

ILI Energy Storage plc – 3¼ year secured Debentures offering 10% interest a year (before tax)

This document is an offer to subscribe for tradeable Debentures issued by ILI Energy Storage plc to raise £1,600,000 to finance the development and consenting of 3 pumped storage hydroelectric projects and 7 battery storage projects with an expected total installed capacity of over 2,000 megawatts (MW).

6 SEPTEMBER 2019



ILI ENERGY STORAGE PLC

This document is an offer to subscribe for Debentures issued by ILI Energy Storage plc to raise up to £1.6 million

This Offer Document has been prepared by ILI Energy Storage plc, the issuer of the Debentures (the '**Issuer, we**' or '**us**'). It has been approved as a financial promotion for the purpose of the Financial Services and Markets Act 2000 ('FSMA') and FCA Rules by Abundance Investment Limited ('Abundance') who is authorised and regulated by the Financial Conduct Authority ('FCA') under number 525432 and whose full details are given on page 68 under 'Our Service Providers'.

The role of Abundance is to facilitate the issue of the Debentures and to provide a platform for investing in them. It is not advising you as to the merits of, or making a personal recommendation to you in relation to, investing in the Debentures.

You should consider carefully whether an investment in the Debentures is suitable for you in the light of your own personal, financial and tax circumstances. You should consider carefully all the information set out in this Offer Document including the information set out in 'The risks' on pages 36-39. The value of investments can go down as well as up and you may not get back the money you originally invested or make any return on your investment. Forecasts, estimates and projections as to future business or returns are not a reliable indicator of these matters and may be impacted by various factors – see 'The risks' on pages 36-39.

If you are in any doubt as to any aspect of investing in the Debentures, including any accounting or tax issues, you should seek independent advice from an FCA-authorised person who has experience in advising on investments such as these. Nothing in this Offer Document should be read or understood to be financial, investment, tax or accounting advice.

This Offer Document is not a prospectus for the purposes of Part VI of FSMA. It has not been approved by the FCA or any other regulator. The Debentures have not been admitted to listing on any regulated market and will not be dealt on any stock exchange or other such market.

Investment in the Debentures is available only to members of Abundance and in accordance with its Terms and Conditions at www.abundanceinvestment.com. This Offer Document does not constitute an offer to sell or the solicitation of an offer to buy any securities in any country or jurisdiction where such offer or solicitation would be unlawful and is not, in particular, for distribution in the US. The Debentures have not been and will not be registered under the applicable securities laws of the US and are not being made available to US Persons as defined in the Abundance Terms and Conditions and this includes citizens of the US wherever resident.

We may redeem any Debentures held by Restricted Persons as defined in the Debenture Deed (as set out on pages 44-67 of this document and referred to herein as the 'Debenture Deed') which includes any persons ineligible to hold the Debentures because of relevant legal, regulatory or tax restrictions. This Offer Document is intended to be circulated only in the UK and any other countries in the European Economic Area where Abundance considers it may be circulated and the distribution of the Offer Document may be restricted by relevant laws in these jurisdictions. Therefore, persons in possession of this Offer Document should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities law of any of the relevant jurisdictions.



Note: "we", "us" or "our" also includes our Parent Company, Intelligent Land Investments Group plc, and its wholly owned subsidiaries



Working to get more renewables into the UK's electricity system has been our principal focus for over a decade. With planning permission secured by us for 96 wind turbines and 2 solar farms of 5 MW each, working directly with generally smaller landowners and communities, we are acutely aware of the associated need to find ways to accommodate the variability of weather-dependent renewable technologies onto our electricity grid. As a result, we began early to look at electricity storage and how we could use our established development expertise to help bring forward projects that could fulfil that role.

The need for storage has never been more in focus with the recent blackout which caused havoc for millions of Friday commuters when a sudden drop in generation created too much stress on the electricity system. Yet, renewable electricity generation is often deliberately curtailed, particularly in Scotland where we are, when wind production is high but demand low.

In our view, pumped storage hydro is the best technology to help address those issues on a large scale for the reasons listed below. With our commitment to helping build a clean, decarbonised and secure energy system for the UK, we started work on developing potential sites in 2015 and to date have screened more than 60, with a shortlist now of 3 excellent sites that underlie this offer.

Pumped storage projects are generally several hundred megawatts in size each making them already the biggest stores of energy in our energy infrastructure.

The nature of pumped storage means it can act as both a generator and a store of energy (the latter is particularly relevant when it comes to helping wind farms generate whenever they can since it can help stop curtailment – something which is happening increasingly often).

It responds very quickly; in other words it can be powered up and down in a matter of seconds which allows it to help address sudden spikes in demand or drops in supply.

With a life of at least 50 years and perhaps over 100, it is considered very sustainable.

For the reasons above, pumped storage hydro was included in the Scottish Government's 2017 energy White Paper, 'The Future of Energy in Scotland'. We have also been promoting its benefits, most recently in 2019 we made a detailed submission to the BEIS Financing Energy Infrastructure Inquiry. Mark Wilson is often invited to speak at high-profile events hosted by the UK and Scottish Governments, and also by industry bodies like Scottish Renewables and the British Hydropower Association. He is now recognised as a prominent individual within the sector in the UK, and we feel we are very well placed to take – advantage of the opportunities that will arise from the declared climate emergency.

Battery technology as a means of providing services to the grid has also come a long way, and we have started to develop a number of sites. Although the scale of battery projects is still in general much smaller (50 MW is the biggest in the UK at the moment and also our biggest, versus a range of 450 to over 600 MW for the pumped storage hydro projects we are developing), batteries can respond even more quickly and just a relatively small amount played a role in stabilising the grid in its recent failure.

To date, we have secured the necessary consents for 4 projects with another 3 currently in the pipeline. In addition, we have been contacted by one of the Scottish grid operators with a view to supplying additional projects to aid balancing of the grid and distribution networks. 2 of these consented projects will form the package of security which supports this investment in the event that we are unsuccessful in selling sufficient assets to honour our commitments in this offer – page 33 sets out how we intend to return your capital to you.

We put great value on involving our landowners and local communities in what we do, and with the size and desired profile of our pumped storage hydro initiatives, it was a natural step to turn to the general public to support our efforts. We first did this at the end of 2017, with an offer of Debentures similar to this one by our company, ILI Pump Storage Hydro plc, raising £3.4 million through Abundance.



Those funds were used to cover the costs of preparing for planning. This included a significant amount of technical design and preliminary engineering studies that have been completed by AECOM, the global engineering consultancy firm that has worked on a number of other pumped hydro storage projects and is our key partner, with the result that one of our sites – Red John – is now in the final stages of development (see pages 30-31 for an overview of all the sites and what stage they are at).

Some of the steps we are taking to move projects through to a stage at which they can be sold have cost us more than expected. For example, there has been a significant increase in the cost of consent applications, announced by the government after we launched our previous offer for Debentures. We have spent more on salary costs in order to recruit and retain staff in an increasingly competitive market. Furthermore, we have done more engineering work and also contracted a PR firm to perform consultancy work to optimise our chances of success, which we had not previously budgeted for. None of these decisions to increase spend were taken lightly, but we are confident that all have had the effect of moving us closer to our strategic objective of selling one or more of the pumped storage hydro projects. These factors have caused a funding gap which this new fund raise will address.

Once the relevant consents for projects are in place, the value of a site increases substantially, and this is the point at which we expect to sell them to one or more companies who have the means to build them. A successful sale of one or more of the projects is expected to deliver enough value for us to repay your Debentures (as well as those from the previous offer) and to realise the time and investment we are making to deliver these projects.

Depending on when we can complete a sale, it may also contribute to the costs of developing the other 2 sites. In any event, as a development business, the sale of consented assets is a core part of how we fund our business on an ongoing basis and we expect to cover any shortfall from this offer towards our estimate of roughly £2 million to process 3 pump storage hydro projects in this way (see page 32 on how your money will be used for more detail).

There are some important differences around the way this and the previous investment on Abundance are structured to reflect the different circumstances and these are summarised on page 35, however the principal use for the money we are raising in both cases is to bring up to 3 pumped storage hydro projects to the point they can be sold.

A diverse energy mix is key to successful energy delivery. Renewable energy generation is essential in helping create a safe and clean environment by reducing harmful carbon emissions. Pumped storage hydro and battery storage both have an important role to play in using the country's renewable resources to their full potential. We want to make a significant contribution to the building of a reliable, safe and clean electricity. We hope you will help us achieve that goal and share in the proceeds when we succeed.

Handwritten signatures of Dr Michael Kelly, Mark Wilson, and Jason Crawford.

Dr Michael Kelly, Mark Wilson and Jason Crawford
Directors of ILI Energy Storage plc

Contents

A letter from the directors **3-4**

Why buy Ili Energy Storage plc Debentures? **6**

Key elements of this offer **7-8**

Who is involved? **9-12**

The role of energy storage **13-15**

Introduction

Pumped storage hydro and lithium-ion batteries as a business **16-17**

The role of different storage types in the transmission network **18**

Evolution of the GB energy market and policy background **19-21**

Our business model

Our development process, from site selection to planning consent **22-28**

Preparation for sale **29**

Our pumped storage hydro projects – current status **30-31**

Successfully developing our projects

Use of funds **32**

What you get back and note on security **33-35**

The risks **36-39**

How to subscribe and the role of Abundance **40-41**

Anticipated timetable and your questions answered **42-43**

The investment

The legal agreement – the debenture deed **44-67**

Our service providers **68**

Legal

Introduction – Why buy ILI Energy Storage plc Debentures?

Earn 10% interest a year before tax

Contribute to the development of a highly sustainable solution to the UK's energy infrastructure and so maximise the value renewable energy can bring – pumped storage hydro projects are long term investments. Lifetimes are expected to be in excess of 50 years.

The capital you invest is repayable on 31 December 2022 unless we repay early.

The Debentures are transferable to anyone with an Abundance account and in accordance with the Abundance Terms and Conditions – which means you can sell them or transfer them (to a relative for example). Abundance provides a [Marketplace](#) on its website to help you find potential buyers – details on how to use it are in the 'How to trade' section of the website under 'Marketplace'.



Know where your money has gone.



Be part of adding a significant amount of sustainable, long-lasting storage to the UK's energy supply.



Receive interest of 10% a year on your investment (before tax) – whether you start with £5 or £100,000 (note: returns and repayments of the amount you lend are not guaranteed and will depend on, among other things, our ability to repay the capital – see the 'Risks' on pages 36-39).



Hold the Debentures in your Abundance ISA (see page 40) and receive your interest tax free.



Use the Marketplace provided by Abundance if you need to sell, for which there are no charges.



Have the benefit of a package of security in the event things don't go according to plan (see page 35 for more detail and risks on pages 36-39 which also explain that security does not necessarily mean repayment is certain)

Your expected returns over time if you invested £1,000 – these are shown before tax and before deduction of withholding tax at 20%

Interest period ending	Capital repayment (£)	Interest income* (£)	Total cumulative return (£)
30 June 2020	-	75.07	75.07
31 December 2020	-	50.41	125.48
30 June 2021	-	49.59	175.07
31 December 2021	-	50.41	225.48
30 June 2022	-	49.59	275.07
31 December 2022	1,000.00	50.41	1,325.48

*Interest is calculated based on the number of actual days in the period – 181 for January to June (182 in a leap year) and 184 for July to December, over 365 days in the year.

Who will issue the Debentures? ILI Energy Storage plc, a wholly owned subsidiary of Intelligent Land Investments Group plc (“Intelligent Land”). Intelligent Land is a developer of land in Scotland with an expertise in residential developments and, over the past decade, of renewable energy projects in particular medium-scale wind and more recently pumped storage hydro and battery storage projects. Funds raised from this offer will be used by Intelligent Land principally in support of the group’s pumped storage hydro activities and therefore references to ‘we’, ‘our’ and ‘us’ in this document refer to the group in general unless the context relates to anything specific to ILI Energy Storage plc as the issuer.

Development in this context means working towards having planning permission, grid connection and suitable land rights in place so that the projects are ready to be built.

What am I investing in? You are investing in the development of pumped storage hydro and battery storage projects. Our shareholder, Intelligent Land, has been identifying suitable sites and securing exclusivity agreements with the relevant landowners. Separate companies are then set up for each potential site. Your capital will go towards paying the costs associated with achieving the consents required to proceed to construction, at which point value increases significantly. Pumped storage hydro projects are major infrastructure projects and therefore, are much more costly to progress which means the bulk of the proceeds from this offer will support those projects. Page 32 sets out the breakdown of how we expect proceeds to be used.

What returns might I receive? The Debentures will pay interest (before tax) of 10% a year, payable semi-annually in arrears.

How long is my investment? 3 years and 3 months, with a maturity date of 31 December 2022 (unless we exercise the right to repay early – see below).

What type of investment is this and what is the security?

A ‘Debenture’, which is a secured debt obligation, equivalent to a type of loan from you to us.

How is this investment secured? Security is comprised of: a bond and floating charge over our assets; a parent company guarantee from our shareholder, and; security over battery storage projects that are almost ready to be built (in so far as they have the necessary planning consent, basic engineering design, grid connection offer and use of land is secured), see page 35 for more detail.

How will I be repaid? The prime objective of Intelligent Land is to successfully develop pumped storage hydro projects for sale with the sale of just one – given their scale – expected to generate significant revenues, page 29 ‘Preparation for sale’ sets out what is involved. The proceeds will go first to pay the investors in the previous offer by ILI Pump Storage Hydro, then investors in this offer and finally to Intelligent Land as our shareholder. Page 33, ‘What you get back’ gives more detail. Selling battery storage projects can also generate revenues to repay you or we may access other sources of funding which can include the proceeds of a subsequent offer of Debentures.

Can I be repaid early? Yes, we can choose to repay the Debentures at any point from 31 December 2020 subject to paying interest and an early redemption fee as set out below and by giving 30 business days’ notice.

How will my interest be paid?

As well as having sufficient funds within the business to fund the first few interest payments, part of the proceeds of this offer will be set aside in a reserve to cover interest payments up to and including the December 2020 payment. As a development business, Intelligent Land is always actively involved in realising value by selling the projects it achieves consent for – this is ongoing and will go towards covering all the costs of the group, including finance costs both interest and fees.

What is the interest payable on early repayment and the early redemption fee? If we exercise our option to repay you on or after 31 December 2020, you will be entitled to the interest accrued to the date of early repayment, plus an amount equal to 6 months’ interest.

How much can I invest? Any amount from £5.

How will my money be used? Most of the money will go towards furthering our pumped storage hydro projects. This includes: funding the final stages of the Red John planning process; securing land rights and grid connections; community engagement; and completing the preparation of the planning submissions for the second and third projects.

AECOM, the multinational engineering design firm, is engaged to assist in almost all aspects of what will be involved in reaching a successful outcome for each of the proposed pump storage hydro projects. Funds will also be used to secure planning consent, grid connections, and the land rights for further battery storage projects. We will also engage the expertise of our shareholder in both planning and securing grid connections – funds will be used to pay it for its services as well as other advisers.

Overall, we estimate we need around £2 million to complete the application processes for 3 pump storage hydro projects – page 32 sets out the full breakdown at both the Minimum Threshold Amount and the Target Amount (see below), our approach to filling the shortfall and more detail on the above.

How much money is being raised? We are aiming to raise at least £1.0 million (the “**Minimum Threshold Amount**”) in this offer and up to £1.6 million (the “**Target Amount**”).

Is there a minimum required for the offer to proceed? Valid subscriptions for the Minimum Threshold Amount need to be raised for this offer to proceed. If valid subscriptions for this amount are not received by the Closing Date (see paragraph below), the offer will not proceed and any subscriptions that have been received will be released back to investors.

When does the offer open and close? The offer opens for subscriptions on 6 September and closes on the earliest of midnight on 7 October 2019 or once the Target Amount has been reached (the “**Closing Date**”). Our directors have the right to extend the Closing Date for a period of up to 2 months. Subscriptions are made on a “first come, first served” basis.

How do I subscribe? Subscriptions are made electronically at www.abundanceinvestment.com (see page 40 for details).

Is the Debenture transferable? Yes, on your instructions to anyone with an account at Abundance via the Marketplace that can be found on the Abundance website.

What are Abundance’s fees? There is a one-off set up fee of 4.0% of the amount raised by the Debentures and an annual administration fee of 1.5% of the amount raised, both paid by us.

What are the default events under the Debenture? These are events set out in Clause 18 (*Events of Default*) of the Debenture Deed, and include such things as: failure to pay any amounts payable under the deed within 5 business days; breach of other terms of the deed not remedied within 10 business days; an insolvency or comparable event of ILI Energy Storage plc; and cessation of our business which, if any such event of default occurs and subject to any applicable grace periods, would enable a sufficient threshold of the Debenture holders (see page 41 for more details) to instruct the Agent to demand repayment of the Debentures.

The developer and other stakeholders

ILI Energy Storage plc has been set up to issue Debentures that will continue financing the development of 3 pumped storage hydro and 7 battery storage projects. We are a 100% owned subsidiary of Intelligent Land Investments Group plc.

Intelligent Land Investments Group plc ('Intelligent Land')'s business is the development of land in Scotland. Intelligent Land employs an established and experienced team whose expertise is in enhancing the value of land by selecting and preparing it to a point at which a construction company, or other type of investor, can build valuable properties on it – be that houses or renewable energy assets.

From 2008 to 2016, the team successfully secured planning permission for almost 100 small single turbine wind farms, most of which were sold for construction to various different entities (the team has not built any wind farms themselves and has had no involvement in the further development of any of the sites once sold). As well as significant success securing planning permission for small wind farms, the Intelligent Land team has proven expertise in the development of residential land, and also solar generation assets.

ILI Pump Storage Hydro plc is the entity within the Intelligent Land group which owns the individual pumped storage hydro projects and was the issuer of £3.4 million of Debentures in December 2017 on the Abundance platform. Those funds have paid to progress the Red John project to its final phases and to begin the work on 2 further sites. If all 3 are consented, the combined capacity would be over 1.6 GW.

AECOM is one of the world's leading engineering consultancy and project management companies. It applies engineering expertise in various sectors including commercial and residential property; power & utilities; transportation; water; oil & gas; industrial facilities; and, social infrastructure such as schools and hospitals. Worldwide, AECOM is proud of building, financing, operating and managing projects that unlock opportunities, protect the environment and improve people's lives.

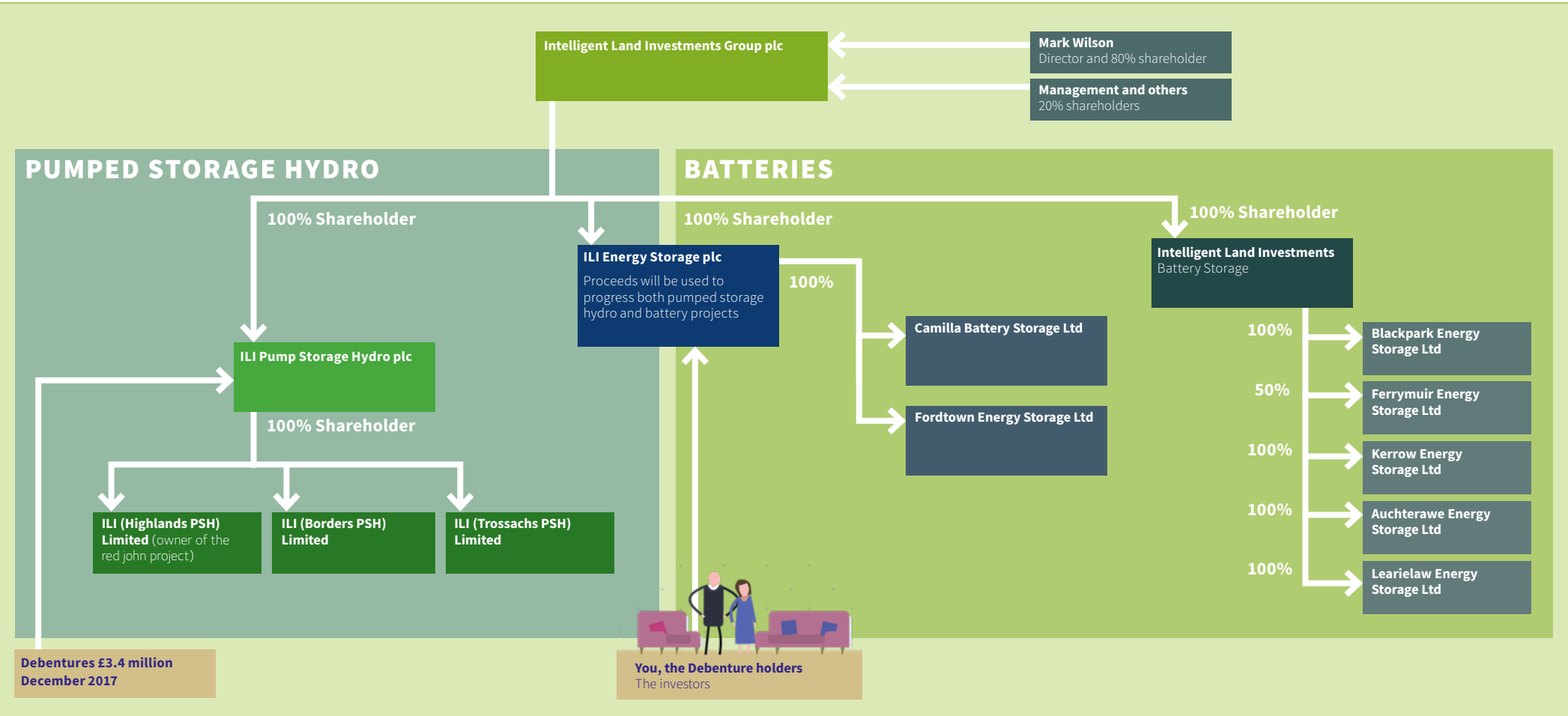
Intelligent Land chose to partner with AECOM in order to benefit from its world leading experience in the development and engineering of pumped storage hydro assets and associated power and dams expertise. The AECOM hydropower team, based in Edinburgh, has experience of planning and engineering of large hydropower projects in the UK, North America, Asia and Africa.

