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These Listing Particulars are not a prospectus for the purposes of the European Union's Directive 2003/71/EC (and any amendments thereto) as implemented in member states of the European Economic Area (the "**EEA**") (the "**EU Prospectus Directive**").

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SOLAR FINANCING 2012-1 PLC

(incorporated with limited liability in England and Wales with company number 8212154)

Issue of £40,000,000 3.61% Secured RPI-Linked Notes due 2039

Issue Price: 100%

Solar Financing 2012-1 PLC (the "**Issuer**") proposes to issue £40,000,000 Secured RPI-linked Notes due 2039 (the "**Original Notes**") on 14 November 2012 or such later date as the Bookrunner may agree with the Issuer (the "**Closing Date**") and may, from time to time, issue further notes (the "**Further Notes**" and, together with the Original Notes, the "**Notes**"). The Notes will be secured by full fixed and floating charges over the assets of the Issuer which includes the rights of the Issuer in respect of a loan secured over the assets of Michco 1205 Limited (the "**Parent Borrower**"), its subsidiary Michco 1204 Limited (the "**Original OpCo Borrower**") and any other subsidiaries of RRAM Energy Limited ("**Parent HoldCo**") that accede to the Borrower Loan Agreement as additional OpCo Borrowers from time to time (together with the Original OpCo Borrower, the "**OpCo Borrowers**"). The assets of the Original OpCo Borrower include certain tariff payments paid to such OpCo Borrowers under power purchase agreements entered into by certain licensed electricity suppliers in connection with the generation of electricity by accredited photovoltaic arrays owned by such OpCo Borrowers. See "*Security for the Notes*". The Notes will be constituted by a trust deed to be dated the Closing Date (the "**Trust Deed**") between the Issuer and U.S. Bank Trustees Limited (the "**Note Trustee**").

Interest on the Notes is payable in arrears on 22 January and 22 July in each year commencing on 22 January 2013 (each a "**Note Interest Payment Date**") in respect of each period from (and including) the Closing Date to (but excluding) the first Note Interest Payment Date and each successive period from (and including) a Note Interest Payment Date to (but excluding) the next Note Interest Payment Date. If any such day is not a Business Day, the Note Interest Payment Date shall be the next following Business Day (unless such Business Day falls in the next calendar month, in which event, the immediately preceding Business Day).

Unless previously redeemed or purchased and cancelled in accordance with the Conditions of the Notes as summarised below, the Notes shall be redeemed at their Outstanding Principal Amount on 22 July 2039 together with interest accrued to (and including) the date of redemption (the "**Final Maturity Date**"). The Notes are subject to scheduled principal repayments, as described below, and are expected to be repaid in full on the Note Interest Payment Date falling in July 2036 (the "**Expected Maturity Date**").

The Notes will constitute secured indebtedness of the Issuer and will rank *pari passu* without any preference among themselves. See "*Description of the Notes*" for further details.

No person is or has been authorised to give any information or to make any representation concerning the listing, issue, subscription and sale of the Notes other than as is contained in the Listing Particulars. If any such information or representation is given or made by any broker, seller or any other person, it must not be relied upon as having been authorised by the Issuer or the Arranger. Neither the delivery of these Listing Particulars nor any offer, sale, allotment or solicitation made in connection with the offering of any of the Notes shall under any circumstances constitute a representation or create any implication that there has been no change in the affairs of the Issuer or in the information contained herein since the date hereof or that the information contained herein is correct at any time subsequent to the date hereof.

The Notes have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"). The Notes may not be offered, sold or delivered, directly or indirectly, in the United States or to any U.S. persons (as defined in Regulation S) except pursuant to an exemption from the registration requirements of the Securities Act. The Notes are being offered for sale outside the United States in accordance with Regulation S under the Securities Act ("**Regulation S**"). See "*Subscription and Sale*" below.

See "*Risk Factors*" for a discussion of certain factors that should be considered by prospective investors.

Arranger

Matrix Property Fund Management LLP

Bookrunner
Independent Debt Capital Markets LLP

The date of these Listing Particulars is 9 November 2012

These listing particulars ("**Listing Particulars**") comprise listing particulars given in compliance with the listing rules (the "**Listing Rules**") made under Section 73A of the Financial Services and Markets Act 2000 (the "**FSMA**") by the UK Listing Authority. Application has been made to the UK Listing Authority for the Notes to be admitted to the official list maintained by the UK Listing Authority for the purposes of Part VI of FSMA (the "**Official List**") and to be admitted to trading on the Professional Securities Market (the "**PSM**") of the London Stock Exchange plc (the "**London Stock Exchange**") which is not a regulated market for the purposes of Directive 2004/39/EC. References in these Listing Particulars to the Notes being "listed" (and all related references) mean that the Notes have been admitted to trading on the PSM of the London Stock Exchange and has been admitted to the Official List.

The Notes will initially be represented by a Global Note Certificate (the "**Global Note**") deposited with a common depository for, and registered in the name of a nominee of Euroclear Bank S.A./N.V. ("**Euroclear**") and Clearstream Banking, société anonyme ("**Clearstream Luxembourg**"). The Global Note will be exchangeable for Definitive Notes (as defined below) only in certain limited circumstances set forth in the Trust Deed.

These Listing Particulars give information with regard to the Issuer and the Notes in respect of the assets and liabilities, financial position, profit and losses and prospects of the Issuer and the rights attaching to the Notes. The Issuer accepts responsibility for the information contained in these Listing Particulars and declares that, having taken all reasonable care to ensure such is the case, the information in these Listing Particulars, to the best of its knowledge, is in accordance with the facts and contains no omission likely to affect its import. Any information sourced from third parties contained in these Listing Particulars has been accurately reproduced (and is clearly sourced where it appears in these Listing Particulars) and, as far as the Issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. Information sourced from a third party has been included in the Risk Factors – *see Offtake risk, under Risks relating to the Solar Parks and their construction, operation and maintenance in the Risk Factors section.*

In making an investment decision, investors must rely on their own examination of the Issuer, the Notes and the terms of the offering, including the merits and risks involved. Prospective investors should satisfy themselves that they understand all of the risks associated with making investments in the Notes. If a prospective investor is in any doubt whatsoever as to the risks involved in investing in the Notes, he or she should consult his or her professional advisers.

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (a) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in these Listing Particulars;
- (b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact such investment will have on its overall investment portfolio;
- (c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal or interest payments is different from the currency in which such investor's financial activities are principally denominated;
- (d) understand thoroughly the Conditions of the Notes; and
- (e) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Matrix Property Fund Management LLP (the "**Arranger**") is authorised and regulated by the Financial Services Authority. Mirabaud Securities LLP (acting through its appointed representative, Independent Debt Capital Markets LLP) (the "**Bookrunner**") is authorised and regulated by the Financial Services Authority. Neither the Arranger nor the Bookrunner nor the Note Trustee or the Issuer Security Trustee (as defined below) have separately verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Arranger, the Note Trustee or the Issuer Security Trustee or any of them as to the accuracy or completeness of the information contained in these Listing Particulars or any other information provided by the Issuer in connection with the Notes. Neither the Arranger nor the Bookrunner nor the Note Trustee accepts any liability in relation to the information provided by the Issuer in respect of the Notes.

In particular, the Notes will not be obligations or responsibilities of, or be guaranteed by, the Borrowers, the Note Trustee, the Issuer Security Trustee, the Borrower Security Trustee, the Paying Agent, the Corporate Services Provider, the Issuer Cash Manager, the Arranger, the Bookrunner or any other person. None of such persons accepts any liability whatsoever in respect of any failure by the Issuer to make any payment of any amount due on the Notes.

These Listing Particulars are not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer, the Arranger, the Bookrunner, the Note Trustee or the Issuer Security Trustee that any recipient of these Listing Particulars should purchase any of the Notes. Each investor contemplating purchasing Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer.

Any forward-looking statements, including estimates, any other projections and forecasts in these Listing Particulars are necessarily speculative and subjective in nature and some or all of the assumptions underlying such statements, estimates, projections and forecasts may not materialise or may vary significantly from actual results.

Such statements, estimates, projections and forecasts are subject to risks and uncertainties that could cause the actual results to differ materially from those expressed or implied by such forward- looking statements, estimates, projections and forecasts. Prospective investors are cautioned not to place undue reliance on these forward-looking statements, estimates, projections and forecasts which speak only as of the date of this Prospectus and are based on assumptions that may prove to be inaccurate. Neither the Issuer, the Borrowers, the Arranger, nor the Bookrunner undertake any obligation to update or revise any forward-looking statements, estimates, projections and forecasts contained herein to reflect events or circumstances occurring after the date of these Listing Particulars.

The distribution of these Listing Particulars and the offering of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession these Listing Particulars come are required by the Issuer, the Bookrunner and the Arranger to inform themselves about and to observe any such restrictions. These Listing Particulars do not constitute, and may not be used for or in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. For a description of certain restrictions on offers, sales and deliveries of Notes, see the section entitled "*Subscription and Sale*".

Neither the delivery of these Listing Particulars nor the issue of the Notes or any offering, sale or delivery made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Issuer since the date hereof.

References in these Listing Particulars to "**£**" or "**sterling**" are to the lawful currency for the time being of the United Kingdom of Great Britain and Northern Ireland.

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TRANSACTION OVERVIEW

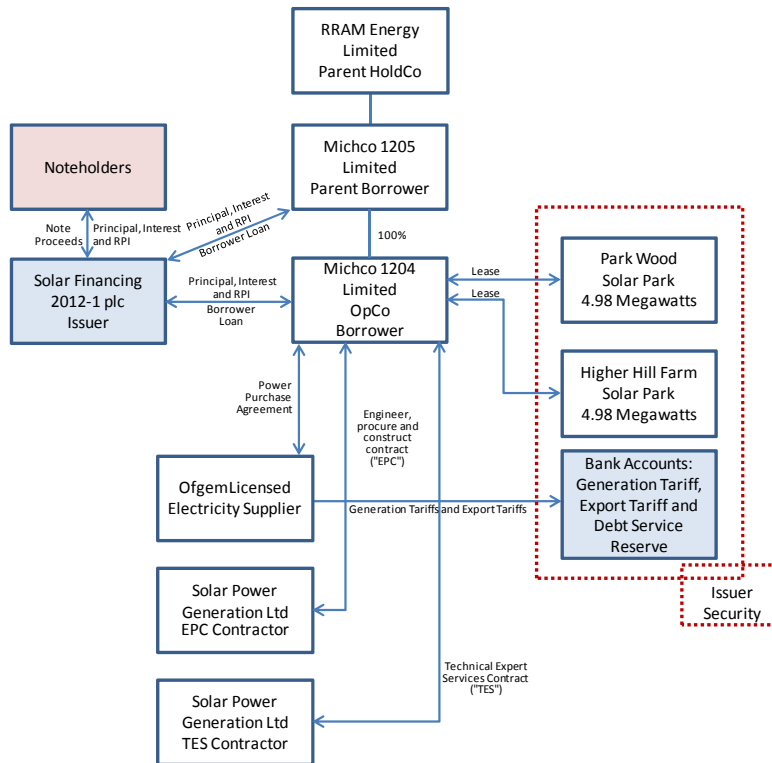
The information in this section is an overview of the key features of the transaction. This overview should be read in conjunction with the more detailed information appearing elsewhere in these Listing Particulars.

An index of the defined terms used in these Listing Particulars appear at the end of the Listing Particulars.

In these Listing Particulars, references to the "**Conditions**" are to the terms and conditions of the Notes as set out in these Listing Particulars, and references to a particular numbered "**Condition**" are to be construed accordingly.

Structure Diagram

The following structure diagram does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of these Listing Particulars. Words and expressions defined elsewhere in these Listing Particulars shall have the same meaning in this structure diagram.



Issue of the Notes and the Borrower Loan Agreement

The transaction structure diagram above illustrates the transactions that will take place in connection with the issuance of the Notes. On the Closing Date, the Issuer will issue the Notes and enter into a loan agreement with, among others, the Parent Borrower and the Original OpCo Borrower (together, the "**Original Borrowers**") (the "**Borrower Loan Agreement**") pursuant to which it will advance a loan (the "**Borrower Loan**") to the Original Borrowers, on a joint and several liability basis, on the Closing Date in an amount equal to the initial aggregate principal amount of the Notes less certain expenses and costs. The Original OpCo Borrower, together with any other owners of solar parks acceding to the Borrower Loan Agreement as borrowers from time to time and subject to certain conditions referred to in these Listing Particulars, are referred to as the "**OpCo Borrowers**". The OpCo Borrowers, together with the Parent Borrower, are referred to as the "**Borrowers**".

It is envisaged that RRAM Energy Limited (formerly known as Michco 1206 Limited) ("**Parent HoldCo**") will become the 100 per cent beneficial owner of the Parent Borrower (and will become the legal owner of the Parent Borrower upon transfers of shares being recorded in the Parent Borrower's company books), but will not be a borrower under the Borrower Loan Agreement. Until RRAM Energy Limited is written up in the register of members of the Parent Borrower (and becomes the legal owner of the shares in the Parent Borrower), the registered members of the Parent Borrower will remain Angus Macdonald, Katherine Macdonald, Lombard International Assurance SA and Robert Randall. Robert Randall, a shareholder in Parent HoldCo, will have control of the Parent HoldCo from a date no later than the Closing Date. This control will continue until the Subordinated Loans (as defined in the section "Intra-group loans" below) as amended and/or as novated from time to time, are fully repaid (the "**Subordinated Loan Repayment Date**"). Through that control, Robert Randall will be entitled to exercise rights as shareholder in the Parent HoldCo. After the Subordinated Loan Repayment Date, Robert Randall will cease to have sole control of Parent HoldCo. Any shareholder resolution in respect of Parent HoldCo will need to have the support of Robert Randall and either Angus Macdonald or Katherine Macdonald, after the Subordinated Loan Repayment Date in order to be passed.

In addition, from a date no later than the Closing Date (and up to and including the Subordinated Loan Repayment Date), as regards the composition of the board of directors of Parent HoldCo, Robert Randall will be entitled to appoint five directors to the board of Parent HoldCo and any other investor holding at least 25% of the shares in Parent HoldCo shall be entitled to appoint one director. After the Subordinated Loan Repayment Date, all directors appointed by Robert Randall are to be removed from the board until a single director appointed by Robert Randall remains. As a result, a shareholder holding at least 25% of the shares will have the right after the Subordinated Loan Repayment Date to have one director appointed to and present on the board of Parent HoldCo. The shareholders in Parent HoldCo will agree to procure that the board composition and voting mechanics relating to Parent HoldCo (as outlined above) will also apply to the board of the Parent Borrower and the board of the Original OpCo Borrower. Any directors appointed to the board of Parent HoldCo will also be appointed to the board of the Parent Borrower and the board of the Original OpCo Borrower. Any directors removed from the board of Parent HoldCo will also need to be removed from the board of the Parent Borrower and the board of the Original OpCo Borrower.

The effect is that if there are any changes to the composition of the Parent HoldCo board of directors then these changes will be reflected in the composition of the boards of the Parent Borrower and the Original OpCo Borrower.

However, as each director of the Parent Borrower or the Original OpCo Borrower owes fiduciary duties to the Parent Borrower or the OpCo Borrower, as the case may be, in accordance with principles of English law, that will give a level of independence to each board.

The Parent Borrower is in turn the 100 per cent. owner of the Original OpCo Borrower. The Original OpCo Borrower is the leasehold owner of two accredited solar photovoltaic array parks (the "**Solar Parks**") in South West England, one of which is located on land at Higher Hill Farm, Butleigh, Glastonbury, Somerset BA6 8TW (the "**Higher Hill Site**") and the other of which is located on land at Back Town Lane, Butleigh, Glastonbury, Somerset BA6 8UE (the "**Butleigh Site**" and, together with the Higher Hill Site, the "**Sites**"). The construction of the Solar Parks was completed in September 2011 and the Original OpCo Borrower has the benefit of power purchase agreements (the "**Power Purchase Agreements**") entered into with an electricity supplier that is licensed by Ofgem (the "**Licensed Electricity Supplier**") and may enter into further power purchase agreements with other licensed electricity suppliers (also "**Power Purchase Agreements**" and "**Licensed Electricity Suppliers**", respectively).

Pursuant to the Power Purchase Agreements, the Original OpCo Borrower will be entitled to receive payments ("**Generation Tariffs**") for each unit of electricity generated at the Solar Parks, pursuant to the scheme for feed-in tariffs in England and Wales introduced under section 41(1) of the Energy Act 2008 (the "**FIT Scheme**"). In addition, under the Power Purchase Agreements in place as at the date of these Listing Particulars, the Original OpCo Borrower has negotiated to sell exported electricity in return for payments at specified amounts per unit ("**Export Payments**" or "**Export Tariffs**"), as set out in the Power Purchase Agreements. The Generation Tariffs payable under the FIT Scheme are adjusted annually by Ofgem, so as to match the change in the retail price index (all items) published by the Office of National

Statistics from time to time ("**RPI**"). The Solar Parks are not eligible for additional payments under the FIT Scheme in relation to exported electricity but the amount receivable by way of Export Payments under the current Power Purchase Agreements is considerably higher than the amount which would be received if the Opco Borrower were eligible for and opted instead to receive Export Tariffs under the FIT Scheme, at the levels prevailing as at the date of these Listing Particulars.

The Borrowers will pay interest on the Borrower Loan at a percentage rate of 3.61 per cent per annum. Interest and principal payments in respect of the Borrower Loan are index linked to the RPI. The Borrowers' obligation to pay interest and principal on the Borrower Loan will be met primarily from Generation Tariffs and Export Payments received under the Power Purchase Agreements. The Issuer's obligation to pay interest and principal on the Notes will be met primarily from payments of interest and principal received from the Borrowers under the Borrower Loan.

The Properties

The Sites are leased to the Original OpCo Borrower, under two separate 25-year occupational leases (the "**Solar Park Leases**"), which expire on 1 November 2036. The Solar Park Leases are registered at the Land Registry. Rent will be paid by the Original OpCo Borrower to the landlords from amounts standing to the credit of the Generation Tariff Bank Account and the Export Payment Bank Account in accordance with the relevant Borrower Priorities of Payments. The landlord under the Solar Park Lease relating to the Higher Hill Site and one of the joint landlords under the Solar Park Lease relating to the Butleigh Site holds shares in the Borrower group and is also a director of the Original OpCo Borrower, the Parent Borrower and the Parent HoldCo.

The Borrower Security Structure

Under a deed of charge to be dated on or about the Closing Date between the Original Borrowers, the Issuer and U.S. Bank Trustees Limited (the "**Borrower Security Trustee**") (the "**Borrower Deed of Charge**"), the obligations of the Borrowers in respect of the Borrower Loan (such obligations being joint and several) will be secured in favour of the Borrower Security Trustee (for the benefit of the Issuer and certain other secured creditors of the Borrowers) by fixed and floating charges over the property, undertaking and assets of the Original Borrowers (which comprises, primarily, in respect of the Original OpCo Borrower, its rights, title and interest in the Solar Parks, the Solar Park Leases, the Power Purchase Agreements (including Generation Tariffs and Export Tariffs), equipment and plant at the Solar Parks, the EPC Contracts and TES Contracts (each as defined below) (collectively, and together with any security granted pursuant to a supplement to the Borrower Deed of Charge by any additional OpCo Borrower that accedes to the Borrower Loan Agreement, the "**Borrower Security**") - see "*Summary of Principal Documents – Borrower Deed of Charge*").

The Issuer Security Structure

Under a deed of charge to be dated on or about the Closing Date between the Issuer and U.S. Bank Trustees Limited (the "**Issuer Security Trustee**") (the "**Issuer Deed of Charge**"), the obligations of the Issuer under the Notes will be secured in favour of the Issuer Security Trustee (for the benefit of the Noteholders and certain other secured creditors of the Issuer (the "**Issuer Secured Creditors**") by fixed and floating charges over all the property, undertaking and assets of the Issuer (which comprises, primarily, certain bank accounts and its rights in respect of the Borrower Loan and the Borrower Security) (collectively, the "**Issuer Security**") - see "*Summary of Principal Documents – Issuer Deed of Charge*").

Group Reorganisation

The rights, title and interest in the Solar Parks were previously owned by Clean Energy (UK) LLP. As part of the reorganisation of Clean Energy (UK) LLP's group companies on 21 August 2012, Clean Energy (UK) LLP transferred all its assets and liabilities in respect of the Solar Parks to the Original OpCo Borrower.

Other contractual arrangements

In connection with the group reorganisation referred to above, the Licensed Electricity Supplier entered into new power purchase agreements with the Original OpCo Borrower on 19 October 2012 (the "**Power Purchase Agreements**"), and NPower Limited ("**NPower**") entered into new metering agreements with the Original OpCo Borrower on 3 October 2012 (the "**Metering Agreements**"). The grid connections for each of the Solar Parks were constructed by Western Power Distribution (South West) plc ("**Western Power**") and by or on behalf of Solar Power Generation Limited ("**SPGL**") under the EPC Contracts. Pursuant to a notice served under a Deed of Confirmation of Arrangements dated 21 August 2012 and made between, among others, SPGL and Clean Energy LLP, SPGL formally acknowledged to the Original OpCo Borrower that, with effect from 21 August 2012, the agreements for the ongoing connection of the Solar Parks to the national distribution network (the "**Connection Agreements**", each of which is dated 28 February 2012 and made between SPGL and Western Power) were held by SPGL as nominee for the Original OpCo Borrower, pending their transfer to the Original OpCo Borrower. SPGL notified the group re-organisation to Western Power and the Connection Agreements were novated in favour of the Original OpCo Borrower with effect from 1 November, 2012.

Intra-group loans

On 21 August 2012, pursuant to:

- (a) two facility agreements, each dated 21 August 2012, between the Original OpCo Borrower and Michco 1208 Limited (the "**Subordinated Lender**"); and
- (b) a bond agreement dated 21 August 2012 between the Original OpCo Borrower and the Subordinated Lender,

(together, the "**Subordinated Loans**"),

the Subordinated Lender advanced certain amounts to the Original OpCo Borrower, of which £19,410,000 remains outstanding as at the date of these Listing Particulars (excluding accrued interest and any fees due). On or prior to the Closing Date, the Subordinated Loans will be novated out of the Original OpCo Borrower and the Original OpCo Borrower will be released from its obligations to repay the Subordinated Lender. Please see the *Use of Proceeds* section for further details.

As part of the process of novating the Subordinated Loans out of the Original OpCo Borrower it is envisaged that the Original OpCo Borrower will issue additional shares to the Parent Borrower and the Parent Borrower will issue additional shares to Parent HoldCo in consideration for the novations.

On 21 August 2012, the Original OpCo Borrower and the Original OpCo Borrower's two subsidiaries granted third party security to the Subordinated Lender to secure obligations under the Subordinated Loans (the "**Michco 1208 Security**"). On or prior to the Closing Date, it is envisaged that the Michco 1208 Security will be released when the Subordinated Loans are novated.

In addition, on 21 August 2012, the Original OpCo Borrower and the Parent Borrower granted third party security (the "**Lombard Security**") to Lombard International Assurance SA ("**Lombard**") to secure the Subordinated Lender's obligations under the £2,000,000 bond agreement dated 21 August 2012 made between Lombard and the Subordinated Lender. On or prior to the Closing Date, it is envisaged that such security will be released when the Subordinated Loans are novated.

Bank loan

On 21 August 2012 the Original Borrowers entered into a facilities agreement with Higher Hill Farm (Solar Power) Ltd, Park Wood (Solar Power) Limited, Barclays Bank plc (acting as Mandated Lead Arranger, Agent, Account Bank and Security Trustee) and Barclays Bank plc (as Original Lender), pursuant to which Barclays Bank plc lent the Original OpCo Borrower £18,556,701 (the "**Barclays Facility Agreement**"). The Original Borrowers, Higher Hill Farm (Solar Park) Limited and Park Wood (Solar Power) Limited granted various security in favour of Barclays Bank plc pursuant to the Barclays Facility Agreement. The proceeds of the Borrower Loan will be used by the Original Borrowers to repay the facility with Barclays Bank plc in full and as such any security granted to Barclays Bank plc under the Barclays Facility Agreement will be released on the Closing Date.

Additional OpCo Borrowers

It is expected that any OpCo Borrower acceding to the Borrower Loan Agreement after the Closing Date will be party to contractual arrangements relating to its solar park (including, without limitation, a power purchase agreement, a lease, an engineer, procure and construct contract and a technical expert services contract) that are materially similar to those described in these Listing Particulars in relation to the Original OpCo Borrower and its Solar Parks. There can, however, be no assurance that this will be the case. The solar parks and related contractual arrangements of any additional OpCo Borrower will be described in the listing particulars relating to the Further Notes that will be issued in connection with the accession of such additional OpCo Borrower).

KEY FEATURES

The following information is a summary of the transactions and assets underlying the Notes. It has to be read as an introduction to these Listing Particulars and is qualified in its entirety by reference to the detailed information presented elsewhere in these Listing Particulars and in the Transactions Documents.

1. The principal parties

Issuer	Solar Financing 2012-1 PLC (the " Issuer "), registration number 08212154, a limited liability company incorporated under the Laws of England and Wales, whose registered office is at 35 Great St. Helen's, London EC3A 6AP.
Issuer Security Trustee	U.S. Bank Trustees Limited will act as security trustee (the " Issuer Security Trustee ") and hold on trust for itself and the other Issuer Secured Creditors the security granted by the Issuer in favour of the Issuer Secured Creditors pursuant to the deed of charge (the " Issuer Deed of Charge ").
Borrower Security Trustee	U.S. Bank Trustees Limited will act as security trustee (the " Borrower Security Trustee ") and hold on trust for itself and the other Borrower Secured Creditors the security granted by the Borrower in favour of the Borrower Secured Creditors pursuant to the deed of charge (the " Borrower Deed of Charge ").
Note Trustee	U.S. Bank Trustees Limited will act as trustee for and on behalf of the holders of the Notes (the " Note Trustee ") pursuant to a Trust Deed (the " Trust Deed ") to be entered into on the Closing Date between the Note Trustee and the Issuer.
Issuer Cash Manager	Elavon Financial Services Limited will act as cash manager (the " Issuer Cash Manager ") pursuant to a cash management agreement (the " Issuer Cash Management Agreement ") to be entered into on the Closing Date between the Issuer Cash Manager, the Note Trustee and the Issuer.
Borrower Cash Manager	Elavon Financial Services Limited will act as cash manager (the " Borrower Cash Manager ") pursuant to a cash management agreement (the " Borrower Cash Management Agreement ") to be entered into on the Closing Date between the Borrower Cash Manager and the Original Borrowers.
Paying Agent	Elavon Financial Services Limited will act as paying agent (the " Paying Agent ") pursuant to a paying agency agreement (the " Agency Agreement ") to be entered into on the Closing Date between the Paying Agent, the Note Trustee and the Issuer.
Calculation Agent	Elavon Financial Services Limited will act as calculation agent (the " Calculation Agent ") pursuant to the Agency Agreement.
Issuer Account Bank	Elavon Financial Services Limited will act as issuer account bank (the " Issuer Account Bank ").
Borrower Account Bank	Elavon Financial Services Limited will act as borrower account bank (the " Borrower Account Bank ").
Corporate Services Provider	Structured Finance Management Limited will act as a corporate services provider to the Issuer (the " Corporate Services Provider ") pursuant to a corporate services agreement (the " Corporate Services Agreement ") to be entered into on the Closing Date between the Corporate Services Provider and the Issuer.

Share Trustee	SFM Corporate Services Limited (the " Share Trustee ") holds the issued share capital of the Issuer under the terms of a declaration of trust dated on or about 9 November 2012.
Parent Borrower and Original Borrower	Michco 1205 Limited (the " Parent Borrower "), registration number 081255306, a limited liability company incorporated under the Laws of England and Wales, whose registered office is at Higher Hill Farm, Butleigh Hill, Butleigh, Glastonbury, Somerset, BA6 8TW (in its capacity as borrower under the Borrower Loan Agreement, an " Original Borrower ").
Original OpCo Borrower	Michco 1204 Limited, (the " Original OpCo Borrower "), registration number 08155302, a limited liability company incorporated under the Laws of England and Wales, whose registered office is at Higher Hill Farm, Butleigh Hill, Butleigh, Glastonbury, Somerset, BA6 8TW (in its capacity as borrower under the Borrower Loan Agreement, an " Original Borrower ").
Facility Agent	Elavon Financial Services Limited will act as agent for the Issuer (the " Facility Agent ") under the Borrower Loan Agreement.
EPC & TES Contractor	Solar Power Generation Limited (the " EPC & TES Contractor "), xxx registration number 07315867, a limited liability company incorporated under the Laws of England and Wales, whose registered office is at Higher Hill Farm, Butleigh Hill, Butleigh, Glastonbury, Somerset, United Kingdom, BA6 8TW.
Arranger	Matrix Property Fund Management LLP (the " Arranger "), registration number OC304867, a limited liability partnership incorporated under the Laws of England and Wales, whose registered office is at One Vine Street, London, W1J 0AH.
Bookrunner	Mirabaud Securities LLP, registration number OC340133, a limited liability partnership incorporated under the laws of England and Wales whose registered office is at 33 Grosvenor Place, London SW1X 7HY (acting through its appointed representative Independent Debt Capital Markets LLP, registration number OC350101, a limited liability partnership incorporated under the Laws of England and Wales, whose registered office is at 34 Ely Place, London, EC1N 6TD (the " Bookrunner ")

2. Summary of the Notes

The Notes	<p>On 14 November 2012 or such later date as the Bookrunner may agree with the Issuer (the "Closing Date"), the Issuer will issue £40,000,000 RPI-linked Notes due 2039.</p> <p>The Notes will constitute limited recourse obligations of the Issuer. The Notes will be governed by English Law and will be constituted by the Trust Deed.</p> <p>The Notes will be obligations solely of the Issuer and will not be obligations of, or guaranteed by, any other parties to the Transaction Documents.</p>
Limited recourse nature of the Issuer's obligations under the Notes	The obligations of the Issuer to each of the Noteholders will be limited recourse obligations of the Issuer. The Noteholders will have a claim against the Issuer only to the extent of the Issuer's available funds, in each case subject to and as provided in the Transaction Documents.

Form and denomination of the Notes	The authorised denomination of the Notes will be £100,000 and integral multiples of £10,000 in excess thereof.
Interest on the Notes	<p>The Notes will bear interest on their Outstanding Principal Amount from and including the Closing Date at the rate per annum equal to the Rate of Interest and such interest will be payable in sterling in arrears on each Note Interest Payment Date, subject to the applicable Priority of Payments and subject as provided in Condition 6.</p> <p>"Rate of Interest" means 3.61 per cent. per annum.</p> <p>"Note Interest Payment Date" means 22 January 2013 (being the first Note Interest Payment Date) and, thereafter, 22 July and 22 January in each year (or, if any such date is not a Business Day, the next following Business Day (unless such Business Day falls in the next calendar month, in which event, the immediately preceding Business Day)).</p>
Indexation of Interest	Each payment of interest in respect of the Notes shall be in an amount that has accrued at the Rate of Interest over the relevant Interest Period, multiplied by the Index Ratio calculated in accordance with Condition 7 on the basis of the RPI.
Withholding tax on the Notes	None of the Issuer or any agent will be obliged to gross-up payments to the Noteholders if there is any withholding or deduction for or on account of taxes in respect of any payments on the Notes.
Security for the Notes	The obligations of the Issuer to the Issuer Secured Creditors will be secured by and pursuant to the Issuer Deed of Charge, governed by English law and entered into on the Closing Day.
Final Maturity Date of the Notes	Unless previously redeemed or purchased and cancelled in accordance with the Conditions, the Notes will be redeemed on the Note Interest Payment Date falling in July 2039, being the Final Maturity Date. The Notes may not be redeemed at the option of the Issuer other than in accordance with Condition 8(c).
Listing of the Notes	Application has been made for the Notes to be admitted to trading on the PSM of the London Stock Exchange.
Governing Law	The Conditions, the Notes and the Transaction Documents will be governed by English law.
Selling restrictions	There are restrictions on the sale of the Notes and on the distribution of information in respect thereof. See " <i>Subscription and Sale</i> " below.
Further Notes	Upon accession by an OpCo Borrower to the Borrower Loan Agreement and satisfaction of the Additional Borrower Conditions (as described in Condition 17) the Issuer may create and issue Further Notes having the same conditions as the existing Notes in all respects (or in all respects except for amount and their first Note Interest Payment Date). Such Further Notes will be secured over the same assets as the existing Notes (being the assets of the Issuer, including its rights under the Borrower Loan Agreement to which the new OpCo Borrower will have acceded and in respect of which it will have granted security over its assets in favour of the Borrower Security Trustee for the benefit of the Issuer and other Borrower Secured Creditors). The Further Notes will rank pari passu with, and form part of, the issuance of Notes then outstanding.

3. The Bank Accounts

Generation Tariff Bank Accounts All monies received in respect of Generation Tariffs by an OpCo Borrower from the Licensed Electricity Supplier will be paid into an account opened in such OpCo Borrower's name under the Borrower Loan Agreement (each, a "**Generation Tariff Bank Account**").

Export Payment Bank Account All monies received in respect of Export Tariffs by an OpCo Borrower from a Licensed Electricity Supplier will be paid into an account opened in such OpCo Borrower's name under the Borrower Loan Agreement (each, an "**Export Payment Bank Account**").

Debt Service Reserve Account On the Closing Date, a sum of £1,500,000 will be deposited in an account in the name of the Parent Borrower (the "**Debt Service Reserve Account**") from the proceeds of issue of the Notes. On each Loan Interest Payment Date during the period from the Closing Date to the fifth anniversary of the Closing Date, the Borrowers will deposit £150,000 in the Debt Service Reserve Account, in accordance with and subject to the Borrower Pre-Acceleration Priority of Payments.

Authorised Investments On the Closing Date, and from time to time thereafter, amounts standing to the credit of the Debt Service Reserve Account will be invested in a deposit product provided by the Abbey National Treasury Services PLC (the "**Specified Authorised Investment Provider**") pursuant to its Master Deposit Conditions (version 3) dated 12 June 2012 and the transaction confirmations delivered in connection with such product (the "**Specified Authorised Investment**"), which will provide an RPI-linked return or, if the Specified Authorised Investment is no longer available or economical, in an Authorised Investment that will replace the Specified Authorised Investment with the consent of the Controlling Party (the "**Replacement Specified Authorised Investment**").

From time to time, amounts standing to the credit of the Debt Service Reserve Account may be invested in other Authorised Investments, subject to and in accordance with the provisions of the Borrower Cash Management Agreement.

General Account The Original OpCo Borrower has opened and each additional OpCo Borrower will open an account in its name with the Borrower Account Bank under the Borrower Loan Agreement, to which funds are remitted and available to such Borrower for general purposes in certain circumstances (the "**General Account**").

Cashflows of the Issuer The priorities of payment for the application of monies received by the Issuer prior to and following enforcement will be set out in the Issuer Cash Management Agreement and the Issuer Deed of Charge, respectively. Funds will be applied from the Issuer Transaction Accounts in accordance with the priority of payments set out in the Issuer Cash Management Agreement.

Payments under the Notes The Paying Agent shall determine the payments under the Notes.

4. Priorities of Payments

Issuer Pre-Acceleration Priority of Payments Prior to the service of an Issuer Acceleration Notice, all amounts standing to the credit of the Issuer Transaction Account (other than an amount in respect of the Issuer Retained Profit (as defined in "*Resources Available to the Issuer and the Borrowers – Issuer Priorities of Payments*") will be applied by the Issuer Cash Manager on behalf of the Issuer on each Note Interest Payment

Date in making payments or provisions in the following order of priority (the "**Issuer Pre-Acceleration Priority of Payments**") but, in each case, only if and to the extent that payments or provisions of a higher priority have been made in full:

- (a) *first*, in or towards satisfaction of the fees or other remuneration then payable to the Note Trustee and the Issuer Security Trustee, together with value added tax ("**VAT**") thereon (if applicable), and any costs, charges, liabilities and expenses (together with VAT thereon, if applicable) then incurred by the Note Trustee or the Issuer Security Trustee under the Trust Deed or the Issuer Deed of Charge, as the case may be, together with interest thereon as provided in the Trust Deed or the Issuer Deed of Charge, as the case may be;
- (b) *second*, in or towards payment, *pro rata* according to the respective amounts thereof, of all amounts due or overdue from the Issuer to (i) the Paying Agent, Calculation Agent and Registrar under the Agency Agreement, (ii) the Issuer Account Bank under the fee letter between the Issuer and the Issuer Account Bank, (iii) the Issuer Cash Manager under Issuer Cash Management Agreement (iv) the Corporate Services Provider under the Corporate Services Agreements (together with, in each case, VAT thereon, if applicable, as provided in the Agency Agreement, the fee letter between the Issuer and the Issuer Account Bank, the Cash Management Agreement or the Corporate Services Agreements, as the case may be);
- (c) *third*, in or towards retention of an amount of £1,000 (the "**Issuer Retained Profit**") to remain deposited in the Issuer Transaction Account and retained as six monthly profit by the Issuer (and from which amount the Issuer shall discharge its liability to corporation tax in respect of such Issuer Retained Profit);
- (d) *fourth*, in or towards payment, *pro rata* according to the respective amounts thereof, of all amounts of interest due or overdue in respect of the Notes;
- (e) *fifth*, in or towards payment, *pro rata* according to the respective amounts thereof, of all amounts of principal due or overdue in respect of the Notes;
- (f) *sixth*, in or towards payment, *pro rata* according to the respective amounts thereof, of all amounts due or overdue from the Issuer in respect of any other liabilities of the Issuer; and
- (g) *seventh*, the surplus (if any) in payment to the Borrowers by way of a rebate of fees paid by the Borrowers on the Borrower Loan.

Issuer Post-Acceleration Priority of Payments

Following the service of an Issuer Acceleration Notice, monies standing to the credit of the Issuer Transaction Account or otherwise available for distribution will be applied by the Issuer Security Trustee, any receiver appointed by it or the Issuer Cash Manager in or towards satisfaction of the Issuer's liabilities in the following order of priority (the "**Issuer Post-Acceleration Priority of Payments**") but, in each case, only if and to the extent that payments or provisions of a higher priority have been made in full:

- (a) *first*, in or towards satisfaction of, *pro rata* according to the respective amounts thereof (i) the fees or other remuneration then payable to the Note Trustee and the Issuer Security Trustee, together with VAT thereon (if applicable), and any costs, charges, liabilities

and expenses (together with VAT thereon, if applicable) then incurred by the Note Trustee or the Issuer Security Trustee under the Trust Deed or the Issuer Deed of Charge, as the case may be, together with interest thereon as provided in the Trust Deed or the Issuer Deed of Charge, as the case may be and (ii) the fees or other remuneration then payable to any receiver appointed in respect of the Issuer, together with VAT thereon (if applicable) and any costs, charges, liabilities and expenses (together with VAT thereon, if applicable) then incurred by such receiver under or in connection with the Issuer Deed of Charge, together with interest thereon as provided in the Issuer Deed of Charge;

- (b) *second*, in or towards payment, *pro rata* according to the respective amounts thereof, of all amounts due or overdue from the Issuer to (i) the Paying Agent, Calculation Agent and Registrar under the Agency Agreement, (ii) the Issuer Account Bank under the fee letter between the Issuer and the Issuer Account Bank, (iii) the Issuer Cash Manager under the Issuer Cash Management Agreement and (iv) the Corporate Services Provider under the Corporate Services Agreements (together with, in each case, VAT thereon, if applicable as provided in the Agency Agreement, the fee letter between the Issuer and the Issuer Account Bank, the Issuer Cash Management Agreement or the Corporate Services Agreement, as the case may be);
- (c) *third*, an amount equal to the Issuer Retained Profit to remain deposited in the Issuer Transaction Account (and from which amount the Issuer shall discharge its liability to corporation tax in respect of such Issuer Retained Profit);
- (d) *fourth*, in or towards payment, *pro rata* according to the respective amounts thereof, of all amounts of interest and principal due or overdue in respect of the Notes;
- (e) *fifth*, in or towards payment, *pro rata* according to the respective amounts thereof, of all amounts due or overdue from the Issuer in respect of any other liabilities of the Issuer; and
- (f) *sixth*, the surplus (if any) in payment to the Borrowers by way of a rebate of fees paid by the Borrowers under the Borrower Loan Agreement.

5. Redemption

Scheduled Redemption of the Notes

Prior to the service of an Issuer Acceleration Notice, the Notes will be subject to mandatory *pro rata* redemption in part in semi-annual instalments commencing on the first Note Interest Payment Date in an aggregate amount equal to the applicable scheduled amortisation amount for the Notes as set out in Condition 8(b). The Note Interest Payment Date on which the Notes are expected to be repaid in full is the "**Expected Maturity Date**".

Mandatory Redemption of the Bonds following Certain Events under the Borrower Loan Agreement

Following a prepayment of the Borrower Loan as a result of:

- a) the Borrowers voluntarily prepaying the Borrower Loan in full after the Initial Period (as defined in the "*Risk Factors*")
- b) the Borrowers being obliged to prepay the Borrower Loan pursuant to the terms and conditions of the Borrower Loan Agreement;
- c) a change of law pursuant to which it has become unlawful for the Issuer

to make, fund or allow to remain outstanding the Borrower Loan, and prior to the acceleration of the Notes; or

- d) the acceleration of the Borrower Loan and/or the Borrower Security being enforced prior to the Final Maturity Date,

the Issuer will be required to redeem the Notes in accordance with the Conditions together with accrued but unpaid interest thereon, provided that the price for a redemption of the Notes in the circumstances described in a) above will be calculated by reference to a spens formula as set out in Condition 8(c)(i).

Optional Redemption of the Notes by the Issuer The Issuer may, on any date and in accordance with the Conditions, redeem the whole or any part of the Notes at the price specified in the Conditions, which will be an amount calculated by reference to a spens formula as set out in Condition 8(c)(i).

Optional Redemption for Tax Reasons On any Note Interest Payment Date, the Issuer may redeem all (but not some only) of the Notes at their Outstanding Principal Amount together with accrued interest thereon in accordance with the Conditions in the event that by reason of a change in law or regulations (or the application of official interpretation thereof), which change becomes effective on or after the Closing Date, any amount for or on account of tax will be required to be deducted or withheld from any payment due from the Issuer under the Notes

Final Principal Redemption Unless previously redeemed in full and cancelled as provided in Condition 8, the Notes will be redeemed at the Outstanding Principal Amount together with accrued interest on the Final Maturity Date.

6. Relevant Dates and Periods

Closing Date 14 November 2012 or such later date as the Bookrunner may agree with the Issuer.

Final Maturity Date 22 July 2039.

Expected Maturity Date 22 July 2036.

Note Interest Payment Date 22 day of January and July commencing on 22 January 2013 or, if such day is not a Business Day, the next following Business Day (unless such Business Day falls in the next calendar month, in which event, the immediately preceding Business Day).

Note Interest Period The period from (and including) a Note Interest Payment Date to (but excluding) the next Note Interest Payment Date.

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

Calculation Date means, in respect of any Note Interest Payment Date, the date falling three Business Days prior to the Loan Interest Payment Date (as defined in the Master Definitions Schedule) immediately preceding such Note Interest Payment Date.

Quarter Date 20th day of January, April, July and October commencing on 20 January 2013 or, if such day is not a Business Day, the next following Business Day (unless such Business Day falls in the next calendar month, in which event,

the immediately preceding Business Day).

Loan Interest Payment Date 20th day of January and July commencing on 20 January 2013 or, if such day is not a Business Day, the immediately preceding Business Day.

7. Transaction Documents

Issuer Transaction Documents Issuer Deed of Charge, Trust Deed, Issuer Cash Management Agreement, Agency Agreement, Corporate Services Agreement, the Subscription Agreement, Master Definitions Schedule and the Direct Agreements (each an "**Issuer Transaction Document**" and together, the "**Issuer Transaction Documents**").

Borrower Transaction Documents Borrower Loan Agreement, Borrower Deed of Charge, Borrower Cash Management Agreement, the Direct Agreements and the Master Definitions Schedule (each a "**Borrower Transaction Document**" and together, the "**Borrower Transaction Documents**").

Transaction Documents The Issuer Transaction Documents and the Borrower Transaction Documents (each a "**Transaction Document**" and together, the "**Transaction Documents**").

8. Affiliations and certain relationships and related transactions of transaction parties

U.S. Bank Trustees Limited and Elavon Financial Services Limited U.S. Bank Trustees Limited will perform the following roles in connection with the Notes and the Borrower Loan Agreement: Note Trustee, Issuer Security Trustee and Borrower Security Trustee

Elavon Financial Services Limited will perform the following roles in connection with the Notes and the Borrower Loan Agreement: Issuer Cash Manager, Borrower Cash Manager, Paying Agent, Calculation Agent, Issuer Account Bank, Borrower Account Bank and Facility Agent.

U.S. Bank Trustees Limited and Elavon Financial Services Limited are affiliated.

Parent Borrower, Original OpCo Borrower and the EPC & TES Contractor Michco 1204 Limited is the 100% subsidiary of Michco 1205 Limited

Michco 1204 Limited and Michco 1205 Limited are part of the same group of companies, having a common parent.

The shareholders of the EPC & TES Contractor are also shareholders of RRAM Energy Limited, the ultimate parent company of Michco 1204 Limited and Michco 1205 Limited.

Except as described in the preceding paragraphs, there are no affiliations or relationships or related transactions that are material in respect of the issuance of the Notes.

RISK FACTORS

The following is a description of the principal risks associated with an investment in the Notes. These risk factors are material to an investment in the Notes and in the Issuer. Such risk factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring. If one or more of such contingencies occur, Noteholders may lose the value of their entire investment or part of it.

Prospective Noteholders should carefully read and consider all the information contained in these Listing Particulars, including the risk factors set out in this section, prior to making any investment decision.

The risk factors addressed in the following discussion have been grouped into the following categories:

- (1) risk factors in relation to the Notes;
- (2) risk factors in relation to the Issuer;
- (3) risk factors in relation to the Borrowers;
- (4) risk factors in relation to the EPC & TES Contractor; and
- (5) risk factors in relation to the solar energy market and regulatory risks.

1. Risk factors in relation to the Notes

Absence of secondary market and limited liquidity

There is, at present, no secondary market for the Notes. The Bookrunner is under no obligation to make a market for the Notes although it may do so, in its absolute discretion. Although an application has been made to list the Notes on the PSM of the London Stock Exchange, there can be no assurance that a secondary market for any of the Notes will develop, or, if a secondary market does develop in respect of any of the Notes, that it will provide the holders of such Notes with liquidity of investments or that it will continue until the final redemption or cancellation of such Notes. Illiquidity means that a Noteholder may not be able to find a buyer to buy its Notes readily or at prices that will enable the Noteholder to realise a desired yield. Illiquidity can have a severe adverse effect on the market value of the Notes. Consequently, any sale of Notes by Noteholders in any secondary market which may develop may be at a discount to the original purchase price of those Notes.

Furthermore, recent and continuing events in the global financial markets have caused a significant reduction in liquidity in the secondary market for asset-backed securities and increased investor yield requirements for those loans and securities. These events include:

- the failure, acquisition or government seizure of several major financial institutions;
- the establishment of government initiatives such as the government bailout programmes for financial institutions and assistance programmes designed to increase credit availability, support economic activity and facilitate renewed consumer lending;
- problems related to subprime mortgages and other financial assets;
- the de-valuation of various assets in secondary markets;
- the forced sale of asset-backed and other securities as a result of the de-leveraging of structured investment vehicles, hedge funds, financial institutions and other entities; and
- the lowering of ratings on certain asset-backed securities.

As a result, the secondary market for asset-backed securities is experiencing limited liquidity. These conditions may continue or worsen in the future.

The limited liquidity in the secondary market for asset-backed securities has had an adverse effect on the market value of asset-backed securities. That limited liquidity in the secondary market may continue to have a severe adverse effect on the market value of asset-backed securities generally, especially those securities that are more sensitive to credit or RPI risk and those securities that have been structured to meet the investment requirements of limited categories of investors. Consequently, investors may not be able to sell their Notes readily. As a result, the market value of the Notes may be volatile. Any of these fluctuations may be significant and could result in significant losses to Noteholders.

The liquidity of a secondary market for the Notes may be further constrained by the concentration of holdings of the Notes in a limited number of investors. In addition, the forced sale into the market of securities and other assets held by structured investment vehicles, hedge funds, issuers of collateralised debt obligations, banks and other financial institutions and other similar entities that are currently experiencing funding difficulties would adversely affect investors' ability to sell and/or the price investors receive for, the Notes in the secondary market.

