agent***

Any Receiver shall be the agent of the Chargor and the Chargor shall be solely responsible for his acts or defaults and liable on any contracts and engagements made or entered into by him and shall alone be responsible for his remuneration.

### **8.3 *Powers of Receiver***

Any Receiver shall have all the powers conferred from time to time on receivers by statute (in the case of powers conferred by the Law of Property Act 1925, without the restrictions contained in section 103 of that Act) and power on behalf, and at the expense, of the Chargor (notwithstanding the liquidation of the Chargor) to do or omit to do anything which the Chargor could do or omit to do in relation to the Charged Property or any part of it. In particular (but without limitation) a Receiver shall have power to do all or any of the following acts and things:

- (a) *Take possession:* to take possession of, collect and get in all or any of the Charged Property and exercise in respect of the Shares all voting or other powers or rights available to a registered holder in such manner as he may think fit;
- (b) *Dispose of assets:* without the restrictions imposed by section 103 of the Law of Property Act 1925 or the need to observe any of the provisions of sections 99 and 100 of such Act, to sell, exchange, surrender or otherwise dispose of or deal with all or any part of the Charged Property or concur in so doing in such manner for such consideration and generally on such terms and conditions as he may think fit with full power to transfer or deal with such Charged Property in the name and on behalf of the Chargor or otherwise and so that covenants and contractual obligations may be granted and assumed in the name of and so as to bind the Chargor if he shall consider it necessary or expedient so to do; any such sale or disposition may be for cash, debentures or other obligations, shares, stock, securities or other valuable consideration and be payable immediately or by instalments spread over such period as he shall think fit and so that any consideration received or receivable shall forthwith be and become charged with the payment of the Indebtedness. Any contract for any such sale or other disposal by the Receiver or Nationwide may contain conditions excluding or restricting the personal liability of the Receiver or Nationwide;
- (c) *Make calls:* to make calls conditionally or unconditionally on the members of the Chargor in respect of uncalled capital;
- (d) *Nationwide powers:* to do anything Nationwide has power to do under this Charge; and

- (e) *Other acts:* to do all other acts and things which he may consider to be incidental or conducive to any of the powers contained in this clause 8.

#### **8.4      *Remuneration***

Nationwide may from time to time determine the remuneration of any Receiver and section 109(6) of the Law of Property Act 1925 shall be varied accordingly. A Receiver shall be entitled to remuneration appropriate to the work and responsibilities involved upon the basis of charging from time to time adopted by the Receiver in accordance with the current practice of his firm.

#### **8.5      *No liability***

Neither Nationwide nor any Receiver shall be liable for any involuntary losses that may occur in exercise of the rights, liberties and powers contained in this Charge or be liable to account as mortgagee in possession.

#### **9        *Set-off***

##### **9.1      *Set-off***

Nationwide shall, with the irrevocable authority of the Chargor and, in addition to and without prejudice to any rights Nationwide may have whether:

- (a) arising by operation of law or otherwise in consequence of the relationship between the parties to this Charge; or
- (b) by way of rights of general lien or set-off or as otherwise exist,

be entitled without notice at any time and from time to time to set-off or transfer any sum or sums standing to the credit of any account of the Chargor with Nationwide at any of its branches, of whatever nature and in whatever currency denominated, in or towards satisfaction of any sums due and payable from the Chargor to Nationwide under this Charge.

##### **9.2      *Additional rights***

If the liability in respect of which Nationwide is exercising its rights of set-off is contingent, or not yet payable, it shall automatically be accelerated, and shall accordingly be due and payable, before and at the time of such set-off. If the sums standing to the credit of any account of the Chargor with Nationwide at any of its branches against which set-off is to be made are not due or matured or otherwise payable, they shall notwithstanding anything to the contrary contained in this Charge be deemed already to be so for the purposes of the set-off contemplated in clause 9 provided that Nationwide shall not be obliged to exercise any right given to it by this clause 9.

##### **9.3      *Waiver***

The Chargor hereby waives any right of set-off it may have from time to time in respect of the Indebtedness.

#### **10       *Effect of Enforcement Date***

##### **10.1     *Enforcement Date***

From the Enforcement Date, Nationwide shall cease to be under any further commitment to the Borrower and/or the Chargor. The Indebtedness (other than contingent liabilities) not otherwise so payable shall immediately become payable on demand and the Chargor shall provide cash cover on demand for the maximum amount of its contingent liabilities to Nationwide.