Landowners are key partners throughout the development process and we are able to call upon the Intelligent Land team's extensive experience of engaging productively with landowners to work towards



Who is involved?

The developer and other stakeholders



The core Intelligent Land team



Mark Wilson, Chief Executive

Mark has over 15 years of experience in the residential property market including the successful completion of fundraisings for property investment companies. After the economic downturn in 2008, he diversified into the renewable energy sector replicating the business model to achieve success. From an original target of 100 consents, Mark led the Intelligent Land team in achieving 96 successful planning applications for onshore wind turbine projects.

If his transition to renewables was prompted by events of 2008, his continued commitment to the sector is all about the legacy of a more sustainable energy infrastructure. As the team delivered more successes with small onshore wind projects, he could see the growing necessity for a solution to the many gigawatts of variable generation that has been coming on stream in the UK and therefore the business potential in energy storage.

The development skills and planning expertise that are needed to add energy storage into our energy mix are exactly the same as those the Intelligent Land team has been successfully building over the last decade and more. For Mark, this has created a very exciting opportunity to build his renewable generation successes with a long-lasting sustainable solution for a greener, stable electricity grid.

Dr Michael Kelly, Chairman of the Board

Michael is a well-known former Scottish politician and now a respected businessman. His experience operating at all levels of local government, coupled with his business and PR experience since his time in office, are very valuable.

Michael believes pumped storage hydro can make a meaningful contribution to tackling climate change. Having worked over a number of years with Mark and the rest of the Intelligent Land team and witnessed their determination and success against the changing backdrop of renewables policy, he is confident in their ability to see Intelligent Land succeed and committed to helping them as much as he can.

Jason Crawford, Company Secretary

Jason has a BA(Hons) in Accountancy from Abertay University, Dundee and a Masters of Business Administration (2018) from Washington University, St. Louis. Jason has held various positions of increasing responsibilities in the area of Corporate Accounting and Finance and for the past six years served as Senior Vice President of Finance and Administration at Precoat Metals, based in St Louis, Missouri.

Jason has been engaged in various capacities with the Intelligent Land team and CEO Mark Wilson since 2004. Jason's financial expertise and business experience has been invaluable as the Intelligent Land team has evaluated opportunities in land development and energy generation, helping to define creative investment solutions to meet company and investor objectives alike. Jason's balanced inputs have been invaluable as the Intelligent Land team has continued to execute opportunities of growing scale and challenge, and will be invaluable as we enter the next phase of our growth goals.

Robert Hull, Engineering & Market Adviser

Robert has over 25 years of UK and international experience in energy regulation and management gained from senior leadership roles at Ofgem, National Grid and KPMG.

At Ofgem, he led Ofgem E-Serve which works with energy companies and consumers to administer the government's green and social schemes, the Offshore Transmission regime known as OFTO, and was in charge of network price controls for gas and electricity. At National Grid, he led new investments worldwide. Robert is a Chartered Engineer who now runs his own advisory company. He has also published thought leadership reports on the benefits of energy storage and how it can contribute to the growth of decarbonised energy and a reduction of overall energy system costs.

Brian Wilson, Policy Advisor

The Rt Hon Brian Wilson is a former UK Energy Minister and is currently an adviser to the UK Government's Board of Trade. He served as a Labour MP for 18 years and held five Ministerial posts. An advocate of a balanced energy policy and long-time supporter of hydro-electricity, he was responsible for bringing hydro power within the Renewables Obligation in order to ensure that the technology would continue to contribute to Scotland's and the UK's energy mix for another generation.

Now resident on the Isle of Lewis, he is chairman of Harris Tweed Hebrides and a director of Celtic Football Club while retaining a strong interest in the energy sector. Brian is a Visiting Professor at the University of Strathclyde, an Honorary Fellow of the University of the Highlands and Islands and in 2012 was named UK Global Director of the Year by the Institute of Directors. Brian advises the Intelligent Land board on policy matters relating to energy policy at a UK national level.

The core Intelligent Land team



Ross McLaughlin, Technical and Project Manager

Ross has worked in the Intelligent Land team for 9 years and is responsible for the technical co-ordination and project management of its developments. Having managed the grid connections for all of the team's renewable energy projects, Ross has had extensive dealings with all of Scottish Power, SSE, National Grid and Ofgem. The contacts and knowledge gained through regular contact with these key organisations will prove invaluable as we drive the projects to a successful conclusion. Ross' attention to detail and experience of managing multiple concurrent projects will be an important part of this.

With a strong engineering heritage in his family, Ross is taking real pride in helping to create major new infrastructure that will be of benefit for generations to come.

John Smith, Land and Property Relationships Manager

John has worked in the Intelligent Land team for 10 years. During this time, he has negotiated and concluded over 400 exclusivity agreements with landowners for wind, solar, residential and now pumped storage sites. Over the same period John was responsible for negotiating all third party wayleaves in relation to cable laying, transport and delivery of components for all developments. John has built up a network of landowners throughout Scotland and is well respected by all with his easy going, down to earth nature. He remains our first point of contact for landowners and is always on hand to assist in any situation.

Lindsay Wiggins, Operations Director

Lindsay has over 36 years' experience of running companies in the manufacturing industry in general management and specifically managing director role. He has been responsible for successfully starting up companies and implementing systems for dedicated projects. He has spent the last 9 years with Intelligent Land using his experience to implement projects in the renewable energy sector, successfully overseeing Intelligent Land's energy projects. Lindsay has been able to use his substantial knowledge to drive businesses in the packaging sector and European sales market achieving profitable returns for shareholders in the private sector.

Andrew Hughes, Land Manager

Andrew has been a key member of the team for 12 years. Starting as investment executive for Intelligent Land successfully finding and securing investment for Intelligent Land's residential and renewable energy projects. Acting as the key point of contact for the ILI investment community and landowners, managing negotiations with land-owners and securing investment from parties across the UK. He also has been involved in the technical aspects of the renewable energy projects; managing transportation routes and wind modelling for all planning applications. He has dealt with investment partners, contractors and turbine manufacturers employing his skills for critical thinking and problem solving to good effect. This has given him a complete overview of all aspects of the project food chain insuring clear lines of communication between landowners, investors and project end buyers.

Chris McCearney, Project Manager

Chris has been driving projects for the wider Intelligent Land Investments group since its inception. He currently works on all the legal aspects of the Intelligent Land projects in particular finding resolutions to a range of legal and practical issues which arise when dealing with complex developments, including those in the renewable energy sector. Chris is a business graduate of Glasgow Caledonian University and has over 20 years' experience, including 9 in the renewable energy sector. He has been part of the Intelligent Land team for the last 12 years.

Greig Templeton, Planning Manager

Greig has a BSc (Hons) in Architectural Design, a PgDip in 'Computer Aided Building Design' and a 'Masters in City Planning and Real Estate Development' from Glasgow University. Greig is a qualified Architect (ARB no: 072758J) with experience across the range of sectors in which the Group operates. He is a member of both the Royal Institute of British Architects and the Royal Incorporation of Architects in Scotland, as well as being a Licentiate member of the Royal Town Planning Institute. His recent Masters, which he passed with Merit while working at Intelligent Land, is accredited by the Royal Incorporation of Chartered Surveyors. Greig project managed the successful approval of 96 planning applications for renewable energy projects. His knowledge and skills, combined with his architectural training, means that he consistently generates creative solutions that help navigate through the complexities of the planning process. Greig has worked for Intelligent Land since 2011.

The role of energy storage

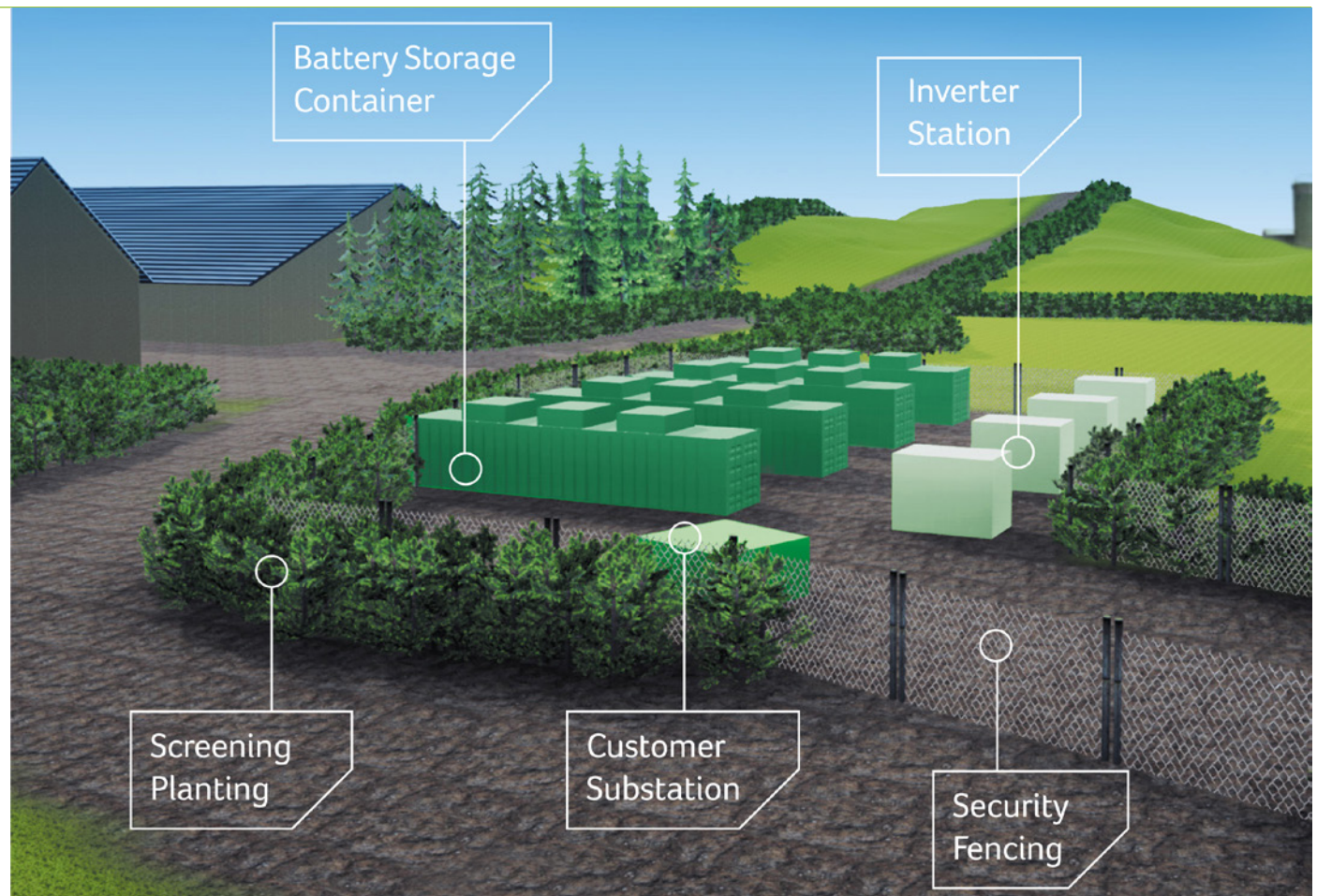
What is energy storage?

The UK is generating and using more renewable electricity than ever before, but much of this is being generated by variable, weather dependent sources like solar and wind. This means that they can't generate power all the time or on demand, putting pressure on the electricity supply network and its resilience. One solution to this is energy storage, in particular storing renewable electricity from variable sources when they are generating and releasing it into the electricity supply network when needed.

Stored energy that can be despatched at short notice can also provide balancing and stability services to the grid that enable it to function efficiently.

In short, energy storage enables: better matching of supply to demand; enhances energy security by reducing the need for peaking plants that run on imported fossil fuels (peaking plants are designed principally to run at times of peak demand, hence the name); and supports the further deployment of renewable energy and the transition to a zero carbon future.

There are a variety of different energy storage technologies at different stages of maturity. Pumped storage hydro is a long established approach, with lithium-ion battery storage now becoming more mature – both release electricity for supply to the grid at times of high demand or insufficient generation, providing flexibility to the system; and both can store 'excess' electricity when supply outstrips demand. As more renewable energy generation sources with their low marginal costs of production and low operational carbon footprints are deployed, both batteries and pumped storage hydro provide a way of integrating them effectively into the energy network.

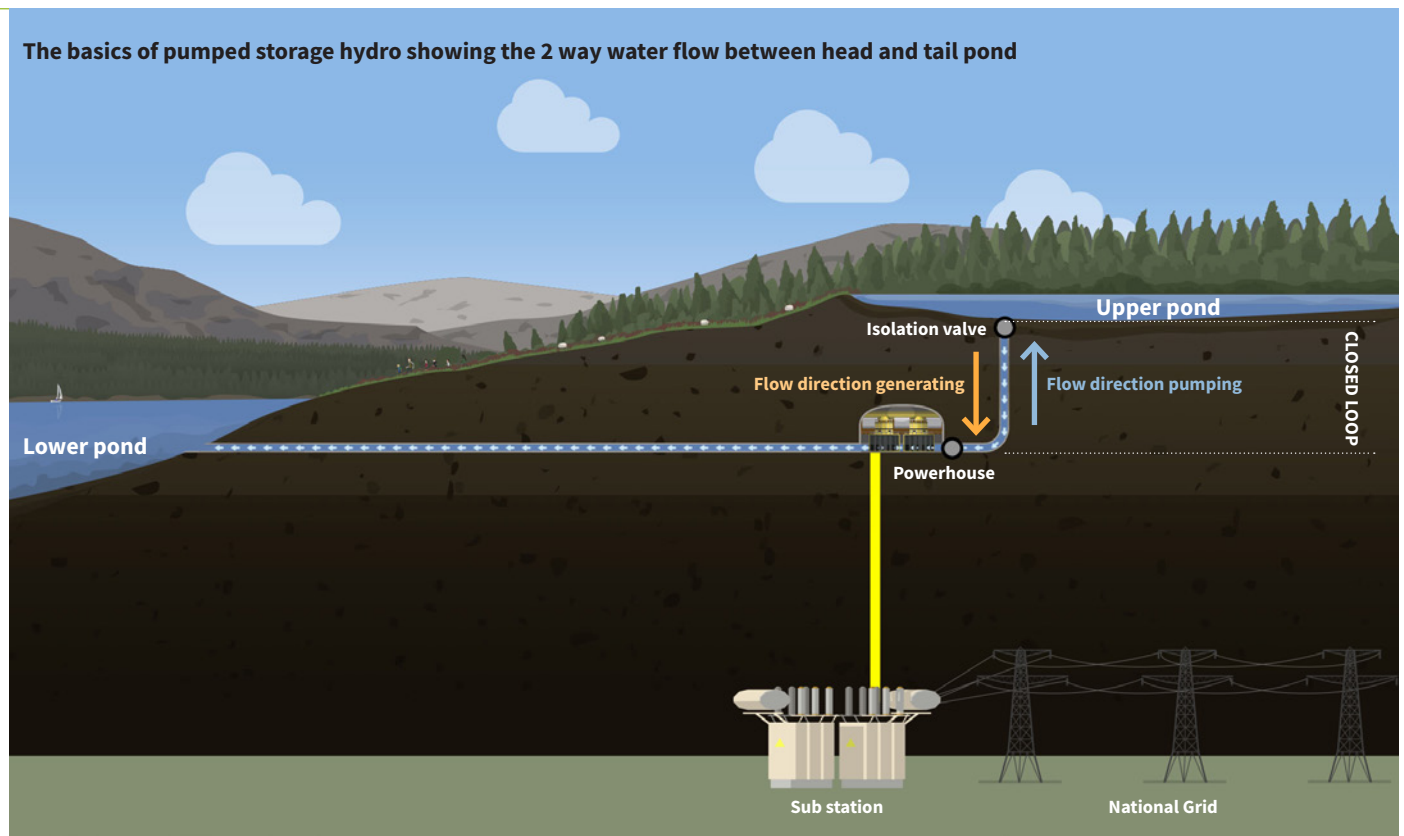


The role of energy storage

What is pumped storage hydro?

Pumped storage hydro is a way of storing and despatching energy using water. Energy is stored in the form of water uphill of a hydroelectricity plant in what is called a head pond. When required, water is released from the head pond and flows under gravity down to a hydro-turbine. The flow of water turns the turbine which is linked to a generator to produce electricity that is despatched to the grid. Having flowed past the turbine, the water is then stored in a lower pond. Water is subsequently pumped back uphill to replenish the head pond and enable the cycle to be repeated. This cycle of generating electricity and pumping the water is a closed loop and can be repeated as required in order to meet demand from the grid.

Pumped storage hydro plants have a long life span and offer significant grid system benefits due to their extended periods of operation and scale. The pumped storage hydro projects which we are developing could be from 450 MW to as much as 600 MW so are 9-12 times the capacity of even the largest battery storage projects.



The role of energy storage

What is lithium-ion battery storage?

Battery storage helps to smooth out peaks and troughs in electricity supply. It works in the same way that all batteries do, by converting electrical energy and storing it in a chemical form, then converting back to electrical energy as required in a cycle that is then repeated. Commercial scale batteries work on various chemical make ups, but for our purposes we have chosen lithium-ion (“Li-ion”) batteries. Li-ion batteries get their name from the transfer of lithium ions between the electrodes, both when energy is injected for storage purposes and when it is extracted. They have the versatility to handle smaller-scale applications, such as powering electric vehicles, as well as grid-scale applications requiring megawatts of power for hours at a time.

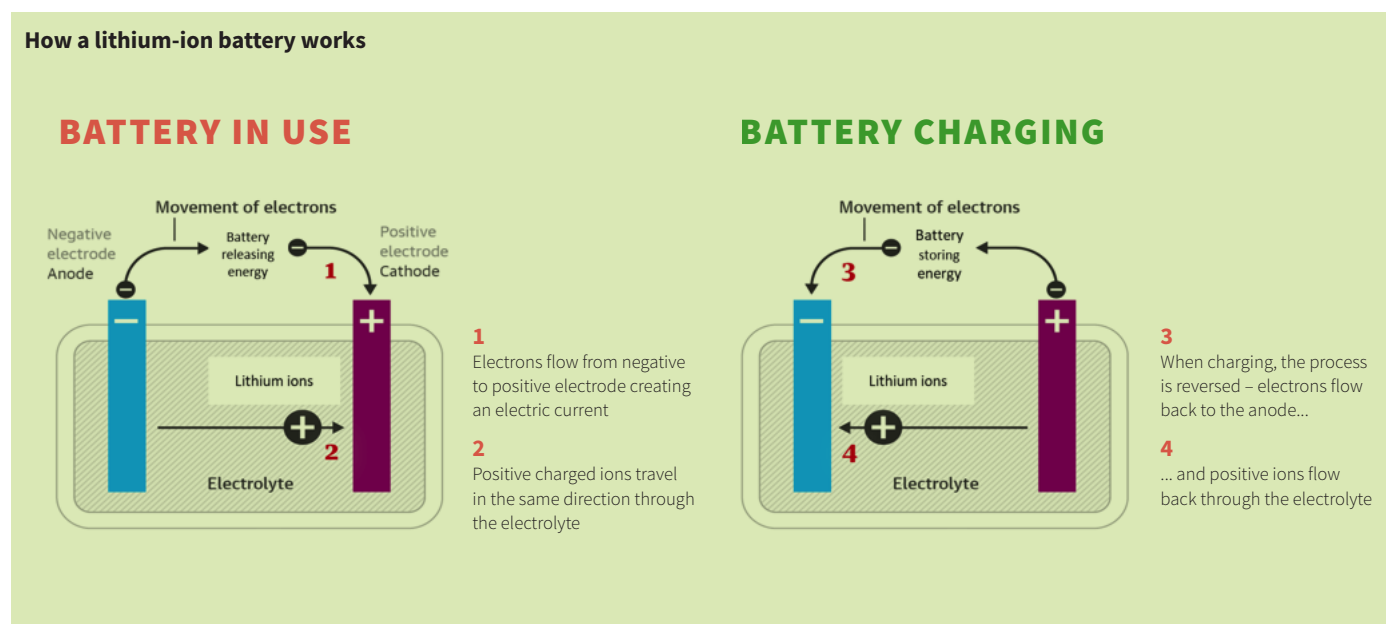
Li-ion batteries have the longest proven track record and the vast majority of installed grid-scale batteries are currently operating with this technology. These batteries are held in racks within industrial storage containers. Each module is self-contained with air conditioning, monitoring, and fire safety equipment installed. This modular system can be scaled to meet particular capacity requirements. Currently around 700 MW of grid scale batteries are deployed, under construction or ready for construction in the UK. Our battery storage projects range from 20-50 MW.