Denomination and trading

The Notes have a denomination consisting of a minimum authorised denomination of £100,000 plus higher integral multiples of £10,000. Accordingly, it is possible that the Notes may be traded in amounts in excess of the minimum authorised denomination that are not integral multiples of such denomination. In such a case, if Definitive Note Certificates are required to be issued, a Noteholder who holds a principal amount of less than the minimum authorised denomination at the relevant time may not receive a Definitive Note Certificate in respect of such holding and may need to purchase a principal amount of Notes such that their holding amounts to the minimum authorised denomination.

If Definitive Note Certificates are issued, Noteholders should be aware that Definitive Note Certificates which have a denomination that is not an integral multiple of the minimum authorised denomination may be illiquid and difficult to trade.

Furthermore, at any meeting of Noteholders while the Notes are represented by a Global Note Certificate, any vote cast will be valid only if it is in respect of at least £100,000 in nominal amount and will be cast in respect of each £1 (or such other amount as the Note Trustee may in its absolute discretion stipulate) in Outstanding Principal Amount of the Notes held or represented by the person voting. The quorum requirements for meetings of Noteholders will also disregard any holdings to the extent that they cannot be represented by a holding of at least £100,000.

Yield and prepayment considerations

The yield to maturity of the Notes will depend on, among other things, the amount and timing of payment of principal and interest by the Issuer and the price paid by the holders of the Notes. Principal on the Notes will be repayable on the basis of an amortisation schedule set out in Condition 8(b). Interest on the Notes is payable on the basis of the interest provisions described in Condition 6. However, the yield to maturity on the Notes determined on those bases may be adversely affected by prepayments by the Issuer.

The Issuer has the right to prepay the Notes in certain circumstances, including where the Borrowers have exercised their rights to prepay the Borrower Loan. Those circumstances are summarised in the next two paragraphs.

The Issuer may redeem the Notes at its own option, on giving notice to Noteholders, subject to the conditions to such optional redemption set out in Condition 8(c). The Issuer may also redeem the Notes if, by reason of a change in law or regulations (or the application or official interpretation thereof) becoming effective after the Closing Date if the Issuer, or the Paying Agent on its behalf, would be required to make a deduction or withholding for tax, subject to the conditions to such redemption set out in Condition 8(d).

Furthermore, prepayments by the Borrowers in the following circumstances will require the Issuer to make corresponding prepayments on the Notes, as described in Condition 8(b)(ii). In the event that it becomes unlawful for the Issuer to perform any of its obligations under the Borrower Loan Agreement, the Borrower Loan will be subject to mandatory prepayment in full, but not in part. In addition, at any time, in the event that a deduction or withholding for or on account of tax or a tax indemnity claim arises with

respect to the Borrower Loan or one of the events described under "*Summary of Principal Documents – Borrower Loan Agreement - Indexation - Changes in Circumstances Affecting the Index*" or "*Summary of Principal Documents – Borrower Loan Agreement - Indexation - Cessation of or Fundamental Changes to the Index*" arises with respect to the Index, the Parent Borrower has an option to prepay the Borrower Loan in full, but not in part. For a more detailed description of the events that will trigger a mandatory prepayment of the Borrower Loan or give rise to such a prepayment option on the part of the Parent Borrower, please see the section entitled "*Summary of Principal Documents – Borrower Loan Agreement – Prepayment*" below. Moreover, after the expiry of the period commencing on (and including) the Closing Date and ending on (but excluding) the date falling 24 months after the Closing Date (the "**Initial Period**"), the Borrowers are entitled to voluntarily prepay the Borrower Loan in full, but not in part. Following a voluntary prepayment of the Borrower Loan in full under clause 7.3 (*Voluntary prepayment of Loans*) of the Borrower Loan Agreement, the Notes will be redeemed in full pursuant to Condition 8(b)(ii) (*Mandatory redemption in full*). For the avoidance of doubt, the Borrowers are not entitled to voluntarily prepay the Borrower Loan during the Initial Period.

Therefore, notwithstanding the scheduled amortisation plan set out in the Conditions, investors' attention is drawn to the fact that the Notes may be subject to an accelerated rate of prepayment, in the case of mandatory prepayment in part of the Borrower Loan, or an accelerated repayment in full, in the case of prepayment in full of the Borrower Loan. Such accelerated repayment may affect the yield to maturity of the Notes.

Limited enforcement rights

The protection and exercise of the Noteholders' rights and the enforcement of the Issuer Security is one of the duties of the Note Trustee or the Issuer Security Trustee. The Conditions limit the ability of individual Noteholders to commence proceedings (including proceedings for a declaration of insolvency) against the Issuer. However, the Noteholders are entitled to appoint a Noteholders' Representative, who will be entitled to give certain consents in respect of the Borrower Loan Agreement and without the Borrower Security Trustee in certain circumstances.

Remedies available for the purpose of recovering amounts owed in respect of the Notes shall be limited to the Issuer's available funds and the Note Security. In the event that the amounts recovered pursuant to such actions are insufficient, after payment of all other claims ranking in priority to or *pari passu* with amounts due under the Notes, to pay in full all principal and interest and other amounts whatsoever due in respect of the Notes, the Noteholders will have no further actions available in respect of any such unpaid amounts.

European Union Savings Directive

Under EC Council Directive 2003/48/EC (the "**EU Savings Directive**") on the taxation of savings income, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) made by a person within its jurisdiction to an individual resident in that other Member State or to certain limited types of entities established in that other Member State. However, for a transitional period, Austria and Luxembourg are instead required (unless during that period they elect otherwise) to impose a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories, including Switzerland, have agreed to adopt similar measures (a withholding system in the case of Switzerland).

On April 24, 2009, the European Parliament approved an amended version of certain changes proposed by the European Commission to the EU Savings Directive which, if implemented, would broaden the scope of the requirements described above.

Article 122a of the Capital Requirements Directive

Article 122a of European Union Directive 2006/48/EC (as implemented by the Member States of the European Economic Area ("**EEA**") (the "**CRD**")) applies, in general, to newly issued securitisations after 31 December 2010. Article 122a restricts an EEA regulated credit institution and consolidated group affiliates thereof (each, an "**Affected Investor**") from investing in a securitisation (as defined by the CRD)

unless the originator, sponsor or original lender in respect of that securitisation has explicitly disclosed to the Affected Investor that it will retain, on an ongoing basis, a net economic interest of not less than 5% in that securitisation in the manner contemplated by Article 122a. Article 122a also requires that an Affected Investor be able to demonstrate that it has undertaken certain due diligence in respect of, amongst other things, the Notes it has acquired and the underlying exposures, and that procedures have been established for monitoring the performance of the underlying exposures on an on-going basis. Failure to comply with one or more of the requirements set out in Article 122a may result in the imposition of a penal capital charge with respect to the investment made in the securitisation by the relevant Affected Investor.

Similar requirements to those set out in Article 122a are being implemented for alternative investment fund managers under the Alternative Investment Fund Managers Directive (2011/61/EU) and for UCITS fund managers under the UCITS Directive (85/611/EEC) from mid-2013.

Neither the Parent Borrower, the OpCo Borrowers, nor any other party to this transaction intends to retain a material net economic interest in the transaction in accordance with the requirements of Article 122a or take any other action which may be required by Affected Investors for the purposes of their compliance with Article 122a. This may have a negative impact on the regulatory capital position of Affected Investors and on the value and liquidity of the Notes in the secondary market. Affected Investors in the Notes are responsible for analysing their own regulatory position, and are encouraged to consult with their own investment and legal advisors regarding compliance with Article 122a (and any corresponding implementing rules in the EEA Member State) and the suitability of the Notes for investment. None of the Issue, the Parent Borrower, the OpCo Borrowers, the Arranger or any of the other transaction parties makes any representation to any prospective investor or purchaser of the Notes regarding the regulatory capital treatment of their investment in the Notes on the Closing Date or at any time in the future.

Change of law

The structure of the transaction and, among other things, the issue of the Notes is based on English law and on tax and administrative practice in effect at the date hereof and has due regard to the expected tax treatment of all relevant entities under such law and practice. No assurance can be given as to any possible change to English law or tax or administrative practice after the date of these Listing Particulars.

Indexation Risk

The RPI is the most familiar general purpose domestic measure of inflation in the UK. The RPI has been used as a measure of inflation since 1947 and measures the average change from month to month in the prices of the goods and services purchased by most households in the UK. The spending pattern on which the RPI is based is revised each year, mainly using information from official expenditure and food surveys.

The RPI is compiled by the ONS using a large and representative selection of approximately 650 separate goods and services for which price movements are regularly measured in approximately 150 areas around throughout the UK. Approximately 120,000 separate price quotations are used each month in compiling the RPI. The UK Government uses the RPI for its own existing inflation-linked bonds. If prices rise compared to the previous month, the RPI goes up and if prices fall compared to the previous month, the RPI goes down. It takes a couple of weeks for the ONS to compile the index, so they publish each month's RPI figure during the following month i.e. the figure relating to October will be published in November. The RPI figures used in the calculation of interest payments on the bonds and the face value of the bonds at redemption are numerical representations of where prices on a list of items bought by an average family stand at a point in time, in relation to their past values.

More information on the RPI, including past and current levels, can be found at the following website: www.statistics.gov.uk. That website and the contents thereof do not form part of these Listing Particulars.

Movements in the RPI are used to measure the effect of inflation on both the interest and the face value of the Notes as described herein. The interest and the principal amount payable on the Notes are both adjusted in line with the RPI.

It is possible that the RPI will decrease during any relevant period. In this case, an interest and principal payment could be lower than the previous amounts paid. In a deflationary environment, the annual interest received and the principal instalments paid may decrease as per the change in the RPI.

As with most investments, Noteholders could get back less than they invest or lose all of their investment.

Furthermore, potential investors should be aware that:

- (a) the market price of the Notes may be more volatile than an instrument that is not RPI-Linked, if the RPI is itself volatile;
- (b) fluctuations in RPI may not correlate with changes in interest rates generally or other market indices;
- (c) timing of changes in the RPI may affect the actual yield to investors, even if the average level of the RPI is consistent with their expectations – in general, the earlier the change in the RPI, the greater effect on yield.

2. Risk factors in relation to the Issuer

Administration and reliance on third parties

The ability of the Issuer to make payments in respect of the Notes will depend primarily upon the Borrowers' ability to make the payments falling due under the Borrower Loan and also upon the due performance by the parties to the Transaction Documents of their respective various obligations thereunder. In addition, the Issuer is exposed to the credit and performance risk of (i) the Issuer Account Bank for the balance of the Issuer Accounts from time to time held by the Issuer; and (ii) the Paying Agent for the amounts transferred by the Issuer to the Paying Agent immediately prior to each Note Interest Payment Date for distribution to the Noteholders pursuant to the Agency Agreement. The Issuer's exposure to the credit risk of the Paying Agent is partly mitigated by the fact that, under the Agency Agreement, the Issuer shall terminate its appointment if, among other things, it ceases to qualify as an Eligible Institution. The performance by such parties of their respective obligations under the relevant Transaction Documents is dependent on the solvency of each relevant party.

Liquidity and credit risk

The Issuer is subject to the risk of delay arising between the receipt of payments due from the Borrowers under the Borrower Loan and the scheduled Note Interest Payment Dates. The Issuer is also subject to the risk of failure by the Borrowers to pay sufficient funds in respect of the Borrower Loan in order to enable the Issuer to discharge all amounts payable under the Notes.

Source of payments to Noteholders

The Notes will be limited recourse obligations solely of the Issuer and will not be the responsibility of, or be guaranteed by, any other entity.

The Issuer will not have any significant assets for the purpose of meeting its obligations under this transaction other than the income from the Borrower Loan, any amounts standing to the credit of the Issuer Accounts and its rights under the Transaction Documents to which it is a party.

Accordingly, the principal source of funds available to the Issuer for the payment of interest and the repayment of principal on the Notes will be collections received in respect of the Borrower Loan, which in turn are derived from collections received by the OpCo Borrowers under the Power Purchase Agreements in respect of Generation Tariffs under the FIT Scheme and Export Tariffs.

Consequently, there is a risk that, over the life of the Notes or at the redemption date of any Notes (whether on maturity or upon redemption following service of an Issuer Acceleration Notice or otherwise), there will be insufficient funds to enable the Issuer to pay interest when due on the Notes and/or to repay the outstanding principal on the Notes in full.

Consequences of insufficiency of funds

If the funds available to the Issuer are not sufficient to pay in full all principal and interest and other amounts due in respect of the Notes, then the Noteholders will have no further claims against the Issuer in respect of any such unpaid amounts. Following the service of an Issuer Acceleration Notice, the only remedy available to the Noteholders and the other Secured Creditors is the exercise by the Issuer Security Trustee of the Issuer Security.

Upon enforcement of the Issuer Security, the Issuer Security Trustee will have recourse only to the assets pledged, charged and assigned pursuant to the Issuer Deed of Charge. The Issuer Security Trustee will have no recourse to any other entity even in circumstances where the proceeds received by the Borrower Security Trustee from the enforcement of any Borrower Security are insufficient to repay in full the Borrower Loan.

If, upon default by a Borrower under the Borrower Loan, after the exercise of all usual remedies in respect of such Borrower Loan, the Issuer does not receive the full amount due from the Borrowers, then Noteholders may receive by way of principal repayment an amount less than the face value of their Notes and the Issuer may be unable to pay in full interest due on the Notes.

Delays in the Payments System

Payments under the Borrower Loan Agreement will be made to the Issuer on each Loan Interest Payment Date each of which falls before a corresponding Note Interest Payment Date. However, delays may arise in the receipt or execution of payment instructions by any of the Borrowers, the Borrower Cash Manager or the Borrower Account Bank, resulting in delays in the Issuer receiving such payments under the Borrower Loan Agreement and, consequently, the Noteholders not receiving payment under the Notes until after the Note Interest Payment Date of such Notes.

Cash Management

The Issuer has no executive management resources of its own. The Issuer will rely upon the Issuer Cash Manager for certain cash management functions and other parties for certain other executive and administrative functions. Failure by the Issuer Cash Manager to perform its obligations could have a material adverse effect upon the Issuer's ability to repay the Notes. There can be no assurance that, were the Issuer Cash Manager to resign or its appointment be terminated, a suitable replacement service provider could be found or found in a timely manner and engaged on terms acceptable to the Borrower Security Trustee.

Risks relating to Insolvency Considerations for the Issuer

Security and insolvency considerations

The Issuer will enter into the Issuer Deed of Charge pursuant to which it will grant the Issuer Security in respect of certain of its obligations, including its obligations under the Notes (as to which, see *Summary of Principal Documents – Issuer Deed of Charge*). In certain circumstances, including the occurrence of certain insolvency events in respect of the Issuer, the ability to realise the Issuer Security may be delayed and/or the value of the relevant security impaired. The Issuer could become insolvent and/or the subject of insolvency proceedings and, as a result, recoveries in respect of the Issuer Security, and hence proceeds available to repay the Notes, could be adversely affected by the application of insolvency laws in such proceedings.

In addition, it should be noted that, to the extent that the assets of the Issuer are subject only to a floating charge (including any fixed charge recharacterised by the courts as a floating charge (see "*Security over Issuer Bank Accounts*" below)), section 176A of the Insolvency Act 1986 may require a "prescribed part" of the Issuer's net available property (which would otherwise be available to satisfy the claims of secured creditors under the Issuer Deed of Charge) to be set aside (subject to a maximum prescribed part of £600,000) to satisfy any claims of unsecured creditors. While certain of the covenants given by the Issuer in the Issuer Transaction Documents are intended to ensure they have no significant creditors other than the secured creditors under the Issuer Deed of Charge, it will be a matter of fact as to whether the Issuer

have any other such creditors at any time. As a result, there is a risk that recoveries in respect of the Issuer Security, and hence proceeds available to repay the Notes, could be adversely affected by any such reduction in floating charge realisations upon the enforcement of the Issuer Security.

Administration of the Issuer

The Insolvency Act 1986 would prohibit a secured creditor (such as the Issuer Security Trustee) from enforcing its security against the assets of the Issuer, if it were to be placed into administration, unless the consent of the administrator or the leave of the court had been obtained.

Security over Issuer Bank Accounts

The charges granted over the Issuer Accounts by virtue of the Issuer Deed of Charge will be expressed to be fixed security. However, it is possible that these charges may be held by a court to constitute floating charges and that the charges granted over the assets from which the monies paid into such accounts are derived may also be held by a court to constitute floating charges. In these circumstances, in the event of any charging company going into liquidation or administration (or there being a provisional liquidator or receiver appointed) any preferential creditors and liquidation or administration expenses in respect of such charging company would be payable in priority to the Issuer Secured Creditors. In addition, in respect of each such charging company a fund of up to £600,000 would be set aside in order to make payments due to any unsecured creditors of that company (in priority over debts secured only by a floating charge). In any such circumstance, this could reduce amounts available to make payments due in respect of the Notes.

3. Risks factors in relation to the Borrowers

Risks relating to Insolvency Considerations for the Borrowers

Security and insolvency considerations

The Original Borrowers will enter into the Borrower Deed of Charge and any additional OpCo Borrowers will enter into a supplement to the Borrower Deed of Charge, pursuant to which they will grant security in respect of the Borrowers' obligations, including their obligations under the Borrower Loan Agreement (as to which, see *Summary of Principal Documents – Borrower Deed of Charge*). In certain circumstances, including the occurrence of certain insolvency events in respect of a Borrower, the ability to realise the Borrower Security, respectively, may be delayed and/or the value of the relevant security impaired. Any Borrower may become insolvent and/or the subject of insolvency proceedings and, as a result, the Issuer may be adversely affected by the application of insolvency laws which may, in turn, affect the Issuer's ability to fulfil its obligations in respect of the Notes.

In addition, it should be noted that, to the extent that the assets of a Borrower are subject only to a floating charge (including any fixed charge recharacterised by the courts as a floating charge (see "*Security over Borrower bank accounts*" below)), section 176A of the Insolvency Act 1986 may require a "prescribed part" of a Borrower's net available property (which would otherwise be available to satisfy the claims of secured creditors under the Borrower Deed of Charge) to be set aside (subject to a maximum prescribed part of £600,000) to satisfy any claims of unsecured creditors. While certain of the covenants given by each Borrower in the Borrower Transaction Documents, are intended to ensure they have no significant creditors other than the secured creditors under the Borrower Deed of Charge, it will be a matter of fact as to whether the Borrowers have any other such creditors at any time. As a result, there is a risk that the Issuer may be adversely affected by any such reduction in floating charge realisations upon the enforcement of the Borrower Security which may, in turn, affect the Issuer's ability to fulfil its obligations in respect of the Notes.

Administration of a Borrower

The Insolvency Act 1986 would prohibit a secured creditor (such as the Borrower Security Trustee) from enforcing its security against the assets of a Borrower, if it were to be placed into administration, unless the consent of the administrator or the leave of the court had been obtained.

Security over Borrower's bank accounts

The charges granted over the Borrower Accounts by virtue of the Issuer Deed of Charge and the Borrower Deed of Charge respectively will be expressed to be fixed security. However, it is possible that these charges may be held by a court to constitute floating charges and that the charges granted over the assets from which the monies paid into such accounts are derived may also be held by a court to constitute floating charges. In these circumstances, in the event of a Borrower going into liquidation or administration (or there being a provisional liquidator or receiver appointed) any preferential creditors and liquidation or administration expenses in respect of such Borrower would be payable in priority to the Borrower Secured Creditors. In addition, in respect of each such charging company a fund of up to £600,000 would be set aside in order to make payments due to any unsecured creditors of that company (in priority over debts secured only by a floating charge). In any such circumstance, this could reduce amounts available to the Issuer to make payments due in respect of the Notes.

Risks relating to the Solar Parks and their construction, operation and maintenance

Weather risk

In practice, the level of irradiation at ground level at the Solar Parks may differ from any assumptions made by the Borrowers in respect of such irradiation. In particular, meteorological factors, including excessive cloud cover, may reduce the level of irradiation at ground level and hence reduce the amount of energy produced by the Solar Parks.

Variations in solar conditions may occur from year to year, and if any such variations were to occur over a longer period or to have a substantial effect on the levels of energy produced. Accordingly, there is a risk that the Solar Parks could not generate sufficient cash flow to enable the Borrowers to make payments due under the Borrower Loan. In such circumstances, the Issuer's ability to fulfil its payment obligations under the Notes could be adversely affected.

Contracting to third parties

The Original OpCo Borrowers own the Solar Parks but contract all activities to third parties. The Borrowers therefore rely on the creditworthiness and expertise of such third parties. If any of these persons should experience financial difficulties and could not perform their services or are otherwise in breach of their contractual obligations, this might materially impact the operation of the Solar Parks and the ability of the Borrowers to fulfil their payment obligations under the Borrower Loan. In such circumstances, the Issuer's ability to fulfil its payment obligations under the Notes could be adversely affected.

Connected parties

Two of the shareholders in the Original Borrowers' group are shareholders of the EPC & TES Contractor and are therefore connected parties. Such a relationship may give rise to risks, including, but not limited to, the risk that the Original Borrowers do not enforce their rights against the EPC & TES Contractor in the same manner they would if the parties were at arm's length and the risk that the costs of the contracts are not on market terms and represent a means to access distributions in priority to the servicing of debt. There is no assurance that the Original Borrowers may not favour the EPC & TES Contractor during the life of the Notes.

Two of the shareholders in the Original Borrowers' group are shareholders of Screwfast Foundations Limited (the "**Piling Sub-Contractor**") and the EPC & TES Contractor and are therefore connected parties. The Piling Sub-Contractor was sub-contracted to supply and install the driven piles, supply and fix the support frames, fix and align the solar panels and also other associated works, including elements of the design of the sub-contract works. Such a relationship may give rise to the risk that the Original Borrowers do not enforce any rights that they may have against the Piling Sub-Contractor in the same manner that they would if the parties were at arm's length and the risk that the costs of the contracts are not on market terms and represent a means to access distributions in priority to the servicing of debt.

Angus Macdonald is a director of the EPC & TES Contractor. He is also a director of the Parent Borrower, a Original OpCo Borrower and the Parent HoldCo. Such an arrangement may give rise to risks including, but not limited to, the risk that either of the Original Borrowers do not enforce rights that they may have against the EPC & TES Contractor in the same manner they would if the parties were at arm's length.

One of the directors of each of the Original OpCo Borrower, the Parent Borrower and the Parent HoldCo (and who is a shareholder in the Parent HoldCo) is also the landlord under the Solar Park Lease relating to the Higher Hill Site and one of the joint landlords under the Solar Park Lease relating to the Butleigh Site. Such a relationship may give rise to the risk that the Original OpCo Borrower does not enforce its rights against the landlord in the same manner it would if the parties were at arm's length.

Other than as disclosed in this risk factor, there are no other conflicts of interest in respect of any of the administrative, management or supervisory bodies of either of the Original Borrowers.

Sub-contractors and consultants

The EPC & TES Contractor has appointed a number of consultants under bespoke forms of appointment to carry out services in relation to the EPC Contracts. The EPC & TES Contractor has also sub-contracted with a number of entities to carry out sub-contract works in relation to the EPC Contracts. Various of such consultants and sub-contractors have provided collateral warranties in relation to their services or works. These collateral warranties were the subject of a deed of assignment to the Original OpCo Borrower along with appointments with the Purchaser's Representative, the CDM Co-ordinator and the Certifier (as each term is defined below) in relation to each EPC Contract. These consultants and their respective roles are listed below:

- (i) Method Consulting LLP were appointed to act as purchaser's representative (the "**Purchaser's Representative**") under the EPC Contracts and *inter alia* review and comment on the proposed design and construction drawings for the Solar Parks from an electrical engineering perspective.
- (ii) Nicholas Bennett trading as Bluewater Consultancy is the CDM Co-ordinator (the "**CDM Co-ordinator**") He was required to perform the duties of CDM Co-ordinator, under the Construction (Design and Management) Regulations 2007.
- (iii) Ecodeveloper Limited acted as certifier (the "**Certifier**") under each EPC Contract and their services included issuing the taking-over certificate, the intermediate acceptance certificate and the final acceptance certificate in accordance with each EPC Contract.

If the EPC & TES Contractor fails to perform its obligations under the EPC Contracts or the TES Contracts, or becomes unable to perform such obligations (including in any situation where it becomes subject to an insolvency or bankruptcy proceeding that prevents it from performing its obligations or enables it to rescind those contracts), the Original OpCo Borrower may become liable for such costs and such costs may need to be met by different means. In these circumstances, the Original OpCo Borrower may seek to enforce its rights under the collateral warranties and appointments that have been the subject of the assignment to them against a relevant sub-contractor or consultant with responsibility for the obligation. Such a relationship may give rise to the risk that the Original OpCo Borrower is unable to recover losses and damages from the relevant sub-contractor or consultant or that any such losses or damages may not be sufficient to pay for all losses or damages which have occurred. In such a situation, such costs might have an adverse effect on the Borrowers' ability to fulfil their payment obligations under the Borrower Loan and, consequently, on the Issuer's ability to fulfil its payment obligations under the Notes.

Property, planning and associated risks

The Solar Park Lease terms expire on 1 November 2036, may be terminated by the landlord on 25 or 27 September 2036 (as the case may be) and contain forfeiture rights for non-payment of rent and breach of tenant covenants. The Solar Park Leases will be varied so that, for so long as the Borrower Deed of Charge is in place, the tenant can renew the Solar Park Leases for a further 15 years. On closing, the landlords will also enter into a direct agreement with the Issuer, the Original OpCo Borrower, the Issuer

Security Trustee and the Borrower Security Trustee through which they will agree (a) that the rent payment dates will be semi-annual on the Loan Interest Payment Dates, rather than quarterly (b) not to forfeit the Solar Park Leases on grounds of non-payment of rent on a Loan Interest Payment Date where there is insufficient monies available pursuant to the relevant Borrower Priorities of Payment and that unpaid rent is still in arrears on the next Loan Interest Payment Date (and any such forfeiture requires prior notice) and (c) not to forfeit the Solar Park Leases for any other tenant breach without prior notice and allowing the Borrower Security Trustee reasonable time to remedy the breach of not more than 6 months. The landlords and the Original OpCo Borrower will also enter into deeds of variation on or around the Closing Date in respect of the leases (each a "**Deed of Variation**"), reflecting the above arrangements. The Solar Park Leases are summarised further under "*Summary of Principal Documents – Solar Park Leases*" below.

The planning permissions for each Site expressly expire on 31 December 2036 and require the removal of the equipment. Any ongoing solar park use of the Sites thereafter will require new planning permissions to be obtained, which is relevant if the tenant exercises the option to renew the Solar Park Leases. There is a risk that such consents will not be forthcoming.

The Butleigh Site does not have express rights of way over one unadopted accessway and part of another which provide access to it. However, the landlord has (a) sworn a statutory declaration confirming more than 20 years access over those accessways at all times and for all purposes and (b) obtained title indemnity insurance for £20 million cover (which increases by 5% of the original amount at each of the first ten anniversaries of the policy commencement date, being 3 April 2012).

Each of the Sites is potentially affected by manorial rights and chancel repair liability. The landlords have obtained title indemnity insurances for each Site for £10 million cover (for each manorial rights policy) and £1 million cover (for each chancel repair policy).

There is a risk that the landlords may act in a way on their adjoining and nearby land that adversely affects the use and operation of the Solar Parks (for example, by planting trees or erecting buildings or structures which materially affect the amount of sunlight reaching the Sites). The Solar Park Leases contain various landlord obligations intended to provide protection against this (see "*Summary of Principal Documents – Solar Park Leases*" below), but there is a risk that the income of the tenant may be affected before these obligations are enforced.

Component risk

The Solar Parks contain a number of components that are subject to, amongst other things, mechanical failure, technology decline, reduced power generation and movement of foundations. Any failure or degradation of, or damage to, key parts may affect the energy production of a Solar Park and therefore the Borrowers' ability to fulfil their payment obligations under the Borrower Loan and, consequently, the Issuer's ability to fulfil its payment obligations under the Notes.

In practice, the availability and efficiency of the Solar Parks may differ from any assumptions made by the Borrowers or the EPC & TES Contractor due to, amongst other things, damage to, or degradation of, components. This may result in reduced availability and productivity, with a materially adverse effect on the Borrowers' ability to fulfil their payment obligations under the Borrower Loan and, consequently, on the Issuer's ability to fulfil its payment obligations under the Notes.

Non-compliance with technical specifications might cause loss or damage

Under the Power Purchase Agreements, the Original OpCo Borrower is obliged to maintain the capacity of the Solar Parks at their specified capacity, and generate electricity from such capacity on a continuous basis, subject to outages and other interruptions or reductions necessary in the context of operating the Solar Parks in accordance with good industry practice. The Original OpCo Borrower is also required, pursuant to the terms of the Power Purchase Agreements, to remain a party to suitable TES Contracts and to comply with and enforce its rights thereunder, as well as to comply with all applicable laws. Therefore, if there is any instance of non-compliance arising from the technical specifications of the installations and equipment, the Original OpCo Borrower may be liable to the applicable Licensed Electricity Supplier for such party's losses, particularly if such non-compliance arises from a failure to observe good industry practice. In addition, in these circumstances, the Original OpCo Borrower would be deprived of revenue

from both Generation Tariffs and Export Tariffs. Whilst compliance with some technical specifications may be a contractual obligation on the part of the EPC & TES Contractor, any damages that the Original OpCo Borrower receives from the EPC & TES Contractor may not be sufficient to pay for all losses or damages which have occurred due to such non-compliance. Any such non-compliance may therefore have an adverse effect on the Borrowers' ability to fulfil their payment obligations under the Borrower Loan and, consequently, on the Issuer's ability to fulfil its payment obligations under the Notes.

Operating expenditure and taxation may exceed expectations

The financial forecasts used by the Borrowers for the operating costs of the Solar Parks for its own budgeting purposes are based on certain assumptions. As a result of any increase in costs above the amount assumed, the Borrowers' ability to fulfil their payment obligations under the Borrower Loan, and, consequently, the Issuer's ability to fulfil its payment obligations under the Notes, may be adversely affected.

The costs of servicing maintenance, security and surveillance, repair needed to restore proper functioning of the Solar Parks, and operating the Solar Parks, are set out in the TES Contracts. The Original OpCo Borrower has agreed to pay the EPC & TES Contractor a fixed fee of £149,000 plus VAT per annum under each of the two TES Contracts for its services under the TES Contracts commencing from the date of issue of the takeover certificate under the EPC Contract. The fee shall be adjusted on 1 April of each calendar year starting on 1 April 2013 to reflect the percentage increase or decrease in the Retail Prices Index. Included in the annual service fee for each TES Contract is an annual fee of £50,000 for the operational expenses incurred by the EPC & TES Contractor in its operation and administration of the Solar Parks. The annual service fees are payable in accordance with the Borrower Pre-Acceleration Priority of Payments, which sub-divides that fee into senior and junior components as described in the section headed "Resources Available to the Issuer and the Original Borrowers".

The EPC & TES Contractor's liability for such maintenance, security and surveillance, repair needed to restore proper functioning of the Solar Parks and operation of the Solar Parks is limited as set out in the EPC Contracts and the TES Contracts. If the EPC & TES Contractor fails to perform its obligations under the EPC Contracts or the TES Contracts, or becomes unable to perform such obligations (including in any situation where it becomes subject to an insolvency or bankruptcy proceeding that prevents it from performing its obligations or the contracts are terminated), the Original OpCo Borrower will need to engage third party providers to provide such services and there can be no guarantee that the Original OpCo Borrower will be able to secure such services on terms comparable to those offered by the EPC & TES Contractor or at all. Failure to secure such services on commercial terms might have an adverse effect on the Borrowers' ability to fulfil their payment obligations under the Borrower Loan and, consequently, on the Issuer's ability to fulfil its payment obligations under the Notes. In addition where, due to limitations on the liability of the EPC & TES Contractor in the TES Contracts, the costs paid by the Original OpCo Borrower to the EPC & TES Contractor do not fully cover the costs of servicing maintenance, security and surveillance, repair needed to restore proper functioning of the Solar Parks, and operating the Solar Parks, the Original OpCo Borrower may become liable for such costs and such costs may need to be met by different means. In such a situation, such costs might have an adverse effect on the Borrowers' ability to fulfil their payment obligations under the Borrower Loan and, consequently, on the Issuer's ability to fulfil its payment obligations under the Notes.

Likewise, if the Borrowers generate taxable profits, as it is anticipated they will, they will be subject to UK taxation. The forecasts for the taxation payable by the Borrowers for its own budgetary purposes are based on certain assumptions. As a result of any increase in taxation payable by the Borrowers above the amounts assumed, the Borrowers' ability to fulfil their payment obligations under the Borrower Loan, and, consequently, the Issuer's ability to fulfil its payment obligations under the Notes, may be adversely affected.

Insurance and co-insurance risk

Insurance obtained by the Borrowers may not be comprehensive and sufficient in all circumstances and may be subject to certain deductibles or obligations to meet a proportion of the total liability amounts arising from certain insured risks. Moreover, such insurance may not be available in the future on commercially reasonable terms.

An event could result in severe damage or destruction to one or both Solar Parks, reductions in the energy output of one or both Solar Parks or personal injury or loss of life to personnel. Insurance proceeds may not be adequate to cover lost revenues or to compensate for any injuries or loss of life.

In cases of frequent damage, insurance contracts might be amended or cancelled by the insurance company to the detriment of the Borrowers. Further, the insurance may not cover any damage or loss and/or insurance premiums may increase more than had been provided for.

In each such case, this could have a material adverse effect on the Borrowers' ability to fulfil their payment obligations under the Borrower Loan and, consequently, on the Issuer's ability to fulfil its payment obligations under the Notes. The EPC & TES Contractor maintains the following insurance policies which cover the business of the EPC & TES Contractor, including the Original OpCo Borrower and the Solar Parks:

(a) Solar Energy Property Damage and Business Interruption Insurance

The EPC & TES Contractor maintains its Solar Energy Property Damage and Business Interruption Insurance Policy with Royal Sun Alliance. This insurance policy covers the risks defined in the policy documents and includes the costs of reinstatement of property at the level of costs applying at the inception of the period of insurance for any insured event of damage and consequential loss from interference with the policyholders business, including the requirements of any public authority, professional fees and debris removal.

The following defined perils are covered namely fire, lightning, explosion, aircraft or other aerial devices or articles falling from them, riot, civil commotion, strikers, locked-out workers or persons taking part in labour disturbances, malicious persons, earthquakes, storm, flood, escape of water from any tank apparatus or pipe, or of any oil from any fixed heating installation or impact by any mechanically propelled vehicle or rail rolling stock or animal. There is a terrorism extension included in the cover.

The insured event means any damage to property used by the policyholder at the business premises for the purpose of business, at any premises not in occupation of the policyholder where property of the policyholder is stored for the purpose of business and at any land based premises of any supply undertaking, service provider or producer from which the policyholder obtains electricity, gas, water and telecommunications services and any effluent services. The policy is renewable on an annual basis.

(b) Liability Insurance

The EPC & TES Contractor maintains its Liability Insurance Policy with Royal Sun Alliance.

This insurance covers Employers Liability, and Public and Product Liability including legal defence costs and financial loss. This provides comprehensive cover to generally accepted insurance standards in the UK as defined in the policy documents. The policy is renewable on an annual basis.

(c) Photovoltaic Insurance

The EPC & TES Contractor maintains PV (Photo Voltaic) insurance by way of the LDK Secure Solar PV Insurance with Solarif Insurance & Finance, the fully mandated underwriter for HDI-Gerling Verzekeringen NV.

This includes insurance back up to the LDK Solar Product and Power Warranties and embedded All Risk Insurance applicable to all other components of the PV System. This cover includes both the Solar Parks where LDK panels have been installed. LDK have paid for this insurance for a period of ten years and under the terms of the policy the EPC & TES Contractor is able to extend the cover from years eleven to twenty on an annual basis.

More information about LDK' Solar Secure warranty insurance is set out in the "Manufacturer risk in relation to solar panels" section of "Risks relating to the Solar Parks and their construction, operation and maintenance".

Manufacturer risk in relation to solar panels

LDK Solar Co., Ltd ("**LDK**"), as manufacturer of the solar panels located on the Solar Parks, has provided to the EPC & TES Contractor:

- (a) a ten-year warranty in respect of the solar panels in respect of defects in materials and workmanship under normal application, installation, use and service conditions;
- (b) a 12-year warranty in respect of the power output being less than 90 per cent. of warranted minimum power output (as measured in accordance with the warranty) provided this is due solely to defects in materials and workmanship; and
- (c) a 25-year warranty in respect of power output being less than 80 per cent. of warranted minimum power output (as measured in accordance with the warranty) due solely to defects in materials or workmanship.

On the Closing Date, the EPC & TES Contractor will, pursuant to an assignment in security (the "**Assignment in Security**"), assign by way of security to the Original OpCo Borrower the benefit of its rights under:

- (a) the LDK warranty for the solar photovoltaic modules for both Solar Parks,
- (b) the SMA Inverter Replacement Service – Out of Warranty and the SMA Factory Warranty, in each case granted by SMA Solar Technology AG ("**SMA**"), in relation to inverters for both Solar Parks,
- (c) warranty provisions for the solar modules Conergy PowerPlus xxxP/M/MC granted by Conergy AG ("**Conergy**") in relation to PowerPlus 230P modules for both Solar Parks, and
- (d) warranty terms for Mounting Systems granted by Conergy in relation to Conergy SolarLinea mounting structures for both Solar Parks;

which would allow the Original OpCo Borrower to exercise rights to claim against LDK, SMA and Conergy (the "**Component Contractors**") in certain circumstances set out in the Assignment in Security itself and under the EPC Contracts and the TES Contracts, where the EPC & TES Contractor is in default under such documents, including its obligation to enforce warranty rights.

The Original OpCo Borrower's ability to claim against the Component Contractors in respect of such warranties is subject to the risk of each of the Component Contractors' financial strength, in particular the risk that any or all of the Component Contractors becomes subject to insolvency or bankruptcy proceedings during the relevant period. The Original OpCo Borrower's ability to claim against the Component Contractors in respect of such warranties is also limited by the terms of such warranties being subject to time limits. The time limits referable to the warranties given by LDK are set out in the first paragraph under the Manufacturer risk in relation to solar panels section above. The time limits referable to warranties given by the other Component Contractors vary and range between 2 years and 10 years. As a result, and/or alternatively, the Original OpCo Borrower may be unable to recover under the warranties to the full extent of the loss or at all.

LDK have provided their LDK SOLAR SECURE warranty insurance package in relation to the solar panels, from HDI-Gerling, including warranty and inherent defects cover for a period of ten years as well as damage and loss of energy production insurance. Under the TES Contracts, the EPC & TES Contractor has agreed to bear the cost of extending this insurance to give equivalent cover for a further ten years on an annual basis. Under the TES Contracts, the EPC & TES Contractor has agreed to deposit an estimated annual premium into a deposit account to create a sinking fund to meet future premiums for years 11 to 20 and to report on that annually. However, if the policy cannot be extended or is otherwise not available, the Original Borrowers will be exposed to manufacturing or other defects in the panels and would have to fund repair or replacement from other resources. Accordingly, the Borrowers' ability to fulfil their payment obligations under the Borrower Loan and consequently, the Issuer's ability to fulfil its payment obligations under the Notes, may be adversely affected.

In the event of termination of the TES Contracts, the EPC & TES Contractor is required to assign all manufacturer and supply warranties (including those provided by the Component Contractors) which it has

to the Original OpCo Borrower which extend beyond the defects liability period in so far as it is able to do so. There is a risk that the EPC & TES Contractor will fail to perform these obligations under the TES Contracts, or becomes unable to perform such obligations (including in any situation where it becomes subject to an insolvency or bankruptcy proceeding that prevents it from performing its obligations). Alternatively, the manufacturer or supply warranties (including those provided by the Component Contractors) may have expired or the Original OpCo Borrower may be unable to recover under them to the full extent of the loss or at all.

A number of the manufacturer or supply contracts/warranties (including those provided by the Component Contractors) are governed by laws of other jurisdictions. For example:

(a) the supply contract with LDK is governed by the laws of Switzerland with jurisdiction in Switzerland; and

(b) on the face of the supply contract, LDK Solar International Company limited is a corporation duly organized and existing under the laws of China, with its principal place of business in Hong Kong.

As a result, it may be more difficult for the Original OpCo Borrower to enforce its remedies in respect of such warranties and it may therefore become exposed to manufacturing or other defects in the various components and would have to fund repair or replacement from other resources.

Panel degradation risk

Although ground-mounted photovoltaic installations have few moving parts and operate, generally, over long periods with minimal maintenance, photovoltaic power generation employs solar panels composed of a number of solar cells containing a photovoltaic material (crystalline silicon in the case of the solar panels used in the Solar Parks). These panels are, over time, subject to degradation since they are exposed to the elements, carry an electrical charge, and will age accordingly. In addition, the solar radiation which produces solar electricity carries heat with it that may cause the components of a photovoltaic solar panel to become altered and less able to capture irradiation effectively.

Offtake risk

Each OpCo Borrower's primary sources of revenue, and therefore its primary source of funds to repay the Borrower Loan, are the payments that it will receive in respect of Generation Tariffs and Export Payments or Export Tariffs for electricity generated by the Solar Parks. Those payments are received under fixed duration power purchase agreements that such OpCo Borrower enters into with Licensed Electricity Suppliers. As such, each OpCo Borrower's ability to generate revenue, and therefore its ability to pay interest and repay principal on the Borrower Loan, will depend on its ability to enter into power purchase agreements under which it is entitled to Generation Tariffs and Export Payments or Export Tariffs.

In the United Kingdom eligibility for Generation Tariffs is defined through the Feed-in Tariffs (Specified Maximum Capacity and Functions) Order 2010; and associated modifications to the Standard Conditions of Electricity Supply Licences made by the Secretary of State for Energy and Climate Change under section 42(3) of the Energy Act 2008. Application of these is the responsibility of the Licensed Electricity Suppliers and the Office of Gas and Electricity Markets ("**Ofgem**"). The FIT Scheme is administered by Ofgem.

Under this legislation, Licensed Electricity Suppliers are required, as a condition of their licence, to pay Generation Tariffs to owners of accredited solar power systems. In addition, the owners of such systems who are either ineligible for, or choose to opt out of Export Tariffs under the FIT Scheme may negotiate a separate payment for exported electricity ("**Export Payments**"). In the current electricity market, such privately-negotiated payments are typically higher than the Export Tariff payable under the FIT Scheme. In the "Government Response to Consultation on the Comprehensive Review Phase 2A: Solar Cost Control" published by DECC in May 2012: DECC stated that their analysis shows that the majority of larger schemes opt out of Export FITs and that the value of Export FITs for schemes accredited prior to that review were not as high as the average 'system sell price' available in the market. Therefore, as a matter of convenience, owners of large solar power systems such as the Solar Parks will typically enter

into a power purchase agreement with a Licensed Electricity Supplier, which governs the payment of both the Generation Tariffs and Export Payments, for a fixed duration.

The Original OpCo Borrower has the benefit of the Power Purchase Agreements with the Licensed Electricity Supplier. Pursuant to the Power Purchase Agreements, the Original OpCo Borrower is entitled to Generation Tariffs and has negotiated specified Export Payments.

These Power Purchase Agreements expire in March 2013. Pursuant to the Borrower Loan Agreement, the Original OpCo Borrower will undertake that, at least one month prior to the expiry of any Power Purchase Agreement to which it is a party, it will commence negotiations with one or more Licensed Electricity Suppliers with a view to entering into a new Power Purchase Agreement with one of those Licensed Electricity Suppliers on a date falling not later than the date of such expiry on terms as to duration, price and other benefits which, in the opinion of the Original OpCo Borrower, represent the optimum combination reasonably available to the Original OpCo Borrower at that time and in the circumstances then applicable to the Original OpCo Borrower and that are otherwise substantially the same as the terms of the Power Purchase Agreement that is due to expire or terms which, in the opinion of such OpCo Borrower, are as favourable to the Original OpCo Borrower as the Original OpCo Borrower is reasonably able to obtain at that time and in the circumstances then applicable to the Original OpCo Borrower; provided that the Original OpCo Borrower shall not, without the consent of the Controlling Party, enter into any Power Purchase Agreement:

- (i) on terms that would result in the occurrence of the DSCR Trigger; or
- (ii) if the DSCR Trigger has already occurred and is continuing, on terms that would not result in the DSCR Trigger ceasing to occur.

There is a risk that a counterparty to a power purchase agreement may not perform its obligations in full, and that any replacement power purchase agreements may not be available to the Borrowers during the term of the Notes, though this risk is mitigated by the fact that the FIT Scheme and related legislation effectively guarantees the payment of Generation Tariffs to the owners of accredited solar power systems for 25 years from the date of such accreditation. However, the Export Payments or Export Tariffs in any replacement power purchase agreement may not be equal to or more than Export Payments or Export Tariffs that the Original OpCo Borrower currently receives.

4 Risk factors in relation to the EPC & TES Contractor

Performance Risk under EPC Contracts and TES Contracts

Under the EPC Contracts and TES Contracts, the EPC & TES Contractor is responsible for a variety of construction and operational matters in relation to the Solar Parks. The EPC & TES Contractor is liable in respect of some elements of defects, damage and non-performance which may not be fully insured or supported by an effective manufacturer warranty or other supply contracts/ appointments or sub-contracts throughout the entire period of operation of the Solar Parks. If the EPC & TES Contractor fails to perform its obligations under the EPC Contracts or the TES Contracts, or becomes unable to perform such obligations (including in any situation where it becomes subject to an insolvency or bankruptcy proceeding that prevents it from performing its obligations or the contracts are terminated), the Original OpCo Borrower may become liable for such costs and such costs may need to be met by different means. In such a situation, such costs might have an adverse effect on the Borrowers' ability to fulfil their payment obligations under the Borrower Loan and, consequently, on the Issuer's ability to fulfil its payment obligations under the Notes. In addition, to the extent assumptions relating to the operation of the Solar Parks by the EPC & TES Contractor prove to have been overly-optimistic in relation to the performance of the relevant plant, the EPC & TES Contractor will be, in certain circumstances, obliged to pay damages as specified in the contract, for performance of the Solar Parks which falls below the relevant specified levels set out in the relevant contract, subject to the limitations on its liability set out in the EPC Contracts and the TES Contracts. The ability of the EPC & TES Contractor to fulfil such obligations (and obligations generally arising under the Material Contracts) is dependent on the continued existence and solvency of the EPC & TES Contractor. There is a risk that the EPC & TES Contractor may not remain in a financial position to fulfil all its contractual obligations throughout the term of the Notes.

5 Risks relating to the solar photovoltaic energy sector and regulatory risks

Introduction

The objectives the United Kingdom must achieve in terms of production of electricity from renewable sources are set at EU level and, in particular, by Directive 2009/28/EC of the European Parliament and the Council of 23 April 2009, which, among other things, set long-term, mandatory targets in terms of the proportion of energy produced from renewable sources. Those targets are binding on Union member states, including the United Kingdom.

The industry related to the generation of renewable energy in the United Kingdom depends to a large extent on the EU and British political framework. Obtaining energy from renewable sources can be more costly and expensive than generating power from coal, natural gas, oil and nuclear fuels. The British Government provides support for generators using photovoltaic installations in order to encourage the use of renewable energy sources. Support schemes take the form of a fixed incentive for electricity generated by photovoltaic plants (i.e., the feed-in tariff), priority of dispatchment and guaranteed offtake of the electricity by the National Grid at a market-related price. Such schemes are based on national targets for accumulated installed MW capacity for photovoltaic generation.

Change in law risk

Solar photovoltaic energy sector

The solar photovoltaic energy sector is subject to legal and regulatory controls, and the Borrowers and each of the Solar Parks must comply with all applicable laws, regulations and regulatory standards (the "**regulations**") which, among other things, require the Borrowers to obtain and maintain certain authorisations, licences and approvals for the construction and operation of the Solar Parks (the "**authorisations**").

Although these authorisations have been obtained, there is a risk that the Borrowers may not always comply with any of the conditions of the authorisations and that the Borrowers may not be able to maintain the authorisations granted to operate the Solar Parks. The conditions attached to the planning consent and the Feed-in Tariffs accreditation of the Solar Parks include, amongst others, to allow authorised persons access to the sites and the equipment for inspection, sampling and testing purposes (including random checks) and to provide such authorised persons with copies of relevant records, declarations of compliance with regulations and independent auditors reports if requested to do so. There is a risk of the Borrowers losing the authorisations granted to them, but in their view, this is remote.

If the Borrowers lose authorisations granted to them, or are required to comply with additional conditions that are imposed after the Closing Date in respect of such authorisations, the Borrowers may incur additional costs, expenses or other liabilities that could affect their ability to repay the Borrower Loan and hence affect the ability of the Issuer to repay the Notes.