#### **11       *Application of proceeds and purchasers***

##### **11.1     *Application of proceeds***

Any moneys received by Nationwide or by any Receiver appointed by it pursuant to this Charge and/or under the powers conferred by this Charge shall be applied for the following purposes and, unless otherwise determined by Nationwide or such Receiver, in the following order of priority:

- (a) in the payment of all costs, charges and expenses of and incidental to the Receiver's appointment and the payment of his remuneration;

- (b) in the payment and discharge of any liabilities incurred by the Receiver on the Chargor's behalf in the exercise of any of the powers of the Receiver;
- (c) in providing for the matters (other than the remuneration of the Receiver) specified in the first three paragraphs of section 109(8) of the Law of Property Act 1925;
- (d) in or towards payment of any debts or claims which are by statute payable in preference to the Indebtedness but only to the extent that those debts or claims have that preference;
- (e) in or towards satisfaction of the Indebtedness; and
- (f) any surplus shall be paid to the Chargor or any other person who may be entitled to it.

## 11.2 *Suspense account*

Any moneys received, recovered or realised under the powers conferred under this Charge may, at the discretion of Nationwide, be placed in a suspense account and kept there for so long as Nationwide thinks fit pending application from time to time (as Nationwide shall be entitled to do as it may think fit) of such moneys in or towards discharge of the Indebtedness.

## 11.3 *Law of Property Act 1925*

The provisions of clauses 11.1 and 11.2 shall take effect as and by way of variation and extension to the provisions of section 109 of the Law of Property Act 1925.

## 11.4 *Protection of purchasers*

- (a) Any person (including, without limitation, any purchaser, mortgagor or mortgagee) (in this clause a “**purchaser**”) dealing with Nationwide may assume without inquiry that:
  - (i) some part of the Indebtedness has become due;
  - (ii) a demand for such Indebtedness has been duly made; and
  - (iii) such Indebtedness has become due within the meaning of section 101 of the Law of Property Act 1925.
- (b) No purchaser dealing with the Receiver or Nationwide is to be concerned to enquire whether any power exercised or purported to be exercised by the Receiver or Nationwide has become exercisable, or as to the propriety or regularity of any sale by, or other dealing with, the Receiver or Nationwide. Any such sale or dealing is deemed to be within the powers conferred by this Charge and to be valid and effective accordingly. All the protection to purchasers contained in section 104 and section 107 of the Law of Property Act 1925 and section 42(3) of the Insolvency Act 1986 apply to any purchaser.

## 12 *Indemnities and costs and expenses*

### 12.1 *Enforcement costs*

The Chargor hereby undertakes with Nationwide to pay on demand all costs, charges and expenses including, without limitation, all legal and all other costs, charges and expenses (including any internal management, monitoring or enforcement costs, charges and expenses of Nationwide) on a full and unqualified indemnity basis which may be incurred by Nationwide or by any Receiver in or incidental to the enforcement, attempted enforcement, preservation or attempted preservation of any of the security created by or pursuant to this Charge or any of the Charged Property or in the administration and management of the Chargor's accounts with Nationwide or in the collection of the Indebtedness, together with interest at the Default Rate from the date on which such costs, charges or expenses are incurred until the date of payment by the Chargor (both before and after judgement). Any taxation of such costs, charges and expenses shall be on an indemnity basis.

### 12.2 *No liability as mortgagee in possession*

Neither Nationwide nor any nominee, delegate or any Receiver shall be liable to account as mortgagee in possession in respect of all or any of the Charged Property or be liable for any loss upon realisation or exercise of any power, authority or

right of Nationwide or the Receiver arising under this Charge or for any act or default or omission of any nature whatsoever for which a mortgagee in possession may be liable as such.

### 12.3 *Indemnity from Charged Property*

Nationwide and any Receiver, attorney, agent or other person appointed by Nationwide or any Receiver under this Charge and Nationwide's officers and employees (each an "**Indemnified Party**") shall be entitled to be indemnified out of the Charged Property in respect of all costs, losses, actions, claims, expenses, demands or liabilities whether in contract, tort, delict or otherwise and whether arising at common law, in equity or by statute which may be incurred by, or made against, any of them (or by or against any manager, agent, officer or employee for whose liability, act or omission any of them may be answerable) at any time relating to or arising directly or indirectly out of or as a consequence of:

- (a) anything done or omitted in the exercise or purported exercise of the powers contained in this Charge; or
- (b) any breach by the Chargor of any of its obligations under this Charge;

and the Chargor shall indemnify Nationwide and any Receivers against any such matters.