The batteries can operate on a standalone basis, in which case they need to buy electricity from generators, or they can be installed alongside generation plants, such as solar, working to complement them by storing surplus energy and releasing it as needed.

The costs of lithium-ion batteries have fallen rapidly over recent years, having significantly benefitted from research and development aimed at commercialising their use in transport applications. They are presently deployed globally from small scale distributed systems (1-10 kW) to larger (1-50 MW) fast responding systems to assist with balancing the demands on the electrical grid and providing electricity when needed.

Lithium-ion batteries are a good option compared to other storage technologies as they are flexible and have fast response times in terms of being able to discharge and recharge.

There are three main constituents of most batteries: two electrodes and some form of chemical medium called the electrolyte, which can be a liquid, gel or solid. To generate electricity, a chemical reaction takes place that sees electrons move from the negative electrode, called the anode, to the positive electrode, called the cathode.



Pumped storage hydro and lithium-ion batteries as a business

Pumped storage hydro

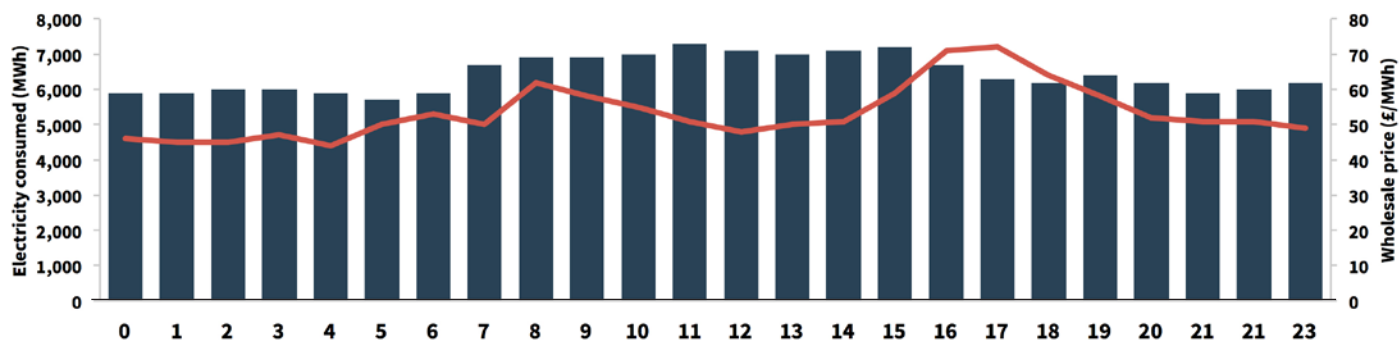
The role of pumped storage hydro power plants as giant batteries is what underpins their business models. Each of our pumped storage hydro projects if built will be electricity generators that create value through 2 main types of revenue:

- selling electricity to a trading company or supplier
- selling system stability services to the national transmission system operator, National Grid.

In selling electricity to a trading company or supplier, the basic model is that pumped storage hydro plants pump water uphill when demand and prices are low and release it when demand and therefore prices are high. Energy is needed to pump the water back uphill and run the plant but the overall efficiency is still very high at around 80%.

Prices paid for electricity may vary substantially throughout the day and also over a longer time period. The graphs on this page show how the electricity price changes within a single day and how average monthly prices change over time – including with the seasons. On both graphs the red line indicates the electricity price.

Electricity price and consumption over an illustrative autumn day



Monthly average day ahead electricity price 2010-2017, £/MWh (source: ofgem)



Pumped storage hydro and lithium-ion batteries as a business

A pumped storage hydro plant can also sell balancing and stability services to the grid by quickly increasing power supply when it is needed. The ability to start generating within tens of seconds, combined with its scale gives National Grid some of the flexibility it needs to manage the system. The market for such services is complex and National Grid is currently working to simplify it. However, the basic needs of the transmission system as it develops are known and market mechanisms will almost certainly persist to reward generators who can meet the 5 needs briefly described below.

- Frequency response – as the transmission of electrical energy is almost instantaneous, physics dictates that imbalances between demand and generation must be managed well to avoid system failure.
- System inertia – is the resistance of an object to any change in motion. Large rotating power generators (including pumped storage) provide lots of inertia, which can be released into the system to keep it stable. This also provides a natural aid in achieving frequency stability.
- Reactive power – manages the voltage on the grid by injecting power at required geographical locations and times.

- Reserve capacity – this is redundancy in the system so that should demand spike or a major generator break down elsewhere, there is a reserve that is ready to go and can be quickly brought on line.
- Black start – in the event of a widespread shutdown of the grid, it must be reenergised in a controlled manner by using generators that can self-start.

Battery storage is increasingly being looked at and developed as another source of balancing and stability services. However, batteries cannot currently match the life span and grid system benefits offered by the scale and extended periods of operation from large pumped storage hydro plants, nor their sustainability.

Lithium-ion batteries

The sources of battery storage revenue are very similar to pumped storage hydro, selling electricity and selling stability services. However, they operate in different parts of these markets. Battery storage works at the local electricity distribution level (up to 33kV) that is managed by the regional Distributed Network Operators, i.e. Scottish Power and SSE, whereas pumped storage hydro operates at the transmission



An example of a hydro power house, the Bonneville Dam on Columbia River, USA

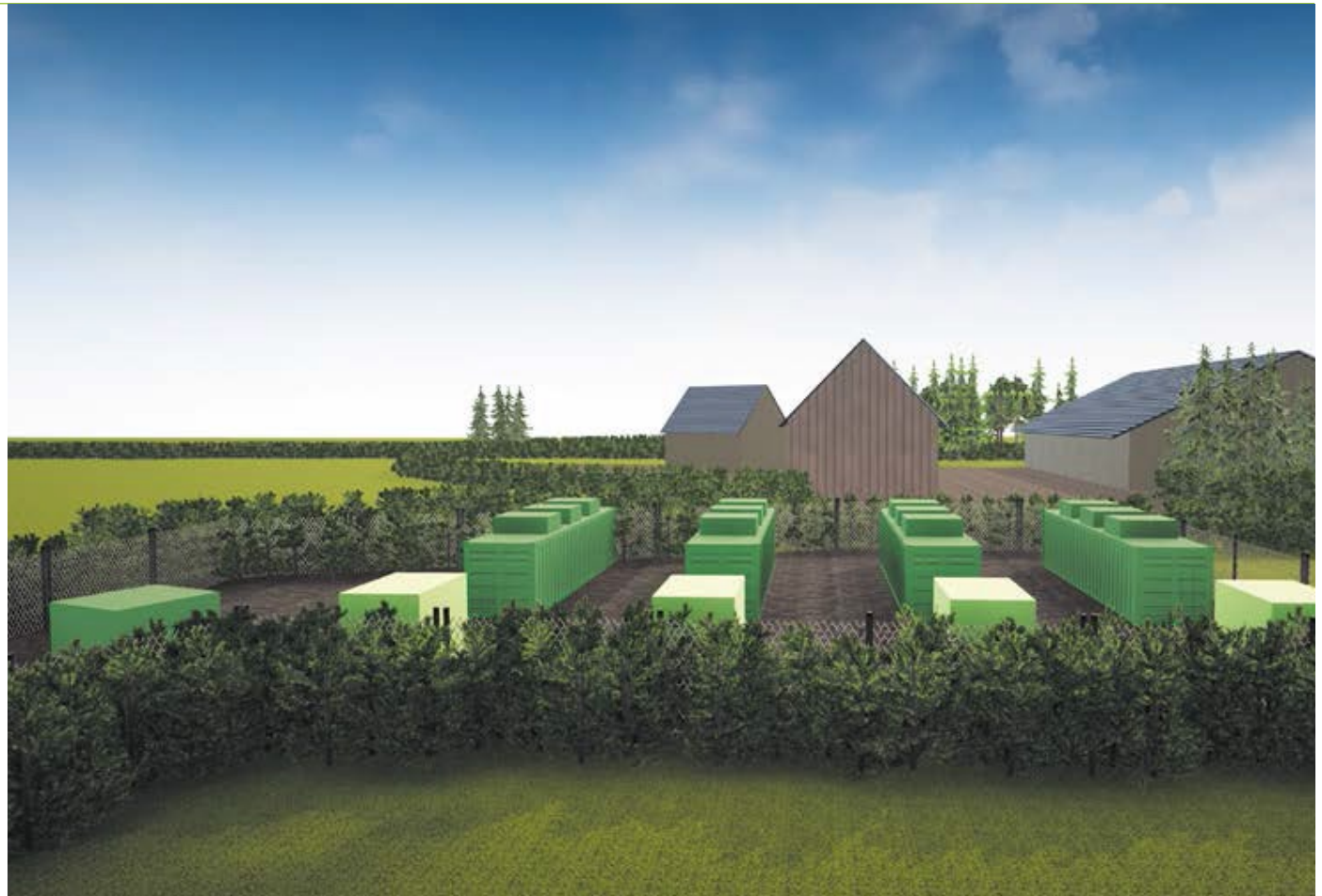
The role of different storage types in the transmission network

Pumped storage hydro and batteries are complementary technologies that work together to take advantage of revenue opportunities across transmission and distribution electricity networks. Where batteries can adjust over exceptionally short time-scales, to smooth out short-term renewable volatility, pumped storage hydro provides a solution for load-and supply-shifting across entire days and weeks. The greater the proportion of renewable generation, the more this service is expected to be needed.

Revenue diversification can be achieved through the potential to “stack” a number of different income streams with different counterparties, contract lengths and return profiles for each project.

These include income streams from:

- the Electricity System Operator, ie National Grid, for services such as frequency regulation, constraint management and ancillary services e.g. black start
- the GB Capacity Market for provision of peak capacity power to help ensure security of supply
- renewable generators and industrial clients seeking to obtain peak capacity power
- wholesale market arbitrage to profit from the variability of intra-day wholesale electricity prices.



Evolution of the GB energy market

Within the United Kingdom, a single electricity market operates in Great Britain (Northern Ireland being in a separate all-Ireland market) and the participants include generators of electricity, a single national transmission operator (National Grid), regional Distribution Network Operators (“DNO”s), suppliers and some trading companies.

The GB market has in recent years seen rapid growth in renewable generating capacity and a large decrease in coal fired generation as shown in the graph.

This trend is set to continue with the last coal fired power stations closing in the mid-2020s and with government targets driving more low carbon energy. The below diagram shows National Grid’s future energy scenario for net zero carbon in 2050.

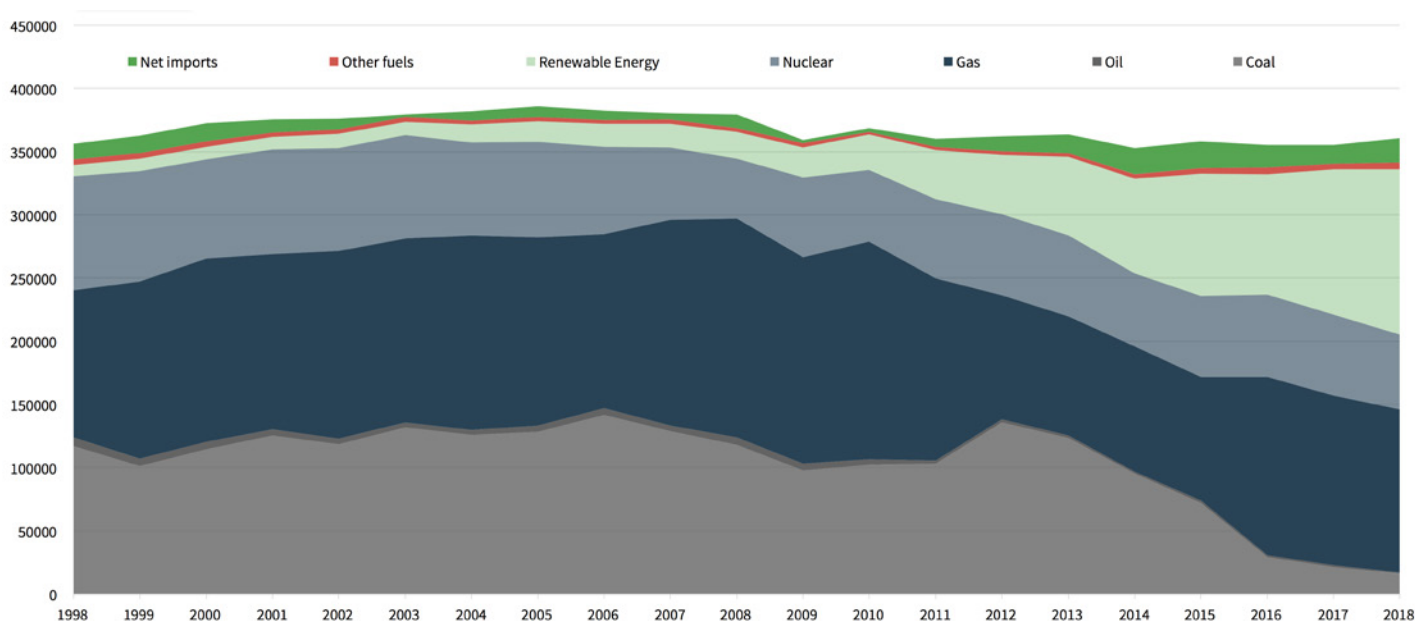
In addition to the types of electricity generation changing, demand for electricity can also fluctuate as much as 50% during a single day. This trend is even more pronounced between the seasons with almost twice as much electricity needed at peak times on a winter’s day to night-time during the summer.

Furthermore, certain technologies such as nuclear and coal fired generation do not lend themselves to being switched on and off – they are turned on and stay on. These assets that stay on meet the demand of the ‘base load’, in this case the constant energy requirement of the electricity system irrespective of time or season.

During peak demand hours (such as the morning rush hour and early evening), demand for electricity exceeds the base load. As demand peaks, the price per megawatt hour of electricity also peaks.

As more renewable generation is commissioned and the demand for electricity continues to increase and change in profile, the electricity system will need more flexibility to cope with shifting and unexpected demand and supply changes during the course of each day.

Gigawatt hours (GWh – a gigawatt is 1,000MW) of electricity supplied in the UK since 1998 by type of generation (source: BEIS)



Evolution of the GB energy market

The chart below from National Grid's Future Energy Scenarios shows how the the growth of renewables is expected to increase to 2050.

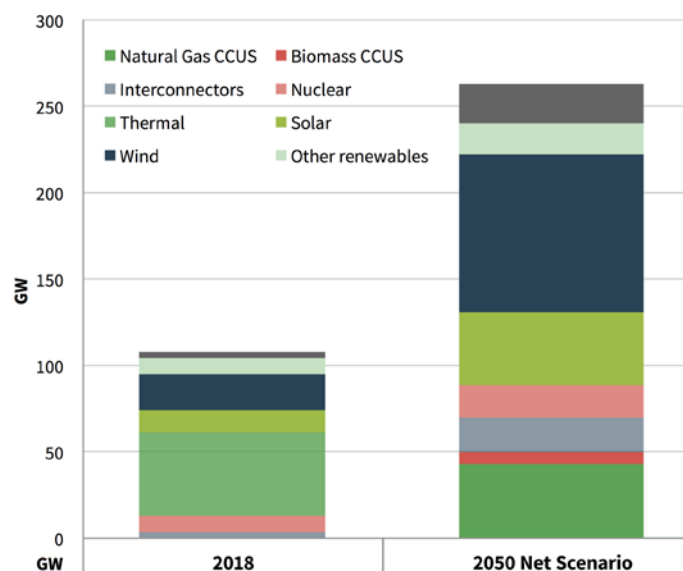
Also, due to the physics of electricity, the system must be in balance to avoid regional or local imbalances that bring inefficiency to the system or that cause operational issues that can lead to black-outs. In its role as the transmission system operator, National Grid will pay for services that reduce the risk of instability to the system.

Some of these services can be very lucrative for companies that own generating assets that can provide the flexibility to the grid operator to react almost instantly and keep the system operating securely.

Society is becoming ever more reliant upon electricity, be it for transportation, powering communications or managing the comfort of our homes and places of work. The high expectations on the system's reliability, along with the variability of certain renewable generation sources, mean that the requirement for flexibility in the system is increasing and will continue to do so.

**Installed electricity generation capacity in gigawatts
(a gigawatt is 1,000MW) – 2018 versus zero carbon in 2050**

(source: National Grid)



Policy background

Government policy both at United Kingdom and Scotland levels is supportive of the further deployment of renewable electricity generation capacity. The UK is a signatory to the Paris Agreement which aims to keep global temperature rises well below 2 degrees Celsius (preferably 1.5) by the end of the century. The commitment to reduce carbon emissions by 80% relative to 1990 has recently been reinforced with the adoption of a legally binding target of net zero carbon emissions for the whole of the UK by 2050, following publication by the Committee on Climate Change's report Net Zero on 1 May 2019.

Energy market policy is set by the UK government (although the Scottish Government does set and publish its own objectives that are supportive and, we believe, more ambitious). Planning permission for projects in Scotland will be granted or not by Scottish Government. Scottish Government published its energy strategy in January 2017, 'The Future of Energy in Scotland' which noted the advantage that pumped storage hydro can bring to energy systems (the draft report named Intelligent Land and its proposal for 3 large pumped storage hydro plants).

A central part of the UK's carbon reduction effort is replacing fossil fuel burning with renewable electricity generation capacity. It is widely accepted that one of the challenges of moving away from thermal fossil fuelled power generation to some renewables is its variability and the inability to match supply to demand. Pumped storage hydro plants have been providing balancing and stability services to grid operators for many decades, with a whole new generation of plant being built around the world to facilitate the deployment of renewables. Battery storage projects have only recently become more common, with just 2 MW of planning applications in the UK in 2012, increasing to a cumulative total of 6,874 MW in 2018 (as of the end of 2018, 92% of applications for storage projects are approved first time).



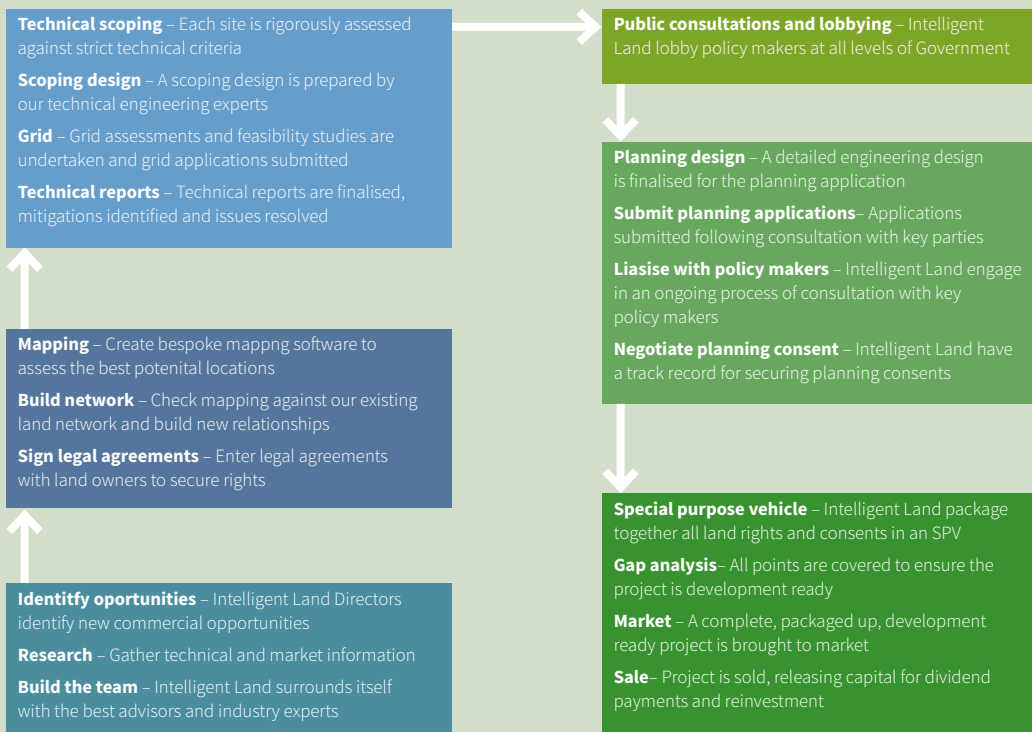
Successfully developing our projects

Our development process

We have a simple and effective business model for adding value to land through planning and pre-construction gain. Once Intelligent Land's Board has identified a commercial opportunity, the group's land agents and technical advisors work together to identify the best locations and the very best sites. Sites are initially assessed in-house by our team for suitability in terms of planning, grid availability, and access. Landowners are then invited to sign exclusivity agreements and their landholding is then further assessed by a range of specialists against a long list of technical considerations. The best sites are taken forward for a planning application. This careful site selection process is cost effective as it ensures only sites with the best chances of success are progressed.

