

Debenture deed constituting fixed return unsecured debentures

Engynious Schools plc

Dated 9 April 2014

This Deed is made on 9 April 2014

By

Engynious Schools plc, a company registered in England and Wales with registered number 8968877 and having its registered office at St Ann's Wharf, 112 Quayside, Newcastle Upon Tyne, NE1 3DX (the **Issuer**).

Background

(A) The Issuer has resolved, pursuant to a resolution of its board of directors dated 28 March 2014, to create and issue the Debentures in connection with its investment in the Project.

(B) The Issuer has determined to constitute the Debentures in the manner set out in this Deed.

Now this Deed witnesses as follows:

1 Definitions and Interpretation

1.1 In this Deed, unless the subject or context requires otherwise, the following expressions shall have the meanings set out opposite them below:

Abundance means Abundance NRG Limited a private limited company incorporated in England and Wales with company number 07049166 and its registered address at Threshold & Union House, 65-69 Shepherds Bush Green, London W12 8TX; and which is authorised and regulated by the Financial Conduct Authority ("**FCA**") with FCA registration number 525432.

Abundance Service means the website, services and the Bulletin Board operated by Abundance at www.abundancegeneration.com.

Abundance Terms & Conditions means the terms and conditions governing the operation of the Abundance Service, from time to time, the latest copy of which can be found at www.abundancegeneration.com.

Additional Interest has the meaning given in clause 5.

Annual Interest Amount means £43,035.81 for each year during the term of the Debentures on the assumption that the Issue Amount is £1,000,000.00. In the event that the Issue Amount is less than £1,000,000.00, the Annual Interest Amount shall be adjusted but shall bear the same pro rata proportion to the Issue Amount.

Annual Principal Repayment means an amount equal to 1/19th of the Issue Amount.

Back-up Service Provider has the meaning given in the Abundance Terms and Conditions.

Business Day means a day other than a Saturday, Sunday or English public holiday.

Cash Account has the meaning given in the Abundance Terms and Conditions.

Cash Return Period means the First Cash Return Period, the Final Cash Return Period and each six month period between those two periods in respect of which repayments of Principal and payments of Interest and Additional Interest are calculated and payable in accordance with this Deed.

Change of Control means a change whereby either the beneficial ownership of more than 50% of the issued or allotted share capital of the Issuer ceases to be held by the same shareholder(s) of the Issuer as at the date of this Deed or the legal power to direct or cause the direction of the general management of the Issuer ceases to be held by the person or persons holding such power as at the date of this Deed and **Controlled** shall be construed accordingly.

Client Money Service Provider has the meaning given in the Abundance Terms and Conditions.

Conditions means the conditions of the Debentures set out in Schedule 1 (as from time to time amended) and **Condition** shall be construed accordingly.

Costs has the meaning set out in Part 1 of the Conditions.

Deed means this Deed and the Schedules to this Deed as amended from time to time.

Deferred Amount means a payment of Principal and/or Interest deferred (in whole or part) in accordance with clauses 3 and 4 (respectively).

Eligible EEA Country has the meaning given to it in the Abundance Terms and Conditions.

Feed-in Tariff Scheme means the feed-in tariff scheme established and operated pursuant to the terms of The Feed-in Tariffs Order 2012 (as amended from time to time).

Final Cash Return Period means the Cash Return Period beginning 1 April 2033 and ending on the Maturity Date.

Final Repayment Date means the date falling 10 weeks after the Maturity Date and is the date by which all outstanding Principal and all other sums due but unpaid under this Deed must be repaid.

First Cash Return Period means the Cash Return Period beginning on 1 July, 2014 and ending on 30 September, 2014.

Holder means the person entered in the Register as the holder of each Debenture from time to time.

Intercompany Loan means the shareholder loan of up to £1,000,000 between the Issuer and Engynious AG dated on or about the date of this Deed, established for the sole purpose of funding the Project (directly or indirectly) or any shareholder loan between the Issuer and Engynious AG that replaces it, such replacement loan to be for the same amount and on the same terms (other than maturity) as the loan it is replacing.

Interest means an amount of interest payable to a Holder in accordance with clause 4 of this Deed.

Issue Amount means the principal or face amount of the Debentures issued under this Deed, from time to time, before and excluding any repayments of Principal made under the Deed but less any amount the Issuer has redeemed early in accordance with paragraph 2 of Part 2 of the Conditions.

Maturity Date means 30 June 2033.

Notice of Redemption a notice (delivered in accordance with clause 10) given to one or more Holders in accordance with paragraph 2 of Part 2 of the Conditions giving not less than 20 Business Days and no more than 60 Business Days notice of the Issuer's intention to redeem outstanding Principal in whole or in part (as the context requires) and the proposed date of redemption.

Offer Document means the document produced by the Issuer relating to the Debentures dated on or about the date of this Deed, as amended or updated from time to time.

Ordinary Resolution means a resolution passed at a meeting of the Holders duly convened and held in accordance with the Provisions and carried by a simple majority of the eligible votes cast upon a show of hands or on a poll.

Principal means, as the context requires, the principal amount of the Debentures for the time being outstanding or the principal amount of the Debentures held by any Holder.

Project means the 21 roof-mounted solar PV installations of 50 kWp or less (with an aggregate of 773 kWp), located at 19 schools throughout the United Kingdom and all of the associated sub-stations and infrastructure for those installations as described more fully in the Offer Document together with any additional roof-mounted solar PV installations of 50 kWp or less located at Relevant Schools in the United Kingdom that are brought into the portfolio and which may be funded, directly or indirectly, under a Supplementary Debenture in accordance with paragraph 3 of the Reserved Matters.

Register means the register of Holders of Debentures.

Relevant School means each or any school or educational institution on the site of which a roof-mounted solar PV installation has been established and which forms part of the Project and in relation to which there is a School Agreement in place with the Issuer.

Relevant Surplus has the meaning given in Part 1 of the Conditions.

Reserve has the meaning given in the Conditions.

Reserved Matters means the matters specified in Schedule 3.

Restricted Person means any person who does not fulfil any criteria of eligibility to invest and/or to hold Debentures set out in the Abundance Terms and Conditions from time to time including without limitation: (i) any US Person; or (ii) any person who, by reason of any Tax or Regulatory Requirement, the Issuer (or Abundance acting on behalf of the Issuer) has determined is ineligible to acquire or hold the Debentures because of a Tax or Regulatory Requirement. A further summary of those eligible to invest and/or hold Debentures is given at paragraph 6.2 of Part 2 of the Conditions.