## 13 **Power of attorney**

### 13.1 *Power of attorney*

The Chargor by way of security hereby irrevocably appoints each of Nationwide and any Receiver jointly and severally to be its attorney with full power of delegation in its name and on its behalf:

- (a) to sign, execute, seal, complete and deliver any document, deed, agreement, instruments or act which Nationwide or such Receiver may require for perfecting the title of Nationwide to the Charged Property or for vesting the same in Nationwide, its nominees or any purchaser or generally for any of the purposes set out in this Charge;
- (b) to sign, execute, seal, complete and deliver and otherwise perfect any further security document referred to in clause 16; and
- (c) otherwise generally to sign, seal, execute and deliver all deeds, assurances, agreements and documents and to do all acts and things which may be required for the full exercise of all or any of the powers conferred on Nationwide or a Receiver under this Charge or which may be deemed expedient by Nationwide or a Receiver in connection with any Disposal, realisation or getting in by Nationwide or such Receiver of the Charged Property or any part thereof or in connection with any other exercise of any power under this Charge.

### 13.2 *Ratification*

The Chargor shall ratify and confirm all transactions entered into by Nationwide, any Receiver or any delegate of Nationwide in the exercise or purported exercise of Nationwide's or the Receiver's respective powers and all things done by Nationwide, such Receiver or delegate by virtue of any power of attorney given by this clause 13.

### 13.3 *Irrevocable*

The Chargor hereby acknowledges that the power of attorney hereby granted to Nationwide, any Receiver and its delegates and substitutes is granted irrevocably and for value as part of the security constituted by this Charge to secure the proprietary interests of and the performance of obligations owed to the respective donees within the meaning and for the purposes of the Powers of Attorney Act 1971.

## 14 **Continuing security and other matters**

### 14.1 *Continuing security*

This Charge and the obligations of the Chargor under this Charge shall:

- (a) secure the Indebtedness owing to Nationwide by the Borrower and/or the Chargor and shall be a continuing security notwithstanding any payment or settlement of account or other matter whatsoever;
- (b) be in addition to, and not prejudice or affect, any present or future guarantee, indemnity, Security Right, right or remedy held by or available to Nationwide;

- (c) not merge with or be in any way prejudiced or affected by the existence of any such guarantees, indemnities, Security Rights, rights or remedies or by the same being or becoming wholly or in part void, voidable or unenforceable on any ground whatsoever or by Nationwide dealing with, exchanging, releasing, varying or failing to perfect or enforce any of the same, or giving time for payment or indulgence or compounding with any other person liable;
- (d) not be discharged or affected by any amendment, variation or other change to the Facility Letter and/or any other document providing for obligations secured by this Charge;
- (e) not be discharged or affected by the incapacity or any change in the name, style or constitution of the Borrower or the Chargor or any other person liable;
- (f) not be discharged or affected by Nationwide granting any time, indulgence or concession to, or compounding with, discharging, releasing or varying the liability of the Borrower or the Chargor or any other person liable or renewing, determining, varying or increasing any accommodation, facility or transaction or otherwise dealing with the same in any manner whatsoever or concurring in, accepting or varying any compromise, arrangement or settlement or omitting to claim or enforce payment from the Borrower or the Chargor or any other person liable;
- (g) not be discharged or affected by any act or omission which would not have discharged or affected the liability of any or all of the Borrower and/or the Chargor had it been a principal debtor instead of a surety or by anything done or omitted which but for this provision might operate to exonerate the Chargor;
- (h) not be discharged or affected by any failure of, or defect in, any agreement given by or on behalf of the Chargor in respect of any Indebtedness nor by any legal limitation in any matter in respect of any Indebtedness or by any other fact or circumstances (whether known or not to the Chargor or Nationwide) as a result of which any Indebtedness may be rendered illegal, void or unenforceable by Nationwide; and
- (i) remain binding on the Chargor notwithstanding any amalgamation, reconstruction, reorganisation, merger, sale or transfer by or involving Nationwide or of the assets of Nationwide and for this purpose this Charge and all rights conferred on Nationwide under it may be assigned or transferred by Nationwide accordingly.