Our team is highly skilled at navigating the planning process in Scotland and has achieved more planning success for medium-scale wind farms than any other company. In tandem with the planning process we also ensure that the necessary rights are in place to allow access to the relevant sites (and adjoining sites) to allow them to be constructed and operated, with a secure connection to the grid. Once the planning consent is received, this is packaged up in a 'Special Purpose Vehicle' alongside a valid grid offer, all the required land rights and agreements and the engineering and commercial design work. Development-ready projects would be taken to market and sold to investors, developers and investment funds who construct and operate the projects.

Our development process to the point the projects are ready to be built



Planning permission

Planning consent is required under Section 36 of the Energy Act 1989 for the construction of electricity generating stations that are larger than 50 MW. The Energy Consents Unit of Scottish Government is the responsible authority due to the scale of the projects.

As one of the world's pre-eminent designers and project managers of hydroelectric projects worldwide and given the complex and involved nature of preparing one of our projects, AECOM has been involved since 2015 to help us and Intelligent Land with all aspects of the planning process. This includes the initial feasibility study, all aspects of the Environmental Impact Assessment, preparation and submission of the actual planning application and the post submission engagement through to consent.

Production of the materials takes around 12 months. All aspects are produced by AECOM's in-house teams ensuring a co-ordinated and consistent approach.

The Energy Consents Unit lists 5 stages to the process:

- 1 Initial enquiries
- 2 Screening
- 3 Application
- 4 Public Local Inquiry (PLI)
- 5 Determination by Scottish Ministers

There are a number of parties which must be consulted with during the first 3 stages of the process called statutory consultees. Our approach is to engage early on with all of them: the Local Authority Planning Department; Natural Heritage; Transport Scotland; Scottish Environment Protection Agency; and, Historic Environment Scotland. Engaging early allows us to understand their likely areas of concern in good time. It also allows the Environmental Impact Assessment to be shaped to take account of those concerns. The need for a Public Local Inquiry may be waived by Scottish Ministers if it is deemed that the concerns raised by the statutory consultees have been addressed.

The formal submission is then made to the Energy Consents Unit. We anticipate the overall process to take around 18 months, and around 12 months if a Public Local Inquiry is not required. Page 30 sets out more insight into the process of engaging with statutory consultees in the context of what we have achieved at Red John, our lead project.

There is a significant amount of preparation that goes into beginning the exercise of applying for consent – this is described in the following pages, starting with how we identify suitable sites.



Expected entry point for the access leading down to the pump house at the Red John site

Site selection

Site selection is the first stage of development for a pumped storage hydro project and involves an assessment of the geographical and technical aspects and legal ones to identify those with the best attributes and background to achieve success. The table summarises some of the key aspects and what we look for in conjunction with the team at AECOM.

<p>Is there an existing loch / lake that can serve as the lower pond?</p>	<p>An existing lower pond reduces the cost of building the project although, due to constraints from regulation protecting existing habitations from invasive species, it is often not possible to link two existing ponds.</p>
<p>Is there sufficient space for a new head pond?</p>	<p>Intelligent Land is aiming to develop projects of 400-800 MW capacity. Though dependent upon depth, the land footprint for the head pond of these could be in the order of 0.5km² or around 120 acres.</p>
<p>Is the vertical height between the two ponds enough to make the project economic?</p>	<p>AECOM estimates that for a 400 MW pumped storage hydro project to be economically viable, the vertical height through which the water will fall (called the 'head') needs to be 180m or more.</p>
<p>Is the rock structure and permeability beneath the new head pond suitable?</p>	<p>When filled up, the head pond may contain several million tonnes of water, which needs to be retained by embankment or dam structures. The permeability of the rock will affect how much cost is incurred in construction.</p>
<p>Is the rock through which the tunnels would be excavated, and in which the power plant be situated, suitable?</p>	<p>Building and then maintaining tunnels is made more complex when having to go through faulted rock formation.</p>
<p>How far would it be to a suitable grid connection point?</p>	<p>Relatively easy access to grid connections is preferable given the cost of their construction and the added complexity of securing associated land rights.</p>
<p>Does the site have a single landowner or a number of them?</p>	<p>It is simpler and preferable to work with one landowner rather than a number of them.</p>
<p>Is the site in a location of particular natural beauty or Special Scientific Interest that would preclude it being altered?</p>	<p>The United Kingdom is a relatively small country with high standards of environmental protection. Some sites are not suitable due to being protected areas or their proximity to human settlement.</p>

Preliminary engineering design

As with any engineering project, the design goes through several iterations of increasing detail and complexity before being finalised.

For our pumped storage hydro developments, early conceptual design is used to compare potential sites and give early estimates of the capacity and cost of the potential development.

Having narrowed down the range of sites to those that are deemed economically feasible, AECOM then does more engineering analysis in preparation for what is known in most large scale engineering projects as the Front-End Engineering and Design (“FEED”) stage. In any engineering project there is a trade off between the need to adequately advance the design (and thus understand the mitigation of key risks) and the costs incurred early on. This is particularly true for pumped storage hydro projects where each project has its own particular issues.

We and AECOM are using a “FEED lite” approach which will encompass sufficient design and site investigation to allow the environmental studies to be sufficiently progressed to provide robust information with each planning application. The exact scope will depend upon:

- 1 the nature of identified risks;
- 2 the level of risk accepted by project stakeholders;
- 3 estimating construction costs with sufficient accuracy to inform a potential buyer; and,
- 4 the anticipated further work after planning permission is granted.

The AECOM team is well experienced in FEED studies and successfully conducted similar work for the Glyn Rhonwy project in Wales. This experience is not only in the engineering of a productive power plant but also in how best to mitigate its environmental effects and build an asset that will enable the generation of clean energy for many years to come.



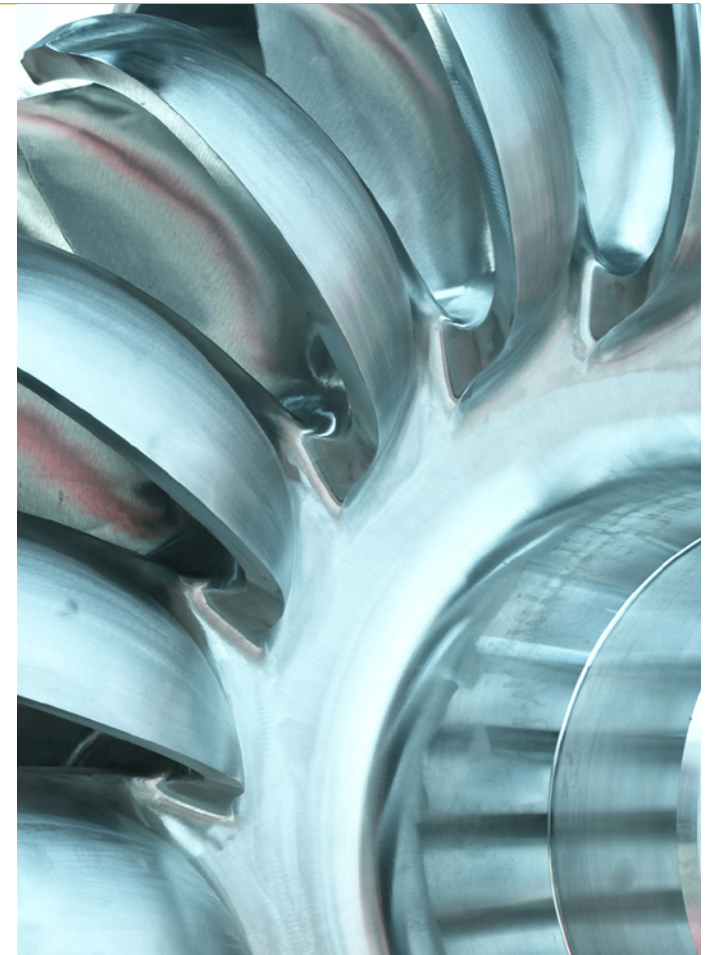
Environmental Impact Assessment (EIA)

The required contents of the EIA report are set out in Regulation 5 of the Electricity Works (Environmental Impact Assessment) (Scotland) Regulations 2017.

Section 5(2) of the 2017 Regulations states that an “EIA report is a report prepared in accordance with this regulation by the developer which includes (at least) –

- (a) a description of the development comprising information on the site, design, size and other relevant features of the development;
- (b) a description of the likely significant effects of the development on the environment;
- (c) a description of the features of the development and any measures envisaged in order to avoid, prevent or reduce and, if possible, offset likely significant adverse effects on the environment;
- (d) a description of the reasonable alternatives studied by the developer, which are relevant to the development and its specific characteristics, and an indication of the main reasons for the option chosen, taking into account the effects of the development on the environment;
- (e) a non-technical summary of the information referred to in sub-paragraphs (a) to (d); and
- (f) any other information specified in schedule 4 relevant to the specific characteristics of the development and to the environmental features likely to be affected.”

Once this work is completed, AECOM will consider what the implications are for the design of the project and adjust it accordingly. Once the final planning application and its associated EIA report is submitted, the design should not materially alter to prevent invalidation of any final permission. The final design may need to evolve as construction and completion of further engineering studies are done – the planning process allows for some variation through what are called Limits of Deviation, or for larger changes, a variation to planning permission may be required.



A part of a Pelton wheel, which helps extract energy from flowing water

Community engagement

The Intelligent Land team have always valued the views of the communities in which we work – we are firm believers that any proposed renewable energy project, wind, solar or now pumped storage hydro, should be mutually beneficial to the communities living close to the project as well as to us as developers. This involves engaging early with community councils and other local organisations through discussion, town hall meetings and information sessions and keeping local people up to date with progress.

In the case of our project at Red John by Loch Ness, the Intelligent Land team began by engaging first with the local community before any discussions with planning authorities and other statutory consultees, reflecting our commitment to community engagement and the promotion of community benefits. Our initiatives to date have included:

- engaging initially with the local community council
- holding a public meeting early on that was attended by over 50 members of the local community. This included a presentation by us, followed by a member of the team at AECOM who presented the proposal and outlined some of the key principles and then a representative from the CARES (Community and Renewable Energy Scheme) team at Local Energy Scotland who talked about the possible routes and options for community ownership in due course (post-consent)

- the ability to ask questions and discuss any aspect of the proposal in a relaxed atmosphere
- a project website that has been created (www.redjohnpsh.co.uk), that provides detail for those who were unable to attend the meeting and an ongoing source of information as the project develops
- follow-up discussions with the head of the council as well as other members of the community.

We intend to hold further events as the project progresses and use a similar approach for our other projects.



Approximate location of outfall for the Red John project adjacent to local fish farm

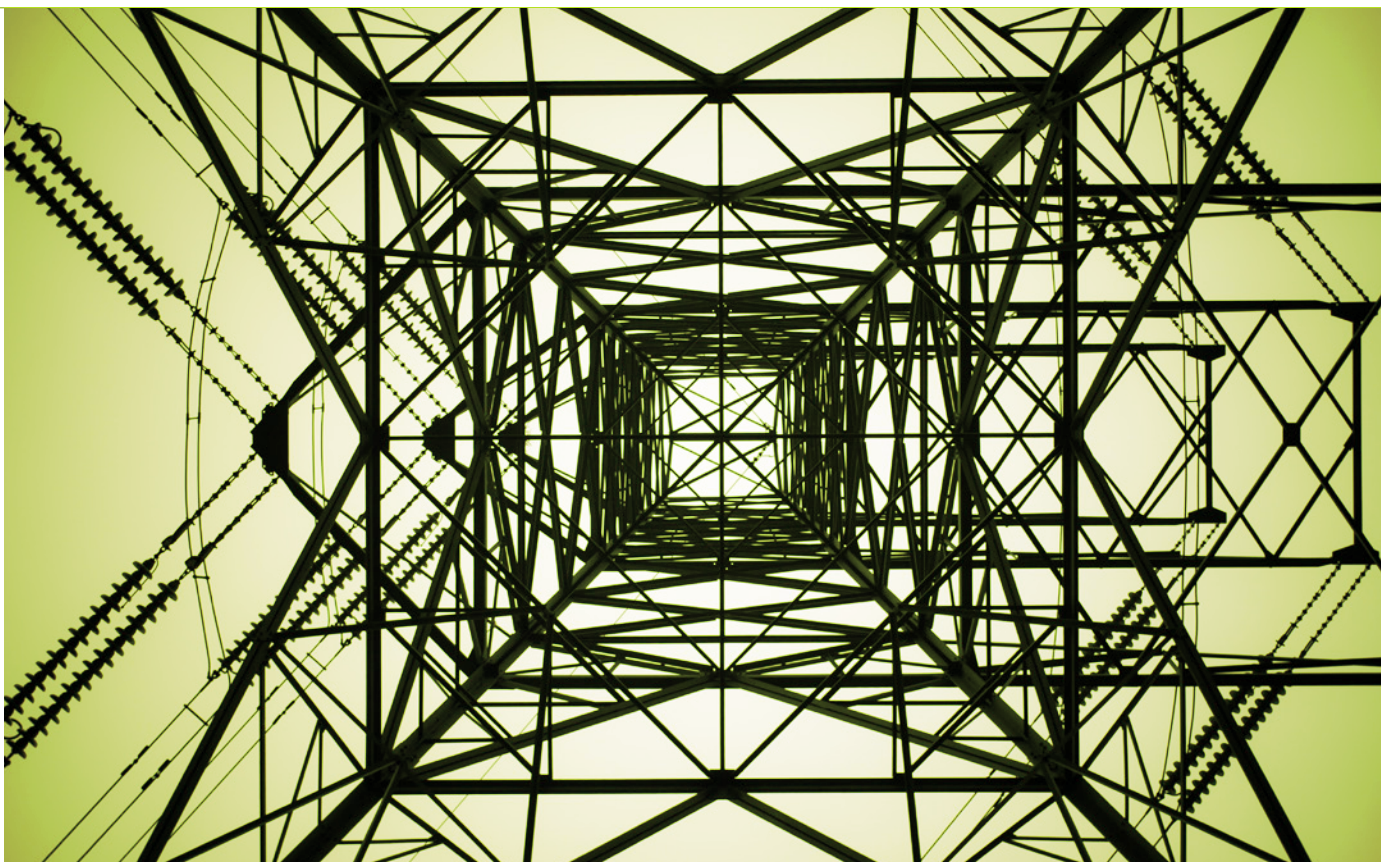
Grid connection

One of the key constraints affecting the rollout of renewable energy generation has been difficulties connecting to the electricity grid within reasonable timeframes and at reasonable cost. With its experience in achieving planning consents for 96 wind projects, the team has a very good understanding of the challenges and of identifying where grid connection can become a barrier to the successful completion of a project.

Having submitted numerous grid applications to both SSE and Scottish Power, our team is using its contact base to get early feedback on proposals. The team also regularly attend SSE's and Scottish Power's developer forums to stay up to date on current network conditions.

A good understanding of the likely connection point early in the process (before a formal application is submitted) also allows us to seek any required land rights before involvement by the grid operator and for the most competitive price.

We are working in partnership throughout this process with AECOM who have in-house grid specialists to help secure appropriate connections for all our projects.



Preparation for sale

Our primary objective is to develop all our projects to a point at which they can be sold to a company that has the financial and engineering expertise to build and operate them.

Pumped Storage Hydro projects

Value for each of the projects will come from 4 key deliverables:

- 1 Planning permission** – granted under Section 36 of the Electricity Act 1989 by the Energy Consents Unit and the local council
- 2 A grid connection offer** – this will come from National Grid and give a costed offer to build the infrastructure that links the pumped storage hydro asset to the grid itself. Once the project is built this would lead into a full grid connection agreement.
- 3 An agreement to use the land required** – we have exclusivity agreements with all the landowners of our project sites. The next stage is to enter into an **option to lease** which is the legal agreement needed by a buyer looking to purchase and build – exercising the option triggers the start of a long-term lease agreement covering the full term of construction and operations.
- 4 A 'FEED lite' report** that demonstrates the basic engineering and therefore feasibility of the project and its economic viability.

Having brought together these four main deliverables, we will seek a buyer for each project (either individually or together) with the expertise, capability and financial backing to build the project. Potential buyers could be large utility companies, established construction companies or a consortium of a construction company and a financial investor – such as an infrastructure fund or pension fund.

We expect to engage professional advisors to help identify potential buyers and help achieve the best price. This offer to investors is based on the debentures being repaid through the successful sale of one or more the pumped storage hydro projects being sold to a company or consortium that will build it / them.

It is possible that we will be able to sell a project before it has the necessary consents that allow it to be built. However, this will likely result in a lower value and is not our ambition unless it offers the chance to return capital and interest to our investors that could not otherwise be achieved.

Battery storage

Battery storage projects are more straightforward to develop than pumped storage hydro projects. They are smaller and less complex although most of the key elements, namely planning permission, a grid connection offer and agreement to use the land are similar.

The key criteria for us selecting battery storage sites relates to proximity of the land to a grid supply point. Grid supply points provide the interface between the electricity transmission system and distribution networks. Traditionally grid supply points have existed for the purpose of delivery of energy to a local distribution network, however because of the growth of generation connected at distribution level, they are increasingly required to export power onto the transmission network as well. Suitable grid supply points are found from information published by, and conversations with, DNOs as well as working with contracted experts and understanding the suitability of the land at each particular site.

Our pumped storage hydro projects – current status

Red John

With a capacity of 450 MW our lead project, Red John, is at the most advanced stage in the consenting process. A full Environmental Impact Assessment (EIA) has been prepared following the screening and scoping stage and the detailed application requesting consent has been submitted to the Energy Consents Unit. These submissions – the various chapters of the EIA - have been assessed by the various statutory and non-statutory consultees who were asked to provide comment. Consultees may raise objections which are then considered by the Energy Consents Unit which may then determine whether the Public Local Inquiry stage is not required.

The illustrative table below outlines some of the consultees we have engaged with, and their responses to our Red John application. By working with consultees, we have overcome all the issues raised and received the support of all consultees including the Planning Officer at the Highland Council as the relevant Planning Authority. However, following the Highland Council's formal planning meeting at the beginning of August which is where discussion is held with the elected members of a council as opposed to the officials, concerns were raised by two councillors regarding traffic movements during construction and landscaping. As a result, the only option allowed for by the process is that the Highland Council shows as registering an objection.

The detailed plans that we have submitted for both issues were not able to be discussed – therefore, we will engage with both councillors and any others who are concerned to explain what has been agreed with their officials. This may result in the objection being removed.

However, the Energy Consents Unit is aware of the agreed plans and may decide to proceed to determination at this point without a Public Local Inquiry given the lack of objection from the other consultees.

Non-Statutory Consultees	
BT (formerly British Telecom)	No objection
NATS (formerly National Air Traffic Services)	No objection
Scottish Water	No objection
NESS Fisheries	Objection overcome
Transport Scotland	No objection
Statutory Consultees	
Historic Environment Scotland (HES)	No objection
Scottish Environment Protection Agency (SEPA)	No objection
Scottish Natural Heritage (SNH)	No objection
The Planning Authority, in this instance The Highland Council, comprising of:	
• THC – Contaminated Land	No objection
• THC – Development and Infrastructure	Objection overcome
• THC – Development Plans	No objection
• THC – Flood Risk Management Team	No objection
• THC – Forestry	Objection overcome
• THC – Transport	Objection overcome
THC Planning Department Recommendation:	No objection
THC Elected Members as Planning Authority voted to:	“Raise an objection”

Our pumped storage hydro projects – current status

The process for a Public Local Inquiry involves the appointment of a Reporter by The Planning and Environmental Appeals Division (DPEA) of the Scottish Government. He or she will collate evidence from interested parties within a report, which is then presented to Scottish Ministers. We anticipate that the Public Local Inquiry will take the form of written submissions.