Retail Prices Index means the domestic measure of inflation in the UK compiled by the UK Office of National Statistics.

Revenues has the meaning given in Part 1 of the Conditions.

Schedule means a Schedule to this Deed.

School Agreements the terms and conditions governing the licence agreements between various Relevant Schools and the Issuer under the terms of which (inter alia) the Issuer sells electricity to the Relevant Schools at an agreed price and the Issuer has the benefit of any feed-in-tariff payable from the roof-mounted solar PV installation at that school (and each being a “**School Agreement**”).

Special Resolution means a resolution passed at a meeting of the Holders duly convened and held in accordance with the Provisions contained and carried by a majority consisting of not less than three-quarters of the eligible votes cast upon a show of hands or on a poll.

Sterling or £ means the lawful currency of the United Kingdom.

Subsequent Cash Return Period means, in relation to any Cash Return Period, the Cash Return Period immediately following that Cash Return Period (and Subsequent Cash Return Periods means, in relation to any Cash Return Period, each of the Cash Return Periods following that Cash Return Period).

Supplementary Debenture has the meaning given to it in paragraph 3 of the Reserved Matters.

Tax or Regulatory Requirement means an event or circumstance arising from any law, regulation or tax requirement in any country or territory leading the Issuer (or Abundance acting on its behalf) to determine in its discretion that it is inappropriate for a person affected by the legal, regulatory or tax requirement to be a Holder.

US Person has the meaning given in clause 6 of Part 2 of the Conditions.

1.2 In this Deed unless the contrary intention appears:

1.2.1 Clause, Schedule and paragraph headings shall not affect the interpretation of this Deed;

1.2.2 Words denoting the singular include the plural;

1.2.3 Words denoting persons include corporations;

1.2.4 A reference to one gender includes the other gender;

1.2.5 References to clauses and Schedules are to the clauses and Schedules of this Deed which form part of this Deed and shall have the same force and effect as if set out in the body of this Deed and any reference to this Deed shall include the Schedules;

1.2.6 A reference to a statute or statutory provision is a reference to it as amended, extended or re-enacted from time to time and shall include all subordinate legislation made legislation from time to time under that statute or statutory provision;

1.2.7 The terms **including**, **include** and **in particular** or any similar expression shall be construed as illustrative and shall not limit the sense of words preceding those words.

1.3 Where indicated in this Deed, terms will have the meaning given to them by the Abundance Terms and Conditions; and

1.4 Other terms will have the specific meaning given to them in the Schedules to this Deed.

2 Issue and Status

2.1 The aggregate principal amount of the Debentures is limited to a maximum of £1,000,000.00.

2.2 Subject to this Deed, as and when issued, the Debentures shall constitute unsecured and unsubordinated obligations of the Issuer and shall rank pari passu, equally and rateably with the other unsecured and unsubordinated obligations of the Issuer, without any preference among themselves.

2.3 The Debentures are issued to, and can only be held by, Members of Abundance (as defined in the Abundance Terms and Conditions) in accordance with the Abundance Terms and Conditions.

2.4 The Debentures are issued in amounts or multiples of one pound Sterling (£1.00) in nominal amount.

3 Repayment of Principal

3.1 Subject to this Deed, the Issuer shall repay Principal by making the Annual Principal Repayment in semi-annual instalments following the end of each Cash Return Period, each instalment amount being equal to fifty per cent (50%) of the Annual Principal Repayment. However, for the First Cash Return and Final Cash Return Periods the respective instalment will be twenty five per cent (25%) of the Annual Principal Repayment.

3.2 Repayments of Principal may be deferred in accordance with this clause 3.

3.3 The making of any repayments of Principal (including any Deferred Amounts) or their deferral following the end of any Cash Return Period (other than the Final Repayment Date) depends on the amount of Relevant Surplus of the Project in that Cash Return Period. As soon as is reasonably practicable following the end of each Cash Return Period, the Issuer shall perform the calculation of its Relevant Surplus in Part 1 of the Conditions, to determine what (if any) repayment of Principal is to be made in respect of that Cash Return Period at that time.

3.4 If, because there is sufficient Relevant Surplus in a Cash Return Period on the basis of the calculation referred to in clause 3.3, the Issuer determines that a repayment of Principal is to be made in respect of that Cash Return Period, the Issuer shall make that payment within ten weeks of the end of that Cash Return Period.

Payments of Principal will be apportioned by Abundance and/or the Client Money Services Provider and paid to Holders in proportion to their holdings of Debentures.

3.5 If, because there is insufficient Relevant Surplus in a Cash Return Period on the basis of the calculation referred to in clause 3.3, no repayment of Principal is to be made in respect of that Cash Return Period, or the amount is less than the instalment amount provided in clause 3.1, the shortfall shall be deferred and become due and payable within 10 weeks of the end of the Subsequent Cash Return Period (unless further deferred where such further deferral is permitted by this clause). Any Deferred Amounts shall, however, bear Additional Interest in accordance with clause 5. No amount of unpaid Principal may be deferred for a period of more than three years from the date on which it would have been due and payable if not first deferred under this Deed and when, at the end of that three year period, it shall finally become due and payable under this Deed.

3.6 All outstanding Principal (including any Deferred Amounts) must be repaid by the Issuer no later than the Final Repayment Date.

4 Interest

4.1 Subject to this Deed, the Issuer shall pay Interest following the end of each Cash Return Period in accordance with this clause.

4.2 The Debentures bear and accrue Interest on and from the date the Debentures are issued to and including the date that they are repaid or redeemed in full.

4.3 The Issuer shall pay Interest equal to the Annual Interest Amount to the Holders in semi-annual instalments following the end of each Cash Return Period, each instalment amount being equal to fifty per cent (50%) of the Annual Interest Amount. However, for the First Cash Return and Final Cash Return Periods the respective instalment will be twenty five per cent (25%) of the Annual Interest Amount.