#### 14.2 *Statements of account*

Any statement of account of the Borrower or the Chargor, signed as correct by an authorised signatory of Nationwide, showing the amount of the Indebtedness or any other amounts owing from the Borrower or the Chargor to Nationwide shall, in the absence of manifest error, be binding and conclusive on and against the Chargor.

#### 14.3 *Other security*

Nationwide shall not be obliged to resort to any guarantees, indemnities, Security Rights or other means of payment now or hereafter held by or available to it before enforcing this Charge and no action taken or omitted by Nationwide in connection with any such guarantees, indemnities, Security Rights or other means of payment shall discharge, reduce, prejudice or affect the liability of the Chargor or the Indebtedness, nor shall Nationwide be obliged to account for any money or other property received or recovered in consequence of any enforcement or realisation of any such guarantees, indemnities, Security Rights or other means of payment.

#### 14.4 *Settlements conditional*

Any release, discharge of this Charge or settlement of the Indebtedness shall be conditional upon no security, disposition or payment to Nationwide by the Chargor or any other person being void, set aside, reduced or ordered to be refunded pursuant to any enactment or law relating to liquidation, administration or insolvency or for any other reason whatsoever and if such condition shall not be fulfilled Nationwide shall be entitled to enforce this Charge and any other rights it would have been entitled to exercise subsequently as if such release, discharge or settlement had not occurred and any such payment had not been made.

15 **Waiver of Chargor's rights**

15.1 ***Waiver of Chargor's rights***

Until all the Indebtedness has been paid, discharged or satisfied in full (and notwithstanding payment of a dividend in any liquidation or under any compromise or arrangement) the Chargor agrees that, without the prior written consent of Nationwide, it will not:

- (a) exercise its rights of subrogation, reimbursement and indemnity against the Borrower or any other person liable;
- (b) demand or accept repayment in whole or in part of any indebtedness now or hereafter due to it from the Borrower or from any other person liable or demand or accept any collateral instrument (including any Security Right) in respect of the same or dispose of the same;
- (c) take any step to enforce any right against the Borrower or any other person liable in respect of the Indebtedness; or
- (d) claim any set off or counterclaim against the Borrower or any other person liable or claim or prove in competition with Nationwide in the liquidation, administration or other insolvency process of the Borrower or any other person liable or have the benefit of, or share in, any payment from or composition with, the Borrower or any other person liable or any other Security Interest now or hereafter held by Nationwide for the Indebtedness or for the obligations or liabilities of any other person liable but so that, if so directed by Nationwide, it will prove for the whole or any part of its claim in the liquidation, administration or other insolvency process of the Borrower on terms that the benefit of such proof and of all money received by it in respect thereof shall be held on trust for Nationwide and applied in or towards discharge of the Indebtedness in such manner as Nationwide shall deem appropriate.

16 **Further assurance**

16.1 ***Further assurance***

The Chargor shall if and when at any time required by Nationwide:

- (a) execute such further Security Rights and assurances in favour of Nationwide and do and deliver all such acts and things as Nationwide shall from time to time require over or in relation to all or any of the Charged Property to secure the Indebtedness or to perfect or protect the security intended to be created by this Charge over the Charged Property or any part of it; and
- (b) at any time on or after the Enforcement Date do and execute all acts, deeds and documents which Nationwide may then require to facilitate the realisation of the Charged Property.

16.2 ***Certain documentary requirements***

Such further assurances shall be prepared by or on behalf of Nationwide at the expense of the Chargor and shall contain;

- (a) an immediate power of sale without notice;
- (b) a clause excluding section 93 of the Law of Property Act 1925 and the restrictions contained in section 103 of the Law of Property Act 1925; and
- (c) such other clauses for the benefit of Nationwide as Nationwide may require.

17 **Miscellaneous**

17.1 ***Remedies cumulative***

No failure or delay on the part of Nationwide to exercise any power, right or remedy shall operate or be construed as a waiver. Any single or any partial exercise or waiver of any power, right or remedy shall not preclude its further exercise or the exercise of any other power, right or remedy. The powers, rights and remedies provided by this Charge are cumulative and are not exclusive of any powers, rights and remedies provided by law.