The option/lease agreement has been signed by the landowner, securing rights at the site for 125 years. A grid feasibility report was issued to us by National Grid and Scottish Hydro Electric Transmission confirming the viability of our preferred connection point. The next step is to submit a formal connection application – we intend to do this as soon as the funds from this offer have been raised.

The other 2 projects: A site in Stirlingshire

We anticipate that this project would have a capacity of around 600 MW. Seasonally dependent work is being completed for this site, as applicable. Meetings have been held with the key consultees to discuss likely survey requirements as part of the EIA submission. A public meeting has been held to introduce the project to local residents and discuss the concepts of community ownership and benefit. Several access and land-rights agreements have been secured during 2019. A number of discussions around grid access have been held with SSE, with the scope for a grid feasibility study having now been agreed. We expect Scoping to be submitted in Q2, 2020 with the Section 36 application submission in Q4, 2020.

A site in Argyll

We anticipate this being the largest and most profitable project. The project will have a capacity of 600 MW and up to ten times the storage capacity (the amount of water that can be stored) as Red John which means it can generate electricity for much longer before the head pond needs to be refilled. Seasonal ecology work is currently ongoing to allow a planning submission to be made in 2020. Discussions with local stakeholders have progressed well and we intend to hold a local public meeting shortly. Engagement with relevant consultees and bodies will continue over the weeks and months to ensure the planning submission is responsive to local requirements. Work to secure all necessary access rights is progressing well. Discussions around a grid connection continue to evolve, with planned upgrades to the transmission network in the local area set to provide the required connection capacity. We expect Scoping to be submitted in Q2, 2020 with the Section 36 application submission in Q4, 2020.

Use of funds

The proceeds from this offer will be used to continue to fund the development activities for the pumped storage hydro projects and also, to a lesser extent, battery storage and residential land. Our estimated split is outlined in the table at both the Minimum Threshold and Target Amounts. Both include transaction fees associated with making this offer. We may vary the spend forecast depending on our view of the most effective way to achieve the successful development and sale of at least one of our projects.

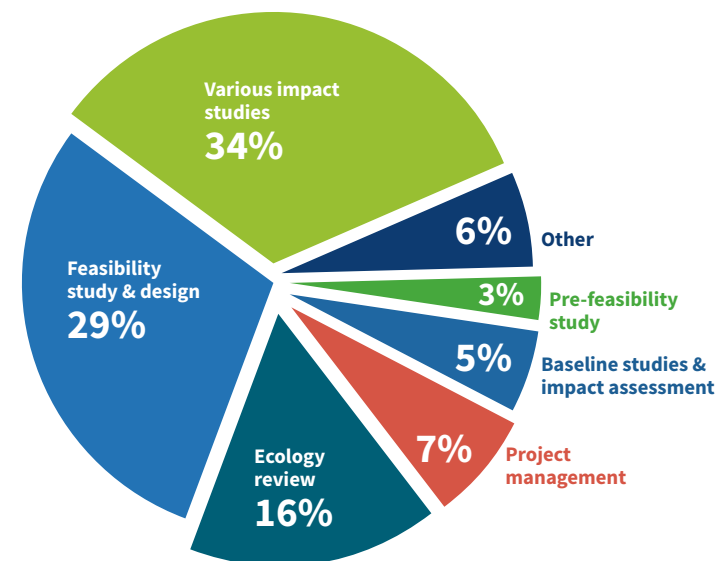
With benefit of our experience with Red John, our overall estimate to complete the application processes for all 3 pumped storage hydro projects from this point is around £2 million based on the timings we have set out on page 31. This will rise if it takes longer or if further spend is required to support the applications for the next 2 projects that we, working with AECOM, have not considered. The shortfall between the amount we raise under this offer and the final number we need will be funded as part of the ongoing funding arrangements of the overall Intelligent Land group.

As a development business, Intelligent Land uses the proceeds from selling consented projects to fund the development costs of future projects. As well as its residential development sites, it is actively engaging to sell the battery storage projects that are 'ready' as well as progressing the other projects currently in its pipeline. It will also continue to grow the pipeline as suitable sites are found. Mark Wilson is also exploring the sale of a stake in the business to a strategic partner.

Use of funds from Debenture offer (£000s)

	Minimum	Target
Engineering and project management	395	756
Legal and PR	63	101
Directors, salaries and general & administration	291	341
Residential land and battery storage development	67	108
Financing fees, interest and reserve prefund	184	294
Total use of funds	1,000	1,600

Works to be undertaken by AECOM, indicative breakdown of spending per project site



What you get back and ranking relative to Debentures issued by ILI Pump Storage Hydro plc

The terms of the Debentures entitle you to:

- receive interest payments equivalent to 10% a year, every 6 months
- repayment of your capital on 31 December 2022

Interest is calculated on the basis of 365 days in a year with 181 days in the first 6 months (182 in a leap year) and 184 days in the second and is payable within 10 business days of the end of a period.

As described earlier, the principal focus of Intelligent Land currently is to successfully develop and then sell one or more pumped storage hydro projects. This is expected to generate significant revenues, sufficient to pay the money owed to investors in ILI Pump Storage Hydro's Debentures and those issued by us under this offer. After a sale holders of ILI Pump Storage Hydro Debentures will be paid first – £3.4 million of capital they invested, any regular interest that is due, and 15% event interest rolled up since the start date. If the sale(s) happen before the maturity of these Debentures, Intelligent Land will also set aside funds to repay your Debentures unless we choose to repay you early. The balance after all the commitments attached to both issues of Debentures will go to Intelligent Land.

The last possible maturity date of both Debenture issues is 31 December 2022. The following page sets out what happens to our Debentures if we have not managed to sell one of our pumped storage hydro projects by then. ILI Pumped Storage Hydro Debentures are backed by a package of security assets that is completely separate to the security that supports our Debentures, although both companies are guaranteed by our shareholder, Intelligent Land. The table sets out side by side the terms of both Debentures.

Our expectation is that we will achieve the necessary consents for our first pumped storage hydro project within a year, with the second and third ones following in 2021. That would leave us over a year to sell at least one of our projects and return your capital.

Issuer	ILI Energy Storage	ILI Pump Storage Hydro
Amount	Up to £1.6 million	£3.4 million in December 2017
Running interest rate	10%	3% (increases to 6% if extended)
“Event” interest	No	15% rolled up and payable at maturity in the event one or more pumped storage hydro projects is sold.
Secured	Yes, on a discrete package of assets including battery storage projects for the benefit of ILI Energy Storage investors only (see page 35)	Yes, on a discrete package of assets including residential development projects for the benefit of ILI Pump Storage Hydro investors only
Parent company guarantee	Yes	Yes
Maturity	31 December 2022	31 December 2020 unless extended by up to 2 years
Option to repay early	From 31 December 2020	No

What if we do not succeed in selling the projects?

In order to make payments of interest and to return your capital, we have put the following protections in place:

- a reserve account called a Debt Service Reserve Account that ringfences the money available for the first 15 months of interest due
- a parent company guarantee from Intelligent Land obliging it to pay any interest owing after the Debt Service Reserve Account has been used or to repay investors' capital at the end of the term. Guarantee in this instance means that Intelligent Land must provide the cash if it has it – it is not a guarantee that it does.
- a security package including, but not limited to, a bond and floating charge and security over 2 battery storage projects.

The multiple layers set out above are designed to provide protection to investors should the developments not be successful.



A note on security and additional protection for investors

The Debentures shall benefit from first ranking security over all of the assets and property of ILI Energy Storage plc, plus security over the shares of the Issuer, under a package of security documents described below (the “Security”).

This means that, among other things, in the event that we were to become insolvent, for example, (as one of the events of default triggers under the Debenture Deed) Debenture holders as secured creditors of ILI Energy Storage would be paid out of any proceeds recovered from that insolvency ahead of unsecured creditors that rank below them (other than certain preferential creditors).

Abundance Security Trustee Limited will act as the security trustee in respect of the Security. Its primary purpose is to hold the Security on behalf of and for the benefit of the Debenture holders in accordance with the Security Trust Deed and, if there is an event of default under the Debenture Deed, to enforce the Security if it is instructed to do so by the Agent (acting on the instructions of the Debenture holders).

Following an Event of Default, pursuant to the Terms and Conditions, you as a Debenture Holder would have the opportunity to vote on whether you wish to seek the enforcement of the Security granted to you through the Security Trustee, by the project. If a sufficient proportion of Debenture Holders vote to instruct the Security Trustee to enforce the security, there would be a limited number of options to realise as much value as possible from the assets in order to pay down outstanding amounts owed to you.

The Security comprises: a security agreement (including a bond and floating charge) over all of the assets of ILI Energy Storage plc; a share charge over the shares of ILI Energy Storage plc; and a charge over all the shares in Camilla Battery Storage Ltd and Fordtown Energy Storage Ltd, see page 10. Although the Security Trustee will hold the Security on behalf of the Debenture holders, it (and the Agent) will rank ahead of them for certain amounts (principally, costs).



General investment risks

We cannot set out all the risks that may be involved in an investment in the Debentures. You should consider whether the Debentures are a suitable investment for you in the light of your own personal circumstances and take advice as necessary. These are some of the risks that may be involved – remember there is no guarantee that you will receive any interest or that your capital (i.e. the money you have lent under the Debenture) will be returned.

Debentures are secured obligations of ILI Energy Storage plc.

Although we are obliged under the terms of the Debenture to pay holders of Debentures the interest and capital owing to them, there is no certainty that you will receive the whole or any part if insufficient funds are available at the time of maturity. See page 35 for more details regarding security in this offer.

Debentures may not be easy to sell quickly or to sell at their original value.

Therefore, you should consider what is the right amount for you given your own circumstances. There is no regulated marketplace for the Debentures and, therefore, the options to sell Debentures are limited. Abundance provides a Marketplace where you can find potential buyers. However, if you need to sell your Debentures in a hurry or, for whatever reason, you are unable to find an investor to purchase your Debentures for the original amount that you paid, you may not get all of your original investment back.

Debentures are not covered by the Financial Services Compensation Scheme (FSCS) or the Financial Ombudsman Service (FOS)

– this means if we do not fulfil the terms of the Debenture there is no right to complain to FOS or to get compensation from FSCS. Abundance is authorised and regulated by the FCA for the services it provides and any rights to complain to FOS and/or FSCS are detailed in its Terms and Conditions which are available at www.abundanceinvestment.com.

Estimates and Projections

Where we have made estimates or projections of our anticipated revenues, costs, or inflation these are based on our current beliefs and assumptions at the date of this Offer Document– we will not necessarily update them. These statements may involve known or unknown risks, uncertainties and other important factors which could cause our actual results, performance or achievements to differ from those we expect.

In particular, while we believe that any predictions or forecasts we give are reasonable and based on reasonable assumptions supported by objective data, they may be affected by risks and other factors not set out in this document and therefore are not reliable indicators of future performance.

There can be no guarantee:

- that we have correctly measured or identified all of the factors affecting the development of the projects, and their value realised at an Event;
- that publicly available information relating to the factors on which our analysis is based is complete or accurate
- that our analysis is correct; or
- that anything we do which is based on this analysis will be successful.

Risks beyond our control

Government policy

There may be changes in laws, regulation or government policy which might impact an investment in the Debentures or the rights of holders to them. These may include, for example:

- Changes to the legislative framework which governs the electricity market and the possible valuation of the projects when developed to a point at which we could sell them;
- Changes to tax law which might affect us or make it less advantageous for you to hold the Debentures; and,
- Regulatory issues which might entail expenditure, costs or operational restrictions which we have not foreseen.

Also, an investment in the Debentures may be affected by general economic circumstances which may lead to increases in costs or unforeseen expenditure for us.

General contractual risks

We are reliant for various services on third party providers. Whilst we are prudent in checking who we work with and in ensuring appropriate contractual arrangements are in place, we cannot guarantee that those providers will perform their contractual obligations adequately. Pursuing providers for breach of contract can result in delays and legal expenses. Likewise, we may be pursued by those to whom we sell the projects and be required to defend or settle claims.

Insolvency or restructuring risk

We, together with any supplier, partner or contractor on the project, can be the subject of insolvency or restructuring procedures which may affect whether or not we or they can perform their obligations.

This may also mean that, in relation to suppliers or contractors, we are unable to secure the same level of service at the same price resulting in greater costs.

Key personnel risk

The business is reliant on our experienced team. Although alternatives could be found in the event that one of them becomes indisposed, this may result in delays.

Currency risk

All investors will be receiving interest payments from the Debenture in pounds sterling, so any non-UK investor may be exposed to currency risk if they need to exchange this for another currency.

Planning permission application rejected

Although we and AECOM have significant experience in planning, there is no guarantee that planning permission will be granted. There are processes for appeal but if these are still unsuccessful, it is likely that particular project cannot be sold to trigger an Event.

Change in long term economics of GB electricity market

The electricity market is subject to government policy, global macroeconomic factors that drive commodities markets, national economic conditions, technological advancements and changes in the demand and supply of electricity. Unforeseen changes may result in different pricing structures which could affect the profitability of pumped storage hydro plants before any of our projects reach the construction stage, making the development sites more difficult to sell.

Over the years we have developed a sophisticated network of contacts within the GB electricity market and are keeping a close eye on any

changes which may affect the economic feasibility of new pumped storage hydro.

Reduction in foreign investment into UK infrastructure

During the last decade, foreign institutional investors such as pension funds and sovereign wealth funds have seen the UK as an attractive country in which to invest long-term capital. This has been for a number of reasons including its open economy, relatively low political risk, stable and fair rule of law, relative value of the Pound Sterling and favourable long term economic forecasts. Some of these conditions could change between the issue of the Debentures and the time when we plan to sell one or more of the projects – therefore reducing the possible number of buyers.

Realisable value of battery storage projects that are collateral in the security may be less than currently estimated

Should one or more of the pumped storage hydro assets not be sold by December 2022 then the repayment of your capital is underpinned by the value of the battery storage projects within the security package. Though the overall value of the two projects in the security package is estimated to be at least 2.50x the balance of the principal value of the Debentures now, the realisable value at maturity will have changed as the electricity market and in particular the use of and investor appetite for lithium-ion batteries evolves. Furthermore, the realisable value will also be subject to general economic and investment conditions at the time. Upon enforcement of security, our ability to repay the Debentures in full would depend on the proceeds of a sale of the security assets, and could mean you still lose some or all of the capital you invest.

Risks specific to our business

Risk: Intelligent Land is a development business where development means the identification and consenting of suitable sites for renewable generation, residential property and over recent years for energy storage. Development is generally understood to be higher risk than the operating and management phases of constructed projects and even than of their construction since the value of development projects is so much lower before full consent is achieved. Any investment you make in our Debentures is heavily reliant on our ability to achieve consent and to sell development assets in the required timeframes and at sufficient value to cover our costs and other financial obligations. This applies to the package of security as well as to the projects which we intend to progress with proceeds from this offer.

Comment: Over the last 10 years, Intelligent Land has secured consents for and successfully sold 96 renewable energy projects (including wind, solar and hydro). We are relying on the skills and expertise the team has built over the course of that achievement to help inform and drive the development of battery storage which has similar characteristics from a consenting perspective; and with the help of AECOM given the scale and technical complexity, to push forward the pump storage hydro projects.

Risk: Our site selection process fails to find sites suitable for pumped storage hydro plants

Impact: We are unable to secure the consents or to achieve the sale of a project within the proposed timescales

Comment: The number of pumped storage hydro schemes that the electricity system can support is finite.

Also, the economics of any project are highly site specific – revenue is a function of the size of the ponds and the head height; construction costs are dependent upon the land; and, grid connection is a function of where the existing grid is located.

With AECOM, we have developed a detailed set of criteria that we and it believe will combine to give all of our chosen sites high probabilities of success. To date we have reviewed around 60 sites before narrowing the list down to the 3 sites outlined in this document.

Risk: Support of landowners could be lost

Impact: We are unable to make a planning submission that will achieve consent

Comment: We work closely with landowners to ensure that their concerns around disruption both before and during construction are addressed, and also that they receive an equitable share of the value created by each project. We strongly believe in working for mutual benefit and this approach governs how we work with landowners. The use of land for the project that is furthest ahead in development (Red John) is already secure via an Option to Lease agreement.

Risk: Local opposition to the construction of pumped storage hydro plants

Impact: Delays or eventual rejection of planning permission

Comment: Local communities are affected by a pumped storage hydro project – both during construction and its subsequent operation. Continued opposition may delay the planning process and cost more of our resources than anticipated.

Taking on board concerns by the local community and maintaining good relations with them are vital for the successful development of both pumped storage hydro projects and, to a more limited degree, battery storage projects.

On each site we engage the local communities from an early stage and discuss ways for a mutually beneficial relationship to continue into the construction and operations phases.

Risk: The environmental impact of pumped storage hydro plants is considered too detrimental

Impact: We are unable to secure planning on environmental grounds

Comment: Like any energy generation asset, a pumped storage hydro project will impact the environment. Mitigation of this impact to a level acceptable to project stakeholders and to wider society is of vital importance to us and will be the focus of the Environmental Impact Assessment that we and AECOM will develop around each project. We engage relevant environmental groups, such as the Scottish Environment Protection Agency and Historic Environment Scotland, at an early stage to define a development pathway which mitigates their concerns and where that's not possible, such as volume of daytime construction traffic, we will ensure that any negative impacts are outweighed by the positive impacts of the project.

Risks specific to our business

Risk: Unable to secure a grid connection offer for any of the sites

Impact: Our projects would not be valuable enough to sell on

Comment: A large power generation asset would not be of any use were it not connected to the grid so minimising the risk of an offer not being forthcoming is key to creating a valuable project to sell on. Insufficient access to the grid makes a project unsaleable and therefore it is one of the first factors we investigate on a new site. Moreover, developing effective working relationships with both the National Grid and SSE / Scottish Power will be a crucial part of developing each of the sites to the point where it can be built and could therefore be sold.

Risk: Planning application submissions sub-standard

Impact: More likely to not receive planning permission

Comment: Though policy at every level of government within Scotland is supportive of renewable energy, the expectation from planning authorities for the quality of planning applications for projects of the size and significance of our pumped storage hydro projects is high. As well as the Intelligent Land team's knowledge earned from successful past submissions, we are employing experienced and reputable advisors including AECOM – which did much of the work for the successful planning application at Glyn Rhonwy, a pumped storage hydro project in Wales that gained planning permission in early 2017. Battery storage projects tend to be less controversial due to their small and relatively discreet physical features.

Risk: Development cost control

Impact: We run out of funds to pay contractors, ourselves and interest payments

Comment: We are financing the development of the projects from a mix of equity and the money raised from the issues of Debentures. We have worked closely with AECOM to identify and manage all of our anticipated costs throughout the development phases of each pumped storage hydro site. We will continue to monitor and control costs, having learned from our experience, to maximise the chance that the projects can be developed to a point at which they can be sold.

Risk: We are unsuccessful in finding a buyer

Impact: We are unable to pay capital back to Debenture holders

Comment: Throughout the development of the pumped storage hydro projects we have been building relationships with a wide range of prospective buyers and will engage experienced advisors to help us sell the projects. Securing all the rights and consents however does not guarantee that a project will be sold. If the pumped storage hydro projects are found to be commercially unattractive and we cannot find a buyer, the parent company guarantee and security package should mitigate the risk that Debenture holders don't get their capital repaid.

Risk: Parent company guarantee not maintained

Impact: Ongoing interest or the final repayment of principal is not made

Comment: The payment of interest and repayment of the Debentures' principal is guaranteed by our shareholder, Intelligent Land, under the terms of a parent company guarantee contained within the Debenture Deed. Intelligent Land intends to maintain cash reserves and assets available for sale in order to satisfy the terms of the guarantee at any point that it is exercised. There is, however, no guarantee that it can.

The above specific business risk factors are not exhaustive and they do not purport to be a complete explanation of all the risks and significant considerations involved in our business.

How you subscribe to this Offer

If you have not already, you will need to create an online account on Abundance and set up a portfolio, for example a standard, IF ISA or SIPP portfolio (Abundance will perform identity checks on new accounts). You will then be able to subscribe for Debentures using cash in your Abundance account. Details of how to deposit cash are provided on the Abundance [website](#).

If you subscribe, you acknowledge that:

- you have read and understood this Offer Document, including the risk factors associated with any investment in the Debentures on pages 36-39
- all the relevant details of the offer are set out in this Offer Document, the Debenture Deed and that no one else is authorised to make any other statements about the terms of the offer or the Debentures
- you are not relying on any statements other than those in this Offer Document or as approved by Abundance
- your holding of Debentures is subject to the Abundance Terms and Conditions found on the Abundance website.