4.4 Payments of Interest may be deferred in accordance with this clause 4.

4.5 The making of any payment of Interest (including any Deferred Amounts) or its deferral following the end of any Cash Return Period (other than the Final Repayment Date) depends on the amount of Relevant Surplus of the Project in the relevant Cash Return Period. As soon as is reasonably practicable following the end of each Cash Return Period, the Issuer will perform the calculation of its Relevant Surplus in Part 1 of the Conditions to determine what (if any) payment of Interest is to be made in respect of that Cash Return Period at that time.

4.6 If, because there is sufficient Relevant Surplus for a Cash Return Period (as calculated in accordance with clause 4.5), the Issuer is required to make a payment of Interest in respect of that Cash Return Period, the Issuer shall make that payment within ten weeks of the end of that Cash Return Period. Payments of Interest will be apportioned by Abundance and/or the Client Money Services Provider and paid to Holders in proportion to their holdings of Debentures.

4.7 If, due to insufficient Relevant Surplus for a Cash Return Period (as calculated in accordance with clause 4.5), no payment of Interest is required to be made in respect of that Cash Return Period, or the amount of Relevant Surplus is less than the amount of Interest provided in clause 4.3, the shortfall shall be deferred and become due and payable within 10 weeks of the end of the Subsequent Cash Return Period (unless further deferred where such further deferral is permitted by this clause). Any Deferred Amounts shall, however, bear Additional Interest in accordance with clause 5. No amount of unpaid Interest may be deferred for a period of more than three years from the date on which it would have been due and payable if not first deferred under this Deed and when, at the end of that three year period, it shall finally become due and payable under this Deed.

4.8 All due but unpaid Interest (including any Deferred Amounts) shall be payable on the Final Repayment Date.

4.9 Interest shall be calculated and accrue on the basis of the actual number of days elapsed in the relevant period and a 365 day year.

5 Additional Interest

5.1 The Issuer shall pay Additional Interest on any Deferred Amounts of Principal or Interest at a rate of 3% over the published Base Rate of Barclays Bank PLC (or, if that rate is unavailable from Barclays Bank PLC, the equivalent base rate of another major UK retail bank of comparable size chosen by the Issuer) from the date when payment of such amount of Principal or Interest would have been made in accordance with clauses 3 or 4 (as the case is) until actual payment, after as well as before judgment.

5.2 In respect of each Cash Return Period, the Issuer shall pay Additional Interest on Deferred Amounts outstanding during that Cash Return Period, within 10 weeks of the end of such Cash Return Period except that, if there is insufficient Relevant Surplus (in accordance with the Issuer's calculations in Part 1 of the Conditions) for that Cash Return Period to make such payment in full, such shortfall may be deferred on the same basis as applicable to payments of Principal and Interest in accordance with clauses 3 and 4 save that any deferred Additional Interest will not itself bear Additional Interest.

5.3 Additional Interest shall accrue on a daily basis and on the basis of a 365 day year.

5.4 All due but unpaid Additional Interest (including any Deferred Amounts) shall be payable in accordance with 5.2 and by no later than the Final Repayment Date.

6 Payments

6.1 Any payments to the Holders under this Deed shall be allocated in the following order of priority:

6.1.1 first to Additional Interest on Deferred Amounts on Principal (in reverse order of Deferred Amounts outstanding with Additional Interest in relation to the oldest being paid first);

6.1.2 then to Additional Interest on Deferred Amounts of Interest (in reverse order of Deferred Amounts outstanding with Additional Interest in relation to the oldest being paid first);

6.1.3 then to Deferred Amounts of Principal (in reverse order of Deferred Amounts outstanding with the oldest being paid first);

6.1.4 then to Deferred Amounts of Interest (in reverse order of Deferred Amounts outstanding with the oldest being paid first);

6.1.5 then to any repayments of Principal; and

6.1.6 then to payments of Interest.

6.2 Any repayments of Principal or payments of Interest or Additional Interest shall be paid to the Cash Account of the Holder (as defined in the Abundance Terms and Conditions) and such payment shall be a good discharge of the payment obligations of the Issuer under this Deed.

6.3 If the Issuer is required by applicable law to make any withholding or deduction, it shall make such deduction or withholding and account to the relevant authority in respect of the amount withheld or deducted. The Issuer shall not be required to increase or gross-up any amount payable to the Holder under this Deed.

6.4 The Issuer may, at any time, make any payment of any Deferred Amount(s) or Additional Interest in advance of its due date, provided there is sufficient Relevant Surplus to do so (with the effect that it may make such payments in priority to any Costs other than amounts due to Abundance (as described in paragraph 1.5 (c) of these Conditions)).

6.5 Subject to clause 1.6 of the Conditions, if there is either:

6.5.1 a shortfall in Relevant Surplus for the Issuer to make any required payment to Holders under clauses 3 to 5 (inclusive) of this Deed; or

6.5.2 at the time of making any required payment to Holders under clauses 3 to 5 (inclusive) of this Deed, there is less cash freely available to the Issuer than the amount of Relevant Surplus available to make that payment,

(each such shortfall in Relevant Surplus or cash in the sub-paragraphs above, being a "Relevant Shortfall"),

the Issuer is permitted to make that required payment out of the Reserve in an amount no greater than the Relevant Shortfall.

6.6 The Issuer agrees and acknowledges that debt created by the Intercompany Loan is subordinated to the Debenture and accordingly undertakes to the Holders that it will comply with the covenants set out in paragraph 2 of Schedule 3.

7 Redemption and Early Repayment

7.1 The Issuer may redeem all or any of the Debentures in accordance with Part 2 of the Conditions or as otherwise specified in this Deed.

7.2 Any Holder may require immediate payment of all outstanding Principal together with all unpaid accrued Interest, all Deferred Amounts, all unpaid accrued Additional Interest and any other sum then due and payable on such Debenture in the circumstances set out in paragraph 3 of Part 2 of the Conditions.

8 Form of Debentures and Register

8.1 Debentures will be held in electronic form, represented by book entries in the Register. Holders will be issued with an electronic confirmation of their holding via the Abundance Service.

8.2 The Issuer will only recognise each registered Holder as the absolute owner of his Debentures and is not bound to take notice of any trust to which any Debenture may be subject.

8.3 No notice of any trust, except as required by applicable law, will be entered on the Register in respect of any Debentures.

8.4 Subject to clause 8.5, the personal representatives of a deceased Holder shall be the only persons recognised by the Issuer as having any title to, or interest in, that Debenture on the death of such Holder, and will be so recognised subject to their becoming Members of Abundance in accordance with the Abundance Terms and Conditions.