Changes in law generally

The Borrower and the Original OpCo Borrower operate in a regulated sector and, therefore, the development, outflows and revenues of the Solar Parks also depend on applicable legislation and regulation. Accordingly, changes in law or regulation may have an adverse impact on the Original Borrowers' ability to generate income from the Solar Parks and repay the Borrower Loan and, consequently, on the Issuer's ability to meet its financial obligations under the Notes.

As described in the section above headed "*Offtake risk*" the legislation and regulations which govern the FIT Scheme in the United Kingdom give owners of an accredited solar power system a right to be paid Generation Tariffs. Licensed Electricity Suppliers will pay the accredited owners of solar power systems who comply with the FIT Scheme a Generation Tariff, which is a set inflation-linked payment on every unit of electricity generated. The Generation Tariff levels are set by legislation and the current legislation requires that Ofgem reviews the tariff levels annually by reference to increases in the RPI, but otherwise the levels are fixed for the duration of the tariff entitlement (25 years in relation to the Solar Parks). There

is a remote risk that the law could be changed so as to decrease Generation Tariffs for existing installations.

A reduction in Generation Tariffs could affect the Borrowers' ability to repay the Borrower Loan and hence affect the ability of the Issuer to repay the Notes. However, Ofgem currently state in their publicity for the FIT Scheme (see 'Ofgem Feed-in Tariff Scheme – Factsheet' as published on the Ofgem website as at the date of these Listing Particulars) that "The rates that customers receive under the FITs have been set by DECC and are listed in tariff tables published on our website www.ofgem.gov.uk/FITs. Once registered for FITs, the generation tariff received will last for the tariff lifetime (as set out in the Licence Conditions) and will be adjusted annually for inflation based on RPI." Similarly, in the FAQs document published on the DECC website as at the date of these Listing Particulars, in response to the question 'Will the tariff for my installation be reduced after it has been accredited for FITs?' DECC state 'No. Once an installation has been accredited for FITs, it will receive the tariff that was determined at the time of the accreditation for the entire tariff lifetime, subject to RPI indexation". For the avoidance of doubt, the Ofgem website and the DECC website are referred to for information purposes only and neither form part of these Listing Particulars.

In addition, the level of Export Payments receivable by the Original OpCo Borrower from time-to-time is a matter for negotiation, typically in the period leading up to the expiry of each Power Purchase Agreement. Although the level of Export Payments is expected by the Original OpCo Borrower to track closely the price trends for electricity in the United Kingdom, there is a risk that such price trends may not necessarily result in the Export Payments increasing at or above the rate of the RPI. There is also a risk that, as a result of commercial and/or legislative changes affecting the market for electricity or the participants in that market, the price which the Original OpCo Borrower is able to negotiate for Export Payments may be affected adversely. A reduction in Export Payments or Export Tariffs could affect the Borrowers' ability to repay the Borrower Loan and hence affect the ability of the Issuer to repay the Notes.

RESOURCES AVAILABLE TO THE ISSUER AND THE ORIGINAL BORROWERS

Issuer Priorities of Payments

Issuer Pre-Acceleration Priority of Payments

Prior to the service of an Issuer Acceleration Notice, all amounts standing to the credit of the Issuer Transaction Account (other than an amount provided for in respect of the Issuer Retained Profit) will be applied (unless otherwise paid or provided for) by the Issuer Cash Manager on behalf of the Issuer on each Note Interest Payment Date in the following order of priority (in each case only if and to the extent that payments or provisions of a higher order of priority have been made in full) (such order being the "**Issuer Pre-Acceleration Priority of Payments**"):

- (a) *first*, in or towards satisfaction of the fees or other remuneration then payable to the Note Trustee and the Issuer Security Trustee, together with VAT) thereon (if applicable), and any costs, charges, liabilities and expenses (together with VAT thereon, if applicable) then incurred by the Note Trustee or the Issuer Security Trustee under the Trust Deed or the Issuer Deed of Charge, as the case may be, together with interest thereon as provided in the Trust Deed or the Issuer Deed of Charge, as the case may be;
- (b) *second*, in or towards payment, pro rata according to the respective amounts thereof, of all amounts due or overdue from the Issuer to (i) the Paying Agent, Calculation Agent and Registrar under the Agency Agreement, (ii) the Issuer Account Bank under the fee letter between the Issuer and the Issuer Account Bank, (iii) the Issuer Cash Manager under the Issuer Cash Management Agreement and (iv) the Corporate Services Provider under the Corporate Services Agreements (together with, in each case, VAT thereon, if applicable, as provided in the Agency Agreement, the fee letter between the Issuer and the Issuer Account Bank, the Cash Management Agreement or the Corporate Services Agreements, as the case may be);
- (c) *third*, in or towards retention of the Issuer Retained Profit to remain deposited in the Issuer Transaction Account and retained as six monthly profit by the Issuer (and from which amount the Issuer shall discharge its liability to corporation tax in respect of such Issuer Retained Profit);
- (d) *fourth*, in or towards payment, *pro rata* according to the respective amounts thereof, of all amounts of interest due or overdue in respect of the Notes;
- (e) *fifth*, in or towards payment, *pro rata* according to the respective amounts thereof, of all amounts of principal due or overdue in respect of the Notes;
- (f) *sixth*, in or towards payment, *pro rata* according to the respective amounts thereof, of all amounts due or overdue from the Issuer in respect of any other liabilities of the Issuer; and
- (g) *seventh*, the surplus (if any) in payment to the Borrowers by way of a rebate of fees paid by the Borrowers on the Borrower Loan.

Issuer Post-Acceleration Priority of Payments

Following the service of an Issuer Acceleration Notice, the Issuer Security Trustee (or a receiver appointed by the Issuer Security Trustee), the Issuer Cash Manager acting under the instruction of the Issuer Security Trustee is required to apply monies standing to the credit of the Issuer Transaction Account or otherwise available for distribution, in or towards satisfaction of the Issuer's liabilities in the following order of priority (in each case only if and to the extent that payments or provisions of a higher order of priority have been made in full) (such order being the "**Issuer Post-Acceleration Priority of Payments**" and, together with the Issuer Pre-Acceleration Priority of Payments, the "**Issuer Priorities of Payments**"):

- (a) *first*, in or towards satisfaction of, *pro rata* according to the respective amounts thereof (i) the fees or other remuneration then payable to the Note Trustee and the Issuer Security Trustee, together with VAT thereon (if applicable), and any costs, charges, liabilities and expenses (together with

VAT thereon, if applicable) then incurred by the Note Trustee or the Issuer Security Trustee under the Trust Deed or the Issuer Deed of Charge, as the case may be, together with interest thereon as provided in the Trust Deed or the Issuer Deed of Charge, as the case may be and (ii) the fees or other remuneration then payable to any receiver appointed in respect of the Issuer, together with VAT thereon (if applicable) and any costs, charges, liabilities and expenses (together with VAT thereon, if applicable) then incurred by such receiver under or in connection with the Issuer Deed of Charge, together with interest thereon as provided in the Issuer Deed of Charge;

- (b) *second*, in or towards payment, *pro rata* according to the respective amounts thereof, of all amounts due or overdue from the Issuer to (i) the Paying Agent, Calculation Agent and Registrar under the Agency Agreement, (ii) the Issuer Account Bank under the fee letter between the Issuer and the Issuer Account Bank, (iii) the Issuer Cash Manager under the Issuer Cash Management Agreement and (iv) the Corporate Services Provider under the Corporate Services Agreements (together with, in each case, VAT thereon, if applicable as provided in the Agency Agreement, the fee letter between the Issuer and the Issuer Account Bank, the Issuer Cash Management Agreement or the Corporate Services Agreement, as the case may be);
- (c) *third*, an amount equal to the Issuer Retained Profit to remain deposited in the Issuer Transaction Account (and from which amount the Issuer shall discharge its liability to corporation tax in respect of such Issuer Retained Profit);
- (d) *fourth*, in or towards payment, *pro rata* according to the respective amounts thereof, of all amounts of interest and principal due or overdue in respect of the Notes;
- (e) *fifth*, in or towards payment, *pro rata* according to the respective amounts thereof, of all amounts due or overdue from the Issuer in respect of any other liabilities of the Issuer; and
- (f) *sixth*, the surplus (if any) in payment to the Borrowers by way of a rebate of fees paid by the Borrowers under the Borrower Loan Agreement.

Borrower Priorities of Payments

Borrower Pre-Acceleration Priority of Payments

Prior to acceleration of the Borrower Loan, amounts standing to the credit of the Generation Tariff Bank Account and the Export Payment Bank Account as at opening of business on the applicable Calculation Date, taken together, will be applied by the Borrower Cash Manager on behalf of the Borrowers on each Loan Interest Payment Date, in the following order of priority (in each case only if and to the extent that payments or provisions of a higher order of priority have been made in full) (such order being the "**Borrower Pre-Acceleration Priority of Payments**"):

- (a) *first*, in satisfaction of (i) the fees or other remuneration then payable by the Borrowers to the Facility Agent and the Borrower Security Trustee, together with VAT thereon (if applicable), and (ii) any costs, charges, liabilities and expenses (together with VAT thereon, if applicable) then incurred by the Facility Agent and the Borrower Security Trustee under the relevant Borrower Transaction Documents, together with interest thereon as provided in the relevant Borrower Transaction Documents;
- (b) *second*, in or towards payment to the Issuer of an amount equal to all amounts payable by the Issuer on the immediately following Note Interest Payment Date pursuant to paragraphs (a), (b) and (c) of the then applicable Issuer Priority of Payments, payable by the Borrowers as part of a facility fee to the Issuer under the terms of the Borrower Loan Agreement;
- (c) *third*, in or towards payment of all amounts of fees and expenses, together with any applicable VAT thereon, as provided in the Borrower Cash Management Agreement payable by the Borrowers to the Borrower Cash Manager;
- (d) *fourth*, in or towards payment of, or provision for, on a *pro rata* basis according to the respective amounts thereof, sums due for payment on such Loan Interest Payment Date by the OpCo

Borrowers under (i) the EPC Contracts or (ii) the TES Contracts up to an amount equal to the Senior TES Fee Amount;

- (e) *fifth*, in or towards payment of all amounts of interest due or overdue in respect of the Borrower Loan;
- (f) *sixth*, in or towards payment of all amounts of principal due or overdue in respect of the Borrower Loan;
- (g) *seventh*, in or towards payment to the Issuer equal to all amounts payable by the Issuer on the next following Note Interest Payment Date pursuant to paragraph (f) of the Issuer Pre-Acceleration Priority of Payments or paragraph (e) of the Issuer Post-Acceleration Priority of Payments, where applicable, payable by the Borrowers as part of a facility fee to the Issuer under the terms of the Borrower Loan Agreement;
- (h) *eighth*, if the balance standing to the credit of the Debt Service Reserve Account is less than the DSR Minimum, in or towards crediting an amount to the Debt Service Reserve Account to bring the balance thereof to the DSR Minimum;
- (i) *ninth*, if such Loan Interest Payment Date falls on a DSR Accumulation Date, in or towards transfer of a DSR Accumulation Amount to the Debt Service Reserve Account;
- (j) *tenth*, if a DSCR Trigger has occurred and is continuing, in transfer of the entire remaining balance of the Generation Tariff Bank Account to the Debt Service Reserve Account until the related DSCR Target Condition has been met;
- (k) *eleventh*, in or towards payment of or provision for, on a *pro-rata* basis according to the respective amounts thereof, sums due for payment on such Loan Payment Date by the OpCo Borrowers under (i) the EPC Contracts or (ii) the TES Contracts up to an amount equal to the Junior TES Fee Amount;
- (l) *twelfth*, in or towards payment of, or provision for, on a *pro rata* basis according to the respective amounts thereof, sums due or which will fall due or which properly belong to third parties under obligations incurred in the course of business of a Borrower, including the provision for, and payment of, such Borrower's auditors and such Borrower's liability (if any) to UK corporation tax, other tax, VAT and any company secretarial fees and charges but only as permitted by the Borrower Transaction Documents, in each case as determined and (if applicable) notified by such Borrower to the Borrower Cash Manager; and
- (m) *thirteenth*, in or towards payment of all rental payments due or overdue in respect of the Solar Park Leases; and
- (n) *fourteenth*, the surplus (if any) in payment to the General Account or otherwise, as notified by the relevant Borrowers to the Borrower Cash Manager in advance.

If, on any Calculation Date, there are insufficient funds standing to the credit of the Generation Tariff Bank Account and the Export Payment Bank Account to pay or provide for the items referred to in paragraphs (a) to (g) inclusive above (a "**Tariff Shortfall**"), then the Borrower Cash Manager will be entitled, to the extent of any relevant shortfall, to utilise funds standing to the credit of the Debt Service Reserve Account.

For these purposes:

"**DSCR Minimum**" means £1,500,000.

A "**DSR Accumulation Date**" is each Loan Interest Payment Date during the period from the Closing Date to the fifth anniversary of the Closing Date.

The "**DSR Accumulation Amount**" is £150,000.

A "**DSCR Trigger**" occurs at any time where the Debt Service Cover Ratio (as defined in "*Description of Principal Documents – Borrower Loan Agreement*") as at the then most recent Calculation Date is less than or equal to 1.2:1 and is continuing until the related DSCR Target Condition has been met.

The "**DSCR Target Condition**" will be met in respect of a DSCR Trigger upon the earlier of:

- (a) the Debt Service Cover Ratio is greater than 1.4:1 for two consecutive Calculation Dates falling after such DSCR Trigger occurred; or
- (b) the balance standing to the credit of the Debt Service Reserve Account is equal to or greater than 40% of the Outstanding Principal Amount of the Notes as adjusted by the Index Ratio (as defined in Condition 7(f) of the Notes) on the then most recent Calculation Date.

"**Senior TES Fee Amount**" means an amount equal to £50,000 per Solar Park per Loan Interest Period, adjusted on 1 April of each calendar year starting on 1 April 2013 to reflect the percentage increase or decrease in the RPI over the preceding year.

"**Junior TES Fee Amount**" means an amount equal to £24,500 per Solar Park per Loan Interest Period, adjusted on 1 April of each calendar year starting on 1 April 2013 to reflect the percentage increase or decrease in the RPI over the preceding year.

Borrower Post-Acceleration Priority of Payments

Following acceleration of the Borrower Loan (or any part thereof), the Borrower Security Trustee (or a receiver appointed by it) or, with the consent of the Noteholder Representative, if any, the Borrower Cash Manager acting on the instructions of the Borrower Security Trustee, will apply monies standing to the credit of the Borrower Accounts or towards satisfaction of the following liabilities in respect of the Borrower Loan in the following order of priority (the "**Borrower Post-Acceleration Priority of Payments**" and, together with the Borrower Pre-Acceleration Priority of Payments, the "**Borrower Priorities of Payments**"), in each case only to the extent that payments of a higher order of priority have been paid in full:

- (a) *first*, in or towards payment, pro rata according to the respective amounts thereof, of (i) the fees or other remuneration then payable by the Borrowers to the Facility Agent and the Borrower Security Trustee, together with VAT thereon (if applicable), (ii) any costs, charges, liabilities and expenses (together with VAT thereon, if applicable) then incurred by the Borrower Security Trustee under the Borrower Deed of Charge, together with interest thereon as provided in the Borrower Deed of Charge and (iii) the fees or other remuneration then payable to any receiver appointed in respect of any Obligors, together with VAT thereon (if applicable) and any costs, charges, liabilities and expenses (together with VAT thereon, if applicable) then incurred by such receiver under or in connection with the Borrower Deed of Charge, together with interest thereon as provided in the Borrower Deed of Charge;
- (b) *second*, in or towards payment to the Issuer of an amount equal to all amounts payable by the Issuer on a Note Interest Payment Date pursuant to paragraphs (a), (b) and (c) of the then applicable Issuer Priority of Payments, payable by the Borrowers as part of a facility fee to the Issuer under the terms of the Borrower Loan Agreement;
- (c) *third*, in or towards payment of all amounts of fees and expenses, together with any applicable VAT thereon, as provided in the Borrower Cash Management Agreement payable by the Borrowers to the Borrower Cash Manager;
- (d) *fourth*, in or towards payment of all amounts of interest and principal due or overdue in respect of the Borrower Loan;
- (e) *fifth*, in or towards payment to the Issuer equal to all amounts payable by the Issuer on the next following Note Interest Payment Date pursuant to paragraph (f) of the Issuer Pre-Acceleration

Priority of Payments or paragraph (e) of the Issuer Post-Acceleration Priority of Payments, where applicable, payable by the Borrowers as part of a facility fee to the Issuer under the terms of the Borrower Loan Agreement;

- (f) *sixth*, in or towards payment of, or provision for, on a *pro rata* basis according to the respective amounts thereof (in each case as notified by the Borrowers to the Borrower Cash Manager), sums due or which will fall due or which properly belong to third parties in the course of the business of the Borrowers; and
- (g) *seventh*, the surplus (if any) in payment to the General Account or otherwise, as notified by the Borrowers to the Borrower Cash Manager in advance.

Release of Debt Service Reserve

On each of the tenth, 15th and 20th anniversaries of the Closing Date (or if any such anniversary is not a Business Day, the next following Business Day (unless such Business Day falls in the next calendar month, in which event, the immediately preceding Business Day) the Borrower Cash Manager will transfer £500,000 from the Debt Service Reserve Account to the General Account on behalf of the Borrowers if each of the following conditions are satisfied on such day:

- (a) the average Performance Ratio was no less than 104% of the Base Performance Ratio on the three immediately preceding anniversaries of the Closing Date;
- (b) no Borrower Acceleration Notice has been served; and
- (c) such transfer would not cause the Debt Service Reserve Account to fall below the DSCR Minimum.

For the avoidance of doubt, such released amount will be applied in accordance with the Borrower Pre-Acceleration Priority of Payments on the Loan Interest Payment Date immediately following such transfer or, if a Borrower Acceleration Notice is served after such transfer but before such Loan Interest Payment Date, in accordance with the Borrower Post-Acceleration Priority of Payments.

For these purposes:

"**Base Performance Ratio**" means 80.45% adjusted for annual Degradation on each anniversary of the Closing Date.

"**Degradation**" means 0.50% per annum.

"**Performance Ratio**" or "**PR_n**" is, in respect of any relevant period ("**n**"), determined in accordance with the following formula:

$$PR_n = \frac{E_{prod_n}}{E_{theoreticallyproduced_n}}$$

where:

"**E_{prod_n}**" means the sum of all available energy produced at the Solar Parks and measured at the generation meters related to the Solar Parks during the period **n** (kW).

"**E_{theoreticallyproduced_n}**" means the theoretically produced generation of the Solar Parks over the period **n** (kW), calculated from the nominal performance of the photovoltaic modules and the output from the pyranometers, in each case in respect of the Solar Parks and adjusted for availability and module degradation, in accordance with the following formula:

$$E_{theoreticallyproduced_n} = [P_{nom}] \times \left[\frac{H_n}{G} \right] \times [A_{actual_n}] \times [1 - (D \times n)]$$

" P_{nom} " means the nominal (nameplate) peak power of the photovoltaic modules in standard test conditions (kWp);

" H_n " means the total irradiation hitting the photovoltaic modules over the period n (kWh/m²);

" G " means irradiance in accordance with the standard test conditions (1,000 W/m²);

" D " means Degradation (as defined above); and

" A_{actual_n} " means the actual availability over the period n , calculated in accordance with schedule 4 to each TES Contract.

Authorised Investments

The Borrower Cash Manager shall, from time to time, in accordance with the Borrower Cash Management Agreement and the Borrower Loan Agreement invest amounts standing to the credit of the Debt Service Reserve Account in Authorised Investments held in the name of the Parent Borrower. Any income or gain on an Authorised Investment will be credited to the Debt Service Reserve Account, for application in accordance with the above or reinvestment in other Authorised Investments. The Borrower Cash Manager has no liability for any losses incurred on Authorised Investments. Certain Authorised Investments may be subject to breakage costs in favour of the Counterparty if terminated early. Such breakage costs may arise, for instance, if the Borrower Security Trustee enforces security over the Borrowers between two Calculation Dates.

SUMMARY OF PRINCIPAL DOCUMENTS

This section contains a summary of the material terms of the principal documents relating to the Notes. Copies of the Issuer Deed of Charge, the Borrower Loan Agreement, the Borrower Deed of Charge, the Power Purchase Agreement, the EPC Contracts, the TES Contracts, the Assignment in Security, the Solar Park Leases, the Direct Agreement (EPC and TES Contracts), the Direct Agreement (Butleigh Lease), the Direct Agreement (Higher Hill Lease), the Issuer Cash Management Agreement and the Borrower Cash Management Agreement are available for inspection during normal business hours at the Specified Offices of the Paying Agent. The Noteholders are bound by, and are deemed to have notice of all the provisions of the Issuer Deed of Charge, the Borrower Loan Agreement, the Borrower Deed of Charge, the Power Purchase Agreement, the EPC Contracts, the TES Contracts, the Assignment in Security, the Solar Park Leases, the Direct Agreement (EPC and TES Contracts), the Direct Agreement (Butleigh Lease), the Direct Agreement (Higher Hill Lease), the Issuer Cash Management Agreement and the Borrower Cash Management Agreement.

1. **Issuer Deed of Charge**

To provide security for the Issuer's obligations under the Notes and the Issuer Transaction Documents, the Issuer will, on the Closing Date, enter into the Issuer Deed of Charge with the Issuer Security Trustee, the Note Trustee, the Facility Agent and the Issuer Secured Creditors. A summary of the material terms of the Issuer Deed of Charge is set out below. The summary does not purport to be complete and is subject to the provisions of the Issuer Deed of Charge.

Issuer Security

The Issuer will grant the following security, to be held by the Issuer Security Trustee for itself and on trust for the benefit of the Issuer Secured Creditors:

- (a) an assignment by way of first fixed security of all of its right, title, benefit and interest, present and future, in, to and under each of the Issuer Transaction Documents;
- (b) an assignment by way of first fixed security of all of its right, title, benefit and interest, present and future, in, to and under the Borrower Loan Agreement, the Borrower Deed of Charge, the Direct Agreements and each other Borrower Transaction Document to which the Issuer is a party; and
- (c) a first fixed charge of all of its rights, title, benefit and interest, present and future, in, to and under each Issuer Account in which it has any right, title, benefit or interest and each other account (if any) in which the Issuer may at any time have or acquire any right, title, benefit or interest.

In addition, the Issuer will grant to the Issuer Security Trustee, for itself and on trust for the benefit of the Issuer Secured Creditors, a first floating charge over all its assets and the undertaking which are not otherwise effectively subject to a fixed charge or assignment by way of security, as described above. From and including the date when the Note Trustee delivers an Issuer Acceleration Notice (which has not been withdrawn) to the Issuer, subject to any prohibition or restriction imposed by applicable law, the floating charge granted pursuant to the Issuer Deed of Charge will crystallise so as to become fixed charges.

Security which is expressed to be fixed in nature may take effect as floating security depending on the degree of control which the secured party is given over the relevant assets and the degree to which the secured party actually exercises such control.

Enforcement

The Issuer Deed of Charge will set out the circumstances upon which and the procedures by which the Issuer Security Trustee may take steps to enforce the Issuer Security. The Issuer Security will become immediately enforceable, and the power of sale and other powers shall be exercisable by

the Issuer Security Trustee, at any time following the delivery by the Note Trustee of an Issuer Acceleration Notice to the Issuer.

However, the Issuer Deed of Charge will provide that, for so long as the Notes are outstanding, the Issuer Security Trustee will not, and will not be bound to, take any steps to enforce the Issuer Security unless it has been directed to do so by the Note Trustee, acting in accordance with the provisions of the Trust Deed, and it has been indemnified and/or secured and/or prefunded to its satisfaction against all liabilities which may be incurred by it in connection with such enforcement.

Issuer Post-Acceleration Priority of Payments

Following the delivery by the Note Trustee of an Issuer Acceleration Notice to the Issuer, all monies paid to or received or recovered by or on behalf of the Issuer or the Issuer Security Trustee or any receiver appointed on its behalf will (if not already received by the Issuer Security Trustee) be paid to and held by the Issuer Security Trustee on trust to apply the same (save to the extent required otherwise by applicable law) in accordance with the Issuer Post-Acceleration Priority of Payments. See further the section entitled "*Resources available to the Issuer and the Original Borrowers – Issuer Post-Acceleration Priority of Payments*".

Delegation by the Issuer Security Trustee

The Issuer Deed of Charge will provide that the Issuer Security Trustee may, whenever it thinks expedient in the interests of the Issuer Secured Creditors, delegate to any person or persons all or any of the trusts, rights, powers, duties, authorities and discretions vested in it by the Issuer Deed of Charge or any of the other Transaction Documents. Any such delegation may be made upon such terms and conditions and subject to such regulations (including power to sub-delegate) as the Issuer Security Trustee may think fit in the interests of the Issuer Secured Creditors. The Issuer Security Trustee will be required to exercise reasonable care in the selection of such delegate, but will not be bound to supervise the proceedings of, or be responsible for any loss, costs, liability or expenses incurred by any misconduct or default on the part of, such delegate.

No enforcement by Issuer Secured Creditors

Pursuant to the terms of the Issuer Deed of Charge, each of the Issuer Secured Creditors (other than the Issuer Security Trustee and any receiver) will agree that only the Issuer Security Trustee may enforce the security created by the Issuer Deed of Charge.

Modification and waiver

The Issuer Deed of Charge will provide that the Issuer Security Trustee may, without the consent of any of the Issuer Secured Creditors:

- (a) concur with any person in making or sanctioning any modification or amendment to any of the Transaction Documents, provided that the Issuer Security Trustee is of the opinion that such modification would not be materially prejudicial to the interests of the Issuer Secured Creditors or which, in the Issuer Security Trustee's opinion, is made to correct a manifest error or is of a formal, minor or technical nature or an error established as such to the satisfaction of the Issuer Security Trustee; and
- (b) authorise or waive, on such terms and conditions (if any) as shall seem expedient to it, any proposed or actual breach of any of the covenants or provisions contained in or arising pursuant to any of the Transaction Documents.

Any such modification, authorisation or waiver will be binding on the Issuer Secured Creditors.

Directions of Note Trustee

The Issuer Deed of Charge will provide that, when exercising its opinion and/or rights, benefits, power, trusts, authorities, discretions and obligations expressed to be granted by the Issuer Deed of Charge, the other Transaction Documents or by operation of law, the Issuer Security Trustee will, for so long as there are Notes outstanding, act only at the request or in accordance with the directions of the Note Trustee to the Issuer Security Trustee. The Issuer Deed of Charge will further provide that the Issuer Security Trustee will not be bound to act unless it is first indemnified and/or secured and/or prefunded to its satisfaction against all actions, proceedings, claims and demands to which it may render itself liable and all liabilities which it may incur by acting upon such request or directions.

Fees, expenses and indemnity

Pursuant to the Issuer Deed of Charge, the Issuer will be required:

- (a) to pay to the Issuer Security Trustee an annual fee of such amount and on such Note Interest Payment Dates as shall from time to time be agreed by the Issuer and the Issuer Security Trustee;
- (b) to pay all other costs, charges and expenses (including legal and travelling expenses) (against production of invoices) which the Issuer Security Trustee or any persons appointed by it under the Issuer Deed of Charge may properly incur in connection with the Issuer Deed of Charge; and
- (c) to indemnify the Issuer Security Trustee and any receiver, attorney, manager, agent or delegate or other person appointed by it under the Issuer Deed of Charge in respect of all liabilities incurred by it in connection with:
 - (i) investigating any event which the Issuer Security Trustee, any party permitted to instruct the Issuer Security Trustee under the Issuer Deed of Charge or the Note Trustee reasonably believes is a Note Event of Default or potential Note Event of Default;
 - (ii) acting or relying on any notice, request or instruction which it reasonably believes to be genuine, correct and appropriately authorised;
 - (iii) the execution or purported execution of any of its trusts, powers, authorities and discretions hereunder or its functions in connection with its appointment under the Issuer Deed of Charge; or
 - (iv) any other matter or thing done or omitted in any way relating to the Issuer Deed of Charge and any of the other Transaction Documents to which the Issuer Security Trustee is a party,

save where the same arises as a result of the fraud, gross negligence or wilful default by such indemnified person.

Retirement and removal

Subject to the appointment of a successor security trustee, the Issuer Security Trustee will, pursuant to the Issuer Deed of Charge, be entitled to retire after giving three months' notice in writing to the Issuer. If within 60 days of having given notice of its intention to retire, the Issuer has failed to appoint a replacement security trustee, the outgoing Issuer Security Trustee will be entitled to appoint its successor. The Issuer may remove the Issuer Security Trustee or appoint a new Issuer Security Trustee at any time provided that it has the approval, which must not be unreasonably withheld or delayed, of the Note Trustee (who must consult with the Issuer Secured Creditors). If U.S. Bank Trustees Limited retires or is removed as Borrower Security Trustee under the Borrower Deed of Charge or if U.S. Bank Trustees Limited retires or is removed as

Note Trustee under the Trust Deed, then U.S. Bank Trustees Limited, in its capacity as Issuer Security Trustee, will be required to retire at the same time as the Borrower Security Trustee or, as applicable, the Note Trustee. In each case, the successor Issuer Security Trustee, the successor Borrower Security Trustee and the successor Note Trustee will be the same person or persons. In addition, the Issuer Security Trustee may, subject to conditions specified in the Issuer Deed of Charge, appoint a co-trustee to act jointly with it.

Additional provisions of the Issuer Deed of Charge

The Issuer Deed of Charge will also contain a range of provisions limiting the scope of the Issuer Security Trustee's duties and liabilities. Without limitation, the Issuer Deed of Charge provides:

- (a) that the Issuer Security Trustee may rely on the advice of any lawyer, banker, valuer, surveyor, securities company, broker, auctioneer, accountant or other expert in the United Kingdom or elsewhere, howsoever obtained;
- (b) that the Issuer Security Trustee is not responsible for the execution, legality, effectiveness, adequacy, genuineness, validity, enforceability or suitability of any of the Transaction Documents or any security;
- (c) that the Issuer Security Trustee may act or rely on any notice, request or instruction which it reasonably believes to be genuine, correct and appropriately authorised;
- (d) that the Issuer Security Trustee may assume that no Note Event of Default or potential Note Event of Default has occurred and that the Issuer is observing and performing all its obligations under the Trust Deed, unless the Issuer Security Trustee has actual knowledge or express notice to the contrary;
- (e) that the Issuer Security Trustee is not required to monitor or supervise the performance or observance by the Issuer or any other party of the provisions of the Transaction Documents;
- (f) that the Issuer Security Trustee has full power to determine all questions and doubts arising in relation to any of the provisions of the Issuer Deed of Charge and the other Transaction Documents and that every such determination shall be conclusive and binding on the Issuer Secured Creditors;
- (g) that each Issuer Secured Creditor will be solely responsible for making its own independent appraisal of and investigation into the financial condition, creditworthiness, affairs, status and nature of the Issuer and that the Issuer Security Trustee will not at any time have any responsibility for the same;
- (h) that the Issuer Security Trustee will not be liable or responsible for any loss, cost, damage, expense or inconvenience which may result from anything done or omitted to be done by it under the Issuer Deed of Charge or under any of the other Transaction Documents, except in the case of any gross negligence, wilful default or fraud of which the Issuer Security Trustee may be guilty in relation to its duties under the Issuer Deed of Charge or under any other Transaction Document; and
- (d) that the Issuer Security Trustee may accept without enquiry, requisition or objection such title as the Issuer may have to the Issuer Charged Property or any part and will not be required to investigate or make any enquiry into or be liable for any defect or failure in the right or title of the Issuer to the Issuer Charged Property or any part thereof.

Issuer Accounts

Save as described below, pursuant to the Issuer Deed of Charge, the Issuer Account Bank will agree not to close any or all of the Issuer Accounts or to terminate the relationship between the

Issuer Account Bank and the Issuer, unless and until all Issuer Secured Obligations have been fully repaid or discharged.

The Issuer Account Bank will, however, be entitled to close any or all of the Issuer Accounts or to terminate the relationship between the Issuer Account Bank and the Issuer upon three months' prior written notice to the other parties to the Issuer Deed of Charge, provided that on the expiry of such notice:

- (a) the Issuer has opened replacement Issuer Accounts with an Eligible Institution approved by the Issuer Security Trustee; and
- (b) the Issuer Security Trustee is satisfied that security has been created over such new Issuer Accounts in favour of the Issuer Security Trustee for the benefit of the Issuer Secured Creditors, such that such new Issuer Accounts are subject to security equivalent to the security granted over the Issuer Accounts that are in existence on the Closing Date.

Governing law

The Issuer Deed of Charge and any non-contractual obligations arising out of it will be governed by and construed in accordance with English law.

2. Borrower Loan Agreement

On the Closing Date, the Original Borrowers will enter into the Borrower Loan Agreement with the Issuer, the Borrower Security Trustee, the Note Trustee and the Facility Agent, pursuant to which the Issuer will make available to the Borrowers a term loan facility in an initial amount equal to £40,000,000 (as may be increased from time to time with the consent of the Controlling Party, for example (without limitation) upon the accession of an additional OpCo Borrower). A summary of the material terms of the Borrower Loan Agreement is set out below. The summary does not purport to be complete and is subject to the provisions of the Borrower Loan Agreement.

Purpose of Borrower Loan

On the Closing Date, the Original Borrowers will borrow the entire amount of the facility for the purposes described under "*Use of Proceeds*" below.

Conditions precedent to drawdown

Drawdown of the Borrower Loan on the Closing Date will be subject to satisfaction of certain conditions precedent, including delivery of the following documents, in form and substance satisfactory to the Issuer:

- (a) a copy of the constitutional documents of each Original Borrower;
- (b) a copy of a resolution of the board of directors of each Original Borrower authorising the matters described in these Listing Particulars;
- (c) a certificate of each Original Borrower certifying that the borrowing of the Borrower Loan will not cause any borrowing or similar limit binding on it to be exceeded and confirming that no Original Borrower has incurred any Financial Indebtedness other than Permitted Financial Indebtedness;
- (d) legal opinions addressed to, among others, the Borrower Security Trustee, the Issuer Security Trustee and the Issuer;
- (e) certificates of title relating to the Higher Hill Farm Solar Park and the Butleigh Solar Park (the "**Certificates of Title**");
- (f) copies of the executed Transaction Documents;

- (g) copies of the executed Material Contracts;
- (g) copies of the executed mandates relating to the Borrower Accounts;
- (g) copies of applicable insurance policies and evidence of payment of premia; and
- (f) a copy of Annual Budget for the period to the Calculation Date falling in July 2013.

Furthermore, the Issuer will only be obliged to advance the Borrower Loan if:

- (a) no Default is continuing or would result from the proposed Borrower Loan; and
- (b) the representations made by each Original Borrower, described under "*Representations*" below, are true in all material respects

Interest

With respect to each Loan Interest Period, the Borrowers will be required to pay interest on the Borrower Loan on the Loan Interest Payment Date falling within such Loan Interest Period.

The rate of interest on the Borrower Loan for each Loan Interest Period is 3.61 per cent per annum.

"**Loan Interest Payment Date**" means 20 January and 20 July in each year (provided that the first Loan Interest Payment Date will fall on 20 January 2013). If a Loan Interest Payment Date would otherwise fall on a day which is not a Business Day, that Loan Interest Payment Date will instead occur on the immediately preceding Business Day.

The first "**Loan Interest Period**" shall start on (and include) the Closing Date and end on (but exclude) the first Note Interest Payment Date to occur after the Closing Date. Each subsequent Loan Interest Period shall start on (and include) each Note Interest Payment Date and end on (but exclude) the next Note Interest Payment Date.

Repayment

Subject to the circumstances in which the Borrower Loan may be prepaid (as described under "*Prepayment*" below), the Borrowers will be required to repay the Borrower Loan on each Loan Interest Payment Date by instalments, in an amount equal to the applicable scheduled amortisation amount for the Notes determined in accordance with Condition 8(b)(i). The final such scheduled instalment will fall due on the Loan Interest Payment Date falling in July 2036 (the "**Repayment Date**"). No Borrower may re-borrow any amount which is repaid.

Prepayment

Mandatory prepayment

In the event that it becomes unlawful for the Issuer to perform any of its obligations under the Borrower Loan Agreement or to fund or maintain its participation in the Borrower Loan, the Borrowers will be required to repay the Borrower Loan.

Any such prepayment will be in an amount equal to the then outstanding principal amount of the Borrower Loan, together with accrued and unpaid interest thereon up to but excluding the date of prepayment.

Voluntary prepayment – taxation or indexation events

The Parent Borrower has the option, upon notice to the Issuer, the Controlling Party and the Facility Agent, to prepay the Borrower Loan on any Loan Interest Payment Date if:

- (a) any sum payable to the Issuer by a Borrower under the Borrower Loan Agreement is required to be grossed up as a result of a deduction or withholding for or on account of tax;
- (b) the Issuer makes an indemnity claim against the Parent Borrower under the Borrower Loan Agreement with respect to a tax liability that it incurs; or
- (c) the Parent Borrower does not consent or agree to any of the matters requiring its consent or agreement described under "*Indexation - Changes in Circumstances Affecting the Index*" or "*Indexation - Cessation of or Fundamental Changes to the Index*" below.

Any such prepayment will be in an amount equal to the then outstanding principal amount of the Borrower Loan, together with accrued and unpaid interest thereon up to but excluding the date of prepayment.

Voluntary prepayment

On any date after the second anniversary of the Closing Date, the Borrowers may, if the Parent Borrower gives the Facility Agent not less than seven Business Days' (or such shorter period as the Facility Agent may agree) prior notice, prepay the whole (but not part) of the Borrower Loan.

Any such voluntary prepayment of the Borrower Loan will be in an amount equal to the then outstanding principal amount thereof, multiplied by the Prepayment Percentage (rounding the resulting figure to the nearest penny, half a penny being rounded upwards) together with accrued and unpaid interest on the then outstanding principal amount of the Borrower Loan, up to but excluding the date of prepayment.

For these purposes:

"Gross Prepayment Yield" means a yield calculated on the basis indicated by the United Kingdom Debt Management Office in the paper "Formulae for Calculating Gilt Prices from Yields", page 5, Section One: Price/Yield Formulae "Conventional Gilts; Double-dated and Undated Gilts with Assumed (or Actual) Redemption on a Quasi-Coupon Date" (third edition published 16 March 2005) or on such other basis as the Controlling Party may agree with the Parent Borrower.

"Prepayment Percentage" means the greater of:

- (a) 100 per cent.; and
- (b) that price (as reported in writing by the Indexation Advisor) expressed as a percentage (and rounded, if necessary, to three decimal places (0.0005 being rounded upwards)) at which the Gross Prepayment Yield on the Borrower Loan on the Relevant Calculation Date is equal to the Prepayment Rate on the Relevant Calculation Date.

"Prepayment Rate" means:

- (a) the Gross Prepayment Yield at 11.00 a.m. (London time) on the Relevant Calculation Date of the Reference Gilt on the basis of the arithmetic mean (rounded, if necessary, to three decimal places (0.0005 being rounded upwards)) of the offered prices of the Reference Gilt quoted by the Reference Market Makers (on a dealing basis for settlement on the next following dealing day in London) at or about 11.00 a.m. (London time) on the Relevant Date; or
- (b) if such yield is not able to be determined, such other rate as may be approved by the Controlling Party.

"Reference Gilt" means the 1.25 per cent. Index-Linked Treasury Stock due 22 November 2027 so long as such stock is in issue, and thereafter, such issue of index-linked Treasury stock as determined to be appropriate by the Indexation Adviser and agreed to by the Parent Borrower.

"**Reference Market Makers**" means three brokers and/or London gilt-edged market makers approved in writing by the Controlling Party and the Parent Borrower.

"**Relevant Calculation Date**" means the date which is two Business Days prior to the delivery of the date on which the Parent Borrower gives notice of prepayment to the Facility Agent.

Default interest

The Borrower Loan Agreement will provide that, if the Borrowers fail to pay any amount payable by it under a Transaction Document on its due date, interest will accrue on the overdue amount from the due date up to the date of actual payment at a rate which is 1.25 per cent. higher than the rate which would have been payable if the overdue amount had, during the period of non-payment, constituted a Loan.

Indexation

Application of the Index Ratio

Each amount of interest and principal payable by the Borrowers in respect of Borrower Loan will be multiplied by the Index Ratio applicable to the Loan Interest Payment Date on which such payment falls to be made (or, in the case of a prepayment in the circumstances described in paragraph (c) under "*Prepayment - Voluntary prepayment – taxation or indexation events*" above, applicable to the last Loan Interest Payment Date before the circumstances giving rise to such prepayment arose) and rounded to the nearest one hundred thousandth of a percentage point (with halves being rounded up).

For these purposes:

"**Base Index Figure**" means (subject as described below under "*Changes in Circumstances Affecting the Index*") 243.52000 if closing takes place on 14 November 2012 otherwise, it will be the figure shown in the first Investor Report.

"**Index Ratio**", in relation to any Loan Interest Payment Date, means the Index Figure applicable to the Calculation Date for such Loan Interest Payment Date, divided by the Base Index Figure.

"**Index**" or "**Index Figure**" means, in relation to any relevant calculation month (as defined below under "*Changes in Circumstances Affecting the Index*"), subject as described under "*Changes in Circumstances Affecting the Index*" below, the U.K. Retail Price Index (RPI) (for all items) published by the Office for National Statistics (January 1987 = 100) or any comparable index which may replace the U.K. Retail Price Index for the purpose of calculating the amount payable on repayment of the Reference Gilt. The "**Index Figure**" applicable to a Calculation Date shall, subject as provided under "*Changes in Circumstances Affecting the Index*" and "*Cessation of or Fundamental Changes to the Index*", be determined in accordance with the following formula:

$$\text{IFA} = \text{RPI}_{m-3} + \frac{(\text{Day of Calculation Date} - 1)}{(\text{Days in month of Calculation Date})} \times (\text{RPI}_{m-2} - \text{RPI}_{m-3})$$

and rounded to the nearest fifth decimal place. For the purposes of this formula:

"**IFA**" means the Index Figure for the applicable Calculation Date;

"**RPI_{m-3}**" means the Index Figure for the first day of the calendar month that is three months prior to the calendar month in which the applicable Calculation Date falls; and

"**RPI_{m-2}**" means the Index Figure for the first day of the calendar month that is two months prior to the calendar month in which the Calculation Date falls.

Changes in circumstances affecting the Index

If at any time the Index is changed by the substitution of a new base therefor, then with effect from the month from and including that in which such substitution takes effect or the first date from and including that on which such substitution takes effect, as the case may be, (1) the definition of "Index" and "Index Figure" above will be deemed to refer to the new date or month in substitution for January 1987 (or, as the case may be, to such other date or month as may have been substituted therefor), and (2) the new Base Index Figure will be the product of the existing Base Index Figure and the Index Figure for the date on which such substitution takes effect, divided by the Index Figure for the date immediately preceding the date on which such substitution takes effect.

If the Index Figure relating to any month (the "**calculation month**") which is required to be taken into account for the purposes of the determination of the Index Figure for any Loan Interest Payment Date is not published on or before the fourteenth business day before the Loan Interest Payment Date on which such payment is due (the "**date for payment**"), the Controlling Party will be entitled to appoint an Indexation Adviser (provided that the identity of such Indexation Adviser has been approved by the Parent Borrower) and the Index Figure applicable for the relevant calculation month will be (1) such substitute index figure (if any) as the Controlling Party considers (acting solely on the advice of the Indexation Adviser) to have been published by the United Kingdom Debt Management Office or the Bank of England, as the case may be, for the purposes of indexation of payments on the Reference Gilt or, failing such publication, on any one or more issues of index-linked Treasury Stock selected by an Indexation Adviser (and approved by the Controlling Party (acting solely on the advice of the Indexation Adviser)) (provided that, in all cases, such substitute index figure has been approved by the Parent Borrower) or (2) if no such determination is made by such Indexation Adviser within seven days, the Index Figure last published before the date for payment (the "**Last-Published Index Figure**").

Application of changes

Where the circumstances described under "*Changes in Circumstances Affecting the Index*" apply, the determination of the Indexation Adviser as to the Index Figure applicable to the month in which the date for payment falls or the date for payment, as the case may be, shall, in the absence of manifest error, be conclusive and binding. If, the Last-Published Index Figure having been applied, as described above, the Index Figure relating to the relevant month or relevant calculation month, as the case may be, is subsequently published while the Borrower Loan is still outstanding, then:

- (a) in relation to a payment of principal or interest in respect of the Borrower Loan other than upon final repayment of the Borrower Loan, the principal or interest (as the case may be) next payable after the date of such subsequent publication shall be increased or reduced, as the case may be, by an amount equal to the shortfall or excess, as the case may be, of the amount of the relevant payment made on the basis of the Last-Published Index Figure below or above the amount of the relevant payment that would have been due if the Index Figure subsequently published had been published on or before the fourteenth business day before the date for payment; and
- (b) in relation to a payment of principal or interest upon final repayment, no subsequent adjustment to amounts paid will be made.

Cessation of or fundamental changes to the Index

If (1) the Index has ceased to be published or (2) any change is made to the coverage or the calculation of the Index which constitutes a fundamental change which would, in the reasonable opinion of the Controlling Party (acting solely on the advice of the Indexation Adviser) be materially prejudicial to the interests of the Issuer, the Facility Agent will give written notice of such occurrence to the Parent Borrower, and the Parent Borrower and the Controlling Party (acting solely on the advice of the Indexation Adviser) together shall seek to agree for the purpose of the Borrower Loan one or more adjustments to the Index or a substitute index (with or without adjustments) with the intention that the same should leave the Issuer in no better and no worse

position than it would have been had the Index not ceased to be published or the relevant fundamental change not been made.

If the Parent Borrower and the Controlling Party (acting solely on the advice of the Indexation Adviser) fail to reach agreement as mentioned above within 20 Business Days following the giving of notice as mentioned in the previous paragraph, a bank or other person in London shall be appointed by the Parent Borrower and the Facility Agent or, failing agreement on and the making of such appointment within 20 Business Days following the expiry of the initial 20 Business Day period referred to above, by the Controlling Party (acting solely on the advice of the Indexation Adviser) (in each case, such bank or other person so appointed being referred to as the "**Expert**"), to determine for the purpose of the Borrower Loan one or more adjustments to the Index or a substitute index (with or without adjustments) with the intention that the same should leave the Issuer in no better and no worse position than it would have been had the Index not ceased to be published or the relevant fundamental change not been made. Any Expert so appointed shall act as an expert and not as an arbitrator and all reasonable fees, costs and expenses of the Expert and of any Indexation Adviser and of any of the Issuer and the Facility Agent in connection with such appointment shall be borne by the Parent Borrower.

If the Index is adjusted or replaced by a substitute index as agreed by the Parent Borrower and the Controlling Party (acting solely on the advice of the Indexation Adviser) or as determined by the Expert pursuant to the foregoing paragraphs, as the case may be, references in these Listing Particulars to the Index and to any Index Figure will be deemed amended in such manner as the Controlling Party (acting solely on the advice of the Indexation Adviser) and the Parent Borrower agree are appropriate to give effect to such adjustment or replacement.

If the circumstances described in this section apply, the Controlling Party shall be entitled to appoint an Indexation Adviser, provided that the identity of such Indexation Adviser has been approved by the Parent Borrower.

Initial Fee and Periodic Fee

The Borrowers will, pursuant to the Borrower Loan Agreement, agree to pay to the Issuer:

- (a) on the Closing Date, a one-off fee (the "**Initial Fee**") in an amount equal to certain amounts falling due to be paid by the Issuer on the Closing Date, including (without limitation) fees, costs, charges, liabilities and other amounts due to the Bookrunner, the Issuer Security Trustee, the Note Trustee and the Paying Agent; and
- (b) on each Loan Interest Payment Date, a periodic fee (the "**Periodic Fee**") in an amount equal to certain amounts falling due to be paid by the Issuer on the corresponding Note Interest Payment Date, including but not limited to fees, costs, charges, liabilities and other amounts due to the Issuer Security Trustee, the Note Trustee and the Paying Agent, together with an amount which will result in the Issuer retaining a small profit.