This offer will close on the Closing Date which is the earliest of midnight on 7 October 2019 unless extended for up to 2 months or once valid subscriptions totalling £1,600,000, the Target Amount, have been received.

Subscriptions will be taken on a first come, first served basis. Your subscription will not be confirmed until the Minimum Threshold Amount has been reached.

The Debentures are eligible to be held in an Innovative Finance ISA – more information about the IF ISA can be found on the Abundance website.

The role of Abundance

Abundance will act as agent for Debenture holders in accordance with the Abundance Service Terms and Conditions on the [Abundance website](#) and any special rules which apply to these Debentures. The role of the Agent is primarily an administrative one, intended to facilitate the exercise of rights by Debenture holders.

Some important decisions in relation to the Debentures must usually be made by, or on the direction of, Debenture holders – this is described in more detail as ‘Meetings and Investor Democracy’ in clause 3.10 of the Debenture Deed and the Schedule to the Terms and Conditions. As Agent, we, Abundance, and in some cases Debenture holders can call meetings to vote on important issues.

You will not be able to take any action by yourself to enforce payment under the Debentures – this will depend on the Voting and Investor Democracy issues detailed in the Terms and Conditions.

Some particularly important issues will require a Special Resolution, which means one passed with the agreement of the holders of 75% of principal of the Debentures. Others may need an Ordinary Resolution (i.e. one agreed to by the holders of more than 50% of the principal of the Debentures). There may be some other issues where a different majority is specified. For example, calling an Event of Default can be instigated by either Debenture holders of at least 25% of principal of the Debentures or a Special Resolution.

The following is a broad summary only of the types of resolution required in this case under the Debenture deed. This summary does not cover every situation – you should look carefully at the Debenture deed and other related documents to understand their full terms; such documents also override this summary or the Terms and Conditions if there is any inconsistency.

Action	Relevant instruction or resolution threshold	Relevant document & clause reference
Calling a meeting of Holders	Holders of at least 10% of principal of the Debentures, the Issuer or the Agent	Terms & Conditions, Schedule, Para 5.6
Calling an Event of Default	Holders of at least 25% of principal of the Debentures or by Special Resolution	Debenture Deed, Clause 18
Waiving or consenting to an Event of Default	Special Resolution of all Debentures	Terms & Conditions, Schedule, Para 6.3 and clauses 18 and 20 of the Debenture Deed
Quorum for Special Resolution	Holders representing at least 51% of principal of the Debentures – note, lower quorum thresholds apply in the case that a meeting called by the Issuer or the Agent is adjourned	Terms & Conditions, Schedule, Paras 5.8
Quorum for Ordinary Resolution	Holders representing more than 10% of principal of the Debentures	Terms & Conditions, Schedule, Para 5.8
Voting on Special Resolution	Holders representing more than 75% of principal of the Debentures	Terms & Conditions, Schedule, Para 6.5
Voting on Ordinary Resolution	Holders representing more than 50% of principal of the Debentures	Terms & Conditions, Schedule, Para 6.5

Anticipated timetable

6 September 2019 Offer Document published, offer opens for subscriptions

7 October 2019 Closing Date for offer unless extended by up to 2 months

30 June 2020 First interest period ends

31 December 2020 Second interest period ends

30 June and 31 December each year Subsequent interest period end dates

31 December 2022 Expected maturity date (unless repaid early) when any outstanding interest is paid and outstanding capital is returned

Your questions answered

How do I receive my Cash Returns?

Cash Returns are paid into your Abundance account. You will be able to withdraw funds to your nominated bank account from within your Abundance account.

How are the Debentures treated for tax purposes?

The interest payments will be treated as interest for tax purposes. We are required under UK law to withhold 20% of the interest we pay which is paid directly to HMRC, unless Abundance confirm to us that your Debentures are held in your Abundance IF ISA or in a SIPP. Most people can earn some interest from their savings without paying tax so it may be possible to reclaim tax deducted. You can find more details of how your interest will be taxed on the [Abundance website](#) in the FAQs. You should seek independent advice if you are not clear or have any questions regarding how your interest will be taxed.

How do I keep track of my Debentures?

Your Abundance account is where you will find all the information about your investment and its ongoing performance. Within your account you will be able to find: a copy of this Offer Document, your tax statement, performance information and – in time – our annual accounts. The listing of your Debenture holding in your Abundance account represents your electronic confirmation and certificate of ownership.

Can I hold the Debenture in a SIPP?

Yes, if you wish to hold Debentures in a SIPP, you will need to check with your SIPP provider whether or not they can accommodate them and take your own independent tax advice on their inclusion. Abundance has its own SIPP offering, the Abundance Pension, in conjunction with Gaudi Regulated Services Ltd. More information on the Abundance Pension and the fees for opening one can be found on the [Abundance website](#).

Can I hold the Debenture in an ISA?

Yes, Debentures are eligible to be held in an Innovative Finance ISA (IF ISA). The Abundance IF ISA can be set up alongside a Cash and Stocks and Shares ISAs every year and you get tax-free returns from investing with Abundance. More information about the Abundance IF ISA can be found on the [Abundance website](#).

What charges are there for an investor?

There are no charges for opening an account on Abundance and investing in a Debenture if you are based in the UK. There is also no charge for buying or selling an existing Debenture.

Abundance charges us 2 fees — one for raising the money and one for managing the investment and investors on a yearly basis. The estimated return is quoted after these fees have been paid by us.

How do I sell?

Debentures are transferable in accordance with the Abundance Terms and Conditions and can be sold to existing Abundance members and anyone eligible to become a member of Abundance. Sellers can find potential buyers on Abundance's marketplace. The marketplace can be viewed by anyone with an Abundance account. Since Abundance acts as the registrar of all holders of Debentures, the buyer will need to open an account at Abundance if they don't already have one to register the change in ownership. There are no charges for buying or selling Debentures on the Abundance Marketplace.

What happens if the issuer defaults?

The capital and any accrued interest become immediately due in the event of a default. In the event that we are unable to pay any sums due when demanded, the Agent (acting for and on the instruction of the Debenture holders) will have the right to take action against us for breach of the terms of the Debentures.

Debenture Deed ILI Energy Storage plc

This Deed is made on 6 September 2019.

Between

(1) ILI Energy Storage plc, a company incorporated and registered in Scotland with company number SC636631 and having its registered office at The Shires, 33 Bothwell Road, Hamilton, United Kingdom, (the **Issuer**);

(2) Intelligent Land Investments Group plc, a company incorporated and registered in Scotland with company number SC564296 and having its registered office at The Shires, 33 Bothwell Road, Hamilton, Scotland, ML3 0AS (the **Parent**);

(3) Camilla Battery Storage Limited, a company incorporated and registered in Scotland with company number SC614202 and having its registered office at 33 Bothwell Road, Hamilton, United Kingdom, ML3 0AS (**Camilla**);

(4) Fordtown Energy Storage Limited, a company incorporated and registered in Scotland with company number SC595142 and having its registered office at 33 Bothwell Road, Hamilton, South Lanarkshire, ML3 0AS (**Fordtown**); and

(5) Abundance Investment Ltd, a company incorporated and registered in England and Wales with registered number 07049166 and having its registered office at 16 Linen House, 253 Kilburn Lane, London, W10 4BQ (the **Agent** or the **Arranger**)

Background

(A) The Issuer has resolved, pursuant to a resolution of its board of directors dated 6 September 2019, to create and issue the Debentures on the terms of this Deed.

(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 Investment Ltd a private limited company incorporated in England and Wales with registered number 07049166 and having its registered address at 16 Linen House, 253 Kilburn Lane, London, W10 4BQ 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.abundanceinvestment.com.

Abundance Terms and 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.abundanceinvestment.com/legal/terms-and-conditions but at all times only to the extent that such terms and conditions do not impose any obligations or restrictions on the Issuer except as stated in this Deed.

Acceleration Notice has the meaning given in clause 18.3.1.

Accounting Principles means the generally accepted accounting principles in the United Kingdom, including IFRS.

Accounts means the:

- (a) Debt Service Reserve Account; and
- (b) Working Capital Account

Affected Person means any person which Abundance or the Issuer, in its discretion (acting reasonably and in good faith and after consulting with the other), determines is ineligible to acquire or hold Debentures due to the additional costs or restrictions or a Tax or Regulatory Requirement.

Affiliate means in relation to any person, a Subsidiary of that person or a Holding Company of that person or any other Subsidiary of that Holding Company.

Agent means Abundance Investment Ltd, a company incorporated and registered in England and Wales with company number 07049166 and having its registered office at 16 Linen House, 253 Kilburn Lane, London, W10 4BQ, in its capacity as agent (which expression shall include any successor agent appointed in accordance with the Abundance Terms and Conditions).

Authorisation means any consent, authorisation, registration, filing, lodgement, agreement, notarisation, certificate, permission, licence, approval, authority or exemption from, by or with any governmental, semi-governmental or judicial entity or authority (including any self-regulatory organisation established under statute or by a governmental or semi-governmental body).

Beneficiaries means each of the Agent, the Holders and each Delegate and the term “**Beneficiary**” means any one of them.

Business Day means a day other than a Saturday, Sunday or English public holiday when banks in London are open for business.

Change of Control means:

(a) the Parent ceases directly or indirectly to

- (i) have the power (whether by way of ownership of shares, proxy, contract, agency or otherwise) to:

(A) cast, or control the casting of, more than 51% of the maximum number of votes that might be cast at a general meeting of the Issuer;

(B) appoint or remove all, or the majority, of the directors or other equivalent officers of the Issuer; or

(C) give directions with respect to the operating and financial policies of the Issuer with which the directors or other equivalent officers of the Issuer are obliged to comply; or

(ii) hold beneficially more than 51% of the issued share capital of the Issuer (excluding any part of that issued share capital that carries no right to participate beyond a specified amount in a distribution of either profits or capital); or

(b) the Issuer ceases directly or indirectly to

(i) have the power (whether by way of ownership of shares, proxy, contract, agency or otherwise) to:

(A) cast, or control the casting of, all of the votes that might be cast at a general meeting of Camilla and Fordtown;

(B) appoint or remove all, or the majority, of the directors or other equivalent officers of Camilla and Fordtown; or

(C) give directions with respect to the operating and financial policies of Camilla and Fordtown with which the directors or other equivalent officers of Camilla and Fordtown are obliged to comply; or

(ii) hold beneficially all of the issued share capital of Camilla and Fordtown (excluding any part of that issued share capital that carries no right to participate beyond a specified amount in a distribution of either profits or capital).

Conditions Precedent means the conditions precedent set out in Schedule 1.

Debenture means each debenture constituted by this Deed.

Debt Liabilities means all monies and obligations due, owing or incurred to the Beneficiaries or any of them by the Issuer (whether present or future, actual or contingent and whether incurred as principal or surety) pursuant to any Finance Document.

Debt Service Reserve Account means the account designated as such by the Issuer and the Agent in accordance with paragraph 4 of Schedule 4 (*Positive Undertakings*) of this Deed.]

Deed means this deed and the Schedules to this deed.

Default Interest has the meaning given in clause 13 (Default Interest) of this Deed.

Delegate means any delegate, agent, attorney or co-agent appointed by the Agent in accordance with the Abundance Terms and Conditions.

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 Debentures (or otherwise in order for the transactions contemplated by any Finance Documents to be carried out) which disruption is not caused by, and is beyond the control of, any of the parties to the relevant Finance Documents; 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 a party preventing that, or any other party to the relevant Finance Documents:

(i) from performing its payment obligations under the Finance Documents; or

(ii) from communicating with other parties in accordance with the terms of the Finance Documents,

and which (in either such case) is not caused by, and is beyond the control of, the party whose operations are disrupted.

Drawdown Notice means any notice issued by the Issuer to the Agent instructing for the payment of the proceeds of the issuance of the Debentures.

Early Redemption Date has the meaning given in clause 15.1 (*Early Redemption*) of this Deed.

Early Redemption Fee means, in respect of an early redemption of the Debentures made in accordance with clause 15.1 (*Early Redemption*), an early redemption fee equal to the amount of all Interest that would have accrued on the Debentures and been payable in respect of the period from the Early Redemption Date to (and including) the date falling 6 months thereafter.

Early Redemption Option Date means 31 December 2020.

Effective Date means the date of drawdown in accordance with clause 3.5.

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

Enforcement Action means any formal legal action or formal legal step taken by any Beneficiary whatsoever to enforce its rights against the Issuer under a Finance Document including:

(a) to petition for (or take any other formal legal steps or action which are likely to lead to) the liquidation, winding up, administration or dissolution of the Issuer; or

(b) to commence legal proceedings against the Issuer; or

(c) to demand, accelerate or require payment, repayment or prepayment of all or any part of the Debt Liabilities; or

(d) to enforce or make a demand under any guarantee or similar support given in connection with the Debt Liabilities; or

(e) to cancel any obligation to provide any financial accommodation under a Finance Document.

Environment means humans, animals, plants and all other living organisms including the ecological systems of which they form part and the following media:

(a) air (including, without limitation, air within natural or man-made structures, whether above or below ground);

(b) water (including, without limitation, territorial, coastal and inland waters, water under or within land and water in drains and sewers); and

(c) land (including, without limitation, land under water).

Environmental Claim means any claim, proceeding, formal notice or investigation by any person in respect of any Environmental Law.

Environmental Law means any applicable law or regulation which relates to:

(a) the pollution or protection of the Environment;

(b) the conditions of the workplace; or

(c) the generation, handling, storage, use, release or spillage of any substance which, alone or in combination with any other, is capable of causing harm to the Environment, including, without limitation, any waste.

Environmental Permits means any permit and other Authorisation and the filing of any notification, report or assessment required under any Environmental Law for the operation of the business of any member of the Group conducted on or from the properties owned or used by any member of the Group.

Event of Default means any event or circumstances specified as such in clause 15 (*Events of Default*) of this Deed.

Finance Documents means this Deed, each Security Agreement, the Security Trust Deed, any Drawdown Notice and any document designated as such by the Agent and the Issuer.

Finance Party means the Agent, the Arranger and each Holder.

Financial Indebtedness means any obligation (whether incurred as principal or surety and whether present, future, actual or contingent) for the payment or repayment of any indebtedness in respect of money borrowed or debt balances at any financial institution or under any bond, note, loan, debenture, loan stock or similar instrument, finance or capital lease, acceptance credit or bill discounting facility or guarantee and/or counter-indemnity obligation in respect of any of the above.

Group means the Parent and its respective Subsidiaries, including the Issuer, Camilla and Fordtown, for the time being.

Guarantee means the unconditional and irrevocable guarantee granted by each Guarantor pursuant to clause 5.1 hereof.

Guarantors means the Parent, Camilla and Fordtown.

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

Holder Representative means the Holders appointed as a committee to represent the interests of Holders in accordance with the Abundance Terms and Conditions.

Holding Company means in relation to a person, any other person in respect of which it is a Subsidiary.

Instructing Party means:

(a) if relating to directions or instructions in respect of a Reserved Matter, directions or instructions of the Holders made by way of Special Resolution; or

(b) if relating to directions or instructions in respect of a Non-Reserved Matter, directions or instructions of the Holders made by way of Ordinary Resolution.

Insurances means the insurances required under paragraph 14 of Schedule 4.

Interest means any amount of interest payable to a Holder in accordance with clause 12 (*Interest*) of this Deed.

Interest Payment Date has the meaning given to it in clause 12.2 (*Interest*) of this Deed.

Interest Period means each period ending on 30 June and 31 December in any year or, if different, the Maturity Date. The first of such periods commencing on 1 October 2019 and ending on 30 June 2020 and the last of such periods ending on the Maturity Date.

Interest Rate means 10 per cent. per annum.

Issue Amount means the total aggregate principal amount of all of the Debentures issued under this Deed, before the Issuer has redeemed any Debentures early in accordance with clause 15 (*Early Redemption*) of this Deed.

Issuer Security Agreement means the floating charge granted, or to be granted, by the Issuer in favour of the Security Trustee (for the benefit of the Secured Parties) over all of its assets, delivered to the Agent in accordance with Clause 3.5.

Issuer Share Charge means the share pledge granted, or to be granted, by the Parent in favour of the Security Trustee (for the benefit of the Secured Parties) over the entire issued share capital of the Issuer, delivered to the Agent in accordance with Clause 3.5.

Launch means the Arranger making available the Offer Document through the Abundance website to Members.

Longstop Date means 31 December 2019 (or such later date as may be agreed by the Agent).

Market Place has the meaning given to the term in the Abundance Terms and Conditions.

Management Services Agreement means a management services agreement between the Parent and the Issuer in respect of various services supplied by the Parent to the Issuer.

Material Adverse Effect means a material adverse effect on:

(a) the ability of the Issuer to perform its or their (as applicable) payment obligations under the Finance Documents; or

(b) the validity or enforceability of the Finance Documents against the Issuer or the rights or remedies of any of the Holders or the Arranger or the Agent against the Issuer under any of the Finance Documents.

Maturity Date means 31 December 2022.

Maximum Issuance Amount means £1,600,000.

Members has the meaning given in the Abundance Terms and Conditions.

Minimum Issuance Amount means £1,000,000.

Non-Reserved Matters means any matter that is not a Reserved Matter or a matter deemed by the Agent to be of a formal, minor or technical nature that is exercisable by the Issuer and/or Agent without Holder consent in accordance with clause 21.1 (*Modifications, Waivers or Consents*).

Obligor means the Issuer or a Guarantor.

Offer means the offer of debentures to Members in accordance with this Deed, the Abundance Terms and Conditions and the Offer Document.

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

Option Agreements means:

(a) option agreement between Helen Darroch Crawford or Gilbert and Kevin John Gilbert, as partners of and trustees for the Firm of J.M. Gilbert and Fordtown Energy Storage Ltd dated 12 and 23 August 2019; and

(b) option agreement between Camilla Battery Storage Limited and John Scobie dated 21 January 2019 and registered in the Books and Council and Session on 24 January 2019 as amended by (1) Option to Vary by DWF LLP on behalf of Camilla Battery Storage Limited dated 31 July 2019 and (2) Acceptance by Harper Macleod LLP on behalf of John Scobie dated 31 July 2019.

Ordinary Resolution a resolution passed at a meeting of the Holders of the Debentures duly convened and held in accordance with the Schedule to the Abundance Terms and Conditions by the relevant majority set out in paragraph 6.5 of the Schedule to the Abundance Terms and Conditions or passed by written resolution in accordance with paragraph 5.4 of the Schedule to the Abundance Terms and Conditions.

Original Jurisdiction means, in relation to the Issuer, the jurisdiction under whose laws the Issuer is incorporated as at the date of this Deed.

Party means a party to this Deed.

Permitted Indebtedness means any Financial Indebtedness incurred by the Issuer as follows:

(a) under the Finance Documents; or

(b) which is subordinated to the Debentures pursuant to a Subordination Agreement.

Permitted Loan means any credit granted, given or issued by the Issuer as follows:

(a) on arm's length terms and in the ordinary course of its business to suppliers, customers or partners; or

(b) any loan made to the Parent and/or to any member of the Group.

Permitted Security means:

(a) any Security created or expressed to be created pursuant to a Security Agreement;

(b) any Security created or expressed to be created as security for any further issuance of debentures under a new debenture deed on substantially the same terms as this Deed;

(c) any netting or set-off arrangement entered into by the Issuer in the ordinary course of its banking arrangements for the purpose of netting debit and credit balances; or

(d) any lien arising by operation of law and in the ordinary course of business of the Issuer; and

(e) any Security over bank accounts or retention rights in respect of deposits granted in favour of the account bank as part of that bank's standard terms and conditions.

Principal means, unless the context requires otherwise, the aggregate principal amount of the Debentures or the principal amount of the relevant Debentures held by any Holder, in each case, for the time being outstanding.

Proceeds means all receipts and/or recoveries by the Agent pursuant to any Enforcement Action taken in respect of any Finance Document after deducting (to the extent not already deducted) all sums which the Agent is required by the terms of the Finance Documents or by applicable law to pay to any other person before distributing any such receipts or recoveries to any of the Beneficiaries.

Project means any pumped storage hydro scheme, battery storage and/or residential land development at a Property.

Project Documents means each of:

(a) offer for connection of the Camilla Farm ESS to the to the SP Distribution plc Distribution System dated 22 September 2018 – Full Offer QAS Ref 2107898;

(b) offer to provide a connection for premises with embedded generation at Fordtown Farm, Kintore, AB51 0XJ by Scottish Hydro Electric Power Distribution plc for Fordtown dated 23 July 2018;

(c) planning permission APP/2019/0373 for Fordtown was granted by Aberdeenshire Council on 20 August 2019;

(d) Planning Permission for Camilla 17/00483/PPP dated 21 April 2017; and

(e) the Option Agreements.