8.5 Any person becoming entitled to a Debenture in consequence of the death or bankruptcy of any Holder or otherwise by operation of law, may, upon producing such evidence that he is so entitled as the Issuer may reasonably require, be registered himself as the Holder subject to his becoming a Member of Abundance in accordance with the Abundance Terms and Conditions.

8.6 The Issuer shall maintain arrangements so that any changes to the Register required under this clause shall be made by Abundance in accordance with the Abundance Terms and Conditions.

9 Transfer

The Debentures may only be transferred in accordance with the Abundance Terms & Conditions or, if applicable, in accordance with clauses 8.4 and 8.5.

10 Notices

The Issuer will give each notice, and will send any other document, to a Holder using the Abundance Service. Each Holder agrees that the Issuer may rely on Abundance to deliver any such notice in accordance with the Abundance Terms & Conditions.

11 No Dealings

The Debentures are not capable of being dealt or listed on any stock exchange or other public market in the United Kingdom or elsewhere and no application has been, or is intended to be made, for the Debentures to be listed or otherwise traded on any such stock exchange or other public market.

12 Rights and Obligations

12.1 This Deed does not confer rights on any persons other than the Holders and the Issuer.

12.2 Each Holder shall be entitled to sue for the performance and observance of the provisions of this Deed as far as his holding of Debentures is concerned.

12.3 Where under this Deed any matter is to be decided by a meeting of Holders, then the provisions of Schedule 2 will apply.

12.4 Any or all of the Reserved Matters set out in Schedule 3 must be approved by a Special Resolution of the Holders as set out in that Schedule.

12.5 For the avoidance of doubt, Abundance is not a party to this Deed and has no obligations under it. Subject to paragraph 8 of the Part 2 of the Conditions, Abundance:

12.5.1 provides services in accordance with arrangements it has with the Issuer; and

12.5.2 operates the Abundance Service in accordance with the Abundance Terms and Conditions as agreed by Members (as defined in the Abundance Terms and Conditions).

13 Inspection

A copy of this Deed shall be kept at the registered office of the Issuer and any Holder and any person duly authorised in writing by a Holder may at all reasonable times during office hours inspect it.

14 Endorsement

A memorandum of execution of any deed supplemental to this Deed shall be endorsed by the Issuer on this Deed.

Executed as a deed by)
Engynious Schools plc)
 acting by a director)

15 Governing Law and Jurisdiction

15.1 This Deed and the Debentures are to be governed by and construed in accordance with English law.

 Director

15.2 The courts of England and Wales shall have exclusive jurisdiction to settle any dispute or claim, whether contractual or non-contractual, arising out of or in connection with this Deed or the Debentures.

Witness Signature:
 Witness Name:

This document is executed as a deed and is delivered by the Issuer or its duly authorised representatives on the date written at the beginning of it.

Witness Occupation:
 Witness Address:

Schedule 1

The Conditions

Words and expressions defined in the Deed shall bear the same meanings when used in these Conditions.

Part 1 – Calculation of Relevant Surplus, Revenues and Costs

The Issuer shall calculate any amounts payable to the Holders under this Deed in the manner set out in the following sub-paragraphs:

1.1 The First Cash Return Period ends on 30 September 2014. Other than the Final Cash Return Period, Subsequent Cash Return Periods following the First Cash Return Period will be periods of six months following the First Cash Return Period, as set out in the Deed. The Final Cash Return Period will be a period of three months ending on the Maturity Date.

1.2 Within 10 weeks of the last day of the each Cash Return Period, the Issuer will calculate its **Relevant Surplus, Revenues** and **Costs** in such Cash Return Period.

1.3 The Issuer's Relevant Surplus for the purposes of the calculation in paragraph 1.2 is the total of:

- a) the sums receivable by the Issuer as Revenues during that Cash Return Period; plus

b) any sum actually receivable by the Issuer during that Cash Return Period in relation to rebate or repayment of any Costs incurred during any previous Cash Return Period; **less**

c) the Costs incurred by the Issuer in respect of the relevant Cash Return Period.

1.4 The Issuer's **Revenues** for the purpose of the calculation in paragraph 1.2 shall be any sums receivable by the Issuer in respect of the generation or sale of any electricity produced by the Project including (i) any proceeds receivable by the Issuer in relation to any power purchase agreement, under the Feed-in Tariff Scheme, any Renewable Energy Guarantee of Obligation, Levy Exemption Certificate or embedded benefit; and (ii) any other sums receivable by the Issuer in connection with the Project under performance bonds, letters of credit, bank interest, claims under any insurance policy, liquidated damages or other sums receivable by the Issuer under any contract relating to the Project.

1.5 The Issuer's **Costs**, for the purpose of the calculation in paragraph 1.2, shall be the costs and expenses of the Issuer (excluding any capital expenditure) incurred in respect of any given Cash Return Period, including (without double counting):

a) operating costs and expenses (including administrative, legal, management and accounting);

b) tax liabilities (including, for the avoidance of doubt, any withholding tax or any tax liability arising as a result of the receipt by the Issuer of any Revenues) where such liabilities fall due for payment in that Cash Return Period but excluding tax liabilities that have been incurred by the Company but are not due for payment during that Cash Return Period);

c) fees and expenses payable to Abundance or any other third party incurred by the Issuer in the establishment of the Debentures;

d) maintenance costs and expenses incurred in respect of the Project;

e) insurance premium incurred relating to the Project; plus

f) any contribution into the contingency reserve referred to in paragraph 1.6.2 below.

1.6 The Issuer will at all times any amount is outstanding under this Deed and until the Final Repayment Date:

1.6.1 maintain an amount in free cash ("Reserve") consisting of an amount equal to two point six% (2.6 percent) of the Issue Amount (to be used solely for repayment of Principal and payment of Interest, Additional Interest or Deferred Amounts) provided that if the Issuer makes any payment out of the Reserve in accordance with clause 6.5, the amount of Reserve shall temporarily reduce and the resulting shortfall shall be funded out of the Relevant Surplus; and

1.6.2 set aside an amount in free cash equal to £2,000 per annum for a minimum of 10 years as an operational contingency reserve to be used for the normal running of the Project and for meeting any decommissioning liabilities over the life of the Project.