Representations and warranties

Neither the Issuer, the Facility Agent nor the Borrower Security Trustee will make any independent investigation with respect to the matters represented and warranted in the Borrower Loan Agreement. In relation to such matters, the Issuer, the Facility Agent and the Borrower Security Trustee will rely entirely on the representations and warranties given by each Borrower. These include representations and warranties given by each Original Borrower on the Closing Date, many of which are qualified (including, without limitation, as to materiality and/or knowledge), as to the following and other matters:

- (a) due incorporation of such Borrower;
- (b) such Borrower and each of its Subsidiaries having power to own its assets and carry on its business as it is being conducted;

- (c) the obligations expressed to be assumed by such Borrower in each Transaction Document and Material Contract being legal, valid, binding and enforceable obligations;
- (d) entry by such Borrower into and performance of transactions contemplated by Transaction Documents not conflicting with any law or regulation applicable to it, its constitutional documents or any agreement or instrument binding on it;
- (e) there being no Security Interests (other than Permitted Security Interests) over all or any of such Borrower's present or future revenues, undertakings or assets;
- (f) such Borrower not having incurred any Financial Indebtedness (other than Permitted Financial Indebtedness) or other material liabilities (whether actual or contingent) other than as permitted by the terms of the Transaction Documents;
- (g) such Borrower having power and authority to enter into, perform and deliver the Transaction Documents to which it is a party;
- (h) all authorisations, consents, approvals, resolutions, licences, exemptions, filings, notarisations or registrations required or desirable: (i) to enable such Borrower lawfully to enter into, exercise its rights and comply with its obligations in the Transaction Documents to which it is a party; (ii) to enable it to grant the Security Interests purported to be granted by it pursuant to the Borrower Deed of Charge; and (iii) to make the Transaction Documents to which it is a party admissible in evidence in its jurisdiction of incorporation, having been obtained or effected and being in full force and effect;
- (i) such Borrower not being required to make any deduction for or on account of Tax from any payment it may make under any Transaction Document to the Issuer;
- (j) there being no Default continuing or which might reasonably be expected to result from any borrowing under the Borrower Loan Agreement;
- (k) there being any other event or circumstance outstanding which constitutes a default under any other agreement or instrument which is binding on such Borrower or any of its Subsidiaries or to which its or any of its Subsidiaries' assets are subject;
- (l) truth and accuracy of certain factual information provided to the Issuer by a Group Entity in connection with the financing described in these Listing Particulars;
- (m) *pari passu* ranking of such Borrower's payment obligations under the Transaction Documents with the claims of all its other secured and unsubordinated creditors;
- (n) no litigation, arbitration or administrative proceedings having been started or threatened against such Borrower or any of its Subsidiaries;
- (o) compliance with all applicable environmental laws and environmental approvals necessary for the ownership and operation of such Borrower's facilities and businesses as presently owned and operated and there being no environmental claim pending or threatened against it;
- (p) each of the applicable insurance policies being in full force and effect and there being no outstanding claims thereunder;
- (q) no Material Contract (other than the Power Purchase Agreements) containing any provision permitting the counterparty to terminate, or which results in the automatic termination of, the relevant contract, agreement or arrangement upon the appointment of an administrative receiver;
- (r) compliance by the EPC & TES Contractor with the terms of the EPC Contracts and TES Contracts;

- (s) its "centre of main interests" (as that expression is used in the EU Insolvency Regulation) being in the United Kingdom;
- (t) except as disclosed in the Certificates of Title, there being no breaches of any law, regulation or covenant which adversely affects the use of the Solar Parks, no other rights in existence over the Solar Parks which might adversely affect their value and all facilities necessary for the unrestricted use and enjoyment of the Solar Parks being present; and
- (u) such Borrower not being aware of any arrangements currently in place the operation of which may at a subsequent date result in a change of control of such Borrower.

Certain of the above representations and warranties will also be repeated on the date on which any drawing is made and on each Loan Interest Payment Date.

Upon the accession of an additional OpCo Borrower to the Borrower Loan Agreement, such OpCo Borrower will give similar representations, with respect to itself, by reference to the facts and circumstances then existing. In addition, the existing Borrowers will repeat certain of the above representations and warranties.

For these purposes:

"Barclays Debt" means all amounts owed by the Borrowers under the Barclays Facility Agreement.

"Barclays Security" means the security for the Barclays Debt.

"Financial Indebtedness" means any indebtedness for or in respect of:

- (a) moneys borrowed;
- (b) any amount raised by acceptance under any acceptance credit facility or dematerialised equivalent;
- (c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;
- (d) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);
- (e) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing;
- (f) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the marked to market value shall be taken into account);
- (g) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; and
- (h) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (a) to (g) above.

"Group" means the Parent Borrower, each other Borrower or each of their respective subsidiaries from time to time.

"Group Entity" means a member of the Group.

"Permitted Financial Indebtedness" means:

- (a) Financial Indebtedness outstanding pursuant to the Borrower Loan Agreement;

- (b) Financial Indebtedness incurred with the consent of the Controlling Party;
- (c) any other Financial Indebtedness permitted or envisaged by the Transaction Documents;
and
- (d) on or prior to and including the first date on which a drawing is made under the Borrower Loan Agreement only, the Barclays Debt.

"Permitted Security Interests" means:

- (a) liens arising solely by operation of law (or by agreement having substantially the same effect) and in the ordinary course of any Borrower's business securing obligations not more than 6 months overdue;
- (b) any netting or rights of set off existing in the ordinary course of business between any Group Entity and its respective suppliers or customers or otherwise in connection with a transaction relating to Permitted Financial Indebtedness;
- (c) a Security Interest arising under the Borrower Deed of Charge;
- (d) any other Security Interest created with the prior written consent of the Controlling Party;
and
- (e) on or prior to and including the first date on which a drawing is made under the Borrower Loan Agreement only, the Barclays Security.

"Security Interest" includes any mortgage, standard security, charge (whether legal or equitable), sub-charge (whether legal or equitable), assignment, assignation in security, right of set-off, pledge, lien, hypothecation or other encumbrance or security interest securing any obligation of any person (including, without limitation, title transfer and retention arrangements (other than those entered into in the ordinary course of business), sale and leaseback, sale and repurchase arrangements or any other agreement, trust or arrangement having the effect of providing security).

Information undertakings

Financial statements

Pursuant to the Borrower Loan Agreement, the Parent Borrower will agree to supply to the Facility Agent, the Borrower Security Trustee and the Issuer:

- (a) as soon as the same become available, but in any event within 180 days after the end of each of its financial years:
 - (i) its audited consolidated financial statements for that financial year; and
 - (ii) the audited financial statements of each Borrower for that financial year; and
- (b) as soon as the same become available, but in any event within 90 days after the end of each half of each of its financial years:
 - (i) its consolidated financial statements for that financial half year; and
 - (ii) the financial statements of each Borrower for that financial half year.

Annual Budget

The Parent Borrower will further agree to supply to the Facility Agent and the Controlling Party, not later than 10 January and 10 July of each year for the year commencing on the next following Calculation Date in each case, a proposed income and costs budget for the Group (with supporting

material and calculations) (the "**Annual Budget**"), such budget to include: (i) Projected Cash Flow and (ii) Projected Debt Service (in each case as defined below under "*Financial covenants*").

The final form of Annual Budget will be subject to the written approval of the Controlling Party. Pending such approval, the Parent Borrower will agree to meet with the Controlling Party and the other Finance Parties to discuss the proposed Annual Budget and assist the Controlling Party and the other Finance Parties with any questions that they may have and to provide such further information as the Controlling Party may reasonably require.

If a proposed Annual Budget is not approved by the Controlling Party, the existing Annual Budget will be deemed to continue to apply to the following year, save that all figures therein will be adjusted by reference to the then prevailing Retail Price Index as published by the Office for National Statistics.

Notification of default

Each Borrower will further agree to notify the Issuer, the Facility Agent, the Borrower Security Trustee and the Controlling Party of any Default (and the steps, if any, being taken to remedy it) promptly upon becoming aware of its occurrence (unless that Borrower is aware that a notification has already been provided by another Borrower).

Promptly upon a request by the Facility Agent or the Borrower Security Trustee, the Parent Borrower shall supply to the Facility Agent or, as applicable, the Borrower Security Trustee a certificate signed by two of its directors or senior officers on its behalf certifying that no Default is continuing (or if a Default is continuing, specifying the Default and the steps, if any, being taken to remedy it).

Access

Each Borrower will further, at reasonable times within business hours, ensure that any one or more representatives of the Issuer, the Facility Agent, the Controlling Party or the Borrower Security Trustee, or any nominee of or financial adviser appointed by the Issuer, the Facility Agent, the Controlling Party or the Borrower Security Trustee, will be allowed to:

- (a) have access to the assets, books and accounts of each Group Entity and to inspect the same;
- (b) upon reasonable notice, request and attend update meetings with management of the Borrowers; and
- (c) attend the annual general meetings of the Borrowers.

Financial covenants

Each Borrower will, in the Borrower Loan Agreement, covenant to ensure that, from and including the Closing Date, no Debt Service Cover Ratio as at each Calculation Date will be less than 1.10:1.

With each set of financial statements delivered as described above under "*Information undertakings - Financial statements*" above, the Parent Borrower will supply to the Facility Agent, the Borrower Security Trustee and the Issuer a compliance certificate setting out (in reasonable detail) computations as to compliance with the covenant set out above as at the Calculation Date falling immediately prior to the date as at which those financial statements were drawn up.

"**Cashflow**" means, in respect of any specified period:

- (a) the aggregate Generation Tariffs received by the Borrowers; plus
- (b) the aggregate Export Tariffs received by the Borrowers; less

- (c) the aggregate payments made by the Borrowers to the EPC & TES Contractor pursuant to paragraph (d) of the Borrower Pre-Acceleration Priority of Payments,

in each case during such specified period.

"Debt Service" means, in respect of any specified period, the aggregate:

- (a) all accrued interest, commissions, fees, discounts, prepayment fees, premiums or charges and other finance payments in respect of the Borrower Loan; and
- (b) all scheduled and mandatory repayments the Borrower Loan falling due and any voluntary prepayments made,

in each case during such specified period (and, for the avoidance of doubt, taking into account any indexation, as described above under "*Indexation*").

"Debt Service Cover Ratio" means the lowest of, as applicable:

- (a) in relation to each Calculation Date from (and including) the Calculation Date falling in January 2014, the ratio of Cashflow to Debt Service in respect of the 12 month period ended on such Calculation Date, by reference to the Source Reports relating to such period; and
- (b) in relation to each Calculation Date from (and including) the Calculation Date falling in January 2015, the ratio of the average Cashflow to the average Debt Service, in each case in respect of each of the three consecutive 12 month periods (or, in the case of the Calculation Dates falling in January 2015 and July 2015, each of the two consecutive 12 month periods) ended on such Calculation Date and by reference to the Source Reports relating to such periods; and
- (c) in relation to any Calculation Date, the ratio of Projected Cashflow to Projected Debt Service, in respect of the 12 months commencing on such Calculation Date, calculated by reference to the Annual Budget.

"Projected Cashflow" means, with respect to each Annual Budget, the Cashflow projected in such Annual Budget with respect to the annual period to which such Annual Budget relates.

"Projected Debt Service" means, with respect to each Annual Budget, the Debt Service projected in such Annual Budget with respect to the annual period to which such Annual Budget relates.

Restrictions on activities

The Borrowers will, pursuant to the terms of the Borrower Loan Agreement, be restricted from carrying on certain activities including the following:

- (a) creating, permitting to subsist or otherwise being subject to any Security Interest over all or any of its present or future revenues or assets or undertaking, other than a Permitted Security Interest;
- (b) save for Permitted Financial Indebtedness, incurring, creating or permitting to subsist or otherwise having outstanding any Financial Indebtedness;
- (c) applying, paying, making or declaring any dividend, return on capital, repayment of capital contributions or other distribution or making any distribution of assets or other payment whatsoever in respect of share capital, except (if no Event of Default is continuing):
 - (i) out of Released Funds; or

- (ii) if it is a Permitted Distribution made prior to the first Loan Interest Payment Date from the proceeds of the initial Loan or from funds standing to the credit of the General Account;
- (e) issuing or redeeming or repurchasing, purchasing, defeasing or retiring any shares or altering any rights attaching to its issued shares in existence (including preference shares) at the date hereof, save that an OpCo Borrower may issue further shares to the Parent Borrower, provided that (i) the Parent Borrower holds all of the issued share capital in such OpCo Borrower; and (ii) such further shares carry the same rights and so form part of an existing class of shares already issued by such OpCo Borrower; and (iii) such shares are the subject of a first ranking security interest in favour of the Borrower Security Trustee pursuant to the Borrower Deed of Charge;
- (f) making or permitting any disposal of:
- (i) fixed tangible assets by a Group Entity if the value of the aggregate net consideration received by such Group Entity in respect of such disposal and all other such disposals by the Group over the immediately preceding twelve month period would exceed £500,000; and
 - (ii) any single asset, a fixed tangible asset or a cash generating asset where the proceeds of such sale would exceed £250,000,
- save for:
- (A) any disposal of any worn out, excess to requirements or obsolete assets provided that such are not required for the efficient operation of its business; or
 - (B) any disposal of stock in trade or fixtures and fittings by a Group Entity in its ordinary course of trade,
- provided further that any such permitted disposal is on arm's length terms;
- (g) purchasing, subscribing for or otherwise acquiring any shares (or other securities or any interest therein) other than (in the case of the Parent Borrower) shares issued by an OpCo Borrower as contemplated in paragraph (e) above, or incorporating any other company, or agreeing to do any of the foregoing or purchasing or otherwise acquiring any assets (other than in the ordinary course of trading) or revenues or (without limitation to any of the foregoing) acquiring any business or interest therein or any ordinary shares in limited liability companies or forming, or entering into, any partnership, consortium, joint venture or other like arrangement or agreeing to do so;
- (h) entering into an arrangement or contract (including where such arrangement or contract consists of more than one arrangement or contract) other than as permitted under the Transaction Documents, the Material Contracts (including, for the avoidance of doubt, any Power Purchase Agreement that may be entered into after the Closing Date) and any other contract expressly contemplated by the Transaction Documents:
- (i) where such arrangement or contract (either individually or, taken in aggregate with all other such arrangements and contracts) has a material adverse effect; or
 - (ii) where the total consideration payable by the relevant Borrower under such arrangement or contract exceeds £250,000 or results in the aggregate consideration payable by the Borrowers under all such arrangements or contracts exceeding £500,000; or
 - (iii) where the subject matter of such arrangement or contract is not a technical matter relating to one or more of the Solar Parks.

- (i) making any payment to its members, affiliates, directors or employees, by way of management fee, royalty fee or otherwise, save to the extent that such payment:
 - (i) is made out of Released Funds; or
 - (ii) is a Permitted Distribution made prior to the first Loan Interest Payment Date from the proceeds of the initial Loan or from funds standing to the credit of the General Account;
- (j) waiving or varying the terms of any of the documents relating to or affecting its freehold, heritable or leasehold property;
- (k) engaging in any activity whatsoever which is not incidental to or necessary in connection with any of the activities which the Transaction Documents provide or envisage that the relevant Borrower will engage; or
- (l) maintain an "establishment" (as that expression is used in the EU Insolvency Regulation) in any jurisdiction other than the United Kingdom.

For these purposes:

"Permitted Distribution" means the distribution to the Parent HoldCo by the Parent Borrower, either by way of dividend or by way of a share capital reduction pursuant to section 641 onwards of the Companies Act 2006.

"Released Funds" means amounts released to the relevant Borrower, on any Loan Interest Payment Date, after payment of items (a) to (m) of the Borrower Pre-Acceleration Priority of Payments.

Other undertakings

Each Borrower will give certain other positive and negative covenants (many of which are qualified by reference to, among other things, materiality), including, without limitation:

- (a) to obtain, comply with and maintain in full force and effect any authorisation, consent, approval, resolution, licence, exemption, filing, notarisation or registration required to enable it to operate the Solar Farms, perform its obligations under the Transaction Documents and to ensure the legality, validity, enforceability or admissibility in evidence in its jurisdiction of incorporation of any Transaction Document;
- (b) to comply with all laws to which it may be subject;
- (c) not to enter into any amalgamation, demerger, merger or corporate reconstruction;
- (d) to ensure that no substantial change is made to the general nature of the business of the Parent Borrower or the Group from that carried on at the Closing Date;
- (e) to comply with the terms of the Material Contracts, use its reasonable endeavours to enforce the covenants, obligations and conditions on the part of the other parties to the Material Contracts and promptly notify the Facility Agent and the Borrower Security Trustee of: (i) any termination of the Material Contracts; (ii) any Material Contract otherwise ceasing to be in full force and effect; or (iii) any breach of or amendment made to the Material Contracts;
- (f) to comply with all applicable environmental laws and environmental approvals necessary for the ownership and operation of its facilities and businesses as owned and operated from time to time;
- (g) to ensure that the EPC & TES Contractor is at all times contractually obliged to keep the Solar Parks in a good state of maintenance, repair and preservation (fair wear and tear

excepted) and to renew and replace all buildings, structures, fixtures, fittings, plant, machinery and equipment belonging to it; and

- (h) to use all reasonable endeavours to procure that the EPC & TES Contractor's rights under the Connection Agreements relating to the Higher Hill Farm Solar Park and the Butleigh Solar Park are transferred to the Original OpCo Borrower no later than the first Loan Interest Payment Date.

In addition, each OpCo Borrower will further undertake, among other things:

- (a) to maintain appropriate insurance policies;
- (b) at least one month prior to the expiry of any Power Purchase Agreement to which it is a party, to commence negotiations with one or more Licensed Electricity Suppliers with a view to entering into a new Power Purchase Agreement with one of those Licensed Electricity Suppliers on a date falling not later than the date of such expiry on terms as to duration, price and other benefits which, in the opinion of such OpCo Borrower, represent the optimum combination reasonably available to such OpCo Borrower at that time and in the circumstances then applicable to such OpCo Borrower and that are otherwise substantially the same as the terms of the Power Purchase Agreement that is due to expire or terms which, in the opinion of such OpCo Borrower, are as favourable to such OpCo Borrower as such OpCo Borrower is reasonably able to obtain at that time and in the circumstances then applicable to such OpCo Borrower; provided that the relevant OpCo Borrower shall not, without the consent of the Controlling Party, enter into any Power Purchase Agreement:
 - (i) on terms that would result in the occurrence of the DSCR Trigger; or
 - (ii) if the DSCR Trigger has already occurred and is continuing, on terms that would not result in the DSCR Trigger ceasing to occur;
- (c) to comply in all material respects with its covenants, obligations and conditions and use its reasonable endeavours to enforce the covenants, obligations and conditions on the part of the lessor contained in the Solar Park Leases; and
- (d) if the Controlling Party notifies the Borrowers at any time between 1 January 2036 and 1 July 2036 inclusive that it has determined that, in its opinion, there is a reasonable likelihood that the Borrower Loan will remain outstanding after the Repayment Date, as soon as reasonably practicable after the earliest possible date permitted for the same under the terms of relevant Lease Agreement and prior to 31 July 2036, to exercise its option to call for a 15 year renewal lease of each Solar Park under and pursuant to the terms of each Lease Agreement; and
- (e) if the Controlling Party notifies the Borrowers at any time after 1 January 2036 that it has determined that, in its opinion, there is a reasonable likelihood that the Borrower Loan will remain outstanding after the Repayment Date, as soon as reasonably practicable after receipt of such notice, to apply to the appropriate planning authority for an extension to its existing planning permissions (or a new planning permission) in respect of the Solar Parks to permit their continued use as Solar Parks for a period of a further 15 years, or such longer period as the OpCo Borrowers and the Controlling Party shall agree in writing.

Borrower Accounts

The Original OpCo Borrower has established and will, pursuant to the Borrower Loan Agreement, agree to maintain the following bank accounts, in all cases at the Borrower Account Bank:

- (a) a current account designated the "**General Account**";

- (b) a generation payment bank account designated its "**Generation Tariff Bank Account**"; and
- (c) an export payment bank account designated its "**Export Payment Bank Account**".

Each additional OpCo Borrower will maintain equivalent accounts at a Borrower Account Bank.

The Parent Borrower has established and will, pursuant to the Borrower Loan Agreement, agree to maintain, at the Borrower Account Bank, a debt service reserve account designated the "**Debt Service Reserve Account**".

Generation Tariff Bank Account

Each OpCo Borrower will agree to ensure that all monies received by it in respect of a Generation Tariff from a Licensed Electricity Supplier are paid directly by such Licensed Electricity Supplier into its Generation Tariff Bank Account, provided that if any such monies are not directly so paid, such OpCo Borrower shall:

- (a) ensure that such monies are paid into its Generation Tariff Bank Account within five Business Days of receipt; and
- (b) promptly instruct the relevant Licensed Electricity Supplier to pay all such monies directly into its Generation Tariff Bank Account in future; and
- (c) if any further monies received in respect of a Generation Tariff from such Licensed Electricity Supplier are not paid directly into its Generation Tariff Bank Account, notify the Borrower Security Trustee, Facility Agent, Controlling Party and Lender of the same.

The Borrower Cash Manager has sole signing rights in relation to the Generation Tariff Bank Accounts.

On each Loan Interest Payment Date prior to acceleration of the Borrower Loan, the Borrower Cash Manager will withdraw any amounts credited to the Generation Tariff Bank Accounts as at the immediately preceding Calculation Date to apply those amounts in accordance with the Borrower Pre-Acceleration Priority of Payments.

Export Payment Bank Accounts

Each OpCo Borrower will agree to ensure that all monies received by it in respect of an Export Tariff from a Licensed Electricity Supplier are paid directly by such Licensed Electricity Supplier into its Export Payment Bank Account, provided that if any such monies are not directly so paid, such OpCo Borrower shall:

- (a) ensure that such monies are paid into its Export Payment Bank Account within five Business Days of receipt; and
- (b) promptly instruct the relevant Licensed Electricity Supplier to pay all such monies directly into its Export Payment Bank Account in future; and
- (c) if any further monies received in respect of a Export Payment from such Licensed Electricity Supplier are not paid directly into its Export Payment Bank Account, notify the Borrower Security Trustee, Facility Agent, Controlling Party and Lender of the same.

The Borrower Cash Manager has sole signing rights in relation to the Export Payment Bank Accounts.

On each Loan Interest Payment Date prior to acceleration of the Borrower Loan, the Borrower Cash Manager will withdraw any amounts credited to the Export Payment Bank Accounts as at the immediately preceding Calculation Date to apply those amounts in accordance with the Borrower Pre-Acceleration Priority of Payments.

General Account

Each OpCo Borrower will agree to ensure that any amount received by it, other than an amount required to be paid into any other Borrower Account under the Borrower Loan Agreement, is paid into its General Account.

If no Loan Event of Default is continuing, each OpCo Borrower may withdraw any amount from its General Account.

If a Loan Event of Default is continuing:

- (a) no Borrower may withdraw or request the withdrawal of any amount from its General Account; and
- (b) the Borrower Security Trustee (or the Borrower Cash Manager acting on its behalf) may make withdrawals from, and apply amounts standing to the credit of, the General Accounts for any purpose for which moneys in any Borrower Account may be applied.

Debt Service Reserve Account

On the Closing Date, the Parent Borrower will deposit £1,500,000 in the Debt Service Reserve Account, out of the proceeds of the Borrower Loan made to the Borrowers on such date.

On each DSR Accumulation Date, the Borrowers will deposit in the Debt Service Reserve Account £150,000 in accordance with and subject to the Borrower Pre-Acceleration Priority of Payments.

The Borrower Cash Manager has sole signing rights in relation to the Debt Service Reserve Account.

On each Loan Interest Payment Date prior to acceleration of the Borrower Loan:

- (a) the Borrower Cash Manager will withdraw amounts credited to the Debt Service Reserve Account to the extent of any Tariff Shortfall, such amount, together with amounts standing to the credit of the Generation Tariff Bank Accounts and the Export Payment Bank Accounts, to be applied in accordance with the Borrower Pre-Acceleration Priority of Payments on such Loan Interest Payment Date; and
- (b) the Borrower Cash Manager will credit to the Debt Service Reserve Account amounts referred to in paragraphs (h), (i) and (j) of the Borrower Pre-Acceleration Priority of Payments,

in each case subject to and in accordance with the terms of the Borrower Cash Management Agreement.

On the Closing Date, the Borrower Cash Manager will invest amounts standing to the credit of the Debt Service Reserve Account in the Specified Authorised Investment.

From time to time, the Borrower Cash Manager may invest amounts standing to the credit of the Debt Service Reserve Account in other Authorised Investments.

"Authorised Investment" means:

- (a) each Specified Authorised Investment and Replacement Specified Authorised Investment
- (b) sterling gilt edged securities; and
- (c) sterling demand or time deposits, certificates of deposit and short term debt obligations (including commercial paper),

provided that in all cases:

- (i) such investments have a maturity date falling no later than the next following Loan Interest Payment Date (provided that where such investment is to be made by the Borrower from moneys standing to the credit of a Borrower Account, such investments may mature, and the proceeds in relation thereto may be credited to the relevant Borrower Account, on a date falling after the next succeeding Loan Interest Payment Date but not more than six months from the date on which such investment is purchased, where immediately following the purchase of such investment the aggregate of the cash balance of the relevant Borrower Account and the proceeds scheduled to be repaid pursuant to any Authorised Investments purchased using monies standing to the credit of such Borrower Account which mature on or before the next succeeding Loan Interest Payment Date would be greater than or equal to such amount as is due and payable from such Borrower Account on the next succeeding Loan Interest Payment Date);
- (ii) the short-term unsecured, unguaranteed and unsubordinated debt obligations of the issuing or guaranteeing entity or the entity with which the demand or time deposits are made (being an authorised bank under the Financial Services and Markets Act 2000) are rated of at least P-1 by Moody's and A-1 by S&P (or equivalent); and
- (iii) interest thereon is payable without withholding or deduction for or on account of tax.

Loan Events of Default

The Borrower Loan Agreement will contain standard events for a full recourse facility that may lead to a default and acceleration of amounts outstanding (each a "**Loan Event of Default**").

These will include, among others:

- (a) non-payment by a Borrower on the due date any amount payable pursuant to a Transaction Document at the place and in the currency in which it is expressed to be payable unless:
 - (i) its failure to pay is caused by:
 - (A) administrative or technical error; or
 - (B) a Disruption Event; and
 - (ii) payment is made within:
 - (A) (in the case of paragraph (a)(i) above) 5 Business Days of its due date; or
 - (B) (in the case of paragraph (a)(ii) above) 10 Business Days of its due date;
- (b) failure by a Borrower to comply with any provision of the Transaction Documents (other than those referred to in paragraph (a) above), unless such failure to comply is capable of remedy and is remedied within 10 Business Days of the earlier of (A) the Controlling Party giving notice to the Parent Borrower and (B) the Parent Borrower becoming aware of the failure to comply;
- (c) any representation made by a Borrower in the Transaction Documents or any other document delivered by or on behalf of any Borrower under or in connection with any Transaction Document being or proving to have been incorrect or misleading in any material respect when made, unless the circumstances resulting in breach of the relevant representation are capable of remedy and are remedied within 10 Business Days of the earlier of (A) the Controlling Party giving notice of such breach to the Parent Borrower and (B) the Parent Borrower becoming aware of the breach;
- (d) any Financial Indebtedness equal to or greater than £500,000 (or its equivalent in any other currency or currencies) of any Group Entity not being paid when due, nor within any originally applicable grace period, or being declared to be or otherwise becoming due

and payable prior to its specified maturity as a result of an event of default (however described), unless such Financial Indebtedness falls within paragraph (d) of the definition of Permitted Financial Indebtedness;

- (e) any Borrower becoming subject to insolvency proceedings or being unable to pay its debts as they fall due unless such proceedings are, in the opinion of the Controlling Party, frivolous, vexatious or being contested in good faith and discharged within 21 days;
- (f) a Borrower not being or ceasing to be a fully-owned Subsidiary of either the Parent Borrower or Parent HoldCo, provided that at any time before the transfer of all of the shares in the Parent Borrower to Parent HoldCo have been registered in the shareholders register of the Parent Borrower, the Parent Borrower shall be deemed to be a fully owned Subsidiary of Parent HoldCo for the period from (and including) the Closing Date to (but excluding) the first Loan Interest Payment Date if and only if:
 - (i) the relevant stock transfer forms have been duly completed and submitted to HMRC for approval;
 - (ii) HMRC has not refused to grant such approval; and
 - (iii) Parent HoldCo is beneficially entitled to such shares;
- (g) it becoming unlawful for a Borrower to perform any of its obligations under the Transaction Documents;
- (h) any material part of any one of the Solar Parks is compulsorily purchased or the applicable local authority makes an order for the compulsory purchase of all or any material part of any Solar Park; and
- (i) any part of any Solar Farm being destroyed or damaged.

The occurrence of a Loan Event of Default is, in certain circumstances, limited by a materiality provision.

On and at any time after the occurrence of a Loan Event of Default which is continuing, the Facility Agent may, and shall, if so directed by the Controlling Party, by notice to the Parent Borrower (copied to the other Finance Parties) (a "**Borrower Acceleration Notice**") declare that all or part of the Borrower Loan, together with accrued interest, and all other amounts accrued or outstanding under the Transaction Documents, be immediately due and payable, whereupon they shall become immediately due and payable.

In each of these circumstances, there will not be an automatic event of default under the Notes.

Additional Borrower

The Parent Borrower may request that any of its Subsidiaries or that any Subsidiary of Parent HoldCo becomes an Additional Borrower. The accession of such Additional Borrower to the Borrower Loan Agreement will be subject to a number of conditions precedent, including conditions precedent similar to those set out above under "*Conditions precedent to drawdown*" and the consent of the Controlling Party.

Facility Agent

Pursuant to the Borrower Loan Agreement, each of Issuer, the Borrower Security Trustee and the Controlling Party will appoint the Facility Agent to act as its agent under and in connection with the Transaction Documents. Each such party will authorise the Facility Agent to exercise the rights, powers, authorities and discretions specifically given to the Facility Agent under or in connection with the Transaction Documents, together with any other incidental rights, powers, authorities and discretions.

The Borrower Loan Agreement will provide that, unless a contrary indication appears in a Transaction Document, the Facility Agent will:

- (a) exercise any right, power, authority or discretion vested in it as Facility Agent in accordance with any instructions given to it by the Note Trustee (or, if so instructed by the Note Trustee, refrain from exercising any right, power, authority or discretion vested in it as Facility Agent); and
- (b) not be liable for any act (or omission) if it acts (or refrains from taking any action) in accordance with an instruction of the Note Trustee.

The Facility Agent will not be liable for any action taken by it under or in connection with any Transaction Document, unless directly caused by its gross negligence or wilful misconduct.

Nothing in the Borrower Loan Agreement will constitute the Facility Agent as a trustee or fiduciary of any other person.

Governing law

The Borrower Loan Agreement and any non-contractual obligations arising out of it will be governed by English law.

3. **Borrower Deed of Charge**

To provide security for the Borrowers' obligations under the Borrower Loan Agreement and the other Borrower Transaction Documents, the Original Borrowers will, on the Closing Date, enter into the Borrower Deed of Charge with the Borrower Security Trustee, the Note Trustee, the Facility Agent and the Borrower Secured Creditors. A summary of the material terms of the Borrower Deed of Charge is set out below. The summary does not purport to be complete and is subject to the provisions of the Borrower Deed of Charge.

The "**Borrower Secured Creditors**" are the Issuer, the Borrower Security Trustee, the Facility Agent, any receiver appointed by the Borrower Security Trustee pursuant to the Borrower Deed of Charge, the Borrower Account Bank, the Borrower Cash Manager, the EPC & TES Contractor and any party that accedes to the Borrower Deed of Charge as a secured creditor pursuant to the provisions thereof).

Borrower Security

Each Original Borrower will grant the following security, to be held by the Borrower Security Trustee for itself and on trust for the benefit of the Borrower Secured Creditors:

- (a) an assignment by way of first fixed security of all of its right, title, benefit and interest, present and future, in, to and under each of the Transaction Documents to which it is a party;
- (b) an assignment by way of first fixed security of all of its right, title, benefit and interest, present and future, in, to and under the EPC Contracts, the TES Contracts, the Power Purchase Agreements, the Solar Park Leases, the Connection Agreements, the Metering Agreements, the Assignment in Security, the Direct Agreements and the Deeds of Variation (the "**Material Contracts**");
- (c) a first fixed charge of all of its rights, title, benefit and interest, present and future, in, to and under each Borrower Account in which it has any right, title, benefit or interest and each other bank account (if any) in which such Borrower may at any time have or acquire any right, title, benefit or interest;
- (d) a first fixed charge of all of all of its right, title, benefit and interest, present and future in, to and under any Authorised Investment (including, without limitation, the Specified

Authorised Investment and any Replacement Specified Authorised Investment) purchased using monies standing to the credit of the Debt Service Reserve Account; and

- (f) a first fixed charge of all other investments (including, in the case of the Parent Borrower, its shares in the Original OpCo Borrower);

The Original OpCo Borrower will also grant the following security, to be held by the Borrower Security Trustee for itself and on trust for the benefit of the Borrower Secured Creditors:

- (a) a first fixed charge of all its right, title, interest and benefit from time to time, present and future, in and to the Leasehold Property;
- (b) an assignment by way of first fixed security of all its right, title, benefit and interest, present and future, in, to and under its equipment; and
- (c) an assignment by way of first fixed security of all its right, title, benefit and interest, present and future, in, to and under its insurance policies.

In addition, each Original Borrower will grant to the Borrower Security Trustee, for itself and on trust for the benefit of the Borrower Secured Creditors, a first floating charge over all its assets and the undertaking which are not otherwise effectively subject to a fixed charge or assignment by way of security, as described above. From and including the date when the Facility Agent delivers a Borrower Acceleration Notice (which has not been withdrawn) to the Borrowers, subject to any prohibition or restriction imposed by applicable law, the floating charge granted pursuant to the Borrower Deed of Charge will crystallise so as to become fixed charges.

Security which is expressed to be fixed in nature may take effect as floating security depending on the degree of control which the secured party is given over the relevant assets and the degree to which the secured party actually exercises such control.

Additional OpCo Borrowers

It will be a condition of the accession of any additional OpCo Borrower to the Borrower Loan Agreement that such additional OpCo Borrower also enters into a supplement to the Borrower Deed of Charge, to further secure the Borrower Secured Obligations owed by the Borrowers to the Borrower Secured Creditors in respect of the Transaction Documents.

Enforcement

The Borrower Deed of Charge will set out the circumstances upon which and the procedures by which the Borrower Security Trustee may take steps to enforce the Borrower Security. The Borrower Security will become immediately enforceable, and the power of sale and other powers shall be exercisable by the Borrower Security Trustee, at any time following the delivery by the Facility Agent of a Borrower Acceleration Notice to the Borrowers.

However, the Borrower Deed of Charge will provide that, for so long as the Borrower Loan is outstanding, the Borrower Security Trustee will not, and will not be bound to, take any steps to enforce the Borrower Security unless it has been directed to do so by the Issuer Security Trustee, acting in accordance with the provisions of the Issuer Deed of Charge, and it has been indemnified and/or secured and/or prefunded to its satisfaction against all liabilities which may be incurred by it in connection with such enforcement.

Borrower Post-Acceleration Priority of Payments

Following the delivery by the Controlling Party of a Borrower Acceleration Notice to the Borrowers, all monies paid to or received or recovered by or on behalf of the Borrowers or the Borrower Security Trustee or any receiver appointed on its behalf will (if not already received by the Borrower Security Trustee) be paid to and held by the Borrower Security Trustee on trust to apply the same (save to the extent required otherwise by applicable law) in accordance with the

Borrower Post-Acceleration Priority of Payments. See further "*Resources available to the Issuer and the Original Borrowers - Borrower Post-Acceleration Priority of Payments*".

Delegation by the Borrower Security Trustee

The Borrower Deed of Charge will provide that the Borrower Security Trustee may, whenever it thinks expedient in the interests of the Borrower Secured Creditors, delegate to any person or persons all or any of the trusts, rights, powers, duties, authorities and discretions vested in it by the Borrower Deed of Charge or any of the other Transaction Documents. Any such delegation may be made upon such terms and conditions and subject to such regulations (including power to sub-delegate) as the Borrower Security Trustee may think fit in the interests of the Borrower Secured Creditors. The Borrower Security Trustee will be required to exercise reasonable care in the selection of such delegate, but will not be bound to supervise the proceedings of, or be responsible for any loss, costs, liability or expenses incurred by any misconduct or default on the part of, such delegate.

No enforcement by Borrower Secured Creditors

Pursuant to the terms of the Borrower Deed of Charge, each of the Borrower Secured Creditors (other than the Borrower Security Trustee and any receiver) will agree that only the Borrower Security Trustee may enforce the security created by the Borrower Deed of Charge.

Modification and waiver

The Borrower Deed of Charge will provide that the Borrower Security Trustee may, without the consent of any of the Borrower Secured Creditors:

- (a) concur with any person in making or sanctioning any modification or amendment to any of the Transaction Documents, provided that the Borrower Security Trustee is of the opinion that such modification would not be materially prejudicial to the interests of the Borrower Secured Creditors or which, in the Borrower Security Trustee's opinion, is made to correct a manifest error or is of a formal, minor or technical nature or an error established as such to the satisfaction of the Borrower Security Trustee; and
- (b) authorise or waive, on such terms and conditions (if any) as shall seem expedient to it, any proposed or actual breach of any of the covenants or provisions contained in or arising pursuant to any of the Transaction Documents.

Any such modification, authorisation or waiver will be binding on the Borrower Secured Creditors.

Directions of Issuer Security Trustee

The Borrower Deed of Charge will provide that, when exercising its opinion and/or rights, benefits, power, trusts, authorities, discretions and obligations expressed to be granted by the Borrower Deed of Charge, the other Transaction Documents or by operation of law, the Borrower Security Trustee will, for so long as the Borrower Loan is outstanding, act only at the request or in accordance with the directions of the Issuer Security Trustee to the Borrower Security Trustee. The Borrower Deed of Charge will further provide that the Borrower Security Trustee will not be bound to act unless it is first indemnified and/or secured and/or prefunded to its satisfaction against all actions, proceedings, claims and demands to which it may render itself liable and all liabilities which it may incur by acting upon such request or directions.

Fees, expenses and indemnity

Pursuant to the Borrower Deed of Charge, the Borrowers will be required:

- (a) to pay to the Borrower Security Trustee an annual fee of such amount and on such Loan Interest Payment Dates as shall from time to time be agreed by the Borrowers and the Borrower Security Trustee;
- (b) to pay all other costs, charges and expenses (including legal and travelling expenses) (against production of invoices) which the Borrower Security Trustee or any persons appointed by it under the Borrower Deed of Charge may properly incur in connection with the Borrower Deed of Charge; and
- (c) to indemnify the Borrower Security Trustee and any receiver, attorney, manager, agent or delegate or other person appointed by it under the Borrower Deed of Charge in respect of all liabilities incurred by it in connection with:
 - (i) investigating any event which the Borrower Security Trustee, any party permitted to instruct the Borrower Security Trustee under the Borrower Deed of Charge or the Controlling Party reasonably believes is a Loan Event of Default or potential Loan Event of Default;
 - (ii) acting or relying on any notice, request or instruction which it reasonably believes to be genuine, correct and appropriately authorised;
 - (iii) the execution or purported execution of any of its trusts, powers, authorities and discretions hereunder or its functions in connection with its appointment under the Borrower Deed of Charge; or
 - (iv) any other matter or thing done or omitted in any way relating to the Borrower Deed of Charge and any of the other Transaction Documents to which the Borrower Security Trustee is a party,

save where the same arises as a result of the fraud, gross negligence or wilful default by such indemnified person.

Retirement and removal

Subject to the appointment of a successor security trustee, the Borrower Security Trustee will, pursuant to the Borrower Deed of Charge, be entitled to retire after giving three months' notice in writing to the Borrowers. If within 60 days of having given notice of its intention to retire, Parent Borrower has failed to appoint a replacement security trustee, the outgoing Borrower Security Trustee will be entitled to appoint its successor. The Parent Borrower may remove the Borrower Security Trustee or appoint a new Borrower Security Trustee at any time provided that it has the approval, which must not be unreasonably withheld or delayed, of the Issuer Security Trustee (who must consult with the Borrower Secured Creditors). If U.S. Bank Trustees Limited retires or is removed as Issuer Security Trustee under the Issuer Deed of Charge or if U.S. Bank Trustees Limited retires or is removed as Note Trustee under the Trust Deed, then U.S. Bank Trustees Limited, in its capacity as Borrower Security Trustee, will be required to retire at the same time as the Issuer Security Trustee or, as applicable, the Note Trustee. In each case, the successor Borrower Security Trustee, the successor Issuer Security Trustee and the successor Note Trustee will be the same person or persons. In addition, the Borrower Security Trustee may, subject to conditions specified in the Borrower Deed of Charge, appoint a co-trustee to act jointly with it.

Additional provisions of the Borrower Deed of Charge

The Borrower Deed of Charge will also contain a range of provisions limiting the scope of the Borrower Security Trustee's duties and liabilities. Without limitation, the Borrower Deed of Charge provides:

- (a) that the Borrower Security Trustee may rely on the advice of any lawyer, banker, valuer, surveyor, securities company, broker, auctioneer, accountant or other expert in the United Kingdom or elsewhere, howsoever obtained;

- (b) that the Borrower Security Trustee is not responsible for the execution, legality, effectiveness, adequacy, genuineness, validity, enforceability or suitability of any of the Transaction Documents or any security;
- (c) that the Borrower Security Trustee may act or rely on any notice, request or instruction which it reasonably believes to be genuine, correct and appropriately authorised;
- (d) that the Borrower Security Trustee may assume that no Loan Event of Default or potential Loan Event of Default has occurred and that each Borrower is observing and performing all its obligations under the Borrower Loan Agreement, unless the Borrower Security Trustee has actual knowledge or express notice to the contrary;
- (e) that the Borrower Security Trustee is not required to monitor or supervise the performance or observance by any Borrower or any other party of the provisions of the Transaction Documents;
- (f) that the Borrower Security Trustee has full power to determine all questions and doubts arising in relation to any of the provisions of the Borrower Deed of Charge and the other Transaction Documents and that every such determination shall be conclusive and binding on the Borrower Secured Creditors;
- (g) that each Borrower Secured Creditor will be solely responsible for making its own independent appraisal of and investigation into the financial condition, creditworthiness, affairs, status and nature of any Borrower and that the Borrower Security Trustee will not at any time have any responsibility for the same;
- (h) that the Borrower Security Trustee will not be liable or responsible for any loss, cost, damage, expense or inconvenience which may result from anything done or omitted to be done by it under the Borrower Deed of Charge or under any of the other Transaction Documents, except in the case of any gross negligence, wilful default or fraud of which the Borrower Security Trustee may be guilty in relation to its duties under the Borrower Deed of Charge or under any other Transaction Document; and
- (i) that the Borrower Security Trustee may accept without enquiry, requisition or objection such title as a Borrower may have to the Borrower Charged Property or any part and will not be required to investigate or make any enquiry into or be liable for any defect or failure in the right or title of such Borrower to the Borrower Charged Property or any part thereof.

Borrower Accounts

Save as described below, pursuant to the Borrower Deed of Charge, the Borrower Account Bank will agree not to close any or all of the Borrower Accounts or to terminate the relationship between the Borrower Account Bank and the Borrowers, unless and until all Borrower Secured Obligations have been fully repaid or discharged.

The Borrower Account Bank will, however, be entitled to close any or all of the Borrower Accounts or to terminate the relationship between the Borrower Account Bank and the Borrowers upon three months' prior written notice to the other parties to the Borrower Deed of Charge, provided that on the expiry of such notice:

- (a) the Borrowers have opened replacement Borrower Accounts with an Eligible Institution approved by the Borrower Security Trustee; and
- (b) the Borrower Security Trustee is satisfied that security has been created over such new Borrower Accounts in favour of the Borrower Security Trustee for the benefit of the Borrower Secured Creditors, such that such new Borrower Accounts are subject to security equivalent to the security granted over the Borrower Accounts that are in existence on the Closing Date.

Governing law

The Borrower Deed of Charge and any non-contractual obligations arising out of it will be governed by and construed in accordance with English law.

4. Power Purchase Agreements

The Original OpCo Borrower has entered into a Power Purchase Agreement for each Solar Park with a Licensed Electricity Supplier dated 19 October 2012. The Power Purchase Agreements expire on 31 March 2013, subject to provisions for renewal and for early termination for default.

Payment Terms

Under the Power Purchase Agreements, the Licensed Electricity Supplier is obliged to pay the Generation Tariff under the FIT Scheme to the Original OpCo Borrower, in accordance with FIT standard terms incorporated into the Power Purchase Agreements. Those standard terms incorporate the minimum conditions required under Schedule A to Condition 33 of the Electricity Supply Licence, under which the Licensed Electricity Supplier is obliged by law to operate. If (as is the case for the Original OpCo Borrower) the generator elects to be paid for exported electricity outside the FIT Scheme, those payments are governed by the 'General Terms' of the Power Purchase Agreement. Under the General Terms, the Electricity Price applies, being, for the period from 1 October 2012 to 31 March 2013 (both inclusive), £51.11/MWh.

Generator Obligations

The Original OpCo Borrower is required, pursuant to the terms of the Power Purchase Agreements:

- (a) to operate the Solar Parks in accordance with 'Good Industry Practice' (as defined in the Power Purchase Agreements);
- (b) to maintain the capacity of the Solar Parks at the capacity specified in the Power Purchase Agreements;
- (c) to generate electricity from such capacity continuously, subject to outages and reductions consequent upon operation in accordance with Good Industry Practice; and
- (d) to keep an appropriate operation and maintenance contract in place and to enforce its terms.

The Original OpCo Borrower is also required to provide periodic forecasts of the anticipated level of generation. Failure to observe these and any other material obligations of a Power Purchase Agreement will result in a right for the Licensed Electricity Supplier to terminate the relevant Power Purchase Agreement and to claim for any losses it has suffered in consequence.

Licensed Electricity Supplier Obligations

The Licensed Electricity Supplier is required, pursuant to the terms of the Power Purchase Agreement, to purchase the electricity generated at the Solar Parks, and pay the Generation Tariff plus the Export Payment. The Power Purchase Agreements also contain provisions dealing with the purchase from the Original OpCo Borrower of ancillary benefits, such as Renewable Energy Guarantee of Origin certificates (or 'REGOs') issued by Ofgem pursuant to the scheme for such certificates in Great Britain under EU Directive 2009/28/EC and Renewable Levy Exemption Certificates (or 'LECs') issued by Ofgem to accredited sources of renewable energy in connection with obligations under the Climate Change Levy introduced by the Finance Act 2000; and payments in respect of so-called embedded benefits available to the Licensed Electricity Supplier, such as Triad Avoidance Benefit.

Grid Connections

Each of the Solar Parks was connected to the national grid and the connections were energised pursuant to Connection Agreements with Western Power (as distribution network operator), in its standard form and incorporating the National Terms of Connection. The Connection Agreements delineate responsibility for the generating equipment and identify the point from which the system has been adopted by Western Power. The Connection Agreements are held by SPGL as nominee for the Original OpCo Borrower pending completion of a novation agreement with Western Power, whereby the rights and obligations under each of the Connection Agreements will be transferred to the Original OpCo Borrower. The National Terms of Connection set out the basis of the right to remain connected and the terms of the connections. Subject as follows, the Connection Agreements will remain in force for so long as the Solar Parks are connected to the distribution system operated by Western Power, unless and until replaced by new agreement(s). The terms include provisions confirming the statutory right of Western Power to de-energise the connections in certain circumstances, including emergencies; on health and safety grounds; or as a consequence of certain counterparty breaches. The Connection Agreements may be terminated by Western Power for material breach (including non-payment of sums due) and in the event of insolvency, including receivership or administration.

Metering Agreements

Data collection and meter administration for the Original OpCo Borrower at each of the Solar Parks is provided by NPower under agreements in their standard form each dated 3 October 2012 (the "**Metering Agreements**"). These services are provided at a cost of £1,180.00 plus VAT per annum. The Metering Agreements are for a minimum period of 5 years from their commencement date and may then be terminated by either party upon three months' notice.

Governing law

The Power Purchase Agreements, Connection Agreements and Metering Agreements are each governed by and construed in accordance with English law.

5. EPC Contracts

Butleigh EPC Contract

Background

The engineer, procure and construct contract relating to the Solar Park on the Butleigh Site (the "**Butleigh Solar Park**") entered into by Clean Energy (UK) LLP ("**Clean Energy**") and the EPC & TES Contractor dated 2 April 2012, as subsequently amended and restated on 5 July 2012 and thereafter novated: (i) by Clean Energy in favour of Park Wood (Solar Power) Limited ("**Park Wood**") on 5 July 2012; (ii) by Park Wood in favour of Clean Energy on 21 August 2012; and (iii) by Clean Energy in favour of the Original OpCo Borrower on 21 August 2012 (the "**Butleigh EPC Contract**"), sets out the terms pursuant to which the EPC & TES Contractor agrees to design, manufacture, deliver, erect, test, commission, complete the construction of and remedy certain defects in relation to the Butleigh Solar Park on behalf of the Original OpCo Borrower. The Butleigh EPC Contract incorporates the Model Form of General Conditions of Contract 2000 Edition MF/1(REV 4) as amended by the Special Conditions. The Original OpCo Borrower has agreed to provide the EPC & TES Contractor with access to the Butleigh Solar Park for the purposes of performing the services contemplated by Butleigh EPC Contract.