Property means:

(a) the option area at Camilla Farm, Auchertool, Fife; and

(b) the option area at Fordtown Farm, Kintore.

Register means the register of Holders of Debentures.

Repeating Representations means the representations and warranties in paragraph 1.1 (*Status*) to paragraph 1.6 (*Governing law and enforcement*), paragraph 1.8 (*No default*), paragraph 1.11 (*Financial information*), paragraph 1.19 (*Project Documents*) of Schedule 3 (*Representations and Warranties*) of this Deed.

Reserve has the meaning given in paragraph 4 (*Reserve*) of Schedule 4 (*Positive Undertakings*) of this Deed.

Reserved Matter has the meaning given in clause 21.3 (*Modifications, Waivers or Consents*).

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 is resident in, whose permanent place of business or whose jurisdiction of incorporation or establishment is in any of the Channel Islands or the Isle of Man; or (iii) any Affected Person.

Schedule means a Schedule to this Deed.

Schedule to the Abundance Terms and Conditions means the schedule to the Abundance Terms and Conditions as at the date of this Deed.

Secured Parties means the Security Trustee, the Agent, the Holders and any Receiver (as such term is defined in the Security Agreements) or Delegate (as such term is defined in the Security Agreements).

Security means a mortgage, charge, pledge, lien or other security interest securing any obligation of any person.

Security Agreements means each of the:

(a) Issuer Security Agreement;

(b) Issuer Share Charge;

(c) Subsidiary Security Agreements; and

(d) Subsidiary Share Charge.

Security Trust Deed means the security trust deed entered into, or to be entered into, between the Obligors, the Agent and the Security Trustee, delivered to the Agent in accordance with Clause 3.5.

Security Trustee means Abundance Security Trustee Ltd, a company incorporated and registered in England and Wales with company number 09864672 and whose registered office is at 16 Linen House 253 Kilburn Lane, London, W10 4BQ, England.

Special Resolution means a resolution passed at a meeting of the Holders of the Debentures duly convened and held in accordance with the Schedule to the Abundance Terms and Conditions by the relevant majority set out in paragraph 6.5 of the Schedule to the Abundance Terms and Conditions or passed by written resolution in accordance with paragraph 5.4 of the Schedule to the Abundance Terms and Conditions.

Sterling or £ means the lawful currency for the time being of the United Kingdom.

Subordination Agreement means any subordination agreement entered into between the Issuer, the Security Trustee and other parties as junior creditors from time to time.

Subsidiary means a subsidiary within the meaning of section 1159 of the Companies Act 2006.

Subsidiary Security Agreements means:

(a) the floating charge, dated on or about [the Effective Date], granted by Camilla in favour of the Security Trustee (for the benefit of the Secured Parties) over all of its assets; and

(b) the floating charge, dated on or about [the Effective Date], granted by Fordtown in favour of the Security Trustee (for the benefit of the Secured Parties) over all of its assets.

Subsidiary Share Charge means the share pledge granted, or to be granted, by the Issuer in favour of the Security Trustee (for the benefit of the Secured Parties) over the entire issued share capital of Camilla and Fordtown, delivered to the Agent in accordance with Clause 3.5.

Tax means any tax, levy, impost, duty or other charge or withholding of a similar nature (including any related penalty or interest payable in connection with any failure to pay or any delay in paying any of the same).

Tax or Regulatory Requirement means any Tax or law, regulation, rule, order, official directive or guideline of any governmental, inter-governmental or supranational body, agency, department or regulatory authority or organisation or any decision of a court (having the force of law) in any country or territory.

UK means the United Kingdom.

USA means the United States of America.

US Person means any persons who are or deemed to be US Persons for the purposes of US tax laws or US securities laws (including (without limitation) the US Securities Act of 1933). The Issuer may determine (acting reasonably) whether a person acquiring or holding Debentures (or proposing to do so) is a US person in accordance with applicable law at the time it makes such determination. Further summaries of what constitutes a US Person are provided in the Abundance Terms and Conditions.

Working Capital Account means the account held by the Issuer and designated as such by the Issuer and the Agent in accordance with paragraph 5 of Schedule 4 (*Positive Undertakings*) of this Deed.

Written Resolution means a written resolution passed in accordance with the Abundance Terms and Conditions.

1.2 In this Deed unless the contrary intention appears:

1.2.1 terms defined in the Abundance Terms and Conditions have the same meaning in this Deed;

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

1.2.3 Words denoting the singular include the plural and vice versa and a reference to one gender includes the other gender;

1.2.4 A reference to a “person” means any individual, company, corporation, partnership, joint venture, association, unincorporated organisation, trust or other judicial entity;

1.2.5 A reference to a party or any other person includes its successors in title, permitted assigns and permitted transferees;

1.2.6 References to clauses, paragraphs and Schedules (including, for the avoidance of doubt, the Abundance Terms and Conditions and the Schedule to the Abundance Terms and Conditions) are to the clauses, paragraphs 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, with terms given the meanings set out in this Deed (unless the context otherwise requires) and any reference to this Deed shall include the Schedules;

1.2.7 A reference to this Deed or to any other deed, instrument, agreement or document shall, unless the context otherwise requires or unless the contrary intention appears, be construed as reference to this Deed or such other deed, instrument, agreement or document as the same may from time to time be amended, varied, supplemented or novated, in each case, in accordance with its terms;

1.2.8 A reference to an “encumbrance” shall be construed as a reference to a mortgage, charge, assignment by way of security, pledge, lien (save as arising in the ordinary course of business), hypothecation, right of set-off (save 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;

1.2.9 A reference to a statute or statutory provision or other law is a reference to it as amended, or replaced and includes all legislation and regulations made under it;

1.2.10 A month shall be construed as a reference to a period starting on one day in a calendar month and ending on the numerically corresponding day in the next calendar month except that:

(a) if the numerically corresponding day is not a Business Day, that period shall end on the next Business Day in that calendar month in which that period is to end if there is one, or if there is not, on the immediately preceding Business Day;

(b) if there is no numerically corresponding day in the calendar month in which that period is to end, that period shall end on the last Business Day in that calendar month; and

(c) if an Interest Period begins on the last Business Day of a calendar month, that Interest Period shall end on the last Business Day in the calendar month in which that Interest Period is to end;

1.2.11 The winding-up, dissolution or administration of a person shall be construed so as to include any equivalent or analogous proceedings under the law of the jurisdiction in which such person is incorporated or of any jurisdiction in which such person carries on business;

1.2.12 All the provisions of this instrument are severable and distinct from one another and the illegality, invalidity or unenforceability of any provision of this instrument under the law of any jurisdiction shall not affect its validity or enforceability under the law of any other jurisdiction nor the legality, validity or enforceability of any other provision;

1.2.13 References to the Debentures include references to all and/or any of the Debentures;

1.2.14 The terms **including** and **include** or any similar expression shall be construed as illustrative and shall not limit the sense of words preceding those words;

1.2.15 Headings are inserted for convenience and do not affect the interpretation of this Deed;

1.2.16 A reference in this Deed to the exercise of any rights of a Holder Representative shall mean the exercise of such rights by a Holder Representative appointed pursuant to the Schedule to the Abundance Terms and Conditions; and

1.2.17 A reference to an Event of Default continuing means that it has not been remedied or expressly waived.

1.3 Other terms will have the specific meaning given to them in the relevant provisions of this Deed or the Schedules forming part of it.

2 Form, Title, Register and Arranger

2.1 Debentures will be held in electronic form, represented by book entries in the Register.

2.2 Holders will be issued with an electronic confirmation of their holding of Debentures via the Abundance Service in accordance with the Abundance Terms and Conditions.

2.3 The Obligors, the Arranger and the Agent will only recognise and treat each Holder as the absolute owner of his Debentures for all purposes and shall not be bound to take notice of any trust to which any Debenture may be subject and shall not be required to obtain any proof thereof or as to the identity of such Holder.

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

2.5 The Debentures will be registered only in accordance with the Abundance Terms and Conditions, the terms of which each of the Obligors hereby acknowledges and assents to.

2.6 The Debentures shall be held and transferred subject to the conditions set out in Schedule 2 (*Holder Restrictions*) of this Deed.

2.7 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.

2.8 Subject to clause 2.9, 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 but will only be so recognised subject to their becoming Members in accordance with the Abundance Terms and Conditions.

2.9 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.

2.10 The Issuer and the Guarantor may retain any payments paid upon any such Debentures which any person referred to in clause 2.9 is entitled to, until such person is registered as the Holder of such Debentures or he has duly transferred the Debentures.

2.11 In accordance with the Abundance Terms and Conditions and the Offer Document, the Holders appoint the Agent to act on their behalf.

3 Denomination, Issue and Status

3.1 The Debentures are issued in minimum amounts of five pounds Sterling (£5.00) and in multiple integral amounts of one pound Sterling (£1.00) in nominal amount in excess thereof.

3.2 The aggregate principal amount of the Debentures issued shall be limited to the Maximum Issuance Amount.

3.3 As and when issued, the Debentures shall constitute direct, unconditional and secured obligations of the Issuer and will rank *pari passu*, equally and rateably without discrimination or preference with all other outstanding secured and unsubordinated obligations of the Issuer, without any preference among themselves (except for obligations mandatorily preferred by law applying to companies generally).

3.4 The minimum aggregate principal amount of the Debentures issued shall be an amount equal to or in excess of the Minimum Issuance Amount.

3.5 The Holders will only subscribe for the Debentures, and the Debentures will only be issued, once the Agent has received all the documents and evidence specified in Schedule 1 (*Conditions Precedent to Drawdown*) of this Deed in form and substance satisfactory to it. The Agent shall notify the Issuer promptly upon being so satisfied.

3.6 Where the Conditions Precedent have not been satisfied by the Longstop Date, the Agent may at its absolute discretion withdraw the Offer whereupon its obligations pursuant to this Deed shall be cancelled.

3.7 The Debentures are issued to, and can only be held by, Members in accordance with the Abundance Terms and Conditions.

3.8 Should the Agent withdraw the Offer, and its obligations pursuant to this Deed be cancelled, pursuant to Clause 3.6, the Security Trustee will procure that any Security created by any Security Agreements already provided and executed in accordance with the requirements of this Deed shall be released.

4 Covenant to pay

4.1 The Issuer will on any date when any Principal and/or Interest or any other amount becomes due pursuant to this Deed pay to or to the order of the Agent, in accordance with Clause 14 (*Payments*), in Sterling in immediately available funds such amount(s) due on that date together with any applicable Early Redemption Fee payable in accordance with Clause 15 (*Early Redemption*) and will, subject to Clause 13 (*Default Interest*), from the due date for such amount until (but excluding) the date of actual payment, after as well as before judgment, unconditionally so pay to or to the order of the Agent, in accordance with Clause 14 (*Payments*), Default Interest on such unpaid amounts, provided that payment of any sum due in respect of the Debentures made to or to the order of the Agent as provided in this Deed shall, to that extent, satisfy such obligation. The Agent will hold the benefit of this covenant on trust for the Holders.

4.2 Any payment to be made in respect of the Debentures by an Obligor may be made as provided in this Deed and any payment so made will, to that extent only, be a good discharge to that Obligor.

5 Guarantee and indemnity

5.1 Each Guarantor irrevocably and unconditionally jointly and severally:

5.1.1 guarantees to the Agent (for itself and the Holders) punctual performance by the Issuer of all sums from time to time payable by the Issuer in respect of its obligations under the Finance Documents as and when the same become due and payable;

5.1.2 undertakes with the Agent (for itself and the Holders) that whenever the Issuer does not pay any amount when due under or in connection with this Deed, that Guarantor shall immediately on demand pay that amount in the manner and currency prescribed by this Deed as if it was the principal obligor; and

5.1.3 agrees with the Agent (for itself and the Holders) that if any obligation guaranteed by it is or becomes unenforceable, invalid or illegal, it will, as an independent and primary obligation, indemnify the Agent and each Holder immediately on demand against any cost, loss or liability it incurs as a result of the Issuer not paying any amount which would, but for such unenforceability, invalidity or illegality, have been payable by it under this Deed on the date when it would have been due.

5.2 This Guarantee is a continuing guarantee and will extend to the ultimate balance of sums payable by the Issuer under the Finance Documents, regardless of any intermediate payment or discharge in whole or in part.

5.3 If any discharge, release or arrangement (whether in respect of the obligations of the Issuer or any security for those obligations or otherwise) is made by a Holder or the Agent (acting on behalf of the Holders) in whole or in part on the basis of any payment, or other disposition which is avoided or must be restored in insolvency, liquidation, administration, judicial management or otherwise, without limitation, then the liability of each Guarantor under this Clause 5 (*Guarantee and indemnity*) will continue or be reinstated as if the discharge, release or arrangement had not occurred.

5.4 The obligations of each Guarantor under this Clause 5 (*Guarantee and indemnity*) will not be affected by an act, omission, matter or thing which, but for this Clause 5 (*Guarantee and indemnity*), would reduce, release or prejudice any of its obligations under this Clause 5 (*Guarantee and indemnity*) (without limitation and whether or not known to it or any Finance Party) including:

5.4.1 any time, waiver or consent granted to, or composition with, any Obligor or other person;

5.4.2 the release of any other Obligor or any other person under the terms of any composition or arrangement with any creditor of any member of the Group;

5.4.3 any incapacity or lack of power, authority or legal personality of or dissolution or change in the members or status of an Obligor or any other person;

5.4.4 any amendment, novation, supplement, extension, restatement (however fundamental and whether or not more onerous) or replacement of a Finance Document or any other document;

5.4.5 any unenforceability, illegality or invalidity of any obligation of any person under this Deed or any other document; or

5.4.6 any insolvency or similar proceedings.

5.5 Without prejudice to the generality of Clause 5.4, each Guarantor expressly confirms that it intends that this Guarantee shall extend from time to time to any (however fundamental) variation, increase, extension or addition of or to any of the Finance Documents and/or any issuance of Debentures or amount made available under any of the Finance Documents for the purposes of or in connection with any of the following: business acquisitions of any nature; increasing working capital; enabling investor distributions to be made;

carrying out restructurings; refinancing existing indebtedness; refinancing any other indebtedness; any other variation or extension of the purposes for which any such facility or amount might be made available from time to time; and any fees, costs and/or expenses associated with any of the foregoing.

5.6 Each Guarantor waives any right it may have of first requiring any Holder or the Agent (acting on its behalf) to proceed against or enforce any other rights or claim payment from any person before claiming from that Guarantor under this Clause 5 (Guarantee and indemnity). This waiver applies irrespective of any law or any provision of a Finance Document to the contrary.

5.7 Until all amounts which may be or become payable by the Issuer under or in connection with the Finance Documents have been irrevocably paid in full, the Agent (on behalf of the Holders) may:

5.7.1 refrain from applying or enforcing any other moneys or rights held or received by the Agent (on behalf of the Holders) in respect of those amounts, or apply and enforce the same in such manner and order as it sees fit (whether against those amounts or otherwise) and no Guarantor shall be entitled to the benefit of the same; and

5.7.2 hold or arrange to hold in an interest-bearing suspense account any moneys received from any Guarantor or on account of any liability of any Guarantor under this Clause 5 (*Guarantee and indemnity*).

5.8 Until all amounts which may be or become payable by the Issuer under or in connection with the Finance Documents have been irrevocably paid in full and unless the Agent otherwise directs, no Guarantor will exercise any rights which it may have by reason of performance by it of its obligations under the Finance Documents or by reason of any amount being payable, or liability arising, under this Clause 5 (*Guarantee and indemnity*):

5.8.1 to be indemnified by an Obligor;

5.8.2 to claim any contribution from any other guarantor of Obligor's obligations under the Finance Documents;

5.8.3 to take the benefit (in whole or in part and whether by way of subrogation or otherwise) of any rights of the Finance Parties under the Finance Documents;

5.8.4 to bring legal or other proceedings for an order requiring any Obligor to make any payment, or perform any obligation, in respect of which any Obligor has given a guarantee, undertaking or indemnity under Clause 5 (*Guarantee and indemnity*);

5.8.5 to exercise any right of set-off against any Obligor; and/or

5.8.6 to claim or prove as a creditor of any Obligor in competition with any Finance Party.

5.9 If a Guarantor receives any benefit, payment or distribution in relation to such rights it shall hold that benefit, payment or distribution to the extent necessary to enable all amounts which may be or become payable to the Finance Parties by the Issuer under or in connection with the Finance Documents to be repaid in full on trust for the Holders and shall promptly pay or transfer the same to the Agent or as the Agent may direct for application in accordance with clause 16.1 (*Application of repayment amounts*).

5.10 This Guarantee is in addition to and is not in any way prejudiced by any other guarantee now or subsequently held by any Holder or the Agent (acting for itself and on behalf of the Holders).

5.11 This Guarantee does not apply to any liability to the extent that it would result in this Guarantee constituting unlawful financial assistance within the meaning of sections 678 or 679 of the Companies Act 2006 or any equivalent and applicable provisions under the laws of the Original Jurisdiction of any Guarantor.

6 Representations of the Issuer

6.1 The Debentures may only be transferred in accordance with the Abundance Terms and Conditions or, if applicable, in accordance with clauses 2.8 and 2.9 (*Form, Title, Register and Arranger*) of this Deed.

6.2 No Obligor may assign any of its rights or transfer by novation any of its rights and obligations under this Deed or any Finance Document without the consent of the Agent, and neither may the Agent without the consent of the Obligors.

7 Back-up Service Provider

7.1 If, for any reason:

7.1.1 Abundance ceases to provide the Abundance Service and it is not provided by the Back-up Service Provider (as defined in the Abundance Terms and Conditions);

7.1.2 Abundance ceases to maintain the Register;

7.1.3 Abundance resigns as Agent in accordance with the Schedule to the Abundance Terms and Conditions without appointing a substitute; or

7.1.4 there is any other material change to the nature of the Abundance Service or the involvement of Abundance which has a material adverse effect on any of the Holders' rights under the Debentures, then for the avoidance of doubt the obligations of the each Obligor under the Finance Documents will remain valid and binding subject to clause 7.3 (below).

7.2 In the circumstances set out in clause 7.1 (above), the Obligors may make such arrangements as they reasonably consider appropriate and may amend any Finance Document by a deed expressed to be supplemental to that Finance Document (but only so far as is reasonably necessary to incorporate the revised arrangements for the matters listed in clauses (7.2.1) - (7.2.4) (inclusive) below).

The Issuer (failing which a Guarantor) shall take reasonable steps as soon as practicable to inform the Holders of any changes to:

- 7.2.1 the arrangements for maintaining the Register;
- 7.2.2 the procedures for making any payments (but not the amount of any payment or how such amount is calculated) to Holders;
- 7.2.3 the procedures for transfer (including acceptance of any instrument in common standard form) of Debentures; and/or
- 7.2.4 how notices or other information can be given to Holders.

8 Representations of the Issuer and Guarantor

Each Obligor makes each of the representations and warranties set out in Schedule 4 (*Representations and Warranties*) of this Deed on the days and at the times stipulated therein.

9 Undertakings of the Issuer and the Guarantor

So long as the Debentures are outstanding, each of the Issuer and, where applicable, the Guarantors agrees to comply with each of the undertakings given by it that are set out in Schedule 4 (*Positive Undertakings*) and Schedule 5 (*Negative Undertakings*) of this Deed.

10 Use of Proceeds

10.1 The Issuer may only use the proceeds raised from the Debentures issued under this Deed to:

- 10.1.1 advance one or more Projects;
- 10.1.2 make one or more Permitted Loans for the purposes of advancing one or more Projects; and
- 10.1.3 pay the costs and expenses (including, without limitation, any arrangement fee and legal fees) incurred by the Issuer in connection with the negotiation, preparation and execution of the Finance Documents and the Offer Document.

Neither the Arranger, the Agent nor any Holder is bound to monitor or verify the application of any net proceeds of a Debenture issued pursuant to this Deed.

11 Repayment of Principal

11.1 The Issuer shall repay all Principal, together with all accrued but unpaid Interest and any and all amounts due and outstanding under the Debentures pursuant to this Deed, on the Maturity Date.

12 Interest

12.1 The Debentures shall bear and accrue Interest on the Principal at the Interest Rate in respect of each Interest Period to and including the date on which all Principal is repaid or redeemed in full, such Interest in each case to be paid in accordance with this clause 12 (*Interest*).

12.2 The Issuer shall pay Interest on the final day of each Interest Period (each an “**Interest Payment Date**”), with the last Interest Payment Date falling on the Maturity Date. If any such Interest Payment Date is not a Business Day, payment shall be made on the following Business Day.