Part 2

Other Conditions including Redemption or Early Repayment

Change of Control

2.1 The Issuer shall be entitled at any time following a Change of Control by issue of a Notice of Redemption to the Holders of its intention to redeem all of the Debentures.

Following that Notice of Redemption, on the date of the redemption, the Issuer will redeem the Debentures and repay the Principal then outstanding together with any accrued Interest and/or Additional Interest then owing.

2.2 Where the Issuer has issued a Notice of Redemption in respect of a Change of Control, the Issuer will pay a further percentage amount of such Principal amount to be determined by an independent valuer appointed in accordance with paragraph 2.3 below (the “Independent Valuer”) on any Debenture registered in that Holder’s name. Subject to giving such notice and upon the expiry of such notice, the Issuer shall be entitled and bound to pay off that part of those amounts in respect of which such notice of redemption has been given.

2.3 The Independent Valuer shall be appointed by the Issuer, acting reasonably, and shall be a firm of Chartered Accountants who have not been engaged by the Issuer to provide professional services to it within a period of 5 years prior to the Issue of the Notice of Redemption. Following the appointment of the Independent Valuer the Issuer shall inform the relevant Holders of the identity of the Independent Valuer as soon as reasonably practicable.

2.4 The Independent Valuer shall determine the percentage of premium payable in addition to the Principal amount having regard to all reasonable circumstances including the period of time remaining until the Final Repayment Date and the likely amount of Interest that would have been payable but for early redemption, discounted to present value in a commercially reasonable manner.

Save in the case of manifest error the decision of the Independent Valuer shall be final and binding on the Issuer and the relevant Holders and any applicable premium shall be paid by the Issuer within 28 days of the date the Issuer is notified of the Independent Valuer’s determination.

2.5 The costs of the Independent Valuer shall be payable by the Issuer.

Tax or Regulatory Requirement

2.6 In the event that the Issuer becomes aware of a Tax or Regulatory Requirement relating to any Holder it may issue a Notice of Redemption to that Holder stating its intention to repay a sum equal to the Principal amount of Debentures held by that Holder (together with any Interest and/or Additional Interest accrued up to and including the date of redemption). For the avoidance of doubt such Holder shall not be entitled to any Interest or Additional Interest with effect from the date of redemption of those sums.

Termination of School Agreement

2.7 Where a party (other than the Issuer) to a School Agreement exercises its rights to terminate a School Agreement, the Issuer shall issue a Notice of Redemption (via the Abundance Service) informing the Holders that notice to terminate a School Agreement has been received and stating the Principal amount of the Debentures which will be redeemed and the date upon which redemption will take place.

The amount of Principal which will be redeemed shall be calculated as follows:

$P \times (S/T)$,

where P is the amount of Principal outstanding at the date of redemption, T is the total output (in kWp) of the solar PV installations in the Project and S is the output (in kWp) of the solar PV installation located at the Relevant School for which the School Agreement is being terminated.

2.8 Any redemption made pursuant to paragraph 2.7 above shall be made repaying a pro-rata amount of Principal held by each Holder and any sum so redeemed shall be paid together with any Interest and/or Additional Interest accrued on such sums. For the avoidance of doubt Holders shall not be entitled to any Interest and/or Additional Interest on any sums redeemed pursuant to paragraph 2.7 above with effect from the date of redemption of those sums.

3 Repayment on Default

If, at any time and for any reason, any of the following events (“Events of Default”) has occurred and is outstanding, any Holder shall be entitled by notice in writing (“Default Notice”) to the Issuer to require that the Principal payable in respect of each Debenture (or part thereof) that he holds, together with all unpaid and/or accrued Interest, all Deferred Amounts and any other sum then payable on such Debenture, shall become due and payable immediately. If a Holder gives such a Default Notice, then such Principal, unpaid and/or accrued Interest and Deferred Amounts and any other sum then payable on such Debenture shall be immediately due and payable by the Issuer and the Issuer shall immediately pay or repay such amounts to such Holder on receipt of the Default Notice. The Events of Default are:

- any failure by the Issuer to pay in full any amount payable to such Holder in respect of the Debentures within 14 days after the due date for its payment (and, for the avoidance of doubt, the due date for any Deferred Amount shall be determined in accordance with clause 3, 4 or 5 (as applicable) of this Deed and shall in no circumstances be later than the third anniversary of the date which that payment would, but for any first deferral of that payment under this Deed, have been due); or
- the Issuer failing duly to perform or comply with any obligation (other than an obligation to pay any amount payable in respect of the Debentures) expressed to be assumed by it in this Deed and (except where such failure is incapable of remedy) such failure continues for 14 days after the earlier of (a) written notice has been given by any Holder requiring remedy of such failure; or (b) the date that the Issuer has become aware of such failure; or
- an effective resolution being passed or an order being made for the winding up or dissolution of the Issuer (other than (a) a solvent winding up for the purposes of amalgamation or reconstruction ; or (b) a members’ voluntary winding up on terms previously approved by a Special Resolution); or
- an encumbrancer (being a person enforcing an encumbrance as defined in Schedule 3 taking possession of, or a trustee, receiver, administrator or similar officer being appointed or an administration order being made in respect of, the Issuer or the whole or substantially the whole of the property or undertaking of the Issuer and such person not being paid out or discharged within 14 days; or
- if the Issuer proposes, makes or is subject to an arrangement or composition with its creditors generally, an application to a court of competent jurisdiction for protection from its creditors generally or a scheme of arrangement under Part 26 of the Companies Act 2006 (other than in the latter case for the purpose of a solvent voluntary reconstruction or amalgamation); or
- if the Issuer is insolvent for the purposes of section 123(1)(e) or section 123(2) of the Insolvency Act 1986, whereupon the Principal amount of such Debentures (together with all other amounts due but unpaid including, Interest, Deferred Amounts and Additional Interest) shall forthwith become immediately payable; or
- the Issuer ceasing to carry on the business or a substantial part of the such business that it carries on at the date of this Deed or the Issuer abandons the Project or ceases to carry on the Project; or
- it is or becomes or will become unlawful for the Issuer to perform or comply with any of its obligations under this Deed, or any such obligation is not or ceases to be legal, valid and binding.