Contract price

In relation to the Butleigh Solar Park, the Original OpCo Borrower has agreed to pay the EPC & TES Contractor a fee of £10,011,081 plus VAT for the provision of such services, payable in accordance with the Butleigh EPC Contract. Such sum may be adjusted by adding or deducting amounts in accordance with the Butleigh EPC Contract. No purchase bond or guarantee has been required.

Current position

The Butleigh Solar Park passed the G59 Connection Test, the relevant completion tests, and PAC performance tests and achieved a performance ratio of at least 79.8 per cent. In accordance with the terms of the Butleigh EPC Contract, a taking over certificate was issued on 21 August 2012. Accordingly the Butleigh Solar Park is now in the defects liability period which will expire on 20 August 2014 and during such period the EPC & TES Contractor remains responsible for making good by repair or replacement with all possible speed at its expense any defect in materials and/or workmanship which occurs under normal operating conditions or damage to any part of the Butleigh Solar Park which may appear during such period which arises either due to defective materials, workmanship or design or any act or omission of the EPC & TES Contractor done or omitted during that period. The Original OpCo Borrower has agreed that the EPC & TES Contractor will have no liability for defects where they have arisen in certain specified circumstances outside of their control including, but not limited to, natural wear and tear, vandalism, acts, omission or negligence of the Original OpCo Borrower or *force majeure*.

Guaranteed performance and availability

Under the Butleigh EPC Contract, the EPC & TES Contractor guarantees to the Original OpCo Borrower that the electric output of the Butleigh Solar Park during the two year period between the issue of the taking over certificate referred to above under "*Current position*" and the issuance of the final acceptance certificate (referred to below under "*Intermediate and final acceptance tests*") shall achieve a performance ratio of 79.4 percent in the first 12 month period and a performance ratio of 79.0 per cent in the following second 12 month period.

The total amount of performance-related liquidated damages payable by the EPC & TES Contractor during this two year performance warranty period shall not exceed 10 per cent. of the contract price, provided that if such damages exceed that amount, the Original OpCo Borrower will be entitled to reject the plant and terminate the Butleigh EPC Contract.

The EPC & TES Contractor also guarantees to the Original OpCo Borrower the availability of the Butleigh Solar Park of 95% during the 12 month period between the completion of the intermediate acceptance tests and the final acceptance tests referred to below under "*Intermediate and final acceptance tests*". Failure to achieve such availability entitles the Original OpCo Borrower to reject the plant and terminate the Butleigh EPC Contract.

Intermediate and final acceptance tests

The Butleigh EPC Contract provides for intermediate performance tests to be undertaken at the end of the first anniversary of the issue of the taking over certificate, with an intermediate acceptance certificate being issued if all outstanding works have been completed by the EPC & TES Contractor, the performance tests are passed in accordance with the Butleigh EPC Contract and the Solar Park has achieved minimum performance criteria.

If the above criteria are met, the intermediate acceptance certificate must be issued within 10 business days following the end of a 5 business day period for reviewing the data from the intermediate performance tests.

If the works or any section of the plant fails the intermediate performance test, the tests are to be repeated as soon as practicable thereafter with any resulting additional costs incurred by the Original OpCo Borrower being deducted from the contract price. The Original OpCo Borrower must permit the EPC & TES Contractor to make adjustments and modifications to any part of the works before the repetition of any performance test.

If the certifier appointed under the Butleigh EPC Contract determines that the criteria for issuing an intermediate acceptance certificate have not been satisfied, the certifier shall reject the works or the section, or the plant and the Original OpCo Borrower is entitled to initiate the contractor default provisions of the Butleigh EPC Contract and terminate the Butleigh EPC Contract.

The Butleigh EPC Contract provides for final performance tests to be undertaken at the end of the second anniversary of the issue of the taking over certificate, with a final acceptance certificate being issued if various conditions are fulfilled. These include the passing of final performance tests in accordance with the Conditions, the EPC & TES Contractor having paid any performance related liquidated damages due under the Butleigh EPC Contract, the parties having issued a certificate confirming the EPC & TES Contractor's warranty liability in respect of defects has expired, and the Butleigh Solar Park having achieved minimum performance criteria.

If the plant fails the final acceptance tests, the Original OpCo Borrower may request from the EPC & TES Contractor final corrections to the plant within a period of 90 days following the completion of the final acceptance tests. Once the EPC & TES Contractor has notified the Original OpCo Borrower that such final corrections have been made, within 3 business days or at the latest after 30 days after the notification to the Original OpCo Borrower of the failure of the final acceptance test, the final acceptance tests are repeated at the cost of the EPC & TES Contractor.

If the repeated final acceptance tests are passed, then the EPC & TES Contractor must sign the final acceptance certificate within 5 business days after mutual confirmation by the Original OpCo Borrower and the EPC & TES Contractor that all the other criteria for the issue of the final acceptance certificate have been fulfilled.

If the repeated final acceptance test does not occur, or does not achieve the minimum performance criteria referred to above under "Guaranteed performance and availability" within 90 days of the failure of the original final acceptance test then the Original OpCo Borrower is entitled to reject the plant and initiate the Contractor default provisions in the Butleigh EPC Contract and terminate the Butleigh EPC Contract.

Defects Liability Period

The Butleigh EPC Contract provides for the parties to undertake an inspection of the Butleigh Solar Park at the end of the two year defects liability period referred to above under "*Current position*". The EPC & TES Contractor is required to remedy any defects identified by the inspection prior to the parties issuing a defect warranty expiration certificate.

Indemnities and Liability of EPC & TES Contractor

The EPC & TES Contractor is required to indemnify the Original OpCo Borrower in respect of:

- (a) injury or death, loss or damage to any property which arises out of or in consequence of the execution of the works under the Butleigh EPC Contract whilst the EPC & TES Contractor was responsible for the care thereof, unless the injury, death, loss or damage was caused by any of the risks for which the Original OpCo Borrower is responsible for under the Butleigh EPC Contract;
- (b) injury or death, loss or damage to any property (other than the works under the Butleigh EPC Contract) after responsibility for the works has passed to the Original OpCo Borrower, to the extent caused by negligence or breach of statutory duty by the EPC & TES Contractor or any of its subcontractors or servants or agents or by defective design, materials or workmanship; and
- (c) liabilities in connection with death or personal injury of persons employed by the EPC & TES Contractor or any of its subcontractors for the purposes of works under the Butleigh EPC Contract, save to the extent the death or personal injury results from acts or omissions for which the Original OpCo Borrower is responsible.

The liability of the EPC & TES Contractor under the Butleigh EPC Contract, including in relation to any performance related liquidated damages, is generally subject to a limit of 100 per cent. of the contract price.

Subject to some specific exceptions, neither party is liable to the other for the cost of capital, loss of anticipated profits or revenue, loss of use, third party claims for loss of power or production, loss of contracts or any indirect or consequential damages that may be suffered by the other party.

Subject to certain exceptions specified in the Butleigh EPC Contract, the EPC & TES Contractor is released from liability in respect of claims under the Butleigh EPC Contract once the final acceptance certificate referred to above under "*Intermediate and final acceptance tests*" is issued, except in relation to claims made against or notified to the EPC & TES Contractor prior to the issue of such certificate.

The Original OpCo Borrower is not entitled to make a claim under the Butleigh EPC Contract in respect of any loss, damage or expense it has incurred to the extent it or any other person has already been compensated in respect of the same loss, damage or expense under the Butleigh EPC Contract or the Butleigh TES Contract or otherwise.

Term and termination

The Butleigh EPC Contract came into force on 2 April 2012.

Either party may give notice to the other to terminate the Butleigh EPC Contract if an event of *force majeure* is not capable of remedy or prevents the performance of an obligation under the Butleigh EPC Contract to be provided under the Butleigh EPC Contract for more than 120 consecutive days.

The Original OpCo Borrower may terminate the Butleigh EPC Contract on the giving of 7 days' notice on certain specified events occurring including, but not limited to, the assignment of the Butleigh EPC Contract or subletting of the works by the EPC & TES Contractor without the consent of the Original OpCo Borrower, the EPC & TES Contractor abandoning the Butleigh EPC Contract, suspending the progress of works for 7 days without reasonable excuse, or where the EPC & TES Contractor has failed to proceed with works or neglected to carry out its obligations under the Butleigh EPC Contract so as to adversely affect the carrying out of works despite previous written warning.

The Original OpCo Borrower may terminate the Butleigh EPC Contract on the giving of 7 days' notice in the event of it rejecting the plant due to failure by the EPC & TES Contractor to meet the relevant minimum performance criteria, and in certain circumstances specified in the Butleigh EPC Contract in the event that the Original OpCo Borrower rejects the Butleigh Solar Park due to the Butleigh Solar Park failing the performance tests referred to under "*Intermediate and final acceptance tests*" above or if the level of performance-related liquidated damages due to the Original OpCo Borrower under the Butleigh EPC Contract exceeds the limit referred to in under "*Guaranteed performance and availability*" above.

The Original OpCo Borrower may also terminate the Butleigh EPC Contract forthwith in the event of insolvency, as defined in the Butleigh EPC Contract, affecting the EPC & TES Contractor.

In the event of termination by the Original OpCo Borrower for the listed contractor defaults, the Butleigh EPC Contract provides for a valuation of works carried out to date and sums due to the EPC & TES Contractor to be carried out and certified, together with the costs of completing the works. If the certified costs of completing the works, when added to the total amounts already paid to the EPC & TES Contractor, exceeds the total amount certified which would have been due to the EPC & TES Contractor for the execution of the works, then the EPC & TES Contractor is liable to pay the Original OpCo Borrower the excess. If there is no such excess, the EPC & TES Contractor is entitled to receive the difference, if any, between the certified value of works carried out to date and the total of all payments received by the EPC & TES Contractor as at the date of termination.

The EPC & TES Contractor may terminate the Butleigh EPC Contract on 14 days' notice in certain circumstances specified therein, including in the event of the Original OpCo Borrower failing to pay a sum payable under the Butleigh EPC Contract within 30 days or in the case of an

event of insolvency, as defined in the Butleigh EPC Contract, affecting the Original OpCo Borrower.

Upon termination of the Butleigh EPC Contract by the EPC & TES Contractor, the EPC & TES Contractor must remove all its equipment from the site. A termination value of the works carried out to date by the EPC & TES Contractor shall be certified, together with the amount of any additional expenditure reasonably incurred by the EPC & TES Contractor in expectation of the performance of, or in consequence of the termination of, the Butleigh EPC Contract. To the extent the certified termination value and additional expenditure exceeds the sums already paid to the EPC & TES Contractor, the Original OpCo Borrower is liable to pay such excess to the EPC & TES Contractor within 30 days of the issue of such certificate.

Governing Law

The Butleigh EPC Contract is governed by and to be construed in accordance with the laws of England.

Higher Hill EPC Contract

The engineer, procure and construct contract relating to the Higher Hill Site entered into by Clean Energy and the EPC & TES Contractor dated 2 April 2012, as subsequently amended and restated on 5 July 2012 and thereafter novated: (i) by Clean Energy in favour of Higher Hill Farm (Solar Power) LTD ("**Higher Hill Farm**") on 5 July 2012; (ii) by Higher Hill Farm in favour of Clean Energy on 21 August 2012; and (iii) by Clean Energy in favour of the Original OpCo Borrower on 21 August 2012 (the "**Higher Hill EPC Contract**" and, together with the Butleigh EPC Contract, the "**EPC Contracts**"), is in substantially the same form as the Butleigh EPC Contract, save for the following:

- (a) the contract price is £10,668,493;
- (b) the performance ratio required to be achieved in order to achieve the taking over certificate was at least 81.1 per cent.; and
- (c) the guaranteed performance ratio during the two year period between the issue of the taking over certificate and the issuance of the final acceptance certificate referred to above under "*Intermediate and final acceptance tests*" is 80.7 percent in the first 12 month period and a performance ratio of 80.3 per cent in the following second 12 month period.

6. **TES Contracts**

Butleigh TES Contract

Background

The technical expert services contract relating to the Butleigh Solar Park entered into by Clean Energy and the EPC & TES Contractor dated 16 April 2012, as subsequently amended and restated on 5 July 2012 and thereafter novated: (i) by Clean Energy in favour of Park Wood on 5 July 2012; (ii) by Park Wood in favour of Clean Energy on 21 August 2012; and (iii) by Clean Energy in favour of the Original OpCo Borrower on 21 August 2012 and as further varied on or around the Closing Date (the "**Butleigh TES Contract**"), sets out the terms pursuant to which the EPC & TES Contractor agrees to provide the Original OpCo Borrower with certain technical expert services including, but not limited to, maintenance, security and surveillance, repair needed to restore proper functioning of the Butleigh Solar Park, maintenance and replenishment of equipment and components, provision of services and utilities and taking and maintaining public liability and professional indemnity insurance of not less than £5,000,000 for any one claim, employer's liability insurance, warranty and inherent defects insurance in connection with the modules for a ten year period following the expiry of the cover provided by the supplier of such modules, and any other insurance required by applicable law in relation to the Butleigh Solar Park.

The EPC & TES Contractor also undertakes to use reasonable endeavours to carry out and complete certain 'punch list' outstanding works within a 12 month period following the issue of the taking over certificate.

The Original OpCo Borrower has agreed to provide the EPC & TES Contractor with access to the Butleigh Solar Park for the purposes of performing the services contemplated by the Butleigh TES Contract.

Service fee

The Original OpCo Borrower has agreed to pay the EPC & TES Contractor a fixed fee of £149,000 plus VAT per annum for its services under the Butleigh TES Contract commencing from the date of issue of the taking over certificate under the Butleigh EPC Contract. The fee shall be adjusted on 1 April of each calendar year starting on 1 April 2013 to reflect the percentage increase or decrease in the Retail Prices Index. Included in the annual service fee is an annual fee of £50,000 for the operational expenses incurred by the EPC & TES Contractor in its operation and administration of the Butleigh Solar Park. The annual services fee is payable in accordance with the Borrower Pre-Acceleration Priority of Payments, which subdivides that fee into a senior and junior component, as described in the section headed "Resources Available to the Issuers and the Original Borrowers".

Guaranteed performance and availability

The EPC & TES Contractor guarantees to the Original OpCo Borrower that, during each 12 month period following delivery of the final acceptance certificate under the Butleigh EPC Contract and each anniversary thereafter, the Butleigh Solar Park will achieve an agreed performance ratio as stipulated in the Butleigh TES Contract. In the event that the performance of the Butleigh Solar Park falls below such level, the EPC & TES Contractor agrees to pay the Original OpCo Borrower liquidated damages calculated in accordance with the Butleigh TES Contract on the next relevant anniversary date.

The EPC & TES Contractor further guarantees to the Original OpCo Borrower that during each 12 month period following delivery of the taking over certificate under the Butleigh EPC Contract that the Butleigh Solar Park will achieve a level of availability as stipulated in the Butleigh TES Contract. In the event that the availability of the Butleigh Solar Park falls below such level, the EPC & TES Contractor agrees to pay the Original OpCo Borrower liquidated damages calculated in accordance with the Butleigh TES Contract on the next relevant anniversary date.

Subject to the overall limit of liability of the EPC & TES Contractor under the Butleigh TES Contract described under "*Representations, warranties, undertakings and indemnity*" below, the liquidated damages payable by the EPC & TES Contractor in relation to guaranteed performance and availability are also subject to an annual limit of 100 per cent. of the then applicable service fee for that year less the annual operational fee of £50,000.

Representations, warranties, undertakings and indemnity

The Butleigh TES Contract contains certain representations and warranties given by the EPC & TES Contractor to the Original OpCo Borrower regarding, among other things, its degree of technical skill and care and experience, corporate existence and authority and financial condition.

The EPC & TES Contractor undertakes to comply with all applicable environmental and health and safety laws and ensure that any person admitted to the Butleigh Solar Park by it complies with all applicable health and safety laws.

The EPC & TES Contractor is required to indemnify the Original OpCo Borrower in respect of injury or death, loss or damage to property, including property of any third party to any extent caused by the EPC & TES Contractor or any of its employees or subcontractors arising out of the non-compliance of such parties with applicable laws, non-performance, breach, negligence or fault under the Butleigh TES Contract.

The liability of the EPC & TES Contractor under the Butleigh TES Contract is generally subject to an annual limit of 100 per cent. of the then applicable service fee for that year less the annual fee of £50,000 for the operational expenses incurred by the EPC & TES Contractor in its operation and administration of the Butleigh Solar Park. Subject to some specific exceptions, neither party is liable to the other by way of indemnity or by reason of breach of the Butleigh TES Contract, or statutory duty or in tort for loss of profit, loss of use, loss of power or production or any indirect or consequential damages that may be suffered by the other party.

The Original OpCo Borrower is not entitled to make a claim under the Butleigh TES Contract in respect of any loss, damage or expense it has incurred to the extent it or any other person has already been compensated or has made a claim in respect of the same loss, damage or expense under the Butleigh EPC Contract or the Butleigh TES Contract or any collateral warranty.

Term and termination

The Butleigh TES Contract came into force on 2 April 2012 and is for a fixed term expiring on 29 July 2036 and is terminable on 12 months' prior notice by the Original OpCo Borrower once the Final Acceptance Certificate has been issued.

In the event that the Butleigh EPC Contract is terminated, the Butleigh TES Contract is terminable immediately on notice by the EPC & TES Contractor or the Original OpCo Borrower.

The Original OpCo Borrower may terminate the Butleigh TES Contract immediately upon certain specified events occurring including, but not limited to, the giving of bribes or other inducements, an event of insolvency, as defined in the Butleigh TES Contract, affecting the EPC & TES Contractor, assignment or transfer of the Butleigh TES Contract or the subcontracts or the subcontracting of the whole or part of the services to be provided under the Butleigh TES Contract otherwise than in accordance with its terms or the EPC & TES Contractor's insurances ceasing to be effective for any reason and replacement insurances not being taken out within ten business days.

The Original OpCo Borrower may also terminate the Butleigh TES Contract upon 15 business days' prior notice upon the abandonment of the Butleigh Solar Park by the EPC & TES Contractor for 14 business days without the prior consent of the Original OpCo Borrower, material breach of the Butleigh EPC Contract by the EPC & TES Contractor or failure by the EPC & TES Contractor to meet the guaranteed performance and availability obligations.

The EPC & TES Contractor may terminate the Butleigh TES Contract on 15 business days' notice in the event of the Original OpCo Borrower failing to pay a sum payable under the Butleigh TES Contract within 30 days or in the case of an event of insolvency, as defined in the Butleigh TES Contract, affecting the Original OpCo Borrower.

Either party may request termination of the Butleigh TES Contract if an event of *force majeure* is not capable of remedy or prevents the continuance of the services to be provided under the Butleigh TES Contract for more than 60 consecutive days.

Upon termination for any reason, the EPC & TES Contractor is required to execute and deliver to the Original OpCo Borrower all documentation, data and information necessary for the operation and continuance of the Butleigh Solar Park, including the assignment of all manufacturer and supply warranties in so far as it is able to do so (following which the EPC & TES Contractor will cease to have any liability whatsoever to the Original OpCo Borrower in relation to the component parts provided by the EPC & TES Contractor under the Butleigh TES Contract) and, within 30 business days, remove from the Butleigh Solar Park all excess tools and materials and leave the Butleigh Solar Park in a condition necessary for its operation and maintenance.

Governing Law

The Butleigh TES Contract is governed by and to be interpreted in accordance with the laws of England.

Higher Hill TES Contract

The technical expert services contract relating to the Higher Hill Site entered into by Clean Energy and the EPC & TES Contractor dated 16 April 2012, as subsequently amended and restated on 5 July 2012 and thereafter novated: (i) by Clean Energy in favour of Higher Hill Farm on 5 July 2012; (ii) by Higher Hill Farm in favour of Clean Energy on 21 August 2012; and (iii) by Clean Energy in favour of the Original OpCo Borrower on 21 August 2012 and as further varied on or around the Closing Date (the "**Higher Hill TES Contract**" and, together with the Butleigh TES Contract, the "**TES Contracts**"), is in substantially the same form as the Butleigh TES Contract, save that the formula by which performance-related damages is measured refers to values contained in the Higher Hill EPC Contract.

7. *Assignment in Security*

On the Closing Date, the EPC & TES Contractor and the Original OpCo Borrower will enter into the Assignment in Security.

Under the terms of the Assignment in Security, the EPC & TES Contractor will undertake to the Original OpCo Borrower that it will perform and discharge all the obligations of the EPC & TES Contractor owed to the Original OpCo Borrower under the terms of the EPC Contracts and the TES Contracts.

As security for the performance and discharge of those obligations, the EPC & TES Contractor will assign by way of security to the Original OpCo Borrower the EPC & TES Contractor's rights, title and interest and rights of action in relation to four component contracts relating to the Solar Parks. These are:

The SMA Inverter Replacement Service – Out of Warranty and the SMA Factory Warranty, in each case granted by SMA Solar Technology AG in favour of the EPC & TES Contractor in respect of Tripower 17000TL inverters forming part of the Higher Hill Solar Park and the Butleigh Solar Park.

The warranty for solar photovoltaic modules for the Higher Hill Solar Park and the Butleigh Solar Park from LDK Solar International Company Limited.

Warranty provisions for the solar modules Conergy PowerPlus xxxP/M/MC granted by Conergy AG in favour of the EPC & TES Contractor in respect of Conergy PowerPlus 230P modules forming part of the Higher Hill Solar Park and the Butleigh Solar Park.

Warranty terms for Mounting Systems granted by Conergy AG in favour of the EPC & TES Contractor in respect of Conergy SolarLinea mounting structures forming part of the Higher Hill Solar Park and the Butleigh Solar Park.

The powers conferred under the Assignment in Security only become exercisable by the Original OpCo Borrower upon the occurrence of an event of default by the EPC & TES Contractor under the relevant EPC Contract or TES Contract, which is continuing and where a valid notice has been served on the EPC & TES Contractor pursuant to the relevant EPC Contract or TES Contract, or where the EPC & TES Contractor has failed to fulfil any of its obligations under the Assignment in Security to do acts and/or enter into documents by way of further assurance reasonably required by the Original OpCo Borrower in relation to the rights secured by the Assignment in Security, having been given 10 business days' notice to do so.

There is provision for reassignment and release of the security on irrevocable discharge of the EPC & TES Contractor's obligations to the Original OpCo Borrower in relation to the EPC Contracts and the TES Contracts or when all liabilities pursuant to the Borrower Loan Agreement owed by the OpCo Borrowers have been discharged, (whichever is the first to occur).

The Assignment in Security is governed by and to be construed in accordance with the laws of England.

8. *Solar Park Leases*

The Solar Park Leases were granted on 2 April 2011, for lease terms from and including 26 September 2011 (with respect to the Solar Park Lease relating to the Higher Hill Site "**Higher Hill Solar Park Lease**") and 28 September 2011 (with respect to the Solar Park Lease relating to the Butleigh Site "**Butleigh Solar Park Lease**") to and including 1 November 2036 and are registered at the Land Registry. The business tenant security protection under the Landlord and Tenant Act 1954 is excluded.

The Original OpCo Borrower is the current tenant under each Solar Park Lease following assignments thereof on 21 August 2012. The Solar Park Lease assignments have been registered at the Land Registry.

The rent is payable quarterly in advance and is currently £167,680 per annum following the 1 April 2012 rent review. The rent is adjusted on an upwards-only basis on 1 April of each year by reference to the change in RPI since April 2011 (being the base RPI month). On closing, the landlords will also enter into direct agreements with the Issuer, the Original OpCo Borrower, the Issuer Security Trustee and the Borrower Security Trustee through which they will agree that the rent payment dates will be semi-annual on the Loan Interest Payment Dates, rather than quarterly. The Solar Park Leases will be varied through Deeds of Variation to be entered into on closing and to last for so long as the Borrower Deed of Charge is in place, to reflect the adjustment in rental payment dates. See sections 10-12 below for more detailed summaries of the direct agreements and Deeds of Variation.

The Original OpCo Borrower is, pursuant to the terms of the Solar Park Leases, entitled as against the respective landlords to receive all amounts payable in respect of the Sites under the FIT Scheme.

Pursuant to the terms of the Solar Park Leases, the permitted use of the Sites allow the construction, use/operation and repair/maintenance of the Solar Parks.

The landlord has the right to forfeit each Solar Park Lease for non-payment of rent or breach of the Original OpCo Borrower's covenants under such Solar Park Lease, subject to giving notice to the Original OpCo Borrower and any bank, funder or financial institution providing funding to it or the development ("**Funder**") and giving the Funder reasonable opportunity to remedy the breach within a reasonable period of not more than 6 months from the landlord's notice. On closing, the landlords will also enter into direct agreements with the Issuer, the Original OpCo Borrower, the Issuer Security Trustee and the Borrower Security Trustee through which they will agree (a) not to forfeit the Solar Park Leases on grounds of non-payment of rent on a Loan Interest Payment Date where there is insufficient monies available pursuant to the relevant Borrower Priorities of Payment (unless that unpaid rent is still in arrears on the next Loan Interest Payment Date and then prior notice will be needed before any such forfeiture) and (b) not to forfeit the Solar Park Leases for any other tenant breach without prior notice and allowing the Borrower Security Trustee reasonable time to remedy the breach of not more than 6 months. See sections 10 and 11 below for a more detailed summary of the direct agreements.

At the end of the term, the Original OpCo Borrower is required to yield up the Sites and the Equipment in the condition required by the Solar Park Leases and, at the landlord's reasonable request and cost, sign any documents required to transfer title to the Equipment to the landlord. Alternatively, the landlord may, if it wishes, either (a) require the removal of the Equipment (as defined in the Solar Park Leases) and require reinstatement of the Sites through written notice ("**Decommissioning Notice**") or (b) terminate the Solar Park Leases on 25 September 2036 (with respect to the Solar Park Lease relating to the Higher Hill Site) or 27 September 2036 (with respect to the Solar Park Lease relating to the Butleigh Site) through written notice ("**Break Notice**"). On such termination, the Original OpCo Borrower is required to vacate the Sites, leave the Equipment in place in a fully serviceable condition and, at the landlord's reasonable request and cost, sign any documents required to transfer title to the Equipment to the landlord. The landlords and the Original OpCo Borrower will enter into Deeds of Variation on closing in respect of the Solar Park Leases so that, for so long as the Borrower Deed of Charge is in place, the

landlords will be unable to serve Decommissioning Notices and Break Notices until after 31 July 2036 (and, even then, will be unable to serve Decommissioning Notices and Break Notices if the Original OpCo Borrower has previously exercised the option to require a renewal lease referred to below). See section 12 below for a more detailed summary of the Deeds of Variation.

Disposals are prohibited save that the Original OpCo Borrower, as tenant under the Solar Park Leases, may:

- (a) charge each Solar Park Lease to a Funder without the landlord's consent (but, otherwise, there is no general right to assign the benefit of the Solar Park Leases to a Funder by way of security without the landlord's consent, which the landlord is not obliged to provide);
- (b) share occupation with a group company without the landlord's consent, subject to various conditions; and
- (c) assign each Solar Park Lease or underlet the whole of the premises with the landlord's consent (not to be unreasonably withheld or delayed), subject to various conditions, it being provided in each Solar Park Lease (in relation to assignment) that the landlord can reasonably withhold consent if rent arrears remain unpaid or the assignee is not or will not be an accredited FIT generator (as defined in the Solar Park Leases) or the outgoing tenant does not enter into an authorised guarantee agreement.

The landlord's consent (not to be unreasonably withheld or delayed) is required for any significant alteration or addition to the development (including re-powering or upgrading the solar panels).

The Original OpCo Borrower, as tenant under the Solar Park Leases, is required to keep the Equipment, the perimeter fencing and access gates on the premises, any unadopted conducting media and any part of the Access (as defined in the Solar Park Leases) solely serving the premises in good repair and condition. The Original OpCo Borrower is required, pursuant to the terms of the Solar Park Leases, to pay the landlord a fair and reasonable proportion of the maintenance costs of any part of the Access jointly serving the premises and the Landlord's Property (as defined in such Solar Park Leases).

The Original OpCo Borrower, as tenant under the Solar Park Leases, is required:

- (a) to insure the premises and the Equipment against loss/damage by the Insured Risks (as defined in the Solar Park Leases) and for 3 years loss of rent and for occupier's third party liability (for at least £5 million); and
- (b) to reinstate on any such damage or destruction (subject to obtaining all necessary consents).

There is no rent suspension and neither the landlord nor the Original OpCo Borrower, as tenant, has a right to terminate the Solar Park Leases on any such damage or destruction.

The Original OpCo Borrower, as tenant under the Solar Park Leases, is responsible for:

- (a) complying with all enactments relating to its use, occupation and operation of the premises; and
- (b) any environmental damages or liability and any required remedial work (with related uncapped indemnities), excluding damage or liability arising in respect of pre-existing hazardous materials and the landlord's negligence or default.

The Original OpCo Borrower, as tenant under the Solar Park Leases, has covenanted in the Solar Park Leases to indemnify the landlord against:

- (a) all losses incurred arising out of any wrongful act, omission or use of the Landlord's Property;

- (b) any neglect by the Original OpCo Borrower (as tenant) or those authorised by it, in connection with the Original OpCo Borrower's use of the premises; and
- (c) any breach of the Original OpCo Borrower's covenants under the Solar Park Leases.

The Original OpCo Borrower's maximum liability for any claim under the indemnity is £5 million (save in respect of personal injury and/or death resulting from the negligence of the Original OpCo Borrower or those authorised by it) and it is required to maintain related public liability insurance of at least £5 million.

The Original OpCo Borrower is required, pursuant to the terms of the Solar Park Leases, to pay default interest on any arrears at 3% above the base rate of Lloyds TSB Bank plc.

The Original OpCo Borrower is required to observe and perform the "customer" obligations in the Connection Agreement and, at the landlord's reasonable request and cost, to enforce Western Power's obligations under the Connection Agreement.

The landlord is required, under the Solar Park Leases, at the Original OpCo Borrower's reasonable request and cost, to grant easements or wayleaves for the development over the Landlord's Property.

Each Solar Park Lease contains a number of obligations on the part of the landlord, intended to protect the solar park use of the premises and the Access routes to them. For example, each Solar Park Lease contains restrictions, without the Original OpCo Borrower's consent (not to be unreasonably withheld or delayed), against planting new trees or erecting any buildings or structures on the Landlord's Property which could in the landlord's reasonable opinion materially affect the amount of sunlight reaching the premises.

Under each Solar Park Lease, the Original OpCo Borrower (as tenant) has various rights, including:

- (a) a right to all sunlight enjoyed by the premises as at 2 April 2011 over the Landlord's Property with no interruption/obstruction by the landlord;
- (b) a right to lay, maintain and use service media within the development and defined easement strips within the Landlord's Property; and
- (c) rights of way over the Access with or without vehicles at all times.

Under each Solar Park Lease, the landlord has various rights, including:

- (a) on reasonable notice and only when accompanied by the Original OpCo Borrower's authorised representative (except in emergencies), to access the development to inspect or repair the landlord's conducting media and the development to ensure compliance by the Original OpCo Borrower of its covenants as tenant under the Solar Park Leases;
- (b) subject to the provisions of the Solar Park Leases, to develop its neighbouring/adjoining property; and
- (c) to undergraze sheep on the premises subject to various conditions.

The landlords and the Original OpCo Borrower will enter into Deeds of Variation on closing in respect of the Solar Park Leases so that, for so long as the Borrower Deed of Charge is in place, the Original OpCo Borrower has the right to require the grant of renewal leases for a further 15 years at the end of the initial term of the Solar Park Leases. See section 12 below for a more detailed summary of the Deeds of Variation.

References in this section 8 to rights and obligations of the Original OpCo Borrower shall be construed as including reference to assignees of the Solar Park Lease, following any permitted assignment.

9. EPC & TES Contracts Direct Agreement

On closing, the EPC & TES Contractor will enter into a direct agreement with the Issuer, the Original OpCo Borrower, the Issuer Security Trustee and the Borrower Security Trustee (the "**Direct Agreement (EPC and TES Contracts)**") in relation to the EPC Contracts and the TES Contracts (together, the "**Relevant Agreements**").

The key terms of the Direct Agreement (EPC and TES Contracts) are as follows:

Consent to Security

Under the Direct Agreement (EPC and TES Contracts) the EPC & TES Contractor will formally consent to the security interests created or contemplated over the Original OpCo Borrower's rights under the Relevant Agreements.

No Termination Without Notice

Under the Direct Agreement (EPC and TES Contracts) the EPC & TES Contractor will agree not to exercise any rights to terminate the Relevant Agreements, unless the EPC & TES Contractor has:

- (a) given at least 30 days prior written notice to each of the Original OpCo Borrower, the Issuer and the Borrower Security Trustee, stating the proposed date of termination, the grounds for termination and the details of any amounts owed; and
- (b) afforded the Issuer or a Representative (as defined below), if appointed, a reasonable opportunity to remedy the relevant breach within a reasonable time (being not more than 6 months after such notice).

Step-in Rights

Pursuant to the Direct Agreement (EPC and TES Contracts) the EPC & TES Contractor will acknowledge that a Representative (as defined below) may, by written notice to the EPC & TES Contractor, assume all of the Original OpCo Borrower's rights and obligations under any Relevant Agreement until and including the earlier of: (a) a date falling 10 Business Days after that Representative (as defined below) gives written notice to the EPC & TES Contractor that its assumption of the Original OpCo Borrower rights and obligations under one or more Relevant Agreements shall no longer apply, (b) the date of any permitted transfer of the benefit and/or burden of any Relevant Agreement, and (c) the date of expiry or termination in the ordinary course of such Relevant Agreement (such period of time being the "**Step-In Period (EPC and TES)**").

During any Step-in Period (EPC and TES) in respect of a Relevant Agreement, the EPC and TES Contractor will deal with the Issuer and/or any Representative (as defined below) and not the Original OpCo Borrower as if the Issuer and/or such Representative (as defined below) were the Original OpCo Borrower for the purposes of such Relevant Agreement.

Transfer

At any time and from time to time during any Step-In Period (EPC and TES), the Representative (as defined below) may, under the terms of the Direct Agreement (EPC and TES Contracts), procure the transfer of the rights and liabilities of the Original OpCo Borrower under any Relevant Agreement pursuant to the terms of the same.

The Direct Agreement (EPC and TES Contracts) will provide that if the Borrower Security Trustee assigns or transfers its rights and obligations under the Borrower Transaction Documents to a successor security trustee or mortgagee, then the EPC and TES Contractor shall, at the cost of the Original OpCo Borrower, on the written request of the Borrower Security Trustee enter into a direct agreement with any replacement security trustee as the Borrower Security Trustee shall notify to the EPC and TES Contractor in writing, on the same or substantially the same terms as

the Direct Agreement (EPC and TES Contracts), mutatis mutandis, subject to agreement by such replacement security trustee with its terms.

In the case of any permitted sale or disposal of either of the Solar Parks by the Borrower Security Trustee or any Representative (as defined below) pursuant to the powers conferred by the Borrower Deed of Charge, the EPC and TES Contractor will, pursuant to the terms of the Direct Agreement (EPC and TES Contracts), at its own cost, on the request of the Borrower Security Trustee (or such Representative) enter into any such further agreement as the Borrower Security Trustee may reasonably require so as to ensure (to the extent permitted by the same) that the benefit (and burden) of the relative Relevant Agreements can pass to the purchaser; **provided that** the EPC and TES Contractor shall not be obliged pursuant to this clause to enter into any such further agreement which has the effect of transferring the burden to the purchaser of (and/or releasing the Original OpCo Borrower from) liabilities and/or obligations which arose under those Relevant Agreements prior to the date of such sale or disposal (unless the EPC and TES Contractor in its absolute discretion agrees to such a transfer).

EPC and TES Contractor's Undertakings

Under the terms of the Direct Agreement (EPC and TES Contracts) the EPC and TES Contractor will agree and undertake to the Borrower Security Trustee that:

- (a) it will not exercise any right of set-off or deduction or counterclaim against the Original OpCo Borrower so as to reduce performance or any monies payable by the EPC and TES Contractor to the Original OpCo Borrower under the Relevant Agreements at any time during a Step-In Period (EPC and TES) or at any other time without first having given the Original OpCo Borrower, the Issuer and the Borrower Security Trustee at least 30 days' prior written notice;
- (b) it will not petition for or vote in favour of any resolution to take any other action for or which may lead to the administration, winding-up or dissolution of the Original OpCo Borrower; and
- (c) any forbearance, neglect or delay on the part of the Original OpCo Borrower in enforcing its rights under any of the Relevant Agreements shall not affect in any way the EPC and TES Contractors obligations under the Relevant Agreements or the Direct Agreement (EPC and TES Contracts);
- (d) it will forward to the Borrower Security Trustee copies of all notices served by or on behalf of the EPC and TES Contractor on the Original OpCo Borrower under any Relevant Agreement relating to any breach or the terms of any of the Relevant Agreements by the Original OpCo Borrower as soon as possible after the same are served under the Relevant Agreements;
- (e) it will not, except with the prior written consent of the Borrower Security Trustee:
 - (i) agree to or make any material amendment or variation of any Relevant Agreement; nor
 - (ii) assign all or any benefit, right or interest under any Relevant Agreement or any part thereof nor sell nor otherwise dispose of the benefit of all or any part of its benefits, rights or interest in or to any Relevant Agreement or any part thereof; and
- (f) it will not, during any Step-In Period (EPC and TES), unreasonably withhold or delay any consents, approvals or information required of it in relation to the performance by the Original OpCo Borrower of its obligations under any Relevant Agreement.

Services Fee

Pursuant to the Direct Agreement (EPC and TES Contracts), the EPC and TES Contractor will confirm and agree that the Services Fee (as defined in each TES Contract) and any other amounts payable by the Original OpCo Borrower to the EPC and TES Contractor under the EPC Contracts and TES Contracts are only payable:

- (a) on each Loan Interest Payment Date prior to acceleration of the Borrower Loan:
 - (i) in an amount up to the Senior TES Fee Amount in priority to items (e) to (m) in accordance with the Borrower Pre-Acceleration Priority of Payments; and
 - (ii) in an amount up to the Junior TES Fee Amount in priority to items (l) and (m) in accordance with the Borrower Pre-Acceleration Priority of Payments,

in each case, only to the extent that the Original OpCo Borrower has sufficient funds available to it in accordance with the Borrower Pre-Acceleration Priority of Payments on such Loan Interest Payment Date; and
- (b) on any day on or after acceleration of the Borrower Loan, only to the extent that the Original OpCo Borrower has sufficient funds available to it in accordance with the Borrower Post-Acceleration Priority of Payments on such day.

Governing Law

The Direct Agreement (EPC and TES Contracts) and any non-contractual obligations arising out of it will be governed by English law.

10. *Butleigh Solar Park Lease Direct Agreement*

As referred to in section 8 (*Solar Park Leases*) above, on closing, the landlords of the Butleigh Solar Park Lease relating to the Butleigh Site (the "**Butleigh Landlords**") will enter into a direct agreement with the Issuer, the Original OpCo Borrower, the Issuer Security Trustee and the Borrower Security Trustee (the "**Direct Agreement (Butleigh Lease)**") in respect of the Butleigh Solar Park Lease.

The key terms of the Direct Agreement (Butleigh Lease) are as follows:

Consent to Security

Under the Direct Agreement (Butleigh Lease) the Butleigh Landlords will formally consent to the security interests created or contemplated over the Butleigh Solar Park Lease and the Original OpCo Borrower's rights under the Butleigh Solar Park Lease in the Borrower Deed of Charge.

No Termination Without Notice

Under the Direct Agreement (Butleigh Lease) the Butleigh Landlords will agree not to exercise any rights to terminate the Butleigh Solar Park Lease unless permitted by the Butleigh Solar Park Lease and:

- (a) if the right to terminate arises as a direct result of the Original OpCo Borrower failing to pay rent in full under the Butleigh Solar Park Lease, the Butleigh Landlords will not forfeit unless:
 - (i) the Original OpCo Borrower had sufficient funds to pay the rent on the relevant Loan Interest Payment Date in accordance with the relevant Borrower Priorities of Payment;
 - (ii) the failure to pay rent is not remedied by the next following Loan Interest Payment Date;

- (iii) the Butleigh Landlords have given at least 30 days' notice to each of the Original OpCo Borrower, the Issuer and the Borrower Security Trustee, stating the proposed date of termination and the total amount of unpaid rent; and
 - (iv) the Butleigh Landlords have afforded the Issuer or a Representative (as defined below) if one has been appointed, a reasonable opportunity to cure such non-payment on behalf of the Original OpCo Borrower by arranging for such amount to be paid to the Butleigh Landlords within a reasonable time of such notice; or.
- (b) if the right to terminate arises as a direct result of the Original OpCo Borrower breaching any term of the Butleigh Solar Park Lease other than the requirement to pay rent, the Butleigh Landlords will agree not to forfeit unless:
- (i) the Butleigh Landlords have given at least 30 days' notice to each of the Original OpCo Borrower, the Issuer and the Borrower Security Trustee, stating the proposed date of termination, the grounds for termination, suggested remedies (if applicable) and the total amount of unpaid rent and undischarged liabilities; and
 - (ii) the Butleigh Landlords afforded the Issuer or a Representative, if appointed, a reasonable opportunity to remedy the relevant breach within a reasonable time (being not more than 6 months after such notice).

Step-in Rights

Pursuant to the Direct Agreement (Butleigh Lease) the Butleigh Landlords will acknowledge that an administrative receiver, receiver or receiver and manager of the Original OpCo Borrower or an administrator of the Original OpCo Borrower (in all or any such capacities, a "**Representative**") may, by written notice to the Butleigh Landlords, assume all of the Original OpCo Borrower tenant's covenants, rights and obligations under the Butleigh Solar Park Lease until and including the earlier of (a) a date falling 10 Business Days after that Representative gives written notice to the Butleigh Landlords that its assumption of the Original OpCo Borrower covenants, rights and obligations under the Butleigh Solar Park Lease shall no longer apply, (b) the date of any permitted transfer of the benefit and/ or burden of the Butleigh Solar Park Lease, and (c) the date of expiry or termination in the ordinary course of the Butleigh Solar Park Lease (such period of time being the "**Step-In Period (Butleigh)**").

During any Step-in Period (Butleigh), the Butleigh Landlords will deal with the Issuer and/or any Representative and not the Original OpCo Borrower as if the Issuer and/or such Representative were the Original OpCo Borrower for the purposes of the Butleigh Solar Park Lease and any payment or performance by the Issuer or Representative under and in accordance with the Butleigh Solar Park Lease shall be a good discharge of the Original OpCo Borrower's obligations thereunder.

Transfer

At any time and from time to time during any Step-In Period (Butleigh) or in connection with any action of any kind by the Borrower Security Trustee to exercise or enforce any right in respect of any mortgage, charge, pledge, lien or other security interest granted under the Borrower Deed of Charge over any property or assets of the Original OpCo Borrower and its permitted assigns under the Butleigh Solar Park Lease (such action being an "**Enforcement Action (Butleigh)**"), pursuant to the Direct Agreement (Butleigh Lease) the Representative may procure the transfer of the Butleigh Solar Park Lease and all of the tenant covenants, rights and liabilities of the Original OpCo Borrower under the Butleigh Solar Park Lease pursuant to and subject to the terms of the Butleigh Solar Park Lease.

If the Borrower Security Trustee assigns or transfers its rights and obligations under the Borrower Deed of Charge to a successor security trustee or mortgagee then the Butleigh Landlords will, pursuant to the terms of the Direct Agreement (Butleigh Lease), at the cost of the Original OpCo Borrower, on the written request of the Borrower Security Trustee or the Representative, as the

case may be, if required as a condition to such assignment, enter into a direct agreement with any replacement security trustee as the Borrower Security Trustee shall notify to the Butleigh Landlords in writing, on the same or substantially the same terms as the Direct Agreement (Butleigh Lease), mutatis mutandis, subject to agreement by such replacement security trustee with its terms.

In the case of any permitted sale or disposal of the Butleigh Site pursuant to an Enforcement Action (Butleigh) certain terms and conditions relating to reasonableness and other conditions to consent of the Butleigh Solar Park Lease shall apply in respect of the consent of the Butleigh Landlords to any such sale or disposal, and otherwise, the Butleigh Landlords shall, at the cost of the Original OpCo Borrower, on the request of the Borrower Security Trustee (or a Representative, if appointed) enter into any such further agreement as the Borrower Security Trustee may reasonably require so as to ensure (to the extent permitted by the same) that the benefit (and burden) of the Butleigh Solar Park Lease can pass to the purchaser.

Under the terms of the Direct Agreement (Butleigh Lease), the Butleigh Landlords will agree not to assign all or any their benefit, right or interest in respect of the Butleigh Site or the Butleigh Solar Park Lease or any part thereof or sell nor otherwise dispose of the benefit of all or any part of their benefits, rights or interest in or to the Butleigh Site or Butleigh Solar Park Lease or any part thereof without the Butleigh Landlords, at their own cost, procuring that any person who becomes the 'Landlord' under the Butleigh Solar Park Lease enters into a direct agreement at the time the immediate reversion to the Butleigh Solar Park Lease is vested in such person on the same or substantially the same terms as the Direct Agreement (Butleigh Lease), mutatis mutandis, and in substitution for the Direct Agreement (Butleigh Lease).

Under the Direct Agreement (Butleigh Lease) the Butleigh Landlords will consent to a restriction being entered against their freehold title in the Butleigh Site at the Land Registry in a form set out in the Direct Agreement (Butleigh Lease).

Butleigh Landlord's Undertakings

The Butleigh Landlords will agree and undertake to the Borrower Security Trustee under the Direct Agreement (Butleigh Lease):

- (a) they will not exercise any right of set-off or deduction or counterclaim against the Original OpCo Borrower so as to reduce performance or any monies payable by the Butleigh Landlords to the Original OpCo Borrower under the Butleigh Solar Park Lease;
- (b) they will not petition for or vote in favour of any resolution to take any other action for or which may lead to the administration, winding-up or dissolution of the Original OpCo Borrower, provided that this shall not prevent any Butleigh Landlord who is also a director of the Original OpCo Borrower from so petitioning or voting in their capacity as a director only; and
- (c) any forbearance, neglect or delay on the part of the Original OpCo Borrower in enforcing its rights under any of the Butleigh Solar Park Lease shall not affect in any way the Butleigh Landlords' obligations under the Butleigh Solar Park Lease or the Butleigh Solar Park Direct Agreement;
- (d) they will forward to the Borrower Security Trustee copies of all notices served by or on behalf of the Butleigh Landlords on the Original OpCo Borrower under the Butleigh Solar Park Lease relating to any breach of the tenant covenants or obligations under the Butleigh Solar Park Lease by the Original OpCo Borrower as soon as possible after the same are served under the Butleigh Solar Park Lease;
- (e) they will not agree to or make any material amendment or variation of the Butleigh Solar Park Lease, except with the prior written consent of the Borrower Security Trustee;

- (f) they will not, during any Step-In Period (Butleigh), unreasonably withhold or delay any consents, approvals or information required of them in relation to the performance by the Original OpCo Borrower of its obligations under the Butleigh Solar Park Lease;
- (g) they will not oppose any application for any extension of existing planning permission or for any new planning permission by or on behalf of the Original OpCo Borrower in respect of the continued operation and use of the Butleigh Site as a solar park or in respect of the continued operation and use of any other solar park owned or occupied by the Original OpCo Borrower;
- (h) during the continuance of the Butleigh Solar Park Direct, the rent shall be payable semi-annually in advance on the Loan Interest Payment Dates in each year rather than payable quarterly in advance on 1 January, 1 April, 1 July and 1 October in each year;
- (i) subject and pursuant to the terms of clause 18 of the Butleigh Solar Park Lease, they will grant a new lease to the Tenant following its exercise of the Option (as those terms are defined in the Butleigh Solar Park Lease as varied by the Deed of Variation).

Original OpCo Borrower's Undertaking

The Original OpCo Borrower will agree and undertake to the Butleigh Landlords under the Direct Agreement (Butleigh Lease):

- (a) to procure that, on or within three Business Days after each Loan Interest Payment Date, a completed Investor Report is delivered to the Butleigh Landlords; and
- (b) that if, at any time, it has failed to pay the rent in full under the Butleigh Solar Park Lease for two consecutive Loan Interest Payment Dates, it will grant the Butleigh Landlords access to its financial records for the purposes of an audit by the Butleigh Landlords, at their own cost, of such records in order for the Butleigh Landlords to satisfy themselves that the Original OpCo Borrower did not have sufficient funds available to it in accordance with the Borrower Pre-Acceleration Priority of Payments or the Borrower Post-Acceleration Priority of Payments, as applicable, to pay such rent on such dates.