#### 17.2 *Preservation of rights*

Nationwide may, in its absolute discretion, grant time or other indulgence or make any other arrangement, variation or release with any person not a party hereto or affecting or concerning any such person in respect of the Indebtedness or in respect of any Security Right or any guarantee for the Indebtedness, without in any such case prejudicing, affecting or impairing the security hereby constituted, or any of the rights, powers or remedies of Nationwide or the exercise of the same, or the Indebtedness or other liability of the Chargor to Nationwide.

#### 17.3 *Unfettered discretion*

Any liability or power which may be exercised or any determination which may be made under this Charge by Nationwide may be exercised or made in its absolute and unfettered discretion and it shall not be obliged to give any reasons.

#### 17.4 *Provisions severable*

- (a) Each of the provisions of this Charge is severable and distinct from the others and if at any time one or more of such provisions is or becomes invalid, illegal or unenforceable the validity, legality and enforceability of the remaining provisions of this Charge shall not in any way be affected or impaired thereby.
- (b) If any invalid or unenforceable clause (or part of a clause) would not be invalid or unenforceable if its drafting or effect were modified in any way, the Chargor agrees that Nationwide can require such clause to be modified so as to be valid and enforceable.

#### 17.5 *Transfer of rights*

- (a) The Chargor may not assign or otherwise transfer any of its rights or obligations under this Charge.
- (b) Nationwide may at any time sell, assign, novate, securitise or otherwise transfer all or any part of its rights or obligations under this Charge including, without limitation, in connection with a Status Change (a "**Transfer**") to any person at any time including, without limitation, a Successor (a "**Transferee**"). The Chargor consents to the disclosure by Nationwide of any information and documentation concerning the Chargor to any prospective Transferee.
- (c) If there is a Transfer by Nationwide the Chargor will be bound to the Transferee and the rights and obligations of the Chargor under this Charge will remain the same. The Transferee will have the same powers, rights, benefits and obligations of Nationwide to the extent that they are sold, assigned, novated or otherwise transferred to the Transferee and Nationwide will be released from its obligations to the Chargor to the extent that those obligations are assumed by the Transferee. The Chargor will enter into all documents necessary to give effect to any such Transfer.
- (d) Any appointment or removal of a Receiver under clause 8 and any consents under this Charge may be made or given in writing signed or sealed by any Successors or Transferees of Nationwide and accordingly the Chargor hereby irrevocably appoints each Transferee of Nationwide to be its attorney in the terms and for the purposes set out in clause 13.

#### 17.6 *Reorganisation of Nationwide*

This Charge shall remain binding on the Chargor notwithstanding any change in the constitution of Nationwide or its absorption in, or amalgamation with, or the acquisition of all or part of its undertaking by any other person, or any reconstruction or reorganisation of any kind including, without limitation, any Status Change. The security granted by this Charge shall remain valid and effective in all respects in favour of any Transferee of Nationwide in the same manner as if such Transferee had been named in this Charge as a party instead of, or in addition to, Nationwide and notwithstanding any Status Change.

#### 17.7 *Consolidation*

Section 93 of the Law of Property Act 1925 shall not apply to the security created by this Charge or to any security given to Nationwide pursuant to this Charge.



## 18 Notices

### 18.1 *Notices by Chargor*

- (a) Any notice, certificate or other correspondence required to be sent or given by the Chargor to Nationwide shall be addressed to Nationwide and sent by first class post to the address specified below or to such other address or for the attention of such other person or department as may from time to time be notified by Nationwide to the Chargor for this purpose.

Commercial Property Finance  
Nationwide Building Society  
Kings Park Road  
Moulton Park  
Northampton  
NN3 6NW

Attention: Head of Commercial Property Finance

- (b) Any such notice or other correspondence shall only be effective when actually received by Nationwide.

### 18.2 *Notices by Nationwide*

- (a) Any notice, correspondence or demand for payment by Nationwide under this Charge shall, without prejudice to any other effective mode of making the same, be deemed to have been properly served on the Chargor if served on it or any one of its directors or on its secretary or delivered or sent by post to the Chargor at its registered office or any of its principal places of business for the time being or any other address from time to time notified by the Chargor to Nationwide or sent by fax to the Chargor using such fax number from time to time notified by the Chargor to Nationwide.

- (b) Any such notice, correspondence or demand shall be deemed to have been served:

- (a) if delivered by hand, at the time of day of actual delivery;
- (b) if sent by fax, with a confirmed receipt of transmission from the sending machine, when transmitted; or
- (c) if sent by post, at 9.00am on the second day (not being a Saturday, Sunday or public holiday) following the day of posting (notwithstanding that it be undelivered or returned undelivered)

and, in proving the giving of a notice such method of service shall be conclusive evidence.