3.2 The Issuer shall as soon as practicable notify the Holders of the happening of any Event of Default.

4 Purchase

The Issuer or a party associated with the Issuer may at any time by agreement with the relevant Holder purchase any Debentures at any price by tender, private treaty or otherwise.

5 Cancellation

Any Debentures repaid, redeemed or purchased by the Issuer shall forthwith be cancelled and shall not be available for re-issue.

6 Registration and Transfer

6.1 The Debentures will be registered and transferable only in accordance with the Abundance Terms and Conditions.

6.2 The Debentures may be acquired and/or held only by Members of Abundance (as defined in the Abundance Terms and Conditions) who are eligible to invest in accordance with the Abundance Terms & Conditions, which includes:

6.2.1 individuals aged 18 years or over who have their permanent residence in an Eligible EEA Country (but excluding any Restricted Person); or

6.2.2 those who are not individuals, being persons who have a permanent place of business in an Eligible EEA Country and are duly incorporated, authorised, established or formed in accordance with the relevant European laws and regulations;

6.2.3 other Members of Abundance who fulfil any criteria of eligibility to invest and/or to hold Debentures in accordance with the Abundance Terms and Conditions from time to time.

6.3 The Debentures may not be acquired by any Restricted Person. For the avoidance of doubt, individuals who are resident, or businesses that have their permanent place of business or are otherwise incorporated or established in, any of the Channel Islands or the Isle of Man, are not eligible to hold the Debentures.

6.4 Without limiting Conditions 6.1 to 6.3, the Debentures will not be registered under the United States Securities Act of 1933 or the securities laws of any country, jurisdiction, state or territory outside the United Kingdom.

6.5 The Issuer, or Abundance on its behalf, may require reasonable evidence that a proposed transfer is exempt from or not subject to a registration or similar requirement in the United States or any other jurisdiction outside the United Kingdom and is not to, or for the benefit of, a Restricted Person.

6.6 The Issuer may require redemption of any Debenture that reasonably appears to it to be held by, or for the benefit of, a Restricted Person.

6.7 For the avoidance of doubt, references to a "US Person" include those who are US Persons for the purposes of US tax law or US securities laws. The Issuer may reasonably determine whether a person acquiring or holding Debentures is a US Person or a Restricted Person in accordance with applicable law at the time it makes such determination (but summaries of the relevant requirements at the date of this Deed are provided in Conditions 6.8 to 6.9).

6.8 For the purposes of United States tax law, a summary of the definition of "US Person" is:

6.8.1 a citizen or resident of the United States;

6.8.2 a US domestic partnership;

6.8.3 a US domestic corporation;

6.8.4 any estate other than a foreign estate for the purposes of US tax law;

6.8.5 any trust if:

6.8.5.1 a court within the United States is able to exercise primary supervision over the administration of the trust, and

6.8.5.2 one or more United States persons have the authority to control all substantial decisions of the trust;

6.8.6 any other person that is not a foreign person for the purpose of US tax law.

6.9 For the purposes of US securities laws, a **US Person** is as defined in Regulation S (promulgated under the Securities Act of 1933) in Section 902(k)(1) namely:

6.9.1 any natural person resident in the United States;

6.9.2 any partnership or corporation organized or incorporated under the laws of the United States;

6.9.3 any estate of which any executor or administrator is a U.S. person;

6.9.4 any trust of which any trustee is a U.S. person;

6.9.5 any agency or branch of a foreign entity located in the United States;

6.9.6 any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a U.S. person;

6.9.7 any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organized, incorporated, or (if an individual) resident in the United States; and

6.9.8 any partnership or corporation if:

6.9.8.1 organized or incorporated under the laws of any foreign jurisdiction; and

6.9.8.2 formed by a U.S. person principally for the purpose of investing in securities not registered under the Act, unless it is organized or incorporated, and owned, by accredited investors (as defined in Rule 501(a)) who are not natural persons, estates or trusts.

7 Modification of Rights

7.1 The provisions of this Deed (including the Conditions and the content of any Schedules) may from time to time be modified, abrogated or compromised in any respect by the Issuer with the sanction of a Special Resolution or in accordance with this Condition 7.

7.2 Subject to Condition 7.3, where the Offer Document permits the Issuer to extend, restrict or modify the period during which the Debentures are available for subscription (and only in such circumstances) the Issuer may (by deed expressed to be supplemental to this Deed) make such amendments as it reasonably considers necessary to reflect such extension, modification and restriction including (but not limited to) changing the dates for First Cash Return Period or Subsequent Cash Return Periods (including the dates on which they begin and end) and/or or the date given as the Maturity Date.

7.3 The Issuer may only make such amendments as are referred to in Condition 7.2 where it is reasonably satisfied: (i) that it is necessary to do so in order to reflect any such changes as are referred to in Condition 7.2; and (ii) that Holders are not materially prejudiced by such amendments which reflect the same economic basis on which the Debentures are offered in the Offer Document. Without limitation, the Issuer shall not, by virtue of Condition 7.2, be entitled to change the following as set out in this Deed and these Conditions (“Restricted Conditions”): frequency of Cash Return Periods; definitions of and/or the method of calculation and/or amounts of repayments of Principal, Interest and Additional Interest; definitions and calculations of Relevant Surplus, Revenues and Costs; any provisions relating to deferral or Deferred Amounts; the 10 week period for performing any calculations or making any payments or any Reserved Matters in Schedule 3 and any provision that would be reasonably likely to materially impact the economic basis on which Debentures are offered. For the avoidance of doubt, the Issuer may change Restricted Conditions with the sanction of a Special Resolution.

7.4 Additionally, the Issuer may amend any provisions of this Deed including the Conditions, the Provisions or any of the Schedules, by supplemental deed expressed to be supplemental to this Deed where, in the reasonable opinion of the Issuer and the opinion of the Issuer's legal advisers, the amendment is considered to be of a formal, minor or technical nature or to be necessary to correct a manifest error.

8 Alternative Service Provider

8.1 If for any reason, Abundance ceases to provide the Abundance Service and it is not provided by the Back-up Service Provider or Abundance ceases to maintain the Register or there is any other material change to the nature of the Abundance Service or the involvement of Abundance which has a material effect on any matter relating to the Debentures, then for the avoidance of doubt the obligations of the Issuer will remain valid and binding subject to Condition 8.2.