Governing Law

The Direct Agreement (Butleigh Lease) and any non-contractual terms arising out of it will be governed by English law.

11. Higher Hill Solar Park Lease Direct Agreement

As referred to in section 8 (*Solar Park Leases*) above, on closing, the landlord of the Higher Hill Solar Park Lease relating to the Higher Hill Site (the "**Higher Hill Landlord**") will enter into a direct agreement with the Issuer, the Original OpCo Borrower, the Issuer Security Trustee and the Borrower Security Trustee (the "**Direct Agreement (Higher Hill Lease)**") in respect of the Higher Hill Solar Park Lease.

The key terms of the Direct Agreement (Higher Hill Lease) are as follows:

Consent to Security

Under the Direct Agreement (Higher Hill Lease) the Higher Hill Landlord will formally consent to the security interests created or contemplated over the Higher Hill Solar Park Lease and the Original OpCo Borrower's rights under the Higher Hill Solar Park Lease in the Borrower Deed of Charge.

No Termination Without Notice

Under the Direct Agreement (Higher Hill Lease) the Higher Hill Landlord will agree not to exercise any rights to terminate the Higher Hill Solar Park Lease unless permitted by the Higher Hill Solar Park Lease and:

- (a) if the right to terminate arises as a direct result of the Original OpCo Borrower failing to pay rent in full under the Higher Hill Solar Park Lease, the Higher Hill Landlord will not forfeit unless:
 - (i) the Original OpCo Borrower had sufficient funds to pay the rent on the relevant Loan Interest Payment Date in accordance with the relevant Borrower Priorities of Payment;
 - (ii) the failure to pay rent is not remedied by the next following Loan Interest Payment Date;
 - (iii) the Higher Hill Landlord has given at least 30 days' notice to each of the Original OpCo Borrower, the Issuer and the Borrower Security Trustee, stating the proposed date of termination and the total amount of unpaid rent; and
 - (iv) the Higher Hill Landlord has afforded the Issuer or a Representative (as defined below) if one has been appointed, a reasonable opportunity to cure such non-payment on behalf of the the Original OpCo Borrower by arranging for such amount to be paid to the Higher Hill Landlord within a reasonable time of such notice; or.
- b) if the right to terminate arises as a direct result of the Original OpCo Borrower breaching any term of the Higher Hill Solar Park Lease other than the requirement to pay rent, the Higher Hill Landlord will agree not to forfeit unless:
 - (i) the Higher Hill Landlord has given at least 30 days' notice to each of the Original OpCo Borrower, the Issuer and the Borrower Security Trustee, stating the proposed date of termination, the grounds for termination, suggested remedies (if applicable) and the total amount of unpaid rent and undischarged liabilities; and
 - (ii) the Higher Hill Landlord afforded the Issuer or a Representative, if appointed, a reasonable opportunity to remedy the relevant breach within a reasonable time (being not more than 6 months after such notice).

Step-in Rights

Pursuant to the Direct Agreement (Higher Hill Lease) the Higher Hill Landlord will acknowledge that a Representative may, by written notice to the Higher Hill Landlord, assume all of the Original OpCo Borrower tenant's covenants, rights and obligations under the Higher Hill Solar Park Lease until and including the earlier of (a) a date falling 10 Business Days after that Representative gives written notice to the Higher Hill Landlord that its assumption of the Original OpCo Borrower covenants, rights and obligations under the Higher Hill Solar Park Lease shall no longer apply, (b) the date of any permitted transfer of the benefit and/ or burden of the Higher Hill Solar Park Lease, and (c) the date of expiry or termination in the ordinary course of the Higher Hill Solar Park Lease (such period of time being the "**Step-In Period (Higher Hill)**").

During any Step-in Period, the Higher Hill Landlord will deal with the Issuer and/or any Representative and not the Original OpCo Borrower as if the Issuer and/or such Representative were the Original OpCo Borrower for the purposes of the Higher Hill Solar Park Lease and any payment or performance by the Issuer or Representative under and in accordance with the Higher Hill Solar Park Lease shall be a good discharge of the Original OpCo Borrower's obligations thereunder.

Transfer

At any time and from time to time during any Step-In Period (Higher Hill) or in connection with any action of any kind by the Borrower Security Trustee to exercise or enforce any right in respect of any mortgage, charge, pledge, lien or other security interest granted under the Borrower Deed of Charge over any property or assets of the Original OpCo Borrower and its permitted assigns under the Higher Hill Solar Park Lease (such action being an "**Enforcement Action (Higher Hill)**"), pursuant to the Direct Agreement (Higher Hill Lease) the Representative may procure the transfer of the Higher Hill Solar Park Lease and all of the tenant covenants, rights and liabilities of the Original OpCo Borrower under the Higher Hill Solar Park Lease pursuant to and subject to the terms of the Higher Hill Solar Park Lease.

If the Borrower Security Trustee assigns or transfers its rights and obligations under the Borrower Deed of Charge to a successor security trustee or mortgagee then the Higher Hill Landlord will, pursuant to the terms of the Direct Agreement (Higher Hill Lease), at the cost of the Original OpCo Borrower, on the written request of the Borrower Security Trustee or the Representative, as the case may be, if required as a condition to such assignment, enter into a direct agreement with any replacement security trustee as the Borrower Security Trustee shall notify to the Higher Hill Landlord in writing, on the same or substantially the same terms as the Direct Agreement (Higher Hill Lease), *mutatis mutandis*, subject to agreement by such replacement security trustee with its terms.

In the case of any permitted sale or disposal of the Higher Hill Site pursuant to an Enforcement Action (Higher Hill) certain terms and conditions relating to reasonableness and other conditions to consent of the Higher Hill Solar Park Lease shall apply in respect of the consent of the Butleigh Landlord to any such sale or disposal, and otherwise, the Higher Hill Landlord shall, at the cost of the Original OpCo Borrower, on the request of the Borrower Security Trustee (or a Representative, if appointed) enter into any such further agreement as the Borrower Security Trustee may reasonably require so as to ensure (to the extent permitted by the same) that the benefit (and burden) of the Higher Hill Solar Park Lease can pass to the purchaser.

Under the terms of the Direct Agreement (Higher Hill Lease), the Higher Hill Landlord will agree not to assign all or any their benefit, right or interest in respect of the Higher Hill Site or the Higher Hill Solar Park Lease or any part thereof or sell nor otherwise dispose of the benefit of all or any part of their benefits, rights or interest in or to the Higher Hill Site or Higher Hill Solar Park Lease or any part thereof without the Higher Hill Landlord, at its own cost, procuring that any person who becomes the 'Landlord' under the Higher Hill Solar Park Lease enters into a direct agreement at the time the immediate reversion to the Higher Hill Solar Park Lease is vested in such person on the same or substantially the same terms as the Direct Agreement (Higher Hill Lease), *mutatis mutandis*, and in substitution for the Direct Agreement (Higher Hill Lease).

Under the Direct Agreement (Higher Hill Lease) the Higher Hill Landlord will consent to a restriction being entered against its freehold title in the Higher Hill Site at the Land Registry in a form set out in the Direct Agreement (Higher Hill Lease).

Higher Hill Landlord's Undertakings

The Higher Hill Landlord will agree and undertake to the Borrower Security Trustee under the Direct Agreement (Higher Hill Lease):

- (a) it will not exercise any right of set-off or deduction or counterclaim against the Original OpCo Borrower so as to reduce performance or any monies payable by the Higher Hill Landlord to the Original OpCo Borrower under the Higher Hill Solar Park Lease;
- (b) it will not petition for or vote in favour of any resolution to take any other action for or which may lead to the administration, winding-up or dissolution of the Original OpCo Borrower, provided that this shall not prevent the Higher Hill Landlord who is also a director of the Original OpCo Borrower from so petitioning or voting in their capacity as a director only; and

- (c) any forbearance, neglect or delay on the part of the Original OpCo Borrower in enforcing its rights under any of the Higher Hill Solar Park Lease shall not affect in any way the Higher Hill Landlord's obligations under the Higher Hill Solar Park Lease or the Higher Hill Solar Park Direct Agreement;
- (d) it will forward to the Borrower Security Trustee copies of all notices served by or on behalf of the Higher Hill Landlord on the Original OpCo Borrower under the Higher Hill Solar Park Lease relating to any breach of the tenant covenants or obligations under the Higher Hill Solar Park Lease by the Original OpCo Borrower as soon as possible after the same are served under the Higher Hill Solar Park Lease;
- (e) it will not agree to or make any material amendment or variation of the Higher Hill Solar Park Lease, except with the prior written consent of the Borrower Security Trustee;
- (f) it will not, during any Step-In Period (Higher Hill), unreasonably withhold or delay any consents, approvals or information required of them in relation to the performance by the Original OpCo Borrower of its obligations under the Higher Hill Solar Park Lease;
- (g) it will not oppose any application for any extension of existing planning permission or for any new planning permission by or on behalf of the Original OpCo Borrower in respect of the continued operation and use of the Higher Hill Site as a solar park or in respect of the continued operation and use of any other solar park owned or occupied by the Original OpCo Borrower;
- (h) during the continuance of the Higher Hill Solar Park Direct, the rent shall be payable semi-annually in advance on the Loan Interest Payment Dates in each year rather than payable quarterly in advance on 1 January, 1 April, 1 July and 1 October in each year;
- (i) subject and pursuant to the terms of clause 18 of the Higher Hill Solar Park Lease, it will grant a new lease to the Tenant following its exercise of the Option (as those terms are defined in the Higher Hill Solar Park Lease as varied by the Deed of Variation).

Original OpCo Borrower's Undertaking

The Original OpCo Borrower will agree and undertake to the Higher Hill Landlord under the Direct Agreement (Higher Hill Lease):

- (a) to procure that, on or within three Business Days after each Loan Interest Payment Date, a completed Investor Report is delivered to the Higher Hill Landlord; and
- (b) that if, at any time, it has failed to pay the rent in full under the Higher Hill Solar Park Lease for two consecutive Loan Interest Payment Dates, it will grant the Higher Hill Landlord access to its financial records for the purposes of an audit by the Higher Hill Landlord, at its own cost, of such records in order for the Higher Hill Landlord to satisfy itself that the Original OpCo Borrower did not have sufficient funds available to it in accordance with the Borrower Pre-Acceleration Priority of Payments or the Borrower Post-Acceleration Priority of Payments, as applicable, to pay such rent on such dates.

Governing Law

The Direct Agreement (Higher Hill Lease) and any non-contractual terms arising out of it will be governed by English law.

12. *Deeds of Variation to Solar Park Leases*

As referred to in section 8 (Solar Park Leases) above, on closing, the landlords of the respective Solar Park Leases and the OpCo Original Borrower will enter into Deeds of Variation through which, for so long as the Borrower Deed of Charge is in place, each Solar Park Lease shall be varied as follows:

- (a) The Original OpCo Borrower will have the right to require the landlords to grant renewal leases for terms of 15 years from 2 November 2036 to 1 November 2051 inclusive. The options can be exercised at any time from 1 January 2036 to 31 July 2036 on written notice to the relevant landlords. The renewal leases will be on substantially the same terms as the Solar Park Leases as varied by these Deeds of Variation save that:
- i. the initial annual rent under the renewal lease will be the passing annual rent under the relevant Solar Park Leases at the expiry of its lease term;
 - ii. the renewal leases will contain a landlord's right to terminate the renewal lease on written notice to the Original OpCo Borrower on or at any time after the release of the Borrower Deed of Charge from the Land Registry leasehold title to the relevant Solar Park Lease (save where such release has arisen out of enforcement action by the Borrower Security Trustee in which case the landlord shall have no such right of termination); and
 - iii. the renewal leases will not contain a further option to renew.
- (b) The rent payment dates will be adjusted to be semi-annual on the Loan Interest Payment Dates, rather than quarterly.
- (c) The landlords will be unable to serve Decommissioning Notices and Break Notices (as defined in section 8 above) until after 31 July 2036 (and, even then, will be unable to serve Decommissioning Notices and Break Notices if the option to require a renewal lease has previously been exercised).
- (d) The Tenant is obliged to notify the landlords of any change in the identity of the Borrower Security Trustee and the discharge and the release of the Borrower Deed of Charge.

13. Issuer Cash Management Agreement

On or before the Closing Date the Issuer will enter into a cash management agreement between the Issuer, the Issuer Security Trustee, the Issuer Cash Manager, the Issuer Account Bank and the Calculation Agent (the "**Issuer Cash Management Agreement**"), pursuant to which each of the Issuer will appoint Elavon Financial Services Limited (in its capacity as the "**Issuer Cash Manager**") to be its agent to provide certain cash management services in respect of the Issuer Accounts (the "**Issuer Cash Management Services**"). The Issuer Cash Manager will undertake with the Issuer that, in performing the services to be performed and in exercising its discretion under the Issuer Cash Management Agreement, the Issuer Cash Manager will be required to perform such responsibilities and duties diligently and in conformity with the Issuer's obligations with respect to the transaction and that it will be obliged to comply with any directions, orders and instructions which the Issuer or the Issuer Security Trustee may from time to time give to the Issuer Cash Manager in accordance with the provisions of the Issuer Cash Management Agreement, the Trust Deed and the Issuer Deed of Charge.

Calculation of Amounts and Payments

Under the terms of the Issuer Cash Management Agreement, the Issuer Cash Manager's main function is to apply the amounts received by the Issuer in making the payments contemplated in the applicable Priorities of Payments.

In order to discharge its obligations to record accounts received, the Issuer Cash Manager will be entitled to receive the relevant Source Report duly completed by the Borrowers at least one Business Day prior to each Calculation Date.

On each Calculation Date, the Issuer Cash Manager is required to calculate, from the relevant Source Report provided by the Borrower, the various amounts available and required to pay interest and principal due on the Notes on the relevant Note Interest Payment Date and all other

amounts then payable by the Issuer and the amounts available to make such payments. In addition, the Issuer Cash Manager will calculate in respect of the immediately following Note Interest Payment Date and the Notes, the Outstanding Principal Amount of each of the Notes.

Reports and Records

Subject to prior receipt of a duly completed Source Report, at least one Business Day prior to each Calculation Date, the Issuer Cash Manager will provide or make available an Investor Report to the Noteholders through its website, which is located at www.usbank.com/abs.

The Issuer Cash Manager will maintain records to reflect all transactions carried out by or in respect of the Issuer Accounts, and make such records available to the Issuer and the Issuer Security Trustee at any reasonable time during office hours on reasonable notice.

Cash Management Fee

The Issuer will pay to the Issuer Cash Manager a cash management fee as agreed between the Issuer and the Issuer Cash Manager in a fee letter dated on or about the Closing Date.

Indemnification by the Issuer

In accordance with and subject to the provisions of the Issuer Cash Management Agreement, the Issuer, subject to the relevant Priorities of Payments, from time to time on demand of the Issuer Cash Manager indemnify and hold harmless the Issuer Cash Manager against any liabilities, actions, proceedings, claims, demands and properly incurred costs or expenses which the Issuer Cash Manager has incurred in direct consequence of the Issuer Cash Management Agreement or as a direct result of the performance of the functions and services provided for thereunder, except as a result of the gross negligence, wilful default or fraud of the Issuer Cash Manager or any of its directors, employees, officers, agents or controlling persons.

Termination of Appointment of the Issuer Cash Manager

The Issuer may terminate the Issuer Cash Manager's appointment upon not less than three months' written notice or immediately upon the occurrence of a termination event, including, among other things:

- (a) a failure by the Issuer Cash Manager to make when due a payment required to be made by the Issuer Cash Manager on behalf of the Issuer pursuant to the terms of the Issuer Cash Management Agreement;
- (b) a default in the performance of any of any of its material duties, obligations, covenants or services under the Issuer Cash Management Agreement which continues unremedied for ten Business Days; or
- (c) a petition is presented or an effective resolution passed for its winding up or the appointment of an administrator, or similar official.

In addition, the Issuer Cash Manager may resign as Issuer Cash Manager upon not less than three months' written notice of resignation to each of the other parties to the Issuer Cash Management Agreement provided that:

- (a) a successor Cash Manager shall have been appointed by the Issuer on the expiry of such notice with the prior written consent of the Issuer Security Trustee; and
- (b) the Issuer Security Trustee is satisfied that security equivalent to the existing security created by the Issued Deed of Charge has been created in respect of any new Issuer cash management agreement.

Governing law

The Issuer Cash Management Agreement will be governed by English law.

14. Borrower Cash Management Agreement

On or before the Closing Date the Original Borrowers will enter into the Borrower Cash Management Agreement with the Borrower Security Trustee, the Borrower Cash Manager, the Borrower Account Bank and the Calculation Agent, pursuant to which the Original Borrowers will appoint Elavon Financial Services Limited as Borrower Cash Manager to be their agent to provide certain cash management services in respect of the Borrower Accounts (the "**Borrower Cash Management Services**"). The Borrower Cash Manager will undertake to the Original Borrowers that, in performing the services to be performed and in exercising its discretion under the Borrower Cash Management Agreement, the Borrower Cash Manager will perform such responsibilities and duties diligently and in conformity with the Original Borrowers' obligations with respect to the transaction and that it will comply with any directions, orders and instructions which the Borrower or the Borrower Security Trustee may from time to time give to the Borrower Cash Manager in accordance with the provisions of the Borrower Cash Management Agreement, the Borrower Loan Agreement and the Borrower Deed of Charge.

Calculation of Amounts and Payments

Under the terms of the Borrower Cash Management Agreement, the Borrower Cash Manager's primary function is to apply amounts received by the Original Borrowers in accordance with the applicable Priorities of Payments.

In order to discharge its obligations to record accounts received, the Borrower Cash Manager will be entitled to receive a Source Report duly completed by the Borrowers at least one Business Day prior to each Calculation Date.

On each Calculation Date, the Borrower Cash Manager is required to calculate, from the relevant Source Report provided by the Borrowers, the various amounts available and required to pay interest and principal due on the Borrower Loan on the relevant Loan Interest Payment Date and all other amounts then payable by the Original Borrowers and the amounts available to make such payments.

Eligible Investments

The Borrower Cash Manager may at any time and from time to time (upon direction from the Parent Borrower) invest any amounts standing to the credit of the Debt Service Reserve Account in Authorised Investments in accordance with the provisions of the Borrower Cash Management Agreement.

Reports and Records

The Original Borrowers will deliver to the Borrower Cash Manager, or procure that the Borrower Cash Manager has delivered to it, such information, reports and evidence as it may reasonably require in order for it to perform its services under the Borrower Cash Management Agreement, and the identity and payment details of the recipients of such payments. The Original Borrowers will provide any such information, reports and evidence in a form which the Borrower Cash Manager reasonably requests.

Cash Management Fee

The Original Borrowers will pay to the Borrower Cash Manager a cash management fee as agreed between the Borrower Cash Manager and the Original Borrowers in a fee letter dated on or about the Closing Date.

Indemnification by the Original Borrowers

In accordance with and subject to the provisions of the Borrower Cash Management Agreement, the Original Borrowers will, subject to the relevant Priorities of Payments, from time to time on

demand indemnify and hold harmless the Borrower Cash Manager against any liabilities, actions, proceedings, claims, demands and properly incurred costs or expenses which the Borrower Cash Manager incurs as direct consequence of the Borrower Cash Management Agreement or as a direct result of the performance of the functions and services provided for thereunder, except as a result of the gross negligence, wilful default or fraud of the Borrower Cash Manager or any of its directors, employees, officers, agents or controlling persons.

Termination of Appointment of the Borrower Cash Manager

The Original Borrowers may terminate the Borrower Cash Manager's appointment upon not less than three months' written notice or immediately upon the occurrence of a termination event, including, among other things:

- (a) a failure by the Borrower Cash Manager to make when due a payment required to be made by the Borrower Cash Manager on behalf of the Original Borrowers pursuant to the terms of the Borrower Cash Management Agreement;
- (b) a default in the performance of any of any of its material duties, obligations, covenants or services under the Borrower Cash Management Agreement which continues unremedied for ten Business Days;
- (c) a petition is presented or an effective resolution passed for its winding up or the appointment of an administrator, or similar official; or
- (d) the Issuer Cash Manager resigns or its appointment under the Issuer Cash Management Agreement is terminated.

In addition, the Borrower Cash Manager may resign as Borrower Cash Manager upon not less than three months' written notice of resignation to each of the other parties to the Borrower Cash Management Agreement provided that:

- (a) a successor Borrower Cash Manager shall have been appointed by the Original Borrowers on the expiry of such notice with the prior written consent of the Borrower Security Trustee; and
- (b) the Borrower Security Trustee is satisfied that security equivalent to the existing security created by the Borrower Deed of Charge has been created in respect of any new cash management agreement.

Successor Borrower Cash Manager

Pursuant to the Borrower Cash Management Agreement, the Borrower Cash Manager (or its successor, as the case may be) will always be the same entity as that appointed to be the Issuer Cash Manager (or its successor, as the case may be).

Governing law

The Borrower Cash Management Agreement will be governed by English law.

USE OF PROCEEDS

The estimated gross proceeds from the issue of the Notes will be £40,000,000. On the Closing Date, the Issuer will, subject to and in accordance with the terms of the Borrower Loan Agreement, advance the Borrower Loan to the Original Borrowers (in an amount equal to the gross proceeds from the issue of the Notes less certain expenses and fees).

The proceeds of the Borrower Loan will be used by the Original Borrowers:

- (a) to repay the facility under the Barclays Facility Agreement in full;
- (b) to pay certain costs, fees and expenses payable by the Original Borrowers on the Closing Date;
- (c) to pay to the Issuer, pursuant to the Borrower Loan Agreement, a fee in an amount sufficient to enable the Issuer to pay certain costs, fees and expenses payable by it on the Closing Date;
- (d) to deposit £1,500,000 in the Debt Service Reserve Account; and
- (e) in the case of the Parent Borrower, to distribute the surplus to Parent HoldCo by way of a share capital reduction pursuant to section 641 onwards of the Companies Act 2006.

The expenses to be paid in relation to the admission by the London Stock Exchange of the Notes to trading are estimated to be £3,000. The total expenses of the Issue are estimated to be £821,500. The estimated total net proceeds from the issue of the Notes will be £39,178,500.

For these purposes, "**Subordinated Loans**" means:

- (a) two facility agreements, each dated 21 August 2012, between the Original OpCo Borrower and Michco 1208 Limited ("**Michco 1208**"); and
- (b) a bond agreement dated 21 August 2012 between the Original OpCo Borrower and Michco 1208,

pursuant to which Michco 1208 advanced certain amounts to the Original OpCo Borrower, of which £19,410,000 remains outstanding as at the date of these Listing Particulars (excluding accrued interest and any fees due).

On or prior to the Closing Date, first, the Original OpCo Borrower will transfer by way of novation all of its outstanding obligations with respect to the Subordinated Loans to Renewable Energy (UK) LLP and the Parent Borrower on a several (and not joint) basis. As set out in the "Intra-group loans" section of "Transaction Overview", the Parent Borrower will be issued shares in the Original OpCo Borrower as part of this process. Subsequent to this, the Parent Borrower will transfer by way of novation all of its outstanding obligations with respect to the Subordinated Loans to the Parent HoldCo. As part of this process, the Parent HoldCo will be issued shares in the Parent Borrower.

Secondly, on or prior to the Closing Date, the Original OpCo Borrower and its subsidiaries will procure that the security that they have granted for the Subordinated Loans is released. In addition each Original Borrower will procure that the security that it granted in favour of Lombard International Assurance S.A. on 21 August 2012, is released. As a result the only outstanding security granted by each Original Borrower will be the security granted under the Borrower Deed of Charge.

THE ISSUER

Introduction

The Issuer was incorporated in England and Wales on 12 September 2012 under registered number 8212154 as a public company with limited liability under the Companies Act 2006. The registered office of the Issuer is at 35 Great St. Helen's, London EC3A 6AP and its contact telephone number is +44 (0) 20 7398 6300. The Issuer is organised as a special purpose vehicle and its activities are limited accordingly. The Issuer has no subsidiaries. The entire share capital of the Issuer is held by or on behalf of the Share Trustee on trust for charitable purposes under the terms of the Issuer Share Trust Deed and none of the Original Borrowers own, directly or indirectly, any of the share capital of the Issuer.

Principal Activities

The principal objects of the Issuer are, amongst other things, to lend money and give credit, secured and unsecured, to borrow or raise money and secure the payment of money and to grant security over its property for the performance of its obligations or the payment of money. The Issuer was established for the limited purposes of issuing the Notes, granting the Borrower Loan and certain related transactions described elsewhere in these Listing Particulars.

The Issuer has not commenced operations and has not engaged, since its incorporation, in any activities other than those incidental to its incorporation and registration as a public limited company under the Companies Act 2006; the authorisation of the issue of the notes and of the other documents and matters referred to or contemplated in these Listing Particulars and matters which are incidental or ancillary to the foregoing.

The activities of the Issuer will be restricted by the Conditions and will be limited to the issue of the Notes, the granting of the Borrower Loan, the exercise of related rights and powers and the other activities described in these Listing Particulars (see further Condition 5 (*Undertakings*)).

Directors and Secretary

The directors of the Issuer and their respective business addresses and other principal activities are:

Name	Business Address	Principal Activities
SFM Directors Limited	35 Great St. Helen's London EC3A 6AP	Corporate Director
SFM Directors (No. 2) Limited	35 Great St. Helen's London EC3A 6AP	Corporate Director
Claudia Wallace	35 Great St. Helen's London EC3A 6AP	Director

The company secretary of the Issuer is SFM Corporate Services Limited, a company incorporated in England and Wales (registered number 3920255), whose business address is 35 Great St. Helen's, London EC3A 6AP. The directors of SFM Directors Limited (registered number 3920254) and SFM Directors (No. 2) Limited (registered number 4017430) as at the date of the Prospectus and their principal activities are as follows:

Name	Business Address	Principal Activities
Jonathan Eden Keighley	35 Great St. Helen's London EC3A 6AP	Director
Robert William Berry	35 Great St. Helen's London EC3A 6AP	Director

Name	Business Address	Principal Activities
John Paul Nowacki	35 Great St. Helen's London EC3A 6AP	Director
Claudia Wallace	35 Great St. Helen's London EC3A 6AP	Director
Vinoy Nursiah	35 Great St. Helen's London EC3A 6AP	Director
Helena Whitaker	35 Great St. Helen's London EC3A 6AP	Director
Jocelyn Coad	35 Great St. Helen's London EC3A 6AP	Director
Debra Parsall	35 Great St. Helen's London EC3A 6AP	Company Secretary
Michael Drew	35 Great St. Helen's London EC3A 6AP	Company Secretary

Capitalisation Statement

The capitalisation of the Issuer as at the date of these Listing Particulars is as follows:

Share Capital

Issued Share Capital £	Value of each Share £	Share Fully Paid-up	Paid-up Share Capital £
50,000	1	50,000	50,000

All of the issued shares (being 50,000 shares of £1 each, each of which is fully paid-up) in the Issuer are held by the Share Trustee.

Except as set out above, the issuer has no outstanding loan capital, borrowings, indebtedness or contingent liabilities and the Issuer has not created any mortgages or charges nor has it given any guarantees as at the date of these Listing Particulars.

Neither the Parent Borrower, the Original OpCo Borrower nor any other party involved in the issue owns directly or indirectly any of the share capital of the Issuer and neither the Parent Borrower, the Original OpCo Borrower nor any other party involved in the issue nor any company connected with the them can direct the Share Trustee and none of such companies has any control, direct or indirect, over the Issuer.

Financial Information

The Issuer will publish annual reports and accounts. Since the date of its incorporation, the Issuer has not commenced operations and no financial statements have been made up as at the date of the Listing Particulars. Reports and accounts published by the Issuer will, when published, be available for inspection during normal office hours at the specified office of the Paying Agent.

THE PARENT BORROWER

Introduction

The Parent Borrower was incorporated in England and Wales on 24 July 2012 under registered number 8155306 as a private company with limited liability under the Companies Act 2006. The registered office of the Parent Borrower is at Higher Hill Farm, Butleigh Hill, Glastonbury, Somerset BA6 8TW and its contact telephone number is 0203 206 7000. The Parent Borrower holds the entire issued share capital of the Original OpCo Borrower. It is envisaged that beneficially the entire share capital of the Parent Borrower will be held by Parent HoldCo on or prior to the Closing Date. Once the Parent Borrower's register of members has been updated the Parent HoldCo will be the legal owner of the shares.

Principal Activities

The principal objects of the Parent Borrower are, amongst other things, to lend money and give credit, secured and unsecured, to borrow or raise money and secure the payment of money and to grant security over its property for the performance of its obligations or the payment of money. The Parent Borrower was established for the limited purposes of holding shares in the Original OpCo Borrower, entering into the Borrower Loan and certain related transactions described elsewhere in these Listing Particulars.

Directors and Secretary

The directors of the Parent Borrower and their respective business addresses and other principal activities are:

Name	Business Address	Principal Activities
Angus Macdonald	Higher Hill Farm Butleigh Hill Glastonbury Somerset BA6 8TW	Landowner
Katherine Macdonald	Higher Hill Farm Butleigh Hill Glastonbury Somerset BA6 8TW	Actuary
Robert Randall	Sarnia House Le Truchot St. Peter Port Guernsey GY1 4NA	Financer

The Parent Borrower does not have a company secretary.

Capitalisation Statement

The capitalisation of the Parent Borrower as at the date of these Listing Particulars is as follows:

Share Capital

Issued Share Capital £	Value of each Share £	Share Fully Paid-up	Paid-up Share Capital £
17,418,872	1	17,418,872	17,418,872

All of the issued shares (being 17,418,872 shares of £1 each, each of which is fully paid-up) in the Parent Borrower are held in equal proportions by Angus Macdonald, Katherine Macdonald, Lombard

International Assurance SA and Robert Randall. It is envisaged that the Parent HoldCo will become the beneficial owner of the shares on or prior to the Closing Date (and the Parent HoldCo will become the legal owner of the Parent Borrower upon transfers of shares being registered in the Parent Borrower's company books).

It is envisaged, as set out in the "intra-group loans" part of the Transaction Overview Section, that shares will be issued to the Parent HoldCo as part of the process of novating the Subordinated Loans out of the Original OpCo Borrower on or prior to the Closing Date and the number of shares in issue will increase accordingly.

However, it is envisaged that the number of shares in issue will be reduced or the nominal amount of each share in issue will be reduced by way of a share capital reduction in order to distribute funds to Parent HoldCo. Please see "*Use of Proceeds*" in this regard.

Financial Information

The Parent Borrower will prepare annual reports and accounts. The Parent Borrower's audited financial statements as at 30 September 2012 are set out in Annex II of these Listing Particulars.

There has been no significant change in the financial or trading position of the Parent Borrower since 30 September 2012, being the end of the last financial period for which the following audited financial statements have been published.

There has been no material adverse change in the prospects of the Parent Borrower since the date of its last published audited accounts.

THE ORIGINAL OPCO BORROWER

Introduction

The Original OpCo Borrower was incorporated in England and Wales on 24 July 2012 under registered number 8155302 as a private company with limited liability under the Companies Act 2006. The registered office of the Original OpCo Borrower is at Higher Hill Farm, Butleigh Hill, Glastonbury, Somerset BA6 8TW and its contact telephone number is 0203 206 7000. The Original OpCo Borrower holds the entire issued share capital of Higher Hill Farm (Solar Power) Ltd and Park Wood (Solar Power) Limited. These two subsidiaries hold no assets and are no longer involved in the business of the construction of solar parks or electricity generation. The entire share capital of the Original OpCo Borrower is held by the Parent Borrower.

Principal Activities

The principal objects of the Original OpCo Borrower are, amongst other things, to lend money and give credit, secured and unsecured, to borrow or raise money and secure the payment of money and to grant security over its property for the performance of its obligations or the payment of money. The Original OpCo Borrower was established for the purposes of operating the business of solar power production and entering into the Borrower Loan and certain related transactions described elsewhere in these Listing Particulars.

Directors and Secretary

The directors of the Original OpCo Borrower and their respective business addresses and other principal activities are:

Name	Business Address	Principal Activities
Angus Macdonald	Higher Hill Farm Butleigh Hill Glastonbury Somerset BA6 8TW	Landowner
Katherine Macdonald	Higher Hill Farm Butleigh Hill Glastonbury Somerset BA6 8TW	Actuary
Robert Randall	Sarnia House Le Truchot St. Peter Port Guernsey GY1 4NA	Financer

The Original OpCo Borrower does not have a company secretary.

Capitalisation Statement

The capitalisation of the Original OpCo Borrower as at the date of these Listing Particulars is as follows:

Share Capital

Issued Share Capital £	Value of each Share £	Share Fully Paid-up	Paid-up Share Capital £
17,418,872	1	17,418,872	17,418,872

All of the issued shares (being 17,418,872 shares of £1 each, each of which is fully paid-up) in the Original OpCo Borrower are held by the Parent Borrower.

It is envisaged, as set out in the "intra-group loans" part of the Transaction Overview Section, that the number of shares held by the Parent Borrower in the Original OpCo Borrower will increase (by way of an issuance of shares) as part of the process of novating the Subordinated Loans out of the Original OpCo Borrower on or prior to the Closing Date.

Financial Information

The Original OpCo Borrower will prepare annual reports and accounts. The Original OpCo Borrower's audited financial statements as at 30 September 2012 are set out in Annex I of these Listing Particulars.

There has been no significant change in the financial or trading position of the Original OpCo Borrower since 30 September 2012, being the end of the last financial period for which the following audited financial statements have been published.

There has been no material adverse change in the prospects of the Original OpCo Borrower since the date of its last published accounts.

DESCRIPTION OF THE NOTES

*The information set out below has been obtained from sources that the Issuer believes to be reliable and the Issuer accepts responsibility for correctly reproducing this information, but prospective investors are advised to make their own enquiries as to such procedures. In particular, such information is subject to any change in or reinterpretation of the rules, regulations and procedures of the Clearing Systems currently in effect, and investors wishing to use the facilities of any of the Clearing Systems are therefore advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. None of the Issuer, the Registrar, the Note Trustee, the Issuer Security Trustee, the Arranger, the **Bookrunner** or any party to the Agency Agreement will have any responsibility for the performance by the Clearing Systems or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations or for the sufficiency for any purpose of the arrangements described below.*

General

The Notes will be represented on issue by one or more Global Note Certificates in fully registered form without interest coupons. The Global Note Certificate will be deposited on the Closing Date with, and registered in the name of a common depository as nominee of Euroclear and Clearstream, Luxembourg (the "**Common Depository**"). The Global Note Certificate will be issued in minimum denominations of GBP 100,000 and integral multiples of GBP 10,000 in excess thereof.

Holding of Beneficial Interests in Global Note Certificates

Ownership of beneficial interests in respect of Global Note Certificate will be limited to persons that have accounts with Euroclear or Clearstream, Luxembourg ("**direct participants**") or persons that hold beneficial interests in the Global Note Certificate through participants ("**indirect participants**" and, together with direct participants, "**participants**"), including, as applicable, banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with Euroclear or Clearstream, Luxembourg either directly or indirectly. Indirect participants will also include persons that hold beneficial interests through such indirect participants. Beneficial interests in the Global Note Certificate will not be held in definitive form. Instead, Euroclear and Clearstream, Luxembourg, as applicable, will credit the participants' accounts with the respective interests beneficially owned by such participants on each of their respective book-entry registration and transfer systems. Ownership of beneficial interests in Global Note Certificate will be shown on, and transfers of beneficial interests therein will be effected only through, records maintained by Euroclear or Clearstream, Luxembourg (with respect to the interests of their participants) and on the records of participants or indirect participants (with respect to the interests of their participants). The laws of some jurisdictions or other applicable rules may require that certain purchasers of securities take physical delivery of such securities in definitive form. The foregoing limitations may therefore impair the ability of persons within such jurisdictions or otherwise subject to the laws thereof to own, transfer or pledge beneficial interests in the Global Note Certificate.

Except as set forth below under "*Issuance of Definitive Note Certificates*" below, participants or indirect participants will not be entitled to have Notes registered in their names, will not receive or be entitled to receive physical delivery of Notes in definitive registered form and will not be considered the holders thereof under the Trust Deed. Accordingly, each person holding a beneficial interest in a Global Note Certificate must rely on the rules and procedures of Euroclear or Clearstream, Luxembourg, as the case may be, and indirect participants must rely on the procedures of the participant or indirect participants through which such person owns its beneficial interest in the relevant Global Note Certificate to exercise any rights and obligations of a holder of Notes under the Trust Deed.

Unlike legal owners or holders of the Notes, holders of beneficial interests in the Global Note Certificate will not have the right under the Trust Deed to act upon solicitations by the Issuer of consents or requests by the Issuer for waivers or other actions from Noteholders. Instead, a holder of a beneficial interest in the Global Note Certificate will be permitted to act only to the extent it has received appropriate proxies to do so from Euroclear or Clearstream, Luxembourg and, if applicable, their participants. There can be no assurance that procedures implemented for the granting of such proxies will be sufficient to enable holders of beneficial interests in the Global Note Certificate to vote on any requested actions on a timely basis

Similarly, upon the occurrence of a Note Event of Default under the Notes, holders of beneficial interests in the Global Note Certificate will be restricted to acting through Euroclear and Clearstream, Luxembourg unless and until Definitive Note Certificates are issued in accordance with the Conditions. There can be no assurance that the procedures to be implemented by Euroclear, and Clearstream, Luxembourg under such circumstances will be adequate to ensure the timely exercise of remedies under the Trust Deed.

Luxembourg's respective book-entry registration and transfer systems.

For further information regarding the purchase of beneficial interests in the Global Notes Certificate, see "*Transfer Restrictions*" below.

Although Euroclear and Clearstream, Luxembourg have agreed to certain procedures to facilitate transfer of beneficial interests in the Global Note Certificate among account holders of Euroclear and Clearstream, Luxembourg, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, the Note Trustee, the Registrar, the Paying Agent or any of their respective agents will have any responsibility for the performance by Euroclear or Clearstream, Luxembourg or their respective participants or account holders of their respective obligations under the rules and procedures governing their operations.

Payments on Global Notes

Each payment of interest on and repayment of principal of the Notes shall be made in accordance with the Agency Agreement.

Payments of any amounts owing in respect of the Global Note Certificate will be made by the Issuer, in sterling, to the Common Depository for Euroclear or Clearstream, Luxembourg, or its nominee, which will distribute such payments to participants who hold beneficial interests in the Global Note Certificate in accordance with the procedures of Euroclear or Clearstream, Luxembourg.

Under the terms of the Trust Deed, the Issuer and the Note Trustee will treat the registered holders of the Global Note Certificate as the owner thereof for the purposes of receiving payments and for all other purposes.

Consequently, none of the Issuer, the Note Trustee or the Issuer Security Trustee or any agent of the Issuer or the Note Trustee has or will have any responsibility or liability for:

- (a) any aspect of the records of Euroclear and/or Clearstream, Luxembourg or any participant or indirect participant relating to or payments made on account of a beneficial interest in the Global Note Certificate or for maintaining, supervising or reviewing any of the records of Euroclear and/or Clearstream, Luxembourg or any participant or indirect participant relating to or payments made on account of a beneficial interest in the Global Note Certificate; or
- (b) Euroclear and/or Clearstream, Luxembourg or any participant or indirect participant.

The Note Trustee or the Issuer Security Trustee is entitled to rely on any certificate or other document issued by Euroclear and/or Clearstream, Luxembourg for determining the identity of the several persons who are for the time being the beneficial holders of any beneficial interest in the Global Note Certificate.

All such payments will be distributed without deduction or withholding for any taxes, duties, assessments or other governmental charges of whatever nature except as may be required by law. If any such deduction or withholding is required to be made, then neither the Issuer nor any other person will be obliged to pay additional amounts in respect thereof.

In accordance with the rules and procedures for the time being of Euroclear or, as the case may be, Clearstream, Luxembourg, after receipt of any payment by the Common Security Holder or its nominee, the respective systems will promptly credit their participants' accounts with payments in amounts proportionate to their respective ownership of beneficial interests in the Global Note Certificate as shown in the records of Euroclear or of Clearstream, Luxembourg. The Issuer expects that payments by participants to owners of beneficial interests in the Global Note Certificate held through such participants or indirect participants will be governed by standing customer instructions and customary practices, as is

now the case with the securities held for the accounts of customers registered in "street name" or in the names of nominees for such customers. Such payments will be the responsibility of such participants or indirect participants. None of the Issuer, the Note Trustee, the Issuer Security Trustee, the Registrar, the Paying Agent or any other agent of the Issuer, the Note Trustee, the Issuer Security Trustee or the Registrar will have any responsibility or liability for any aspect of the records of Euroclear or Clearstream, Luxembourg relating to or payments made by Euroclear or Clearstream, Luxembourg on account of a participant's ownership of beneficial interests in the Global Note Certificate or for maintaining, supervising or reviewing any records relating to a participant's ownership of beneficial interests in the Global Note Certificate.

Book-Entry Ownership

The Global Note Certificate will have an ISIN and a Common Code and will be registered in the name of and deposited with the Common Security Holder or its nominee, on behalf of Euroclear and Clearstream, Luxembourg.

Information Regarding Euroclear and Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg have informed the Issuer as follows:

Custodial and depository links have been established between Euroclear and Clearstream, Luxembourg to facilitate the initial issue of Global Note Certificate and secondary market trading of beneficial interests in the Global Note Certificate.

Euroclear and Clearstream, Luxembourg each hold securities for their customers and facilitate the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders. Euroclear and Clearstream, Luxembourg provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg also deal with domestic securities markets in several countries through established depository and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective participants may settle trades with each other.

Euroclear and Clearstream, Luxembourg customers are world-wide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear and Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system.

As Euroclear and Clearstream, Luxembourg act on behalf of their respective account holders only, who in turn may act on behalf of their respective clients, the ability of beneficial owners who are not account holders with Euroclear or Clearstream, Luxembourg to pledge interests in the Global Note Certificate, to persons or entities that are not account holders with Euroclear or Clearstream, Luxembourg, or otherwise take action in respect of interests in the Global Note Certificate may be limited.

The Issuer understands that under existing industry practices, if either the Issuer or the Note Trustee requests any action of owners of beneficial interests in the Global Note Certificate or if an owner of a beneficial interests in the Global Note Certificate desires to give instructions or take any action that a holder is entitled to give or take under the Trust Deed, Euroclear or Clearstream, Luxembourg, as the case may be, would authorise the direct participants owning the relevant beneficial interests to give instructions or take such action, and such direct participants would authorise indirect participants to give or take such action or would otherwise act upon the instructions of such indirect participants.

Transfer and Transfer Restrictions

All transfers of beneficial interests in the Global Note Certificate will be recorded in accordance with the bookentry systems maintained by Euroclear or Clearstream, Luxembourg, as applicable, pursuant to customary procedures established by each respective system and its participants.

Each Global Note Certificate will bear a legend substantially identical to that appearing in paragraph (f) under "*Transfer Restrictions*" below. Until and including the 40th day after the later of the commencement of the offering of the Notes and the closing date for the offering of the Notes (the "**Note Distribution Compliance Period**"), beneficial interests in the Global Note Certificate may be held only through Euroclear or Clearstream, Luxembourg.

Transfer of Global Note Certificates

The Global Note Certificate may be transferred by the Common Security Holder only to a successor Common Security Holder.

Issuance of Definitive Note Certificates

The Global Note Certificate will be exchanged for Definitive Note Certificates only if, 40 days or more after the Closing Date, any of the following circumstances apply:

- (a) either Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so and no alternative clearing system satisfactory to the Note Trustee is in existence; or
- (b) as a result of any amendment to, or change in, the laws or regulations of England and Wales or any other jurisdiction or any political sub-division thereof or of any authority therein or thereof having the power to tax, or in the interpretation or administration of such laws or regulations, which becomes effective on or after the Closing Date, the Issuer or any Paying Agent is or will be required to make any deduction or withholding from any payment in respect of the Notes which would not be required if the Notes were in definitive registered form.

If Definitive Notes Certificates are issued in accordance with the Trust Deed, the Book-Entry Interests represented by the Global Note Certificate shall be exchanged by the Issuer for Definitive Note Certificates. The aggregate principal amount of the Definitive Note Certificates to be issued will be equal to the aggregate Principal Amount Outstanding of the Global Note Certificate at the date on which notice of such issue of Definitive Note Certificates is given to the Noteholders, subject to and in accordance with these Conditions, the Agency Agreement, the Trust Deed and such Global Note Certificate. The Definitive Note Certificates will be issued in registered form only, in the initial denomination of GBP 100,000 and integral multiples of GBP 10,000 in excess thereof.

TERMS AND CONDITIONS OF THE NOTES

The following are the terms and conditions of the Notes which, subject to amendment and completion and except for the text in italics, will be endorsed on each Definitive Note Certificate (if issued).

The issue of GBP 40,000,000 in aggregate principal amount of Secured RPI-linked Notes due 2039 (the "**Notes**") has been authorised by a resolution dated on or about 9 November 2012 of Solar Financing 2012-1 plc (the "**Issuer**").

The Notes are constituted by, are subject to, and have the benefit of, a trust deed dated on or about 14 November 2012 (as amended or supplemented from time to time, the "**Trust Deed**") between the Issuer and U.S. Bank Trustees Limited in its capacity as note trustee (in such capacity, the "**Note Trustee**", which expression includes all persons for the time being appointed as note trustee for the holders of the Notes (the "**Noteholders**") under the Trust Deed).

These Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed. The additional agreements entered into in relation to the Notes include:

- (i) an agency agreement dated on or about 14 November 2012 (as amended or supplemented from time to time, the "**Agency Agreement**") between the Issuer, the Note Trustee and Elavon Financial Services Limited in its separate capacities as paying agent and calculation agent in respect of the Notes (the "**Paying Agent**" and "**Calculation Agent**", respectively, which expressions shall include any successor paying agents or calculation agents, as the case may be, appointed from time to time in connection with the Notes), and Elavon Financial Services Limited, in its capacity as registrar (the "**Registrar**", which expression shall include any successor registrar appointed from time to time in connection with the Notes);
- (ii) the deed of charge dated on or about 14 November 2012 (as amended or supplemented from time to time, the "**Issuer Deed of Charge**") between, among others, the Issuer, the Note Trustee and U.S. Bank Trustees Limited as security trustee (the "**Issuer Security Trustee**", which expression includes any successor security trustee appointed from time to time as security trustee for the holders of the Notes under the Issuer Deed of Charge);
- (iii) the cash management agreement dated on or about 14 November 2012 (as amended or supplemented from time to time, the "**Issuer Cash Management Agreement**") between, among others, the Issuer, Elavon Financial Services Limited as issuer cash manager (the "**Issuer Cash Manager**", which expression includes any successor issuer cash manager appointed from time to time as issuer cash manager under the Issuer Cash Management Agreement) the Note Trustee, the Issuer Security Trustee and the Calculation Agent.

The Noteholders are bound by, and are deemed to have notice of, all the provisions of the Trust Deed, the Issuer Deed of Charge, the Issuer Cash Management Agreement, the Agency Agreement, the Corporate Services Agreement, the Subscription Agreement, Master Definitions Schedule and the Direct Agreements (the "**Issuer Transaction Documents**"). Copies of the Issuer Transaction Documents are available for inspection during normal business hours at the Specified Offices of the Paying Agent.

1. DEFINITIONS

For the purposes of these Conditions words used but not defined in these Conditions are as defined in the Master Definitions Schedule signed for the purposes of identification by, among others, the Issuer, the Note Trustee, the Issuer Security Trustee, the Paying Agent, the Calculation Agent and the Registrar on or about the Closing Date (the "**Master Definitions Schedule**").

2. FORM, DENOMINATION AND TITLE

(a) Form and Denomination

The Notes are in registered form in nominal denominations of GBP 100,000 and integral multiples of GBP 10,000 in excess thereof (each nominal denomination, a "**Nominal Holding**" and each other denomination, an "**Authorised Holding**").

Upon issue, the Notes will be represented by the Global Note Certificate (as defined below). The Conditions are modified by certain provisions contained in the Global Note Certificate.

(b) Title

Title to the Notes will pass by transfer and registration in the Notes Register as described in Condition 3 (*Registration and Transfer*). The holder of any Note will (except as otherwise required by law or as ordered by a court of competent jurisdiction) be treated as its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or any other interest in it, any writing thereon by any person (other than a duly executed transfer thereof in the form endorsed thereon) or any notice of any previous theft or loss thereof; and no person will be liable for so treating the holder.