- (c) Any such notice or demand or any certificate as to the amount at any time secured by this Charge shall be conclusive and binding upon the Chargor if signed by an officer of Nationwide.

## 19 Interpretation

### 19.1 *Successors and assigns*

The expressions "Nationwide" and "Chargor" include, where the context admits, their respective successors and, in the case of Nationwide, its Transferees and assignees whether immediate or derivative and any person with whom Nationwide may amalgamate and shall include all Nationwide's branches from time to time.

### 19.2 *Construction of certain terms*

In this Charge, unless the context otherwise requires:

- (a) the masculine, feminine or neuter gender respectively include the other genders and references to the singular include the plural and vice versa;
- (b) reference to (or to any specified provision of) this Charge, the Facility Letter or any other document shall be construed as references to this Charge or Facility Letter, that provision or that document as in force for the time being and as amended in accordance with its terms or, as the case may be, with the agreement of the relevant parties

and (where the consent of Nationwide is, by the terms of this Charge or the relevant document, required to be obtained as a condition to such amendment being permitted) the prior written consent of Nationwide;

- (c) references to a person shall be construed as including references to an individual, firm, company, body corporate, corporation, unincorporated body of persons, Authority, building society or partnership (whether or not having separate legal personality) or any combination of the foregoing;
- (d) references to statutory provisions or Regulations shall be construed as references to those provisions as replaced, amended or re-enacted from time to time and any order, instrument, regulation or bye-law made or issued thereunder.

19.3 ***Effect as a deed***

This Charge is intended to take effect as a deed notwithstanding that Nationwide may have executed it under hand only.

19.4 ***No restriction on interpretation***

In construing this Charge the interpretation of general words shall not be restricted by being preceded by words indicating a particular class of acts, matters or things or by being followed by particular examples.

20 **Law**

20.1 ***English law***

This Charge shall be governed by and shall be construed in accordance with English law.

20.2 ***Jurisdiction***

The Chargor hereby irrevocably submits to the jurisdiction of the English Courts. The submission to such jurisdiction shall not (and shall not be construed so as to) limit the right of Nationwide to take proceedings against the Chargor in any other court of competent jurisdiction outside England, nor shall the taking of proceedings in any jurisdiction preclude the taking of proceedings in any other jurisdiction whether concurrently or not.

**IN WITNESS** of the above this Charge has been executed and delivered by or on behalf of the parties on the date stated at the beginning of this Charge.

## **Schedule**

### **Part A – The Chargor**

Name: CLS Holdings Plc

Company No: 02714781

Registered Office: 86 Bondway, London, United Kingdom, SW8 1SF

Business Address: 86 Bondway, London, United Kingdom, SW8 1SF

### **Part B – The Borrower**

Name: CLS Chancery House Limited

Registered No: 09735564

Registered Office: 86 Bondway, London, United Kingdom, SW8 1SF

Business Address: 86 Bondway, London, United Kingdom, SW8 1SF

### **Part C – The Shares**

Number of shares in the Borrower:	Denomination or Type of share:
2,501	Ordinary shares of £1 each

**and** any further shares in the Borrower whatsoever issued to the Chargor.

This Charge is an important legal document. Nationwide recommends that you seek the advice of your solicitor or other legal adviser before executing this Charge.

Signed as a deed by  
the Chargor  
in the presence of:

Name of witness .....

Signature of witness .....

Address .....

.....

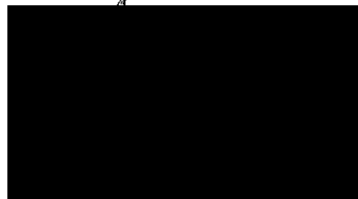
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Occupation .....

SIGNED for and on behalf  
of NATIONWIDE BUILDING SOCIETY

*Mark Evans.*

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)



This Charge is an important legal document. Nationwide recommends that you seek the advice of your solicitor or other legal adviser before executing this Charge.

Signed as a deed by  
the Chargor  
in the presence of:

Name of witness

R. WATLEY

Signature of witness

Address

Occupation

[Redacted]

[Redacted]

SIGNED for and on behalf  
of NATIONWIDE BUILDING SOCIETY

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