8.2 In the circumstances set out in Condition 8.1, the Issuer shall make such arrangements as it reasonably considers appropriate and may amend this Deed by deed expressed to be supplemental to this Deed (but only so far as is reasonably necessary to incorporate the revised arrangements for the matters listed in paragraphs 8.2.1-8.2.4). The Issuer shall take reasonable steps as soon as practicable to inform the Holders of any changes to:

8.2.1 the arrangements for maintaining the Register;

8.2.2 the procedures for making payments (but not the amount of any payment or how such amount is calculated) to Holders;

8.2.3 the procedures for transfer (including acceptance of any instrument in common standard form) of Debentures; and/or

8.2.4 how notices can be given to Holders.

Schedule 2

Meetings of holders

1 The Issuer may (and will on the request in writing of a person or persons holding not less than 10% of the aggregate Principal) convene a meeting of the Holders. Any such meeting shall be held at the registered office of the Issuer or such other convenient place as the directors of the Issuer may decide.

2 At least 14 days' clear notice, or when the meeting is being convened for the purpose of passing a Special Resolution at least 21 days' clear notice, of every meeting shall be given to the Holders. The notice shall specify the place, date and time of meeting and the general nature of the business to be transacted, but except in the case of a Special Resolution it shall not be necessary to specify in the notice the terms of any resolution to be proposed.

The accidental omission to give notice to or the non-receipt of notice by any of the Holders shall not invalidate the proceedings at any meeting.

3 At any meeting Holders present in person or by proxy holding or representing 50% of the aggregate Principal shall form a quorum for the transaction of business except for the purpose of passing a Special Resolution. The quorum for passing a Special Resolution shall be Holders present in person or by proxy holding or representing 75% of the aggregate Principal. No business (other than the election of a chairman) shall be transacted at any meeting unless the necessary quorum is present at the commencement of business. If within half an hour from the time appointed for the meeting a quorum is not present the meeting if convened upon the requisition of Holders shall be dissolved. In any other case it shall stand adjourned to such day and time not being less than 7 clear days thereafter and to such place as may be decided by the chairman and at such adjourned meeting the Holders present in person or by proxy and entitled to vote whatever their number and whatever the Principal Sum held by them shall be a quorum for the transaction of business including the passing of Special Resolutions.

At least 3 days' clear notice of any adjourned meeting of Holders at which a Special Resolution is to be submitted shall be given in the same manner as for the original meeting and the notice shall state that the Holders present at the adjourned meeting whatever their number and whatever the aggregate Principal amount of the Debentures held by them will form a quorum.

4 The chairman or any other director of the Issuer shall preside at every meeting, but or if no chairman or director is present within 5 minutes after the time appointed for holding the meeting or is unwilling to act, the Holders shall choose one of their number to be chairman. Any director, the secretary, the auditors of the Issuer and the solicitors of the Issuer and any other person authorised to do so by the Issuer may attend any meeting.

5 The chairman may, with the consent of any meeting at which a quorum is present, and shall, if so directed by the meeting, adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting except business which might lawfully have been transacted at the meeting from which the adjournment took place.

6 At any meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded by the chairman or by one or more Holders present in person or by proxy and holding or representing not less than 10% of the aggregate Principal. Unless a poll is so demanded a declaration by the chairman that a resolution has been carried or carried unanimously or by a particular majority or lost shall be conclusive evidence of the fact, without proof of the number or proportion of the votes recorded in favour of or against such resolution. If a poll is duly demanded it shall be taken forthwith or at such time and in such manner as the chairman may direct, and the result of such a poll shall be deemed to be the resolution of the meeting at which the poll was demanded.

7 In the case of an equality of votes whether on a show of hands or on a poll the chairman of the meeting at which the show of hands takes place or at which the poll is demanded shall be entitled to a casting vote in addition to the vote or votes (if any) to which he may be entitled as a Holder.

8 The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll has been demanded.

9 On a show of hands every Holder who is present in person shall have one vote and on a poll every Holder who is present in person or by proxy shall have one vote for every £1 or part thereof of the Principal of which he is the Holder.

10 In the case of joint registered holders of Debentures, the vote of the senior who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority shall be determined by the order in which the names stand in the Register in respect of the joint holding.

11 On a poll votes may be given either personally or by proxy and a Holder entitled to more than one vote need not use all his votes or cast all the votes he uses in the same manner.

12 The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney or in the case of a corporation under the hand of a duly authorised officer or attorney.

13 A person appointed to act as a proxy need not be a Holder.

14 The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed shall be delivered to the chairman not less than 24 hours before the time appointed for the meeting (or adjourned meeting) and in default the instrument of proxy shall not be treated as valid. No instrument appointing a proxy shall be valid after 3 months from the date named in it as the date of execution or signature.

15 An instrument appointing a proxy may be in the usual or common form or in such other form as the directors may from time to time prescribe or accept and need not be witnessed. The proxy shall be deemed to confer the right to demand or join in demanding a poll. A proxy shall unless it states otherwise be valid for the meeting to which it relates and for any adjournment of that meeting.

16 Any company or corporation which is a registered holder of any of the Debentures may by resolution of its directors or other governing body authorise any person to act as its representative at any meeting of the Holders, and such representative shall be entitled to exercise the same powers on behalf of the company or corporation which he represents as he would be entitled to exercise if he was himself the registered holder of such Debentures. A company or corporation attending by such a representative shall be deemed to be present in person.

17 A meeting of the Holders shall have the following powers exercisable by Special Resolution:

17.1 power to sanction any modification or compromise or any arrangement in respect of the rights of the Holders against the Issuer, whether such rights arise under this Deed or otherwise;

17.2 power to assent to any modifications of the Conditions to which the Debentures are subject and/or of the provisions contained in this Deed proposed or agreed to by the Issuer;

17.3 power to sanction any agreement for postponing or advancing the time for the making of any payment under this Deed or for changing the basis on which any payments are to be calculated or for the capitalising of any amount that would otherwise be payable;

17.4 power to appoint any persons (whether Holders or not) as a committee to represent the interests of the Holders and to confer upon such committee any powers or discretions which the Holders could themselves exercise;

17.5 power to sanction the exchange of the Debentures for or the conversion of the Debentures into shares, stock, debentures or other obligations or securities of the Issuer or any other Issuer formed or to be formed;

17.6 power to give consent to any of the Reserved Matters in Schedule 3.