In these Conditions: "**person**" means any individual, company, corporation, firm, partnership, joint venture, association, unincorporated organisation, trust or other judicial entity, including, without limitation, any state or agency of a state or other entity, whether or not having separate legal personality; and "**Noteholder**" or "**holder**" means the person in whose name a Note is for the time being registered in the Notes Register (or, in the case of joint holders, the first named thereof) and the terms "**holders**" and "**Noteholders**" shall be construed accordingly.

*The "**Global Note Certificate**" will be in registered form with a minimum denomination of GBP 100,000 and integral multiples of GBP 10,000 in excess thereof. The Global Note Certificate will be deposited with, and registered in the name of a common depositary for Euroclear Bank S.A./N.V. ("**Euroclear**") and Clearstream Banking, société anonyme ("**Clearstream**") (together, the "**Clearing Systems**" and such common depositary being the "**Common Depositary**").*

Ownership of beneficial interests in the Global Note Certificate will be limited to persons that have accounts with Euroclear or Clearstream or persons that may hold interests through such participants. Beneficial interests in the Global Note Certificate will be shown on, and transfers thereof will be effected through, records maintained in book-entry form by Euroclear, Clearstream and their participants as applicable.

The Global Note Certificate will be exchanged for Definitive Note Certificates only if, 40 days or more after the Closing Date, any of the following circumstances apply:

- (i) *either Euroclear or Clearstream is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so and no alternative clearing system satisfactory to the Note Trustee is in existence; or*
- (ii) *as a result of any amendment to, or change in, the laws or regulations of England and Wales or any other jurisdiction or any political sub-division thereof or of any authority therein or thereof having the power to tax, or in the interpretation or administration of such laws or regulations, which becomes effective on or after the Closing Date, the Issuer or the Paying Agent is or will be required to make any deduction or withholding from any payment in respect of the Notes which would not be required if the Notes were in definitive registered form.*

If Definitive Notes Certificates are issued in accordance with the Trust Deed, the Book-Entry Interests represented by the Global Note Certificate shall be exchanged by the Issuer for Definitive Note Certificates. The aggregate principal amount of the Definitive Note Certificates to be issued will be equal to the aggregate Outstanding Principal Amount of the Global Note Certificate at the date on which notice of such issue of Definitive Note Certificates is given to the Noteholders, subject to and in accordance with these Conditions, the Agency Agreement, the Trust Deed and the Global Note Certificate. The Definitive Note Certificates will be issued in registered form only, in the initial denomination of GBP 100,000 and integral multiples of GBP 10,000 in excess thereof.

(c) **Definitive Form**

Notes in definitive, fully registered form (each a "**Definitive Note Certificate**") in respect of a Noteholder's registered holding of Notes will be numbered serially with an identifying number which will be recorded on the relevant Definitive Note Certificate and in the register of Noteholders (the "**Notes Register**") which the Issuer will procure to be kept by the Registrar.

(d) **Third party rights**

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999 but this shall not affect any right or remedy that exists or is available apart from such Act.

3. **REGISTRATION AND TRANSFER**

(a) **Registration**

The Issuer will cause the Notes Register to be kept at the Specified Office of the Registrar and in accordance with the terms of the Agency Agreement in which will be entered the names and addresses of the holders of the Notes and the particulars of the Notes held by them and all transfers and redemptions of the Notes. Each Noteholder shall be entitled to receive only one Definitive Note Certificate in respect of its entire holding of Notes.

(b) **Transfer**

Each Note may, subject to the terms of the Agency Agreement and to Conditions 3(c) (*Formalities Free of Charge*), 3(d) (*Closed Periods*) and 3(e) (*Regulations Concerning Transfer and Registration*), be transferred in whole (but not in part) by lodging the relevant Definitive Note Certificate (with the endorsed form of application for transfer in respect thereof duly completed and signed by the holder or his attorney duly authorised in writing, or duly stamped where applicable) at the Specified Office of the Registrar or any Paying Agent. A Note may be registered only in the name of, and transferred only to, a named person or persons. No transfer of a Note will be valid unless and until entered on the Notes Register.

Transfers of beneficial interests in the Notes evidenced by the Global Note Certificate will be effected in accordance with the rules of the relevant clearing systems.

The Registrar will within five Business Days of any duly completed and signed application for the transfer of a Note, register the transfer in the Notes Register and make available for collection a new Definitive Note Certificate to the transferee at the Specified Office of the Registrar, or (at the risk and, if mailed at the request of the transferee or, as the case may be, the transferor otherwise than by ordinary mail, at the expense of the transferee or, as the case may be, the transferor) mail the Definitive Note Certificate by uninsured mail to such address as the transferee or, as the case may be, the transferor may request.

(c) **Formalities Free of Charge**

Such transfer will be effected without charge subject to (i) the person making such application for transfer paying or procuring the payment of any taxes, duties and other governmental charges in connection therewith, (ii) the Registrar being satisfied with the documents of title and/or identity of the person making the application and (iii) such reasonable regulations as the Issuer may from time to time agree with the Registrar and the Note Trustee.

(d) **Closed Periods**

Neither the Issuer nor the Registrar will be required to register the transfer of any Note during the period of one Business Day immediately prior to the due date for any payment of principal or interest in respect of the Notes.

(e) **Regulations Concerning Transfer and Registration**

All transfers of Notes and entries on the Notes Register will be made subject to the detailed regulations concerning transfer of Notes (the "**Transfer Regulations**") scheduled to the Trust Deed. The regulations may be changed by the Issuer to reflect changes in legal requirements or in any other manner which is not prejudicial to the interests of Noteholders with the prior approval of the Registrar and the Note Trustee (such approval not to be unreasonably withheld or delayed).

(f) **Authorised Holdings**

No Note may be transferred unless the nominal principal amount (as at the Closing Date) of Notes transferred and (where not all of the Notes held by a holder are being transferred) the nominal principal amount (as at the Closing Date) of the balance of the Notes retained are Authorised Holdings.

4. **STATUS AND SECURITY**

(a) **Status**

The Notes constitute direct, unconditional, unsubordinated and secured obligations of the Issuer. The Notes will, at all times, rank pari passu among themselves, at least pari passu in right of payment with all other present and future unsubordinated obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

(b) **Transaction Security**

The Issuer Secured Obligations are secured in favour of the Issuer Security Trustee on trust for the benefit of the Noteholders and the other Issuer Secured Creditors upon and subject to the terms and conditions of the Issuer Deed of Charge. The Noteholders and the other Issuer Secured Creditors will share in the benefit of the security constituted by or pursuant to the Issuer Deed of Charge, upon and subject to the terms and conditions of the Issuer Deed of Charge.

(c) **Issuer Security Trustee**

Pursuant to the terms of the Issuer Deed of Charge, the Issuer Security Trustee is exempted from any liability in respect of the performance of, any loss or theft or reduction in the value of the Issuer Charged Property, from any obligation to insure the Issuer Charged Property and from any claim arising if and to the extent that any Issuer Charged Property are held in a Clearing System or in safe custody by a bank or custodian. The Issuer Security Trustee has no responsibility for the management, administration or evaluation of the Issuer Charged Property by any party or to supervise the administration of the Issuer Charged Property by any party and is entitled to rely on the certificates or

notices of any relevant party without further enquiry. The Issuer Deed of Charge also provides that the Issuer Security Trustee shall accept, without further investigation, requisition or objection to, such right, benefit, title and interest, if any, as the Issuer may have in and to any of the Issuer Charged Property and is not bound to make any investigation into the same or into the Issuer Charged Property in any respect. The Issuer Security Trustee has no responsibility for any failure, omission or defect in registering or filing or procuring registration or filing of or otherwise protecting or perfecting the Issuer Transaction Security or any of it. The Issuer Security Trustee has no responsibility for the value, sufficiency or enforceability of any of the Issuer Charged Property or the Issuer Transaction Security created in respect thereof.

(d) **Application of Proceeds upon Enforcement**

The Issuer Deed of Charge provides that the net proceeds of realisation of, or enforcement with respect to the Issuer Transaction Security over, the Issuer Charged Property shall be applied in accordance with Schedule 4 to the Issuer Deed of Charge.

5. **UNDERTAKINGS**

So long as any Note is outstanding (as defined in the Master Definitions Schedule), the Issuer shall perform the obligations set out below:

Authorisations and Compliance with Laws

(a) **Maintenance of Authorisations**

The Issuer shall continue and maintain all registrations, recordings, filings, consents, approvals and authorisations, which may at any time be required to be obtained or made in any relevant jurisdiction for the purposes of (i) the execution, delivery validity and (subject to the Legal Reservations) the enforceability or performance by the Issuer of the Issuer Transaction Documents; and (ii) carrying on its business.

(b) **Compliance**

The Issuer shall comply in all respects with all laws to which it may be subject.

(c) **Variation of Constitutional Documents**

The Issuer will not effect any amendment or variation to its constitutional documents to the extent that doing so could reasonably be expected to materially and adversely affect the interests of the Noteholders under the Issuer Transaction Documents.

(d) **Further Acts**

So far as permitted by law, the Issuer shall at all times execute all such further documents and do all such further acts and things as may be necessary at any time or times in the opinion of the Note Trustee or the Issuer Security Trustee to give effect to the Issuer Transaction Documents.

(e) **Tax**

The Issuer shall pay and discharge any Tax imposed upon it or its assets within the time period allowed.

(f) **Books and Records**

The Issuer shall (i) maintain all proper records and books of account as are required by law and as are necessary to give a true and fair view of the state of its affairs and to explain its transactions; and (ii) so far as permitted by applicable law, allow the Note Trustee, its professional advisors and anyone appointed by it to whom the Issuer has no

reasonable objection, access to its books of accounts at all reasonable times during normal business hours upon reasonable notice provided that such right of access shall be subject to any limitations imposed on the Issuer by law, any duty of secrecy or confidentiality, or governmental authority.

Restrictions on Business

(g) **Mergers**

The Issuer shall not amalgamate, merge, demerge or consolidate with or into any other person or undertake any corporate reorganisation or other reorganisation.

(h) **Change of Business**

The Issuer shall not make any change to the general nature of its business, trade or ordinary activities as they are conducted on the Closing Date, in the case of the Issuer.

(i) **Acquisitions and Investment**

The Issuer shall not acquire a company or any shares or securities or a business or undertaking (or, in each case, any interest in any of them) or incorporate a company.

Restrictions on Dealing with Assets and Securities

(j) **Negative Pledge**

The Issuer shall not create or permit to subsist any Security Interest upon the whole or any part of its present or future undertaking, assets or revenues (including uncalled capital) other than the Issuer Transaction Security.

(k) **Pari Passu Ranking**

The Issuer shall ensure that its obligations under the Notes at all times rank at least pari passu in right of payment with all its present and future unsubordinated obligations, except for obligations mandatorily preferred by law.

(l) **Joint Ventures**

The Issuer shall not enter into or permit to subsist any joint venture, partnership or similar arrangement with any person.

(m) **Disposals**

The Issuer shall not enter into a single transaction or a series of transactions (whether related or not) and whether voluntary or involuntary to sell, lease, licence, transfer or otherwise dispose of any asset.

(n) **Register**

The Issuer shall deliver or procure the delivery to the Note Trustee of an up-to-date copy of the Notes Register, certified as being true, accurate and complete copies, at such times as the Note Trustee may reasonably require (it being deemed reasonable for the Note Trustee to require such updates at least twice per calendar year).

(o) **Information**

The Issuer shall give or procure to be given to the Note Trustee and the Issuer Security Trustee such opinions, certificates, information and evidence and afford the Note Trustee and the Issuer Security Trustee such facilities as the Note Trustee and the Issuer Security Trustee shall require and in such form as the Note Trustee and the Issuer Security Trustee shall reasonably require for the purpose of the discharge or exercise of the duties, trusts,

powers, authorities and discretions vested in it under the Trust Deed or the Issuer Deed of Charge or by operation of law.

(p) **Compliance with the Issuer Transaction Documents**

The Issuer will observe and comply with the obligations contained in and take all reasonable steps to preserve and enforce its rights under the Issuer Transaction Documents. The Note Trustee shall be entitled to enforce the obligations of the Issuer under the Trust Deed (including the Conditions) and the Notes as if the same were contained in the Trust Deed which shall be read and construed as one document with the Notes.

Restrictions on Movement of Cash

(q) **Incurrence of Indebtedness**

The Issuer shall not incur or allow to remain outstanding any Financial Indebtedness, other than Financial Indebtedness incurred under or in accordance with the Issuer Transaction Documents.

(r) **Dividends**

The Issuer shall not declare or make any Dividend.

(s) **Loans or credit**

The Issuer shall not be a creditor in respect of any Indebtedness other than in the case of the Borrower Loan.

(t) **No Guarantees or indemnities**

The Issuer shall not incur or allow to remain outstanding any guarantee in respect of any obligation of any person.

(u) **Hedging transactions**

The Issuer shall not enter into any derivative transaction in connection with protection against or benefit from fluctuation in any rate or price.

Miscellaneous

(v) **Change in Agents**

The Issuer shall give at least 14 days' prior notice to the Noteholders of any change by an Agent of its Specified Office or of any future appointment, resignation or removal of an Agent and not make any such appointment or removal without notifying the Note Trustee in advance.

6. **INTEREST**

(a) **Note Interest Payment Dates**

The Notes shall bear interest from the Closing Date and such interest will be payable semi-annually in arrear on 22 January and 22 July in each year, commencing on 22 January, 2013 (each a "**Note Interest Payment Date**"). If any Note Interest Payment Date would otherwise fall on a day which is not a Business Day, it shall be postponed to the next day which is a Business Day.

The period beginning on (and including) the Closing Date and ending on (but excluding) the first Note Interest Payment Date and each successive period thereafter, beginning on

(and including) a Note Interest Payment Date and ending on (but excluding) the next succeeding Note Interest Payment Date is called a "**Note Interest Period**".

Interest shall accrue on the Notes at the Rate of Interest, on the basis of the actual number of days in each Note Interest Period and a year of 365 days (or 366 days if the relevant Note Interest Period expires during a leap year). All interest payments will be subject to indexation in accordance with Condition 7.

(b) **Rate of Interest**

The rate of interest in respect of the Notes (the "**Rate of Interest**") for each Note Interest Period shall be 3.61 per cent per annum.

(c) **Default Interest**

(i) If any sum due and payable by the Issuer hereunder is not paid on the due date therefor in accordance with the provisions of Condition 7 (Payments) or if any sum due and payable by the Issuer under any judgment of any court in connection herewith is not paid on the date of such judgment, the period beginning on such due date or, as the case may be, the date of such judgment and ending on the date upon which the obligation of the Issuer to pay such sum (the balance thereof for the time being unpaid being herein referred to as an "unpaid sum") is discharged shall be divided into successive periods, each of which, other than the first, shall start on the last day of the preceding such period and the duration of each of which shall, except as otherwise provided in this Condition 6(c)(i) (Default Interest), be selected by the Note Trustee, but shall in any event not be longer than one month.

(ii) During each such period relating thereto as is mentioned in Condition 6(c)(i) above, an unpaid sum shall bear interest at a rate of 1.25%

(iii) Any interest which shall have accrued under Condition 6(c)(ii), above, in respect of an unpaid sum shall be due and payable and shall be paid by the Issuer at the end of the period by reference to which it is calculated or on such other dates as the Note Trustee may specify by written notice to the Issuer.

(d) **Cessation of Interest**

Each Note will cease to bear interest from the due date for final redemption unless, upon due surrender of the relevant Note, payment of principal is improperly withheld or refused. In such case it will continue to bear interest at such rate (after as well as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Paying Agent or the Note Trustee has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment) in accordance with Condition 6(c) (*Default Interest*).

(e) **Role of Calculation Agent**

The Calculation Agent is required, pursuant to the terms of the Agency Agreement, to determine the amount of interest accruing on the Notes, from time to time.

7. **PAYMENTS AND INDEXATION**

(a) **Principal**

Payment of principal in respect of each Note will be made to the person shown as holder in the Notes Register at the close of business on the Record Date and subject to the

surrender (or, in the case of part payment only, endorsement on) of the relevant Definitive Note Certificate at the Specified Office of the Registrar or of the Paying Agent.

Payments in respect of the Global Note Certificates will be paid in sterling to holders of interests in such Notes who hold such interests through Euroclear and/or Clearstream, Luxembourg (the “Clearing System Holders”).

A Clearing System Holder shall receive payments in respect of its interest in any Global Note Certificates in accordance with Euroclear’s or, as the case may be, Clearstream, Luxembourg’s rules and procedures. None of the persons from time to time shown in the records of Euroclear or Clearstream Luxembourg as the holder of a Note shall have any claim directly against the Issuer or the Note Trustee in respect of payments due on such Note whilst such Note is represented by a Global Note Certificate and the Issuer or the Note Trustee, as the case may be, shall be discharged by payment of the relevant amount to the registered holder of the relevant Global Note.

(b) **Interest**

Payments of interest in respect of each Note will be made to the person shown as holder in the Notes Register at close of business on the Record Date.

(c) **Record Date**

“**Record Date**” means one Business Day before the due date for the relevant payment.

(d) **Indexation**

Each payment of interest and principal in respect of the Notes shall be in an amount determined by the Calculation Agent pursuant to Conditions 6 or 8, as the case may be, multiplied by the Index Ratio applicable to the month on which the relevant amount is due to be paid, rounded to the nearest one hundred thousandth of a percentage point (with halves being rounded upwards).

(e) **Payments**

Each payment in respect of the Notes pursuant to Conditions 6 and 8 will be made by transfer to a sterling account maintained by the holder of the relevant Note with a bank in London, as notified by the holder to the Specified Office of the Paying Agent not less than one Business Day before the due date for any payment in respect of a Note. The Paying Agent will be entitled, at any time, to rely on the most recent such notification by the relevant holder. However, in the absence of any notification, payment may be made by cheque drawn on branch of a bank in London and mailed to such holder at its address appearing in the Notes Register.

Where payment is to be made by transfer to a sterling account, payment instructions (for value the due date, or, if the due date is not a Business Day, for value the next succeeding Business Day) will be initiated, in the case of principal, on the later of the due date for payment and the day on which the relevant Definitive Note Certificate is surrendered (or, in the case of part payment only, endorsed) and, in the case of interest and other amounts on the due date for payment.

Where payment is to be made by cheque, the cheque will be mailed, on the Business Day preceding the due date for payment or, in the case of payments referred to in Condition 8, on the Business Day on which the relevant Definitive Note Certificate is surrendered (or endorsed as the case may be) as specified in Condition 8 (at the risk and, if mailed at the request of the holder otherwise than by ordinary mail, expense of the holder).

Payments in respect of a Note represented by the Global Note Certificate will be made by transfer to a sterling account maintained by the holder thereof with a bank in London. Payment instructions will be initiated, in the case of principal, on the later of the due date

for payment and the day on which the Global Note Certificate is surrendered (or endorsed, as applicable) and, in the case of interest and other amounts, on the due date for payment.

(f) **Determination of Index Ratio**

The Calculation Agent will, under and in accordance with the Agency Agreement and as soon as practicable after 11.00 a.m. (London time) on each Calculation Date, determine the Index Ratio.

For these purposes:

The "**Index Ratio**" applicable to any Note Interest Payment Date, will be the Index Figure applicable to the Calculation Date for such Note Interest Payment Date, divided by the Base Index Figure.

Where:

"**Calculation Date**" means, in respect of any Note Interest Payment Date, the date falling three Business Days prior to the Loan Interest Payment Date (as defined in the Borrower Loan Agreement) immediately preceding such Note Interest Payment Date.

"**Base Index Figure**" means, subject to Condition 7(h), 243.52000 if closing takes place on 14 November 2012 otherwise, it will be the figure shown in the first Investor Report.

"**Index**" or "**Index Figure**" means, in relation to any relevant calculation month (as defined in Condition 7(h)(ii)), subject as provided in Condition 7(h)(i) below, the U.K. Retail Price Index (RPI) (for all items) published by the Office for National Statistics (January 1987 = 100) or any comparable index which may replace the U.K. Retail Price Index for the purpose of calculating the amount payable on repayment of the Reference Gilt.

The **Index Figure** applicable to a particular Calculation Date shall, subject as provided in Condition 7(h) and Condition 7(j), be determined in accordance with the following formula:

$$IFA = RPI_{m-3} + \frac{(Day\ of\ Calculation\ Date - 1)}{(Days\ in\ month\ of\ Calculation\ Date)} \times (RPI_{m-2} - RPI_{m-3})$$

and rounded to the nearest fifth decimal place.

"**IFA**" means the Index Figure for the applicable Calculation Date.

"**RPI_{m-3}**" means the Index Figure for the first day of the calendar month that is three months prior to the calendar month in which the applicable Calculation Date falls;

"**RPI_{m-2}**" means the Index Figure for the first day of the calendar month that is two months prior to the calendar month in which the Calculation Date falls;

"**Reference Gilt**" has the meaning given to that term in Condition 8.

(g) **Application of Index Ratio**

Promptly upon determining the Index Ratio, the Calculation Agent shall calculate the amount of interest and principal payable on each Nominal Holding (the "**Nominal**

Interest Amount" and **"Nominal Principal Amount"**, respectively) for the relevant Note Interest Period.

The Nominal Interest Amount for each Note Interest Period shall be calculated by applying the Rate of Interest to the Outstanding Principal Amount of one Nominal Holding and multiplying such product by (i) the actual number of days in the Note Interest Period concerned divided by 365 (or 366 if the relevant Note Interest Payment Date falls in a leap year) and (ii) the Index Ratio for the next Note Interest Payment Date.

If a Nominal Interest Amount is required to be calculated for any period other than a Note Interest Period, it shall be calculated by applying the Rate of Interest to the Outstanding Principal Amount of one Nominal Holding and multiplying such product by (i) the actual number of days for which interest is to be paid, divided by 365 (or 366 if such period expires in a leap year) and (ii) the Index Ratio for the next Note Interest Payment Date.

The Nominal Principal Amount due at any time shall be calculated by multiplying (i) the amount of principal due in respect of one Nominal Holding under Condition 8 by (ii) the Index Ratio for the next Note Interest Payment Date.

Any result of a calculation of Nominal Interest Amount and Nominal Principal Amount shall be rounded to four decimal places (with the fifth decimal being rounded upwards).

The determination of the Index Ratio, the Nominal Interest Amount and the Nominal Principal Amount by the Calculation Agent shall (in the absence of manifest error) be final and binding upon all parties.

(h) **Changes in Circumstances Affecting the Index**

(i) If at any time and from time to time the Index is changed by the substitution of a new base therefor, then with effect from the month from and including that in which such substitution takes effect or the first date from and including that on which such substitution takes effect, as the case may be, (1) the definition of "Index" and "Index Figure" in Condition 7(f) shall be deemed to refer to the new date or month in substitution for January 1987 (or, as the case may be, to such other date or month as may have been substituted therefor), and (2) the new Base Index Figure shall be the product of the existing Base Index Figure and the Index Figure for the date on which such substitution takes effect, divided by the Index Figure for the date immediately preceding the date on which such substitution takes effect.

(ii) If the Index Figure relating to any month (the "**calculation month**") which is required to be taken into account for the purposes of the determination of the Index Figure for any Note Interest Payment Date is not published on or before the fourteenth Business Day before the Note Interest Payment Date on which such payment is due (the "**date for payment**"), the Index Figure applicable for the relevant calculation month shall be (1) such substitute index figure (if any) as the Controlling Party (acting solely on the advice of the Indexation Adviser) to have been published by the United Kingdom Debt Management Office or the Bank of England, as the case may be, for the purposes of indexation of payments on the Reference Gilt or, failing such publication, on any one or more issues of index-linked Treasury Stock selected by an Indexation Adviser (and approved by the Controlling Party, (acting solely on the advice of the Indexation Adviser)) provided that, in all cases, such substitute index figure has been approved by the Parent Borrower or (2) if no such determination is made by such Indexation Adviser within seven days, the Index Figure last published (or, if later, the substitute index figure last determined pursuant to Condition 7(h)(i)) before the date for payment.

For these purposes:

The "**Controlling Party**" means either:

- (a) the then current Noteholder Representative, if one has been appointed; or
- (b) if a Noteholder Representative has not been appointed, the Facility Agent, acting on the instructions of the Note Trustee (acting upon the instructions of the Noteholders, further to the Facility Agent's request for direction).

The "**Indexation Adviser**" means any gilt-edged market maker or other adviser appointed by the Controlling Party under the Borrower Loan Agreement, provided that the identity of the Indexation Adviser has been approved by the Parent Borrower.

- (iii) If any of the provisions in Condition 7(h)(i) or (ii) apply, the Controlling Party will be entitled to appoint an Indexation Adviser.

(i) **Application of Changes in Circumstances Affecting the Index**

- (i) Where the provisions of Condition 7(h) apply, the determination of the Indexation Adviser as to the Index Figure applicable to the month in which the date for payment falls or the date for payment, as the case may be, shall be, in the absence of manifest error, conclusive and binding. If, an Index Figure having been applied pursuant to Condition 7(h)(ii), the Index Figure relating to the relevant month or relevant calculation month, as the case may be, is subsequently published while the Notes remain outstanding, then:

- (A) in relation to a payment of principal or interest in respect of the Notes other than upon final redemption of the Notes, the principal or interest (as the case may be) next payable after the date of such subsequent publication shall be increased or reduced, as the case may be, by an amount equal to the shortfall or excess, as the case may be, of the amount of the relevant payment made on the basis of the Index Figure applicable by virtue of Condition 7(h)(ii) below or above the amount of the relevant payment that would have been due if the Index Figure subsequently published had been published on or before the fourteenth business day before the date for payment; and
- (B) in relation to a payment of principal or interest upon final repayment, no subsequent adjustment to amounts paid will be made.

(j) **Cessation of or Fundamental Changes to the Index**

- (i) If (1) the Index has ceased to be published or (2) any change is made to the coverage or the calculation of the Index which constitutes a fundamental change which would, in the reasonable opinion of the Controlling Party (acting solely on the advice of the Indexation Adviser) be materially prejudicial to the interests of the Issuer, the Facility Agent will be required pursuant to the terms of the Borrower Loan Agreement, to give written notice of such occurrence to the Issuer, and the Parent Borrower and the Controlling Party (acting solely on the advice of the Indexation Adviser) together shall seek to agree for the purpose of the Borrower Loan and the Notes one or more adjustments to the Index or a substitute index (with or without adjustments) with the intention that the same should leave Issuer in no better and no worse position than it would have been had the Index not ceased to be published or the relevant fundamental change not been made.

- (ii) If the Parent Borrower and the Controlling Party (acting solely on the advice of the Indexation Adviser) fail to reach agreement as mentioned above within 20 Business Days following the giving of notice as mentioned in Condition 7(j)(i), a bank or other person in London shall be appointed by the Parent Borrower and the Facility Agent under the terms of the Borrower Loan Agreement or, failing agreement on and the making of such appointment within 20 Business Days following the expiry of the initial 20 Business Day period referred to above, by the Controlling Party (acting solely on the advice of the Indexation Adviser) (in each case, such bank or other person so appointed being referred to as the "**Expert**"), to determine for the purpose of the Borrower Loan and Notes one or more adjustments to the Index or a substitute index (with or without adjustments) with the intention that the same should leave the Issuer in no better and no worse position than it would have been had the Index not ceased to be published or the relevant fundamental change not been made. Any Expert so appointed shall act as an expert and not as an arbitrator and all reasonable fees, costs and expenses of the Expert and of any Indexation Adviser and of any of the Issuer and the Facility Agent in connection with such appointment shall be borne by the Issuer, unless the same have been paid by the Parent Borrower.
- (iii) If the Index is adjusted or replaced by a substitute index as agreed by the Parent Borrower and the Controlling Party (acting solely on the advice of the Indexation Adviser) or as determined by the Expert pursuant to the foregoing paragraphs, as the case may be, and references in these Conditions to the Index and to any Index Figure shall be deemed amended in such manner as the Calculation Agent or, if a Noteholder Representative has been appointed, the Noteholder Representative, (acting solely on the advice of the Indexation Adviser) and the Issuer agree are appropriate to give effect to such adjustment or replacement. Such amendments shall be effective from the date of such notification and binding upon the Issuer, the Calculation Agent and the other Finance Parties.
- (iv) If any of the provisions of Condition 7(j)(i) apply, the Controlling Party will be entitled to appoint an Indexation Adviser, provided that the identity of the Indexation Adviser has been approved by the Parent Borrower.

(k) **Publication of Nominal Interest Amount and Nominal Principal Amount**

The Calculation Agent will cause the Index Ratio, Nominal Interest Amount and Nominal Principal Amount for each Note Interest Period and the relevant Note Interest Payment Date to be notified to the Note Trustee, the Issuer Cash Manager and the Noteholders as soon as possible after their determination but in no event later than the second Business Day thereafter in accordance with Condition 15, in the case of the Noteholders. The Nominal Interest Amount so published may subsequently be amended (or appropriate alternative arrangements made (with the consent of the Note Trustee) by way of adjustment) without notice in the event of an extension or shortening of the relevant Note Interest Period. If the Notes become due and payable, the Index Ratio, principal and accrued interest payable in respect of the Notes shall nevertheless continue to be calculated as previously by the Calculation Agent in accordance with this Condition but no publication of the Nominal Interest Amount so calculated need be made unless the Note Trustee requires otherwise.

(l) **Determination by Note Trustee**

If the Calculation Agent does not at any time for any reason so determine the Index Ratio or calculate the Nominal Interest Amount for a Note Interest Period or the Nominal Principal Amount for a Note Interest Payment Date, the Note Trustee (or a person appointed by it for the purpose) may, without liability therefor, do so and such determination or calculation shall be deemed to have been made by the Calculation Agent. In doing so, the Note Trustee, or such person appointed by it, shall apply the

foregoing provisions of this Condition, with any necessary consequential amendments, to the extent that, in its opinion, it can do so, and, in all other respects it shall do so in such manner as it shall deem fair and reasonable in all the circumstances. Any determination by the Note Trustee under this Condition, or person appointed by it, at the expense of the Issuer, for such purpose pursuant to this Condition, shall (in the absence of manifest error) be final and binding upon all parties and the Note Trustee shall have no liability to the Issuer or to Noteholders therefore.

(m) **Reference Banks and Calculation Agent**

The Issuer shall procure that, so long as any Notes are outstanding, there shall at all times be a Calculation Agent and Paying Agent for the purposes of the Notes. If the Calculation Agent or the Paying Agent is unable or unwilling to continue to act as the Calculation Agent or Paying Agent, or if the Calculation Agent fails duly to establish the Index Ratio for any Note Interest Period or to calculate the Nominal Interest Amount, the Issuer shall appoint a leading bank engaged in the London interbank market to act as such in its place. The Calculation Agent may not resign its duties without a successor having been so appointed.

(n) **Agents**

The names of the initial Paying Agent, Calculation Agent and Registrar and their Specified Offices are set out in the Agency Agreement. The Issuer reserves the right under the Agency Agreement, at any time by giving to the Paying Agent, Calculation Agent and the Registrar at least 60 days' prior written notice, which notice shall expire at least 30 days both before and after a due date for payment in respect of the Notes, to vary or terminate the appointment of the Paying Agent, the Calculation Agent or the Registrar and to appoint successor or additional Paying Agent, Calculation Agent or another Registrar, provided that it will at all times maintain:

- (i) a Paying Agent and Calculation Agent in London, United Kingdom; and
- (ii) a Registrar.

Notice of any such removal or appointment and of any change in the Specified Office of any Paying Agent, Calculation Agent or Registrar will be given to Noteholders in accordance with Condition 15 (Notices) as soon as practicable.

(o) **Payments Subject to Fiscal Laws**

All payments in respect of the Notes are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 9 (*Taxation*). No commissions or expenses shall be charged to the Noteholders in respect of such payments.

(p) **Delay in Payment**

Noteholders will not be entitled to any interest or other payment in respect of any delay in payment resulting from (i) the due date for payment not being a Business Day or (ii) a cheque mailed in accordance with this Condition 7 (*Payments*) arriving after the due date for payment or being lost in the mail.

8. **REDEMPTION**

(a) **Redemption at maturity**

Unless previously redeemed in full and cancelled as provided below, the Issuer will redeem the Notes on the Note Interest Payment Date falling in July 2039 (the "**Final Maturity Date**") at an amount equal to the aggregate Outstanding Principal Amount of

the Notes, plus accrued but unpaid interest thereon, multiplied by the Index Ratio for the Final Maturity Date (the "**Final Redemption Amount**").

(b) **Mandatory redemption**

(i) The Issuer shall, on each Note Interest Payment Date falling before the Final Maturity Date and any service of an Issuer Acceleration Notice (as defined in Condition 11(b)), redeem each Note in part, at a price equal to:

- (A) the Nominal Principal Amount; multiplied by
- (B) the original Outstanding Principal Amount of such Note; divided by
- (C) the Nominal Holding,

such redemption being a "**Mandatory Scheduled Redemption**".

For the purposes of determining the Nominal Principal Amount, the principal due in respect of each Nominal Holding under this Condition 8(b)(i) on each Note Interest Payment Date shall be as follows:

<i>Note Interest Payment Date</i>	<i>Principal Due (per Nominal Holding of £100,000)</i>
22-Jan-13	633.9052
22-Jul-13	1,542.1830
22-Jan-14	1,562.4216
22-Jul-14	1,582.9258
22-Jan-15	1,603.6992
22-Jul-15	1,624.7451
22-Jan-16	1,646.0672
22-Jul-16	1,667.6692
22-Jan-17	1,689.5546
22-Jul-17	1,711.7272
22-Jan-18	1,734.1909
22-Jul-18	1,756.9493
22-Jan-19	1,780.0064
22-Jul-19	1,803.3661
22-Jan-20	1,827.0323
22-Jul-20	1,851.0091
22-Jan-21	1,875.3006
22-Jul-21	1,899.9109
22-Jan-22	1,924.8441
22-Jul-22	1,950.1045
22-Jan-23	1,975.6965
22-Jul-23	2,001.6243
22-Jan-24	2,027.8923
22-Jul-24	2,054.5051
22-Jan-25	2,081.4671
22-Jul-25	2,108.7830
22-Jan-26	2,136.4573
22-Jul-26	2,164.4948
22-Jan-27	2,192.9003
22-Jul-27	2,221.6785
22-Jan-28	2,250.8344
22-Jul-28	2,280.3730
22-Jan-29	2,310.2991
22-Jul-29	2,340.6180

<i>Note Interest Payment Date</i>	<i>Principal Due (per Nominal Holding of £100,000)</i>
22-Jan-30	2,371.3348
22-Jul-30	2,402.4547
22-Jan-31	2,433.9830
22-Jul-31	2,465.9251
22-Jan-32	2,498.2863
22-Jul-32	2,531.0723
22-Jan-33	2,564.2885
22-Jul-33	2,597.9406
22-Jan-34	2,632.0343
22-Jul-34	2,666.5754
22-Jan-35	2,701.5699
22-Jul-35	2,737.0236
22-Jan-36	2,772.9426
22-Jul-36	2,809.3329

In respect of each Note, the principal due in respect of a Nominal Holding in accordance with the above, multiplied by the original Outstanding Principal Amount of such Note and divided by the Nominal Holding (such product being the scheduled principal due in respect of such Note) shall be a "**Scheduled Note Amortisation Amount**" and a "**Note Amortisation Amount**" for such Note.

- (ii) If the Borrowers notify the Issuer that they are electing to prepay the Borrower Loan pursuant to Clause 7.3 (*Voluntary Prepayment of Loans*) of the Borrower Loan Agreement (a "**Borrower Voluntary Prepayment**") or pursuant to Clause 7.4 (*Right of Replacement and Cancellation in Relation to the Lender*) thereof (a "**Borrower Elected Prepayment**") or if the Issuer notifies the Borrowers of a requirement to prepay pursuant to Clause 7.1 (*Illegality*) thereof (a "**Lender Elected Prepayment**"), then the Issuer must, promptly on receipt of such notice of prepayment, in the case of a Borrower Voluntary Prepayment or a Borrower Elected Prepayment, or the giving of such notice, in the case of a Lender Elected Prepayment, give notice to the relevant Noteholders in accordance with Condition 15 and to the Note Trustee and, within seven Business Days after receiving such prepayment, in the case of a Borrower Voluntary Prepayment or upon the next Note Interest Payment Date after receipt of such prepayment, in the case of a Borrower Elected Prepayment or a Lender Elected Prepayment, redeem each Note, at a price equal to:

- (A) the Nominal Principal Amount; multiplied by
- (B) the Redemption Percentage determined in accordance with Condition 8(c)(ii), in the case of a Borrower Voluntary Prepayment or, in any other case, one; multiplied by
- (C) the original Outstanding Principal Amount of such Note; divided by
- (D) the Nominal Holding,

such redemption being a "**Mandatory Prepayment Redemption**".

For the purposes of determining the Nominal Principal Amount, the principal due in respect of each Nominal Holding under this Condition 8(b)(ii) in respect of any prepayment by the Borrowers shall be the principal amount prepaid in respect of the Borrower Loan (excluding, for these purposes, any indexation in respect of such principal amount) multiplied by the Nominal Holding and divided by the aggregate original Outstanding Principal Amount of the Notes.

In respect of each Note, the principal due in respect of a Nominal Holding on prepayment of the Borrower Loan in accordance with the above, multiplied by the original Outstanding Principal Amount of such Note and divided by the Nominal Holding (such product being the principal due in respect of such Note on prepayment of the Borrower Loan) shall also be a "**Note Amortisation Amount**" for such Note.

- (iii) The Calculation Agent is required, pursuant to the Agency Agreement, to determine each Note Amortisation Amount for the purposes of this Condition 8(b).

(c) **Redemption at the Option of the Issuer**

- (i) On giving not more than 60 nor less than 30 days' notice to the relevant Noteholders in accordance with Condition 15 and to the Note Trustee and provided that (i) on or prior to the Note Interest Payment Date on which such notice expires, no Issuer Acceleration Notice has been served and (ii) the Issuer has, immediately prior to giving such notice, certified (in accordance with clause 7.14 of the Trust Deed) to the Note Trustee that it will have the necessary funds to pay all principal, premium (if any) and interest due in respect of the Notes on the relevant Note Interest Payment Date and to discharge all other amounts required to be paid by it on the relevant Note Interest Payment Date, the Issuer may redeem on any Note Interest Payment Date the whole or part of the Notes (and, in the case of any such partial redemption, such partial redemption must be, pro rata, of at least £100,000 in aggregate Outstanding Principal Amount of the Notes and such that the Outstanding Principal Amount of each Note to be redeemed is not a fraction of a penny) at a price equal to:

- (A) the Nominal Principal Amount; multiplied by,
- (B) the Redemption Percentage determined in accordance with Condition 8(c)(ii); multiplied by
- (C) the original Outstanding Principal Amount of such Note; divided by
- (D) the Nominal Holding,

such redemption being a "**Optional Issuer Redemption**".

For the purposes of determining the Nominal Principal Amount, the principal amount due in respect of each Nominal Holding under this Condition 8(c)(i) in respect of any prepayment of the Notes by the Issuer shall be the aggregate principal amount elected to be prepaid by the Issuer, multiplied by the Nominal Holding and divided by the aggregate original Outstanding Principal Amount of the Notes.

In respect of each Note, the Principal Amount due in respect of a Nominal Holding on prepayment by the Issuer in accordance with the above, multiplied by the original Outstanding Principal Amount of such Note and divided by the Nominal Holding (such product being the principal amount due in respect of such Note on prepayment by the Issuer) shall also be a "**Note Amortisation Amount**" for such Note.

- (ii) In respect of each Mandatory Prepayment Redemption and Optional Issuer Redemption, the Calculation Agent will determine the Redemption Percentage (rounding the resulting figure to four decimal places, with the fifth decimal being rounded upwards) in accordance with the following definitions:

"**Redemption Percentage**" means, in respect of the Notes, the greater of:

- (A) 100 per cent.; and
- (B) that price (as reported in writing by the Indexation Advisor) expressed as a percentage (and rounded, if necessary, to three decimal places (0.0005 being rounded upwards)) at which the Gross Prepayment Yield on the relevant Notes on the Relevant Date is equal to the Redemption Rate on the Relevant Date.

"**Gross Redemption Yield**" means a yield calculated on the basis indicated by the United Kingdom Debt Management Office in the paper "Formulae for Calculating Gilt Prices from Yields", page 5, Section One: Price/Yield Formulae" Conventional Gilts; Double-dated and Undated Gilts with Assumed (or Actual) Redemption on a Quasi-Coupon Date" (third edition published 16 March 2005) or on such other basis as the Controlling Party and the Parent Borrower, if appointed, may approve;

"**Redemption Rate**" means:

- (A) the Gross Redemption Yield at 11.00 a.m. (London time) on the Relevant Date of the Reference Gilt on the basis of the arithmetic mean (rounded, if necessary, to three decimal places (0.0005 being rounded upwards)) of the offered prices of the Reference Gilt quoted by the Reference Market Makers (on a dealing basis for settlement on the next following dealing day in London) at or about 11.00 a.m. (London time) on the Relevant Date; or
- (B) if such yield is not able to be determined, such other rate as may be approved by the Controlling Party and the Parent Borrower;

"**Reference Market Makers**" means three brokers and/or London gilt-edged market makers approved in writing by the Controlling Party and the Parent Borrower;

"**Reference Gilt**" means the 1.25 per cent. Index-Linked Treasury Stock due 22 November 2027 so long as such stock is in issue, and thereafter, such issue of index-linked Treasury stock as determined to be appropriate by the Indexation Adviser.

"**Relevant Date**" means:

- (A) in relation to an Optional Issuer Redemption the date which is two Business Days prior to the publication or despatch of the notice of redemption under Condition 8(c)(i); and
 - (B) in relation to a redemption pursuant to any Mandatory Prepayment Redemption, the date which is two Business Days prior to the date of the relevant notice of prepayment by the Borrowers.
- (iii) The Calculation Agent is required, pursuant to the Agency Agreement, to determine each Note Amortisation Amount for the purposes of this Condition 8(b).

(d) **Optional redemption for taxation**

If by reason of a change in law or regulations (or the application or official interpretation thereof), which change becomes effective on or after the Closing Date, on the next Note Interest Payment Date, the Issuer, or the Paying Agent on its behalf, would be required to deduct or withhold from any payment due under the Notes any amount for or on account of any present or future taxes, duties, assessments or governmental charges of whatever

nature imposed, levied, collected, withheld or assessed by any tax authority or other authority having the power to tax, then the Issuer shall provide the Note Trustee with an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to withhold or deduct such amounts as a result of such change in law or regulations and, if the same would avoid the effect of the event described in the preceding sentence appoint a Paying Agent in another jurisdiction and/or use its reasonable endeavours to arrange the substitution of a company incorporated and/or tax resident in another jurisdiction approved in writing by the Note Trustee as principal debtor under the Notes and as lender under the Borrower Loan Agreement, provided that the Note Trustee is satisfied that such substitution will not be materially prejudicial to the interests of the Noteholders.

If the Issuer satisfies the Note Trustee (by the delivery of a certificate signed by two Directors of the Issuer, confirming that the conditions precedent to redemption set out in this paragraph have been met, together with the legal opinion referred to above) immediately before giving the notice referred to below that one or more of the events described in the first paragraph of this Condition 8(d) is continuing and that the appointment of a Paying Agent and/or a substitution as referred to above would not avoid the effect of the relevant event or that, having used its reasonable endeavours, the Issuer is unable to arrange such a substitution, then the Issuer may, on any Note Interest Payment Date and having given not more than 60 nor less than 30 days' notice to the Noteholders in accordance with Condition 15 and to the Note Trustee and having satisfied the Note Trustee (as provided above) that it will have the necessary funds to pay all principal and interest due in respect of the Notes on the relevant Note Interest Payment Date, subject to indexation in accordance with Condition 7, and to discharge all other amounts required to be paid by it on the relevant Note Interest Payment Date, redeem all, but not some only, of the Notes at their respective Outstanding Principal Amounts together with accrued but unpaid interest up to but excluding the date of redemption, subject to indexation in accordance with Condition 7.

(e) **Outstanding Principal Amount**

- (i) The Outstanding Principal Amount of a Note on any date shall be its original principal amount less the aggregate amount of all Note Amortisation Amounts and other principal payments (excluding any premium determined in accordance with Condition 8(c)(ii)) in respect of such Note which have become due and payable since the Closing Date except to the extent that any such payment has been improperly withheld or refused or default has otherwise been made in the payment thereof.
- (ii) The Outstanding Principal Amount of any Note partially redeemed pursuant to these Conditions (excluding any premium determined in accordance with Condition 8(c)(ii) and the Scheduled Note Amortisation Amount (if any) due in respect of such Note on the date of such partial redemption) shall be applied to reduce the remaining Scheduled Note Amortisation Amounts in respect of such Note, on a pro rata basis, and the reduced Scheduled Note Amortisation Amounts shall, if necessary, be rounded upwards or downwards to the nearest penny, at the discretion of the Issuer, but so that the sum of the reduced Scheduled Note Amortisation Amounts, as so rounded, is equal to the Outstanding Principal Amount of the relevant Note following its partial redemption.
- (iii) The Calculation Agent is required, pursuant to the terms of the Agency Agreement, to determine the Outstanding Principal amount of the Notes from time to time.

(f) **Notice of redemption**

Any notice of redemption referred to in this Condition 8 shall be irrevocable and, upon expiry of such notice, the Issuer shall be bound to redeem the relevant Notes at the applicable amounts specified above.

(g) **Cancellation of Notes**

All Notes which are redeemed pursuant to this Condition will be cancelled and may not be reissued or resold. If and for so long as the Notes are admitted to trading on a stock exchange and the rules of such stock exchange so require, the Issuer shall promptly inform such stock exchange of the cancellation of any Notes under this Condition 8(g).

(h) **No other Redemption**

The Issuer shall not be entitled to redeem the Notes otherwise than as provided in this Condition 8.

9. **TAXATION**

All payments in respect of the Notes by or on behalf of the Issuer shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature ("**Taxes**"), unless the withholding or deduction of the Taxes is required by law. In that event, the Issuer or, as the case may be, the Paying Agent shall make such payment after the withholding or deduction has been made and shall account to the relevant taxing authorities for the amount required to be withheld or deducted. Neither the Issuer nor the Paying Agent nor any other person shall be obliged to make any additional payments to Noteholders in respect of such withholding or deduction.

10. **PRESCRIPTION**

Claims in respect of principal and interest will become void unless the relevant Definitive Note Certificate is surrendered for payment as required by Condition 7(a) (Principal) within a period of 10 years in the case of principal and five years in the case of interest from the appropriate due date.

11. **EVENTS OF DEFAULT**

(a) ***Events of Default***

The occurrence of any of the following events shall constitute a "**Note Event of Default**":

(i) ***Non payment***

The Issuer does not pay on the due date any amount payable in respect of the Notes at the place and in the currency in which it is expressed to be payable unless:

(A) its failure to pay is caused by:

(I) administrative or technical error; or

(II) a Disruption Event; and

(B) payment is made within:

(I) (in the case of paragraph (A)(I) above) 5 Business Days of its due date; or

(II) (in the case of paragraph (A)(II) above) 10 Business Days of its due date.

- (ii) For these purposes "**Disruption Event**" means either or both of:
 - (A) a material disruption to those payment or communications systems or to those financial markets which are, in each case, required to operate in order for payments to be made in connection with the Notes (or otherwise in order for the transactions contemplated by the Transaction Documents to be carried out) which disruption is not caused by, and is beyond the control of, the Issuer; or
 - (B) the occurrence of any other event which results in a disruption (of a technical or systems-related nature) to the treasury or payments operations of the Issuer preventing it:
 - (I) from performing its payment obligations under the Transaction Documents to which it is a party; or
 - (II) from communicating with other parties in accordance with the terms of the Transaction Documents,

and which (in either such case) is not caused by, and is beyond the control of, the Issuer whose operations are disrupted;

(iii) *Breach of other Obligations*

The Issuer defaults in the performance or observance of any of its other obligations under these Conditions or the Transaction Documents to which it is a party and such default (A) is in the opinion of the Note Trustee, incapable of remedy or (B) being a default which is, in the opinion of the Note Trustee, capable of remedy remains unremedied for 30 days or such longer period as the Note Trustee may agree from the earlier of the Note Trustee giving notice of the breach (by registered or certified mail or overnight courier) to the Issuer or the Issuer becoming aware of the breach;

(iv) *Breach of Representation*

Any representation made by the Issuer under these Conditions or any other Transaction Document to which it is a party and such breach (A) is in the opinion of the Note Trustee, incapable of remedy or (B) being a breach which is, in the opinion of the Note Trustee, capable of remedy remains unremedied for 30 days or such longer period as the Note Trustee may agree from the earlier of the Note Trustee giving notice of the breach to the Issuer or the Issuer becoming aware of such breach;

(v) *Cross Default*

An "**Event of Default**" under and as defined in the Borrower Loan Agreement occurs and is continuing under the terms thereof; or

(vi) *Insolvency*

- (A) (1) The Issuer becomes insolvent or is unable to pay its debts as they fall due, (2) an administrator or liquidator or other similar officer of the Issuer or the whole or a substantial (in the reasonable opinion of the Note Trustee) part of the undertaking, assets and revenues of the Issuer is appointed (or application for any such appointment is made), (3) the Issuer takes any action for a readjustment or deferral of any of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors or declares a

moratorium in respect of any of its indebtedness or any guarantee of any indebtedness given by it; or

- (B) an order is made or an effective resolution is passed for the winding up, liquidation or dissolution of the Issuer; or
- (C) any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in items (A) and (B) above.