18 Every other matter to be determined at a meeting of Holders shall be decided by Ordinary Resolution.

19 A resolution passed at a meeting of the Holders duly convened and held in accordance with this Deed shall be binding upon all the Holders whether or not present at the meeting and each of the Holders shall be bound to give effect to it accordingly.

20 The expression 'Ordinary Resolution' means a resolution passed at a meeting of the Holders duly convened and held in accordance with the provisions contained in this Instrument and carried by a simple majority of the votes cast upon a show of hands or on a poll.

21 The expression 'Special Resolution' means a resolution passed at a meeting of the Holders duly convened and held in accordance with the provisions herein contained and carried by a majority consisting of not less than three-quarters of the votes cast upon a show of hands or on a poll.

22 A resolution in writing signed by all the Holders together holding not less than 50% or 75% of the aggregate Principal shall for all purposes be as valid and effective as an Ordinary Resolution or Special Resolution respectively passed at a meeting duly convened and held in accordance with the provisions contained in this Instrument. Any such resolution in writing may be contained in one document or in several documents in similar form each signed by one or more Holders and the effective date of any such resolution shall be the date of the last signature to it.

Schedule 3

Reserved Matters

1 Subject to the terms of this Deed, the Issuer shall not, without Holder prior approval by way of Special Resolution:

1.1 amend the basis on which Relevant Surplus, Revenues and/or Costs are calculated;

1.2 form, enter into, terminate or withdraw from any partnership, consortium, joint venture or any other incorporated or unincorporated association for the purposes of any business or form or acquire any subsidiary undertaking (as defined in section 1162 of the Companies Act 2006);

1.3 enter into, or increase or extend any liability under, any guarantee or indemnity other than an indemnity under a contract for goods or services entered into in the ordinary course of carrying on the Project;

1.4 make, increase or extend any loan or advance or grant any credit to any person other than trade credit in the ordinary course of carrying on the Project;

1.5 grant, create or allow to arise or continue any encumbrance over any of its assets other than those arising by operation of law in the ordinary course of carrying on the Project;

1.6 borrow any monies or incur any indebtedness other than (i) trade credit in the ordinary course of carrying on the Project; or (ii) indebtedness under the terms of the Intercompany Loan (subject to paragraph 2 (below)); or (iii) indebtedness under the terms of a Supplementary Debenture that complies with paragraph 3 below.

1.7 establish any pension or life insurance scheme, or any bonus, profit sharing, share option or other incentive scheme for directors;

1.8 make any payment, whether by way of emoluments for services or otherwise (but not including reimbursement of expenses reasonably and properly incurred) to, or on behalf of, any director of the Issuer;

1.9 acquire or dispose of any freehold or leasehold property (other than as may be required for in the ordinary course of the Project), grant a lease or licence in respect of any property or take or omit to take any action that would be reasonably likely to prejudice the continuation of any such lease or licence;

1.10 undertake any business other than the Project or make or permit any material change in the nature or scope of the Issuer's business; or

1.11 enter into any contract or arrangement with any member of its Group other than on arm's length terms and in the ordinary course of its business,

provided that the Issuer may undertake any of the matters set out in paragraphs 1.3, 1.4, 1.5, 1.6 or 1.11 of this Schedule 3 without the approval of a Special Resolution in circumstances of urgency where, in the Issuer's reasonable opinion:

(a) any delay in acting would or would be likely to have a material adverse impact on the Project or the likelihood of generating Revenues; and

(b) any of those matters undertaken by the Issuer would not be materially prejudicial to the Holders,

and where the Issuer has done so, it shall notify the Holders via the Abundance Service of the action it has taken as soon as reasonably practicable after it has done so.

2 Intercompany Indebtedness

Notwithstanding anything to the contrary in this Deed, the Issuer may permit to exist, and make payments under, the Intercompany Loans provided that the Issuer covenants that it:

(a) shall at all times comply with the provisions of the Intercompany Loan and shall use its best endeavours to procure that all other parties to the Intercompany Loan do so; and

(b) shall agree to no changes to the Intercompany Loan which might in any way adversely affect Holders of the Debentures without the prior approval of a Special Resolution.

3 Supplementary Debenture

The Issuer may raise additional indebtedness through the issue of an additional issue of debentures under a supplementary debenture deed (the Supplementary Debentures) provided that such Supplementary Debentures shall:

(aa) be used to fund (whether directly or indirectly via the refinance of the Intercompany Loan) new roof-mounted solar PV installations at Relevant Schools forming part of the Project and provided that any shareholder or intercompany indebtedness used to initially fund those roof-mounted solar PV installations shall be:

(A) documented and subordinated under the terms of the Intercompany Loan; and

(B) repaid and cancelled (in whole or part) by an equivalent amount to the funding under the Supplementary Debenture;

(bb) rank pari passu with the indebtedness under this Deed;

(cc) be in a maximum aggregate principal amount of GBP £1,000,000;

(dd) be on substantially the same terms and conditions as this Deed (except for the date, the definition of the Issue Amount and Annual Interest Amount and, subject to sub-paragraph (ee) below, any changes to the length of Cash Return Periods required (if any) for the first and last Cash Return Periods);

(ee) have the same 19 year term as the Debentures under this Deed;

(ff) have substantially the same effective rate of return as the Debentures under this Deed;

(gg) be offered under a supplementary offer document (via the Abundance website); and

(hh) be issued prior to 31 March 2015.

For the purposes of these Reserved Matters:

“assets” means all or any part of the Issuer’s business, undertaking, property, assets, revenues (including any right to receive revenues) and uncalled capital; and

“encumbrance” means any mortgage, charge, assignment, pledge, lien (save as arising in the ordinary course of carrying on the Project), hypothecation, right of set-off (except as arising under the general law for the protection of certain classes of creditors) or trust arrangement for the purpose of and having a similar effect to the granting of security, or other security interest of any kind.

“Group” means in relation to the Issuer from time to time the Issuer itself, any subsidiary undertaking or any parent undertaking of the Issuer, and any subsidiary undertaking of a parent undertaking of the Issuer. The terms subsidiary undertaking and parent undertaking shall be as defined in section 1162 Companies Act 2006; and

“Indebtedness” includes any obligation (whether incurred as principal or surety and whether present, future, actual or contingent) for the payment or repayment of any money.