(b) **Acceleration**

If Note Event of Default occurs and is continuing, then the Note Trustee at its discretion may and shall:

- (i) if so requested in writing by holders of at least one quarter of the aggregate Outstanding Principal Amount of the Notes then outstanding; or
- (ii) if so directed by an Extraordinary Resolution of the Noteholders,

(in all cases subject to the Note Trustee having been indemnified and/or prefunded and/or provided with security to its satisfaction), deliver a written notice (an "**Issuer Acceleration Notice**") to the Issuer, copied to the Issuer Security Trustee and the Agents, declaring the Notes to be immediately due and payable, whereupon they shall become immediately due and payable at their principal amount together with accrued interest without further action or formality.

12. **ENFORCEMENT**

(a) **Provisions in the Issuer Deed of Charge**

The Issuer Deed of Charge contain provisions relating to the enforcement of the Security. The provisions in this Condition 12 (*Enforcement*) are summaries of, and are qualified in their entirety by, the detailed provisions of the Issuer Deed of Charge.

(b) **Security Becoming Enforceable**

The Security Interests constituted under the Issuer Deed of Charge over the Secured Assets shall become enforceable upon an acceleration of the maturity of any of the Notes pursuant to Condition 11(b) (*Acceleration*).

(c) **Enforcement**

At any time after the Notes become due and payable and the Security Interests under the Issuer Deed of Charge become enforceable, the Note Trustee shall, at the direction of the Noteholders acting by an Extraordinary Resolution, institute proceedings against the Issuer and/or instruct the Issuer Security Trustee to institute proceedings against the Issuer to enforce the terms of the Issuer Deed of Charge and realise and/or otherwise liquidate or sell the Secured Assets in whole or in part and/or take such action as may be permitted under applicable laws against the Issuer in respect of the Secured Assets and/or take any other action to enforce the Issuer Security (such action, "**Enforcement Action**", which term includes any other action which the Note Trustee and/or the Issuer Security Trustee may deem to fall within such definition), in each case without any liability as to the consequence of any action and without having regard (save to the extent provided in Condition 16(b) (*Entitlement of the Trustees and Conflicts of Interest*)) to the effect of such action on individual Noteholders or any other Secured Creditor provided however that the Security Trustee shall not be bound to institute any such proceedings or take any such other action unless it is indemnified and/or secured and/or prefunded to its satisfaction against all liabilities, proceedings, claims and demands to which it may thereby become liable and all costs, charges and expenses (including properly incurred

legal fees, together in each case, with any applicable value added tax (or similar) thereon which may be incurred by it in connection therewith.

The Note Trustee shall notify the Issuer and the Agents pursuant to Clause 16 (*Communication*) of the Trust Deed and the Noteholders in accordance with Condition 15 (*Notices*) in the event that it takes Enforcement Action at any time. The aggregate proceeds of enforcement of the Issuer Security shall be paid by the Issuer Security Trustee to the Note Trustee, who will apply such moneys, together with all moneys or other assets held by the Note Trustee in respect of amounts falling due under the Notes, in accordance with the Issuer Post-Acceleration Priority of Payments set out in Schedule 4 to the Issuer Deed of Charge.

13. **REPLACEMENT OF NOTES**

If any Definitive Note Certificate is lost, stolen, mutilated, defaced or destroyed it may be replaced at the Specified Office of the Registrar or the Paying Agent subject to all applicable laws and stock exchange or other relevant authority requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may require (provided that the requirement is reasonable in the light of prevailing market practice). Mutilated or defaced Definitive Note Certificates must be surrendered before replacements will be issued.

14. **MEETINGS OF NOTEHOLDERS; MODIFICATION, WAIVER AND SUBSTITUTION**

(a) **Provisions in the Trust Deed**

The Trust Deed contains provisions for convening meetings of the Noteholders (and of passing Written Resolutions) to consider matters affecting the interests of the Noteholders including, without limitation, modifying or waiving certain of the provisions of these Conditions and the substitution of the Issuer in certain circumstances. The provisions in this Condition 14 are descriptive and subject to the detailed provisions of the Trust Deed.

(b) **Decisions and Meetings of Noteholders**

(i) *General*

The Trust Deed contains provisions for convening meetings of the Noteholders to consider matters affecting the interests of such Noteholders and any other matter in relation to which the Issuer requests directions or confirmation from the Noteholders either to itself or another person on its behalf. Decisions shall be taken by Noteholders by way of Ordinary Resolution or Extraordinary Resolution. Such resolutions can be effected either at a duly convened meeting of the Noteholders or by the Noteholders resolving in writing, in each case, in at least the minimum percentages specified in the table "Minimum Percentage Voting Requirements" in paragraph (iii) below. Meetings of the Noteholders may be convened by the Issuer or the Note Trustee and shall be convened by the Issuer or the Note Trustee upon request by Noteholders holding not less than 10 per cent. of the aggregate Outstanding Principal Amount of the Notes, subject to certain conditions including minimum notice periods.

(ii) *Quorum*

The quorum required for any meeting convened to consider an Ordinary Resolution or Extraordinary Resolution, or at any adjourned meeting to consider such an Ordinary Resolution or an Extraordinary Resolution, shall be as set out in the relevant column and row corresponding to the type of resolution in the table "Quorum Requirements" below, provided that any holdings will be disregarded for the purposes of the Quorum Requirements, to the extent that they cannot be represented by a holding of at least £100,000.

Quorum Requirements

Type of Resolution	Any meeting (other than a meeting adjourned for want of quorum)	Meeting previously adjourned for want of quorum
Ordinary Resolution of the Noteholders	One or more persons holding or representing not less than 10 per cent. of the aggregate of the Outstanding Principal Amount of the Notes	One or more persons holding or representing any Notes regardless of the aggregate Outstanding Principal Amount of such Notes so held or represented
Extraordinary Resolution of the Noteholders (other than in respect of approval of a Basic Terms Modification)	One or more persons holding or representing not less than 50 per cent. of the aggregate of the Outstanding Principal Amount of the Notes	One or more persons holding or representing any Notes regardless of the aggregate Outstanding Principal Amount of such Notes so held or represented
Extraordinary Resolution of the Noteholders in respect of approval of Basic Terms Modification	One or more persons holding or representing not less than 75 per cent. of the aggregate of the Outstanding Principal Amount of the Notes	One or more persons holding or representing not less than 25 per cent. of the aggregate of the Outstanding Principal Amount of the Notes

(iii) *Minimum Voting Requirements*

Set out in the table "Minimum Percentage Voting Requirements" below are the minimum percentages required to pass the resolutions specified in such table which, (A) in the event that such Ordinary Resolution or Extraordinary Resolution is being considered at a duly convened meeting of Noteholders shall be determined by reference to the percentage which the aggregate Outstanding Principal Amount of Notes held or represented by any person or persons entitled to vote in respect of such Ordinary Resolution or Extraordinary Resolution who votes in favour thereof represents of the aggregate Outstanding Principal Amount of all Notes which are represented at such meeting and are entitled to be voted or, (B) in the case of any Written Resolution, shall be determined by reference to the percentage which the aggregate Outstanding Principal Amount of the Notes entitled to be voted in respect of such Ordinary Resolution or Extraordinary Resolution which are voted in favour thereof represents of the aggregate Outstanding Principal Amount of all the Notes entitled to be voted in respect of such Written Resolution.

Minimum Percentage Voting Requirements	
Type of Resolution	Per cent.
Extraordinary Resolution of all Noteholders (including, for the avoidance of doubt, in relation to approval of Basic Terms Modification)	At least 75 per cent. of the votes cast
Ordinary Resolution of all Noteholders	More than 50 per cent. of the votes cast

(iv) *Written Resolution*

A written resolution shall for all purposes be as valid and effective as a resolution passed at a meeting of Noteholders. Any written resolution may be contained in one document or in several documents in like form each signed by or on behalf of one or more of the relevant Noteholders and the date of such written resolution shall be the date on which the latest such document is signed.

(v) *Extraordinary Resolution*

A meeting of Noteholders shall, subject to these Conditions, have power exercisable by Extraordinary Resolution:

- (A) to sanction any proposal by the Issuer or the Note Trustee for any modification, alteration, abrogation, variation or compromise of, or arrangement in respect of, the rights of the Noteholders against the Issuer, or against any of its property whether such rights shall arise under the Trust Deed, the Notes or otherwise;
- (B) to assent to any modification of the Trust Deed, the Conditions or the Issuer Transaction Documents which shall be proposed by the Issuer or the Note Trustee;
- (C) to approve a person proposed to be appointed as a new trustee and power to remove any Note Trustee;
- (D) to authorise anyone to concur in and execute and do all such documents, acts and things as may be necessary to carry out and give effect to any Extraordinary Resolution;
- (E) to discharge or exonerate the Note Trustee from any liability in respect of any act or omission for which it may become responsible under the Trust Deed or the Notes;
- (F) to give any authority, discretion or sanction under which the provisions of the Trust Deed or the Notes is required to be given by Extraordinary Resolution; and
- (G) to appoint any persons (whether Noteholders or not) as a committee or committees to represent the interests of the Noteholders and to confer upon such committee or committees any powers or discretions which the Noteholders could themselves exercise by Extraordinary Resolution.

(vi) *Basic Terms Modification*

Any resolution to sanction any of the following items will be considered a "**Basic Terms Modification**" and will be required to be passed by an Extraordinary Resolution:

- (A) the amendment to any date fixed for payment of principal or of interest on the Notes;
- (B) the modification of any provision of the Trust Deed which would directly and adversely affect the calculation of the amount of any payment of interest or principal on any Note or any indexation in respect thereof (except as contemplated by Conditions 7(h) to (j) (inclusive));
- (C) the adjustment of the method of calculation of the Outstanding Principal Amount of the Notes;
- (D) a change in the currency of payment of the Notes;
- (E) any change in the Priorities of Payment (including modification of interest or principal payable on the Notes);
- (F) the modification of the provisions concerning the quorum required at any meeting of Noteholders or the minimum percentage required to pass an Extraordinary Resolution or any other provision of these Conditions which requires the written consent of the holders of a requisite principal amount of the Notes;
- (G) any modification of any Issuer Transaction Document having an adverse effect on the security over the Secured Assets constituted by the Issuer Security Documents;
- (H) any modification of this Condition 14(b) (*Decisions and Meetings of Noteholders*).

(c) **Modification and Waiver**

Provided that the Noteholder Representative (if one is appointed) does not object, the Note Trustee may agree, without the consent of the Noteholders, (i) to any modification of, or to the waiver or authorisation of any breach or proposed breach of, these Conditions, the Trust Deed or any of the other Transaction Documents, which is not, in the opinion of the Note Trustee, materially prejudicial to the interests of the Noteholders or (ii) to any modification of these Conditions or any of the other Transaction Documents, which, in the opinion of the Note Trustee, is of a formal, minor or technical nature or to correct a manifest error or an error which is, in the opinion of the Note Trustee, proven. The Note Trustee may also, without the consent of the Noteholders, determine that Note Events of Default shall not, or shall not subject to specified conditions, be treated as such, provided that, in the opinion of the Note Trustee, it would not be materially prejudicial to the interests of the Noteholders to do so. Any such modification, waiver, authorisation or determination shall be binding on the Noteholders and, unless the Note Trustee agrees otherwise, any such modification shall be notified to the Noteholders in accordance with Condition 15 (Notices) as soon as practicable thereafter.

Any such modification, authorisation or waiver shall be binding on all Noteholders and shall be notified to the Noteholders as soon as practicable in accordance with Condition 15 (Notices).

Under no circumstances shall the Note Trustee be required to give such consent on less than 21 days' notice and the Note Trustee shall be entitled to (a) obtain such professional

advice and/or opinions in connection with giving such consent as it sees fit and (b) be indemnified and/or prefunded and/or secured to its satisfaction (acting reasonably) in respect of all of its costs, liabilities and expenses in obtaining such professional advice and/or opinions. Any such costs, fees (including properly incurred legal fees) and/or expenses incurred by the Note Trustee in connection with such advice and/or opinions shall be for the account of the Issuer.

(d) **Noteholder Representative**

- (i) The Noteholders may by Extraordinary Resolution and notice in writing to the Note Trustee, the Issuer and the Issuer Security Trustee appoint a person, being a Noteholder or otherwise, to represent their interests in respect of any Lender Rights (as defined below) (such person, the "**Noteholder Representative**"). On receipt of such notice from or given on behalf of the Noteholders, each party to the Transaction Documents may assume that the Noteholder Representative has been validly appointed by Extraordinary Resolution and none of those parties will have an obligation to verify the validity of such Extraordinary Resolution.
- (ii) The Noteholder Representative will be appointed by the Issuer as its agent to exercise all the Lender Rights of the Issuer on behalf of the Noteholders.
- (iii) The Noteholder Representative shall, unless instructed to the contrary by an Extraordinary Resolution of the Noteholders, be entitled in its sole discretion to exercise all of the rights of the Issuer as Lender under the Borrower Loan Agreement, Borrower Deed of Charge and the Direct Agreements, subject to the terms thereof, which include, but are not limited to the right to give approvals, consents, waivers and to be consulted thereunder (together, the "**Lender Rights**").
- (iv) The Issuer has agreed under the terms of the Issuer Deed of Charge that it will take such action as may be necessary to permit the Noteholder Representative to exercise the Lender Rights including the execution of a power of attorney in the form attached in Schedule 6 of the Issuer Deed of Charge.
- (v) The Issuer shall have no liability to the Noteholders for any loss caused by the actions of the Noteholder Representative. The Noteholder Representative shall indemnify the Issuer in respect of any loss suffered by the Issuer arising from the actions of the Noteholder Representative in respect of the Notes.
- (vi) The Noteholder Representative shall not be entitled to any remuneration from the Issuer in respect of its role as Noteholder Representative
- (vii) The Noteholders may by Extraordinary Resolution and notice in writing to the Note Trustee, the Issuer, the Issuer Security Trustee and the current Noteholder Representative remove such Noteholder Representative and appoint a person, being a Noteholder or otherwise, in its place in accordance with paragraph (i) above.
- (viii) If the Noteholder Representative is a Noteholder, the Issuer may, at its discretion, require the Noteholder Representative to enter into a confidentiality and non-trading agreement in a form satisfactory to the Issuer and the Noteholder Representative as a condition precedent to the disclosure of or granting of access to confidential information in respect of the Borrowers or the Borrower Loan that the Issuer believes is likely to have a significant effect on the price of all or certain of the Notes and which is not already public available information.

15. **NOTICES**

Notices to Noteholders will be sent to them by first class mail (or its equivalent) or (if posted to an overseas address) by airmail at their respective addresses on the Notes Register. Any such notice shall be deemed to have been given on the fourth day after the date of mailing.

So long as the Notes are represented by the Global Note Certificate and held by Euroclear or Clearstream, notices to Noteholders may be given by delivery of the relevant notice to Euroclear or Clearstream for communication by it to entitled accountholders in substitution for notification as required by this Condition 15.

16. **NOTE TRUSTEE AND ISSUER SECURITY TRUSTEE**

(a) **Indemnification**

Under the Trust Deed and, as applicable, the Issuer Deed of Charge, each of the Note Trustee and the Issuer Security Trustee, respectively, is entitled to be indemnified and/or prefunded and/or secured to its satisfaction prior to any action and to be paid its costs and expenses in priority to the claims of the Noteholders.

(b) **Entitlement of the Note Trustee and Issuer Security Trustee and Conflicts of Interest**

Notwithstanding whether or not it is expressly stated in these Conditions, but save where it is expressly provided otherwise in connection with the exercise of its trusts, powers, duties and discretions (including but not limited to those referred to in this Condition), the Note Trustee shall act at the direction of the Noteholders acting by Ordinary Resolution or Extraordinary Resolution where specified in the Issuer Transaction Documents without having regard to the effect of such action on the interest of other Issuer Secured Creditors. The Note Trustee shall not have regard to the consequences of such action for individual Noteholders and no Noteholder or Issuer Secured Creditor shall be entitled to claim, from the Issuer, the Note Trustee or the Issuer Security Trustee or any other person any indemnification or payment in respect of any tax consequence of any such action upon individual Noteholders.

In the event that the Note Trustee receives conflicting or inconsistent requests from two or more groups of Noteholders, each representing not more than 50 per cent. by principal amount of Notes, the Note Trustee shall comply with the instructions of the group which hold the greater amount of Notes outstanding. In the case of equality of votes the chairman of the meeting shall have a casting vote in addition to the vote or voter which he may have as a Noteholder on both a show of hands and on a poll.

When exercising its opinion and/or when exercising the rights, benefits, power, trusts, authorities, discretions and obligations expressed to be granted by the Issuer Deed of Charge, the other Transaction Documents or by operation of law, the Issuer Security Trustee shall, for so long as there are any Notes outstanding under the Trust Deed, act only at the request or in accordance with the directions of the Note Trustee to the Issuer Security Trustee and shall not be responsible for any liability, damages, claims, cost, loss, penalty, expense, demand (or actions in respect thereof) including, legal, accounting or other charges, fees, costs, disbursements and expenses in connection therewith ("**Loss**") that may result from the exercise or non-exercise thereof (including any Loss occasioned by any delay or failure on the part of the Note Trustee to make any such request or to give any such direction).

(c) **Failure to act**

Noteholders may institute any proceedings against the Issuer to enforce their rights under or in respect of the Notes, or the Secured Assets only if (i) the Note Trustee or; as the case may be the Issuer Security Trustee; has become bound to institute proceedings and has

failed to do so within a reasonable time of becoming so bound; and (ii) such failure is continuing.

(d) **Confidentiality**

Unless ordered to do so by a court of competent jurisdiction, the Note Trustee shall not be required to disclose to any Noteholder any confidential financial or other information made available to the Note Trustee by the Issuer.

(e) **Instructions to the Facility Agent and Issuer Security Trustee**

Under the Trust Deed, the Note Trustee is entitled to request consent, approval or directions from the Noteholders by Ordinary Resolution in relation to a request for instructions from:

- (i) the Facility Agent (whether in its capacity as Facility Agent, Controlling Party or otherwise) under and in accordance with the Borrower Loan Agreement or any other Borrower Transaction Document; and
- (ii) the Issuer Security Trustee under and in accordance with the Issuer Deed of Charge or any other Issuer Transaction Document,

unless, in each of the above cases, the request for instructions relates to a Basic Terms Modification, in which case such request, consent, approval or directions are required to be given by Extraordinary Resolution. In the absence of the Note Trustee's gross negligence or wilful default, the Note Trustee shall not be liable for any failure to give instructions to the Facility Agent or Issuer Security Trustee, as the case may be, in the absence of consent, approval or directions from the Noteholders, as described in this paragraph.

(f) **Indemnification and exoneration of the Note Trustee and the Issuer Security Trustee**

The Trust Deed and the Issuer Deed of Charge contain provisions governing the responsibility (and relief from responsibility) of the Note Trustee and the Issuer Security Trustee respectively, including provisions relieving them from taking action or, in the case of the Issuer Security Trustee, enforcing the Issuer Security unless indemnified and/or prefunded and/or secured to their satisfaction.

(g) **Other commercial transactions**

The Trust Deed and the Issuer Deed of Charge contain provisions stating that the Note Trustee and the Issuer Security Trustee, respectively, are entitled to make commercial contracts and to enter into commercial transactions with any party to the Issuer Transaction Documents and to accept the trusteeship of any other debenture stock, debentures or securities of any party to the Issuer Transaction Documents and that neither the Note Trustee nor the Issuer Security Trustee, as applicable, shall be accountable to any Issuer Secured Creditor or to any party to the Issuer Transaction Documents for any profit, fees, commissions, interest, discounts or share of brokerage earned, arising or resulting from any such contracts or transactions.

17. **FURTHER ISSUES**

If, at any time, the Additional Borrower Conditions are satisfied, the Issuer may, create and issue further notes having the same terms and conditions as the Notes in all respects (or in all respects except for the date for and amount of the first payment of interest) so as to be consolidated and form a single series with the Notes (the "**Further Notes**").

For these purposes, "**Additional Borrower Conditions**" means

- (a) that each of the conditions in the Borrower Loan Agreement to the accession of an Additional Borrower to the Borrower Loan Agreement have been fulfilled; and
- (b) that the consent of the Controlling Party has been obtained.

18. **CURRENCY INDEMNITY**

The Trust Deed provides that if any sum due from the Issuer in respect of any Notes or any order or judgment given or made in relation thereto has to be converted from the currency (the "**first currency**") in which the same is payable under the relevant Conditions or such order or judgment into another currency (the "**second currency**") for the purpose of (a) making or filing a claim or proof against the Issuer (b) obtaining an order or judgment in any court or other tribunal or (c) enforcing any order or judgment given or made in relation to any of the Notes, the Issuer shall indemnify each Noteholder, on the written demand of such Noteholder addressed and delivered to the Issuer or to the Specified Office of the Registrar or the Paying Agent against any loss suffered as a result of any discrepancy between (i) the rate of exchange used for such purpose to convert the sum in question from the first currency into the second currency and (ii) the rate or rates of exchange at which such Noteholder may in the ordinary course of business purchase the first currency with the second currency upon receipt of a sum paid to it in satisfaction, in whole or in part, of any such order, judgment, claim or proof. This indemnity constitutes a separate and independent obligation of the Issuer and shall give rise to a separate and independent cause of action.

19. **GOVERNING LAW AND JURISDICTION**

(a) **Governing law**

The Trust Deed, Issuer Deed of Charge and the Notes, including any non-contractual obligations arising out of or in connection therewith, are governed by, and shall be construed in accordance with, English law.

(b) **Jurisdiction**

The Issuer has in the Trust Deed and the Issuer Deed of Charge agreed for the benefit of the Note Trustee, the Issuer Security Trustee and the Secured Creditors that the courts of England shall have exclusive jurisdiction to hear and determine any suit, action or proceedings arising out of or in connection with the Trust Deed, Issuer Deed of Charge or the Notes ("**Proceedings**") and, for such purposes, irrevocably submits to the jurisdiction of such courts.

(c) **Appropriate Forum**

For the purposes of Condition 19(b) (Jurisdiction), the Issuer has irrevocably waived any objection which it might now or hereafter have to the courts of England being nominated as the forum to hear and determine any Proceedings and agreed not to claim that any such court is not a convenient or appropriate forum.

UNITED KINGDOM TAXATION

The following applies only to persons who are the beneficial owners of Notes and is a summary of the Issuer's understanding of current law and practice in the United Kingdom relating only to United Kingdom withholding tax treatment of payments in respect of the Notes. It does not deal with any other United Kingdom taxation implications of acquiring, holding or disposing of Notes. Prospective Noteholders who are in any doubt about their tax position or who may be subject to tax in a jurisdiction other than the United Kingdom should seek their own professional advice.

Payments of interest on the Notes may be made without withholding or deduction for or on account of United Kingdom tax under the provisions of United Kingdom tax law relating to "quoted Eurobonds", within the meaning of section 987 of the Income Tax Act 2007 (the "**ITA**"), as long as the Notes at the time at which the interest is paid are listed on a "recognised stock exchange" within the meaning of section 1005 of the ITA. The London Stock Exchange is a recognised stock exchange for these purposes and securities will be treated as listed on the London Stock Exchange (including the Professional Securities Market) if they are included in the United Kingdom official list (within the meaning of Part 6 of FSMA) and admitted to trading on the London Stock Exchange.

If the notes are not listed on a "recognised stock exchange" at the time at which the interest is paid, interest may be paid after deduction of United Kingdom income tax at the basic rate (currently 20%) subject to such relief as may be available, for example under the provisions of any applicable double taxation treaty, or in certain other circumstances.

EUROPEAN UNION SAVINGS DIRECTIVE

Under EC Council Directive 2003/48/EC (the "**EU Savings Directive**") on the taxation of savings income, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) made by a person within its jurisdiction to an individual resident in that other Member State or to certain limited types of entities established in that other Member State. However, for a transitional period, Austria and Luxembourg are instead required (unless during that period they elect otherwise) to impose a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories, including Switzerland, have agreed to adopt similar measures (a withholding system in the case of Switzerland).

On April 24, 2009, the European Parliament approved an amended version of certain changes proposed by the European Commission to the directive which, if implemented, would broaden the scope of the requirements described above.

Investors who are in any doubt as to their position as regards the EU Savings Directive should consult their professional advisers.

SUBSCRIPTION AND SALE

Pursuant to a subscription agreement dated the Closing Date between, among others, the Issuer, Matrix Corporate Capital LLP and Mirabaud Securities LLP (acting through its appointed representative Independent Debt Capital Markets LLP) (in its capacity as "**Bookrunner**") (the "**Subscription Agreement**"), the Bookrunner has agreed to subscribe and pay for, or to procure the subscription and payment for, the principal amount of the Notes.

Pursuant to the terms of the Subscription Agreement, the Issuer has agreed to indemnify the Bookrunner against certain liabilities in connection with the issue and offering of the Notes.

The issue of the Notes will be conditional upon the Subscription Agreement being signed by the Issuer and the Bookrunner. The Subscription Agreement is subject to a number of conditions and may be terminated in certain circumstances prior to payment to the Issuer for the Notes.

The Notes will be offered by the Bookrunner only to persons in the United Kingdom who have professional experience in matters relating to investments and on an investor by investor basis. As such, any limit on the offer period and acceptance will be communicated to each investor to whom an offer is made. However, Notes may only be offered in an amount equal to £100,000 or multiples of £10,000 in excess thereof. Investors will be notified by the Bookrunner of their allocations and settlement arrangements on or before the Closing Date. Notes will be issued on the Closing Date free of payment.

These Listing Particulars do not constitute, and may not be used for the purpose of, an offer or a solicitation by anyone to subscribe for or purchase any of the Notes in or from any country or jurisdiction where such an offer or solicitation is not authorised or is unlawful.

United States

The Notes have not been and will not be registered under the Securities Act or any state securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S) except pursuant to an exemption from the registration requirements of the Securities Act. Accordingly, the Notes are being offered and sold in offshore transactions in reliance on Regulation S. The Bookrunner has agreed that it will not offer or sell the Notes as part of their distribution at any time or otherwise until 40 days after the later of the commencement of the offering and the Closing Date within the United States or to, or for the account or benefit of, U.S. persons and, it will have sent to each affiliate or other dealer (if any) to which it sells Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

United Kingdom

The Bookrunner has represented to and agreed with the Issuer that:

- (a) it has only communicated or caused to be communicated, and will only communicate or cause to be communicated any invitation or inducement to engage in any activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

The Bookrunner has acknowledged that, save for having obtained the approval of the Listing Particulars as listing particulars in accordance with Part VI of the FSMA and having applied for the admission of the Notes to the Official List of the UK Listing Authority and admission to trading on the London Stock Exchange, no further action has been or will be taken in any jurisdiction by the Bookrunner that would, or is intended to, permit a public offering of the Notes, or possession or distribution of the Listing Particulars or any other offering material in relation to the Notes, in any country or jurisdiction where such further action for that purpose is required.

General

The Bookrunner has undertaken that they will not, directly or indirectly, offer or sell any of the Notes or have in their possession, distribute or publish any offering circular, prospectus, listing particulars, form of application, advertisement or other document or information in respect of the Notes in any country or jurisdiction except under circumstances that will, to the best of its knowledge and belief, result in compliance with any applicable laws and regulations and all offers and sales of Notes by it will be made on the same terms.

GENERAL INFORMATION

1. The issue of the Notes was authorised by resolution of the board of directors of the Issuer passed on or about 9 November 2012.
2. It is expected that listing of the Notes on the Official List of the London Stock Exchange and admission to trading on the PSM thereof will be granted on or around 14 November 2012, subject only to issue of the Global Note Certificate. The listing of the Notes will be cancelled if the Global Note Certificate is not issued. Transactions in respect of the Notes will normally be effected for settlement in sterling and for delivery on the third working day after the day of the transaction.
3. The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The Common Code and the ISIN for the Bonds are:

Common Code	ISIN
085270940	XS0852709400

4. No statutory accounts within the meaning of the Companies Act 2006 in respect of any financial year of the Issuer have been prepared. So long as the Notes are listed on the Official List of the London Stock Exchange, the most recently published audited annual accounts of the Issuer from time to time will be available at the specified office of the Paying Agent. The Issuer does not publish interim accounts.
5. There have been no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) since the Issuer's incorporation on 12 September 2012 which may have, or have had in the recent past, significant effects on the its financial position or profitability.
6. There have been no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Original Borrowers are aware) since 24 July 2012, the Original Borrowers' respective dates of incorporation, which may have, or have had in the recent past, significant effects on such their financial position or profitability.
7. Since the date of its incorporation, the Issuer has entered into the Subscription Agreement, being a contract entered into other than in its ordinary course of business.
8. Save as disclosed in these Listing Particulars, the Issuer does not have any outstanding loan capital, borrowings, indebtedness or contingent liabilities, nor has the Issuer created any mortgages or charges or given any guarantees.
9. For so long as the Notes are admitted to trading on the London Stock Exchange, the Issuer shall maintain a Paying Agent in London, United Kingdom.
10. The Trust Deed, the Issuer Deed of Charge and the Borrower Deed of Charge will provide that the Note Trustee, the Issuer Security Trustee and the Borrower Security Trustee, respectively, may rely on reports or other information from professional advisers or other experts in accordance with the provisions of the Trust Deed, the Issuer Deed of Charge and the Borrower Deed of Charge, respectively, whether or not any such report or other information provided to or document entered into by the Note Trustee, the Issuer Security Trustee or the Borrower Security Trustee (as the case may be) and the relevant person in connection therewith contains any monetary or other limit on the liability of the relevant person.
11. From the date of these Listing Particulars and for so long as the Notes are listed on the London Stock Exchange and the rules of the London Stock Exchange so require, copies of the following documents will be available for inspection in electronic or physical form during usual business hours on any day (Saturdays, Sundays and public holidays excepted) at the offices of the Issuer and the Paying Agent:

- (a) the Memorandum and Articles of Association of the Issuer; and
 - (b) drafts (subject to modification) of the contracts and documents listed below:
 - (i) the Master Definitions Schedule;
 - (ii) the Trust Deed;
 - (iii) the Issuer Deed of Charge;
 - (iv) the Borrower Loan Agreement;
 - (v) the Borrower Deed of Charge;
 - (vi) the Agency Agreement;
 - (vii) the Issuer Cash Management Agreement;
 - (viii) the Borrower Cash Management Agreement;
 - (ix) the Corporate Services Agreement;
 - (x) the Direct Agreements;
 - (c) the Memorandum and Articles of Association of the Original OpCo Borrower;
 - (d) the Memorandum and Articles of Association of the Parent Borrower;
 - (e) Audited Accounts of the Original OpCo Borrower; and
 - (f) Audited Accounts of the Parent Borrower.
12. The Issuer does not intend to provide post-issuance transaction information regarding the Notes or the Borrower Loan, except for an Investor Report that will be produced by the Issuer Cash Manager in respect of each Note Interest Payment Date. Each Investor Report will be in the form attached to the Issuer Cash Management Agreement and will contain information that includes but is not limited to, the Index Ratio, the Outstanding Principal Amount of the Notes, the interest amount paid on the Notes, the principal amount paid on the Notes, income collections by the Borrowers, the amounts applied in the relevant Issuer Priority of Payments, the amounts applied in the relevant Borrower Priority of Payments and the balance on the Debt Service Reserve Account, in each case in respect of such Note Interest Payment Date. The Investor Reports will be accessible to Noteholders on and from the third Business Day before each Note Interest Payment Date via the following website: www.usbank.com/abs where Noteholders will be required to register. The website and the contents thereof do not form part of these Listing Particulars.
13. The Issuer confirms that the assets backing the issue of the Notes, taken together with the other arrangements to be entered into by the Issuer on the Closing Date, have characteristics that demonstrate the capacity to produce funds to service any payments due and payable on the Notes. However, investors are advised that this confirmation is based on the information available to the Issuer at the date of these Listing Particulars and may be affected by the future performance of such assets backing the issue of the Notes. Consequently, investors are advised to review carefully any disclosure in these Listing Particulars together with any amendments or supplements thereto.
14. Since 12 September 2012 (being the date of incorporation of the Issuer), there has been (a) no material adverse change in the financial position or prospects of the Issuer and (b) no significant change in the financial or trading position of the Issuer.

TRANSFER RESTRICTIONS

Each purchaser of an interest in a Global Note or a Definitive Note (each initial purchaser of Notes, together with each subsequent transferee of Notes, the "**Purchaser**") will be deemed, or in the case of a Definitive Note required to have acknowledged, represented and agreed as follows (terms defined in Regulation S under the Securities Act have the same meaning and constructions in this section):

- (1) Legends on Global Note. Each Purchaser acknowledges that each Global Note will bear a legend substantially to the effect set forth below and that the Issuer has covenanted in the Trust Deed not to remove such legend.

BY PURCHASING OR OTHERWISE ACQUIRING ANY BENEFICIAL INTEREST IN THIS NOTE, EACH OWNER OF SUCH BENEFICIAL INTEREST WILL BE DEEMED TO HAVE AGREED FOR THE BENEFIT OF THE ISSUER THAT IF IT SHOULD DECIDE TO DISPOSE OF THE NOTES REPRESENTED BY THIS GLOBAL NOTE PRIOR TO THE TERMINATION OF THE DISTRIBUTION COMPLIANCE PERIOD (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT), BENEFICIAL INTERESTS IN THIS GLOBAL NOTE MAY BE OFFERED, RESOLD OR OTHERWISE TRANSFERRED ONLY TO A NON-U.S. PERSON IN A TRANSACTION OUTSIDE THE UNITED STATES AND IN COMPLIANCE WITH THE SECURITIES ACT AND UNDER CIRCUMSTANCES WHICH WILL NOT REQUIRE THE ISSUER TO REGISTER AS AN "INVESTMENT COMPANY" UNDER THE INVESTMENT COMPANY ACT.

- (2) Mandatory Transfer/Redemption. Each Purchaser acknowledges and agrees that in the event that at any time the Issuer determines (or is notified by a person acting on behalf of the Issuer) that such Purchaser was in breach, at the time given or deemed to be given, of any of the representations or agreements set forth above or otherwise determines that any transfer or other disposition of any Notes would, in the sole determination of the Issuer or the Note Trustee acting on behalf of the Issuer, require the Issuer to register as an "investment company" under the provisions of the Investment Company Act, such purchase or other transfer will be void ab initio and will not be honoured by the Note Trustee. Accordingly, any such purported transferee or other holder will not be entitled to any rights as a Noteholder and the Issuer shall have the right to force the transfer of, or redeem, any such Notes.

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ANNEX I

Financial Statements of the Original OpCo Borrower

Michco 1204 Limited

**Annual Report
Period From 24 July 2012 to 30 September 2012**

Company Registration Number 08155302

Michco 1204 Limited

Financial Statements

Period from 24 July 2012 to 30 September 2012

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Michco 1204 Limited

The Directors' Report

Period from 24 July 2012 to 30 September 2012

The directors have pleasure in presenting their report and the financial statements of the company for the period 24 July 2012 to 30 September 2012.

Incorporation

The company was incorporated on 24 July 2012 and began trading on 21 August 2012 after the trade, assets and liabilities of Clean Energy LLP were transferred to the company.

Principal Activities

The principal activity of the company during the accounting period was that of electricity generation through solar PV plant.

Directors

The directors who served the company during the accounting period were as follows:

Michelmores Directors Limited

Mr S A Morse

Mr R J Randall

Mr A C MacDonald

Mrs K MacDonald

Michelmores Directors Limited was appointed as a director on 24 July 2012.

Mr S A Morse was appointed as a director on 24 July 2012.

Mr R J Randall was appointed as a director on 25 July 2012.

Mr A C MacDonald was appointed as a director on 25 July 2012.

Mrs K MacDonald was appointed as a director on 25 July 2012.

Michelmores Directors Limited retired as a director on 25 July 2012.

Mr S A Morse retired as a director on 25 July 2012.

Small Company Provisions

This report has been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006.

Signed on behalf of the directors

Mr A C MacDonald

Director

Approved on

Michco 1204 Limited

Statement of Directors' Responsibilities

Period from 24 July 2012 to 30 September 2012

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are aware:

- there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Michco 1204 Limited

Independent Auditor's Report to the Shareholders of Michco 1204 Limited

Period from 24 July 2012 to 30 September 2012

We have audited the financial statements of Michco 1204 Limited for the period from 24 July 2012 to 30 September 2012 which comprise the Profit and Loss Account, Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

This report is made solely to the company's shareholders, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Directors and Auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the Audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Michco 1204 Limited

Independent Auditor's Report to the Shareholders of Michco 1204 Limited (*continued*)

Period from 24 July 2012 to 30 September 2012

Opinion on Financial Statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2012 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on Other Matters Prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Matters on Which We are Required to Report by Exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report.

CHARLES EVANS (Senior Statutory Auditor)

For and on behalf of

FRANCIS CLARK LLP

Chartered Accountants & Statutory Auditor

North Quay House

Sutton Harbour

PLYMOUTH

PL4 0RA

.....

Michco 1204 Limited

Profit and Loss Account

Period from 24 July 2012 to 30 September 2012

		Period from 24 Jul 12 to 30 Sep 12
	Note	£
Turnover		641,782
Administrative expenses		<u>276,875</u>
Operating Profit	2	364,907
Interest payable and similar charges		306,124
		<hr/>
Profit on Ordinary Activities Before Taxation		58,783
Tax on profit on ordinary activities	3	14,100
Profit for Financial Period		<u>44,683</u>

Michco 1204 Limited

Balance Sheet

30 September 2012

		30 Sept 12
	Note	£
Fixed Assets		
Intangible assets	4	17,403,426
Tangible assets	5	<u>21,478,251</u>
		<u>38,881,667</u>
Current Assets	6	
Debtors		18,171,492
Cash at bank		<u>1,251,434</u>
		19,422,926
Creditors: Amounts falling due within one year	7	<u>23,171,360</u>
Net Current Liabilities		<u>(3,784,434)</u>
Total Assets Less Current Liabilities		35,133,243
Creditors: Amounts falling due after more than one year	8	17,655,588
Provisions for Liabilities	9	<u>14,100</u>
Deferred Taxation		<u>17,464,555</u>
Capital and Reserves		
Called-up equity share capital	12	17,418,872
Profit and loss account	13	44,683
Shareholders' Funds		<u>17,463,555</u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006 and with the Financial Reporting Standard for Smaller Entities (effective April 2008).

These financial statements were approved by the directors and authorised for issue on, and are signed on their behalf by:

.....
Mr A C MacDonald

Company Registration Number: 08155302

Michco 1204 Limited

Notes and Accounting Policies

Period from 24 July 2012 to 30 September 2012

1. Accounting Policies

(a) Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

(b) Turnover

Turnover represents the fair value of consideration receivable, excluding Value Added Tax, in the ordinary course of business for goods and services provided.

(c) Amortisation

Amortisation is calculated so as to write off the costs of an asset, less its estimated residual value over the useful economic life of that asset as follows:

Goodwill - 25 year straight line

(d) Fixed assets

All fixed assets are initially recorded at cost.

(e) Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Plant & Machinery - 25 year straight line

(f) Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

(g) Deferred taxation

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as required by the FRSSE.

2. Operating Profit

Operating profit is stated after charging:

	Period from 24 Jul 24 to 30 Sep 12 £
Directors' remuneration	-
Depreciation of owned fixed assets	80,696
Auditor's fees	99,590

Michco 1204 Limited

Notes and Accounting Policies

Period from 24 July 2012 to 30 September 2012

	Period from 24 Jul 24 to 30 Sep 12 £
3. Taxation on Ordinary Activities	
Analysis of charge in the period	
Deferred tax	
Origination and reversal of timing differences (note 9)	
Capital allowances	14,100
	<hr/>
4. Intangible Fixed Assets	
	Goodwill £
Cost	
Additions	17,484,122
As at 30 September 2012	<hr/> <u>17,484,122</u>
Amortisation 	
Charge for the period	80,696
As at 30 September 2012	<hr/> <u>80,696</u>
Net Book Value At 30 September 2012	<hr/> <u>17,403,426</u>
5. Fixed Assets	
	Plant and Machinery £
Cost	
Additions	21,577,841
As at 30 September 2012	<hr/> <u>21,577,841</u>

Depreciation	
Charge for the period	99,590
As at 30 September 2012	<u>99,590</u>
Net Book Value	
At 30 September 2012	<u><u>21,478,251</u></u>

6. Debtors	30 Sep 12
	£
Trade debtors	5,770
VAT recoverable	66,359
Other debtors	17,006,363
Prepayments and accrued income	<u>1,093,000</u>
	<u>18,171,492</u>

7. Creditors: Amounts falling due within one year	30 Sep 12
	£
Bank loans	901,113
Trade creditors	144,743
Other creditors	21,807,355
Accruals and deferred income	<u>318,149</u>
	<u>23,171,360</u>

The bank loan is secured by a first ranking fixed and floating charge over the assets of the company.

The company's parent company, Michco 1205 Limited, is jointly and severally liable to repay the bank loan of £18,556,701, reflected in Note 7 and Note 8 and therefore if the company fails to repay the bank loan as and when it becomes due, Michco 1205 Limited may be obliged to repay these amounts.

8. Creditors: Amounts falling due after more than one year	30 Sep 12
	£
Bank loans	<u>17,655,588</u>

9. Deferred Taxation

The movement in the deferred taxation provision during the period was:

	Period from 24 Jul to 30 Sep 12 £
Profit and loss account movement arising during the period	14,100
Provision carried forward	<u>14,100</u>

The provision for deferred tax consultation consists of the tax effect of timing differences in respect of:

	30 Sep 12 £
Excess of taxation allowances over depreciation on fixed assets	14,100
	<u>14,100</u>

10. Commitments under Operating Leases

At 30 September 2012 the company had aggregate annual commitments under non-cancellable operating leases as set out below.

	30 Sep 12 £
Operating leases which expires: After more than 5 years	<u>320,000</u>

11. Related Party Transactions

The company was under the control of Mr R J Randall throughout the period in line with the terms of the shareholder agreement.

On 21 August 2012 the company acquired the assets and assumed the liabilities of Clean Energy (UK) LLP, a limited liability partnership whose members are directors of the company. The company issued shares to the value of £17,418,872 to Clean Energy (UK) LLP and assumed net liabilities of £65,250. These amounts are reflected in the goodwill see note 4.

At the period end the company was owed £17,006,363 by Renewable Energy (UK) LLP, a limited liability partnership whose members are directors of the company. This amount is reflected in other debtors see note 6.

During the period the company has paid rent of £80,000 to Mr and Mrs MacDonald, directors in the company. At the period end the company owed Mr and Mrs MacDonald £288,000.

During the period the company borrowed £21,572,234 from Michco 1208 Limited, a company in which Mr A C MacDonald and Mr R J Randall are directors. Interest of £234,438 was charged in the period. At the period end the company owed £21,806,672 and this amount is reflected in other creditors see note 7.

12. Share Capital

Allotted, called up and fully paid:

	No	£
17,418,872 Ordinary shares of £1 each	<u>17,418,872</u>	<u>17,418,872</u>

13. Profit and Loss Account

	Period from 24 Jul 12 to 30 Sep 12 £
Profit for the financial period	44,683
Balance carried forward	<u>44,683</u>

ANNEX II

Financial Statements of the Parent Borrower

Michco 1205 Limited

**Annual Report
Year Ended 30 September 2012**

Company Registration Number 08155306

Michco 1205 Limited

Financial Statements

24 July 2012 to 30 September 2012

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Michco 1205 Limited

The Directors' Report

Year Ended 30 September 2012

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 30 September 2012.

Principal Activities

The principal activity of the company during the period was that of a holding company.

Directors

The directors who served the company during the year were as follows:

Michelmores Directors Limited
Mr S A Morse
Mr R J Randall
Mr A C MacDonald
Mrs K MacDonald

Michelmores Directors Limited was appointed as a director on 24 July 2012.
Mr S A Morse was appointed as a director on 24 July 2012.
Mr R J Randall was appointed as a director on 25 July 2012.
Mr A C MacDonald was appointed as a director on 24 July 2012.
Mrs K MacDonald was appointed as a director on 25 July 2012.

Michelmores Directors Limited retired as a director on 25 July 2012.
Mr S A Morse retired as a director on 25 July 2012.

Small Company Provisions

This report has been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006.

Signed on behalf of the directors

Mr A C MacDonald
Director

Approved on

Michco 1205 Limited

Statement of Directors' Responsibilities

Year Ended 30 September 2012

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year.

In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are aware:

- there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Michco 1205 Limited

Independent Auditor's Report to the Shareholders of Michco 1205 Limited

Year Ended 30 September 2012

We have audited the financial statements of Michco 1205 Limited for the year ended 30 September 2012 which comprise the Profit and Loss Account, Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

This report is made solely to the company's shareholders, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Directors and Auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the Audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Michco 1205 Limited

Independent Auditor's Report to the Shareholders of Michco 1205 Limited (*continued*)

Year Ended 30 September 2012

Opinion on Financial Statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2012 and of its result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on Other Matters Prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on Which We are Required to Report by Exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report.

CHARLES EVANS (Senior Statutory Auditor)

For and on behalf of

FRANCIS CLARK LLP

Chartered Accountants & Statutory Auditor

North Quay House

Sutton Harbour

PLYMOUTH

PL4 0RA

.....

Michco 1205 Limited

Profit and Loss Account

Year Ended 30 September 2012

	Note	2012 £
Turnover		-
Profit on Ordinary Activities Before Taxation		-
Tax on profit on ordinary activities		-
Profit for the Financial Year		-

Michco 1205 Limited

Balance Sheet

30 September 2012

	Note	2012 £
Fixed Assets		
Investments	3	<u>17,418,872</u>
Total Assets Less Current Liabilities		<u>17,418,872</u>
Capital and Reserves		
Called-up equity share capital	6	<u>17,418,872</u>
Shareholders' Funds		<u>17,418,872</u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006 and with the Financial Reporting Standard for Smaller Entities (effective April 2008).

These financial statements were approved by the directors and authorised for issue on, and are signed on their behalf by:

.....
Mr A C MacDonald

Company Registration Number: 08155306

Michco 1205 Limited

Notes and Accounting Policies

Year Ended 30 September 2012

1. Accounting Policies

(a) Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

2. Operating Profit

Operating profit is stated after crediting:

	2012 £
Directors' remuneration	-
	<hr/>
3. Investments	Shares in subsidiary undertakings £
Cost	
Additions	<u>17,418,872</u>
At 30 September 2012	<u>17,418,872</u>
Net Book Value	
At 30 September 2012	<u>17,418,872</u>

The company owns 100% of the issued share capital of Michco 1204 Limited.

Aggregate capital and reserves

Michco 1204 Limited	17,463,555
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Profit and (loss) for the accounting period

Michco 1204 Limited	44,683
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4. Contingencies

The company is jointly and severally liable to repay the bank loan of Michco 1204 Limited, it's subsidiary company. At the period end the loan amounted to £18,556,701.

5. Related Party Transactions

The company was under the control of Mr R J Randall throughout the period in line with the terms of the shareholder agreement.

6. Share Capital

Allotted, called up and fully paid:

	No	£
17,418,872 Ordinary shares of £1 each	<u>17,418,872</u>	<u>17,418,872</u>

REGISTERED AND HEAD OFFICE OF THE ISSUER

Solar Financing 2012-1 Plc
35 Great St. Helen's
London EC3A 6AP

NOTE TRUSTEE, ISSUER SECURITY TRUSTEE AND BORROWER SECURITY TRUSTEE

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To the Note Trustee, Issuer Security Trustee and the Borrower Security Trustee

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REGISTRAR, ISSUER CASH MANAGER, BORROWER CASH MANAGER, PAYING AGENT, CALCULATION AGENT, ISSUER ACCOUNT BANK, BORROWER ACCOUNT BANK AND FACILITY AGENT

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