12.3 The Interest payable on each Interest Payment Date shall be paid to the Agent (for the account of the Holders) by credit transfer and in immediately available, freely transferable, cleared funds.

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

13 Default Interest

13.1 In the event the Issuer, (failing which, a Guarantor) fails to make any payment of Principal, Interest or any other amount due pursuant to this Deed on the date on which such Principal, Interest or other payment is due and payable, Default Interest shall accrue on such

unpaid amount from (and including) the due date for such amount until (but excluding) the date of actual payment (both before and after judgment) at a rate which is 3 per cent. per annum higher than the rate which would have been payable if the overdue amount had, during the period of non-payment, attracted Interest at the Interest Rate.

13.2 Default Interest shall accrue on a daily basis and on the basis of a 365-day year, and shall be compounded with the overdue amount at the end of each Interest Period, on **the Maturity Date** and each date falling six monthly thereafter.

14 Payments

All payments pursuant to this Deed are to be made in accordance with clause 16.1 (*Application of repayment amounts*), and subject to clause 16 (*Application of repayment amounts*) including, without limitation, provisions detailing the priority of payments under this Deed.

15 Early Redemption

15.1 Subject to clause 15.2, the Issuer shall be entitled to redeem all of the Debentures in full on any Business Day on or after the Early Redemption Option Date by issue of an irrevocable notice to the Agent (who shall, in turn, promptly notify the Holders via the Abundance Service) and giving not less than 20 Business Days’ prior notice of its intention to redeem all of the Debentures on such date (such date being, the “Early Redemption Date”) and by payment of the amounts described in clause 15.2 below.

15.2 On the Early Redemption Date, the Issuer shall redeem and repay all Principal outstanding under all of the Debentures in full, together with any and all accrued Interest outstanding and payable under the Debentures to (and including) the Early Redemption Date and pay the Early Redemption Fee.

16 Application of repayment amounts

16.1 Payments

16.1.1 Subject to clause 16.1.2, any payments required to be made by the Issuer under the Finance Documents shall be made not later than 10:00 a.m. (London time) on the relevant date required for payment (the “**Payment Date**”) and on such Payment Date, the Issuer (failing which a Guarantor) shall transfer or cause to be transferred such an amount in respect of the payment to the account directed by the Agent (such account being directed in writing at least five (5) Business Days prior to the relevant Payment Date).

16.1.2 If there is an administrative or technical error or Disruption Event which prevents the Issuer (or a Guarantor) from meeting its obligation to make payments under the Finance Documents within the time prescribed under clause 16.1.1, the Issuer (or, as the case may be, the relevant Guarantor) will make that payment as soon as reasonably practicable but, in any event, no later than by close of business (in London) on the date falling in respect of Principal ten (10) Business Days and in respect of interest or any other amount five (5) Business Days from (and excluding) the Payment Date.

16.1.3 Any amounts payable under clause 16.1.1 or clause 16.1.2 shall be transferred by the Issuer or the relevant Guarantor or on behalf of the Issuer or the relevant Guarantor to the above-mentioned account or accounts unconditionally by credit transfer and in immediately available, freely transferable, cleared funds. All such amounts shall be made without set-off, counterclaim, deduction or withholding, unless otherwise required by law.

16.1.4 Subject to clause 16.2, any amounts payable by the Issuer (or a Guarantor) to Holders under the terms of the Debentures shall be apportioned by the Agent into the relevant pro rata proportions and such apportioned payments shall be directed by the Agent

to the Cash Account (as defined in the Abundance Terms and Conditions) of those relevant Holders.

16.1.5 If the Issuer (or a Guarantor) is required by applicable law to make any withholding or deduction in relation to any amount payable under this clause 16.1, it shall be entitled to make such deduction or withholding and account to the relevant authority in respect of the amount withheld or deducted. Neither the Issuer nor a Guarantor shall be required to increase or gross-up any amount payable to the Beneficiaries under the Finance Documents as a result of any such deduction or withholding.

16.1.6 Any amounts payable under this clause 16.1 are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment.

16.1.7 If, for any reason, the Agent considers in its sole discretion that amounts to be received in the relevant accounts pursuant to this clause are insufficient to satisfy all claims in respect of all payments under clause 16.1.1 then falling due:

(a) the Agent shall, as soon as reasonably practicable, notify the Issuer and the Guarantors in writing that the full amount has not been received; and

(b) the Agent shall not be obliged to direct the payment in satisfaction of any such claims until the full amount in respect of such claims has been received from the Issuer or a Guarantor, the Issuer or a Guarantor has provided the Agent details of the reason and/or nature of the shortfall and, if there has been an Event of Default, the Issuer and the Guarantors have confirmed that the relevant steps, actions or pre-conditions under the Finance Documents have been met prior to any acceleration and subsequent payment of those amounts.

16.2 Application

16.3 The Agent shall apply any and all Proceeds received or recovered at any time towards satisfying the obligations of the Obligors under the Finance Documents in the following order:

16.3.1 **firstly**, in or towards payment of any unpaid fees, costs and expenses of the Agent, the Security Trustee or any Delegate appointed by it;

16.3.2 **secondly**, for the account of the Holders, for application in or towards payment of Debt Liabilities payable to Holders, which shall be allocated in respective pro rata proportions to the Holders of the Debentures in accordance with the following order of priority:

(a) then to any due but unpaid repayments of Principal; and

(b) then to any due but unpaid payments of Interest;

16.3.3 **thirdly**, for the account of the Holders, in or towards payment pro rata of any accrued income, fee or commission owing to the Holders under those Finance Documents;

16.3.4 **fourthly**, in or towards payment pro rata of any other sum due but unpaid under those Finance Documents;

16.3.5 **fifthly**, in payment of the surplus (if any) to the relevant Obligor or any other person entitled to it.

17 Cancellation

17.1 Subject to clause 21, the Issuer or any Affiliate of the Issuer may at any time by agreement with the relevant Holder purchase any Debentures at any price by tender, private treaty or otherwise.

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

18 Events of Default

18.1 Each of the events or circumstances set out in this clause 18.1 (Events of Default) is an Event of Default:

18.1.1 **Non-payment:** any failure by an Obligor to pay in full any amount payable under this Deed on its due date or, if a failure to pay is caused by an administrative or technical error or a Disruption Event, by close of business (in London) on the date falling in respect of Principal ten (10) Business Days from (and excluding) its due date and in respect of interest or any other amount five (5) Business Days from (and excluding) its due date;

18.1.2 **Other obligations:** an Obligor fails to perform or comply with any of its other obligations under the Finance Documents (other than the obligations specified in clause 18.1.1), except where such failure is capable of remedy, and is remedied within 10 Business Days of the earlier of (a) written notice being given by the Agent requiring remedy of such failure; or (b) the date that an Obligor has become aware of such failure;

18.1.3 **Misrepresentation:** any material representation, warranty or statement made or deemed to have been made by an Obligor in the Finance Documents is or proves to have been incorrect or misleading in any material respect when made or deemed to have been made, unless and to the extent the underlying event or circumstance is remedied within 20 Business Days of the earlier of (a) the date of a written notice from the Agent requiring remedy of such failure; or (b) the date that an Obligor has become aware of such failure;

18.1.4 **Change of Control:** There occurs any Change of Control without the written consent of the Agent;

18.1.5 **Cross-default:**

(a) any Financial Indebtedness of any member of the Group owing to Abundance (in any capacity whatsoever) and/or any Member, or any other Financial Indebtedness whatsoever of any Obligor, is not paid when due or within any applicable grace period; or

(b) any Financial Indebtedness of any member of the Group owing to Abundance (in any capacity whatsoever) and/or any Member, or any other Financial Indebtedness whatsoever of any Obligor, is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default (howsoever described); provided that

(c) no Event of Default will occur or subsist under this Clause 18.1.5 in respect of any Financial Indebtedness (other than Financial Indebtedness owing to Abundance (in any capacity whatsoever) and/or any Member) if:

(i) the aggregate amount of such Financial Indebtedness or commitment for such Financial Indebtedness falling within paragraphs (a) and (b) above is less than £100,000 (or its equivalent in any other currency or currencies); or

(ii) such Financial Indebtedness is subordinated pursuant to a Subordination Agreement.

18.1.6 **Insolvency:**

(a) An Obligor:

(i) is unable or admits inability to pay its debts as they fall due for the purposes of section 123(1) or section 123(2) of the Insolvency Act 1986 (or any equivalent or applicable provisions under the laws of its Original Jurisdiction);

(ii) suspends or threatens to suspend making payments on any of its debts; or

(iii) by reason of actual or anticipated financial difficulties,

commences formal negotiations with one or more of its creditors (excluding any Finance Party in its capacity as such) with a view to rescheduling any of its indebtedness;

(b) the value of the assets of the Issuer, Camilla and/or Fordtown is less than its liabilities (taking into account contingent and prospective liabilities); or

(c) a moratorium is declared in respect of any indebtedness of an Obligor. If a moratorium occurs, the ending of the moratorium will not remedy any Event of Default caused by that moratorium;

18.1.7 **Insolvency proceedings:** any corporate action, legal proceedings or other procedure or step is taken in relation to:

(a) the suspension of payments, a moratorium of any indebtedness, winding-up, dissolution, administration or reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise) of an Obligor;

(b) a composition, compromise, assignment or arrangement with any creditor of an Obligor (other than for the purposes of a bona fide, solvent scheme of reconstruction or amalgamation previously approved by a Special Resolution); or

(c) the appointment of a liquidator, receiver, administrative receiver, administrator, compulsory manager or other similar officer in respect of an Obligor,

or any analogous procedure or step is taken in any jurisdiction, except this clause 18.1.7 shall not apply to any winding-up petition which is frivolous or vexatious and is discharged, stayed or dismissed within 20 days of commencement;

18.1.8 **Creditors' process:** any expropriation, attachment, sequestration, distress or execution or any analogous process in any jurisdiction affects any asset of an Obligor and is not discharged within 20 Business Days;

18.1.9 **Unlawfulness and invalidity:**

(a) it is or becomes unlawful for an Obligor to perform any of its material obligations under the Finance Documents; or

(b) any material obligation of an Obligor under any of the Finance Documents is not or ceases to be legal, valid, binding or enforceable and the cessation individually or cumulatively materially and adversely affects the interests of the Holders under the Finance Documents;

18.1.10 **Cessation of business:** an Obligor suspends or ceases to carry on (or threatens to suspend or cease to carry on) all or substantially all of its business;

18.1.11 **Expropriation:** the authority or ability of an Obligor to conduct its business is limited or wholly or substantially curtailed by any seizure, expropriation, nationalisation, intervention, restriction or other action by or on behalf of any governmental, regulatory or other authority or other person in relation to any Obligor or any of its assets, in each case, which has or would have a Material Adverse Effect;

18.1.12 **Repudiation and rescission of agreements:** an Obligor rescinds or evidences as an intention in writing to rescind or repudiates or evidences as an intention in writing to repudiate a Finance Document; or

18.1.13 **Litigation:** any litigation, arbitration, administrative, governmental, regulatory or other investigations, proceedings or disputes are commenced or threatened (save for where such threat is vexatious), or any judgment or order of a court, arbitral tribunal or other tribunal or any order or sanction of any governmental or other regulatory body is made, in relation to the Finance Documents or the transactions contemplated in the Finance Documents or against an Obligor or its assets, in each case which have, or, if adversely determined, would have a Material Adverse Effect;

18.1.14 **Project Documents:**

(a) any Project Document lapses, expires or is otherwise terminated; and/or

(b) the landlord in relation to any Option Agreement sells or otherwise disposes of the relevant Property (or any part thereof) before Camilla or Fordtown (as appropriate) has fully and completely exercised its rights under that Option Agreement and entered into the lease set out therein in relation to that Property (or such part thereof), and such lease is in full force and effect.

18.2 Each Obligor shall promptly notify the Arranger and the Agent of the occurrence of any Event of Default upon becoming aware of its occurrence (and the steps, if any, being taken to remedy it).

18.3 If any Event of Default occurs and is continuing, the Agent, if so directed in writing by Holders of at least 25 per cent. of the Principal (or by a Special Resolution of the Holders), shall:

18.3.1 by notice in writing (an **“Acceleration Notice”**) declare all amounts accrued or outstanding under the Debentures and this Deed to be immediately due and payable, at which time they shall become immediately due and payable;

18.3.2 be permitted, at the cost and expense of the Issuer (such costs to be proper and reasonable and as far as practicable agreed in advance of appointment), to appoint accountants, lawyers or technical advisers as agreed by the Agent and the Issuer to protect the Holders’ interests (taken as a class) under the Finance Documents and to investigate the Event of Default; or

18.3.3 permit the appointment of a Holder Representative in accordance with the terms of the Schedule to the Abundance Terms and Conditions.

18.4 No Holder shall be entitled to take any Enforcement Action or to exercise any other rights, discretions or powers or to grant any consents or releases under or pursuant to any Finance Document, or enforce any provision of this Deed or waive, cure or consent to any Event of Default or proposed breach of the terms of this Deed except where such action is permitted by and in accordance with the Abundance Terms and Conditions.

18.5 An Acceleration Notice must be withdrawn with immediate effect by the Agent by way of notice to the Issuer and the Holders if it is directed to do so in writing by Holders of at least 25 per cent. of the Principal (or by a Special Resolution of the Holders) to the effect that the Event of Default or Events of Default in relation to which an Acceleration Notice has been given is or are cured or waived and that such Holders wish that Acceleration Notice to be withdrawn, whereupon that Acceleration Notice will automatically be deemed to be withdrawn and will have no further effect in relation to the Debenture but without prejudice to any rights or obligations which may have arisen before the Agent withdraws such Acceleration Notice. No such withdrawal shall affect any other Event of Default or any subsequent Event of Default or any right of any Holders in relation thereto.

18.6 If an Acceleration Notice has been provided by the Agent in accordance with clause 18.3 and such notice has not been withdrawn in accordance with clause 18.5, that Acceleration Notice shall automatically apply to all the Debentures and the Agent shall ensure that any Proceeds following that Acceleration Notice shall be applied in accordance with clause 16 (*Application of repayment amounts*).

19 Notices

19.1 The Issuer will give each notice, and will send any other document, to a Holder by sending such notice to the Agent who will in turn send any document to the relevant Holder using the Abundance Service (which, for the avoidance of doubt, includes the use of e-mail). Each Holder agrees that the Issuer may rely on the Agent to deliver any such notice in accordance with the Abundance Terms and Conditions.

19.2 Each notice sent to a Holder pursuant to clause 19.1 shall, at the same time, be sent to the Agent by e-mail to: support@abundanceinvestment.com.

19.3 Any notice from the Holders (or the Agent acting on their behalf) to the Issuer contemplated by this Deed may be given by e-mail to the Issuer at: mw@ili-energy.com (copied to Damien.Bechelli@TLTSolicitors.com) or to such other address as otherwise directed by the Issuer from time to time.

19.4 A notice, document or information sent or supplied by electronic means to an address specified for the purpose is deemed to be given to or received by the intended recipient on the same day it was sent, and in proving service it is sufficient to prove that the communication was properly addressed and sent.

19.5 The Agent shall promptly send to each Holder details of each communication received by it under any Finance Document via the Abundance Service if it is obliged to do so under the terms of the Finance Document.

19.6 The Agent agrees that it will notify each Obligor and each Holder as soon as reasonably practicable if it takes any Enforcement Action.

19.7 The Agent shall promptly forward to each Obligor a copy of any notice or communication addressed to an Obligor by any Holder which is received by the Agent.

20 Meetings of Holders, Voting and Modifications to the Deed

20.1 The Abundance Terms and Conditions include provisions for:

20.1.1 convening meetings of Holders;

20.1.2 voting and quorum requirements and powers exercisable in respect of an Ordinary Resolution, Special Resolution or a Written Resolution; and

20.1.3 the ability to appoint (and powers of) a Holders Representative.

20.2 Provided a Holder Representative (if one has been duly appointed) does not object, the Agent may, without the consent or sanction of the relevant Holders, authorise or sanction any modification of or waive or consent to any breach or proposed breach of, any provisions of this Deed or other Finance Document, which the Agent considers, in its sole opinion, to be of a formal, minor or technical nature or to be necessary to correct a manifest error or to comply with any mandatory provisions of law or, in the case of a waiver of or consent to a breach or proposed breach, is not materially prejudicial to the interests of the relevant Holders.

20.3 Except as stated in clause 20.2, neither the Issuer nor the Agent shall:

20.3.1 make or concur in making any modification to,

20.3.2 give any consent under, or

20.3.3 grant any waiver in respect of any breach or proposed breach of,

any Finance Document unless any such modification, consent or waiver has been approved or, in the case of an actual breach or alleged breach, has been waived or consented to with the approval or sanction of a Special Resolution passed in accordance with the Schedule to the Abundance Terms and Conditions.

21 Modifications, Waivers or Consents

21.1 Provided a Holder Representative (if one has been duly appointed) does not object, the Agent may, without the consent or sanction of the relevant Holders, authorise or sanction any modification of or waive or consent to any breach or proposed breach of, any provisions of this Deed or other Finance Document, which the Agent considers, in its sole opinion, to be of a formal, minor or technical nature or to be necessary to correct a manifest error or to comply with any mandatory provisions of law or, in the case of a waiver of or consent to a breach or proposed breach, is not materially prejudicial to the interests of the relevant Holders.

21.2 No Obligor nor the Agent shall make or concur in making any modification to give any consent under, or grant any waiver in respect of, any breach or proposed breach of any Finance Document to which it is a party if such modification, consent or waiver:

21.2.1 is not a matter to which the provisions of paragraph 21.1 apply;

21.2.2 is a Non-Reserved Matter, unless and until the provisions of paragraph 21.4 below have been complied with; or

21.2.3 is a Reserved Matter, unless and until the provisions of paragraph 21.3 below have been complied with.

21.3 The following matters, actions or provisions of a Finance Document (each a “Reserved Matter”) may, from time to time, be modified or, in the case of an actual breach or alleged breach of any such provision, waived or consented to with the approval or sanction of a Special Resolution passed in accordance with the Schedule to the Abundance Terms and Conditions:

21.3.1 any compromise or arrangement proposed to be made between the Issuer, the Agent and the Holders or any of them;

21.3.2 any abrogation, modification or compromise or any arrangement in respect of the rights of the Holders against the Issuer or the rights of the Issuer against the Holders, whether such rights arise under a Finance Document or otherwise;

21.3.3 any scheme for the reconstruction of the Issuer or for the amalgamation of the Issuer with any other company;

21.3.4 postponing or advancing the time for the making of any payment, repayment or redemption under any Finance Document;

21.3.5 any change that has the effect of reducing or increasing any amount payable or rate of any payment under a Finance Document;

21.3.6 changing the basis on which any payments under a Finance Document are calculated or applied (including, without limitation, the frequency of any payment or the length of any payment period or period in which a payment is calculated, the currency of payment, the capitalisation of any amount that would otherwise be payable or changing any relevant definitions that are used for those purposes);

21.3.7 imposing any condition or otherwise changing the Issuer's obligation to make payments of principal, interest or any other amount in respect of the Debentures;

21.3.8 the appointment of any persons (whether Holders or not) as a committee or committees to represent the interests of the Holders and to confer upon such committee any powers or discretions which the Holders could themselves exercise by Special Resolution;

21.3.9 the exchange or substitution of the Debentures for or the conversion of the Debentures into shares, bonds or other obligations or securities of the Issuer or any other person or any proposal or scheme to do the same;

21.3.10 any change or modification (or proposed change or modification) to those undertakings or to the definitions of Permitted Indebtedness and Permitted Security;

21.3.11 any change in the law governing the Finance Documents or change to the court to whose jurisdiction the Issuer has submitted under the Finance Documents;

21.3.12 any change to the seniority or legal ranking of the Debentures;

21.3.13 except as permitted by any related guarantee, any release of any guarantee issued in relation to the Finance Documents or change to the terms of that guarantee;

21.3.14 any waiver of or consent to any Event of Default or modification (or proposed modification) to the definition of any Event of Default or any other provisions of a Finance Document describing circumstances in which Debentures may be declared due and payable prior to their scheduled maturity date;

21.3.15 any modification to clauses 7, 16, 18.4, 18.5, 18.6 or this clause 21 of this Deed, the definition of Ordinary Resolution or Special Resolution, or any modification to paragraphs 3.6, 5, 6, 7 or 10 of the Schedule to the Abundance Terms and Conditions, or any modification to any majority required to pass any such resolution or any modification to the number of votes required to be cast or the number or percentage of Debentures required to be held, or any modification to any quorum for the holding of any meeting of Holders;

21.3.16 power to authorise the Agent to concur in and execute and do all such deeds, instruments, acts and things as may be necessary to carry out and give effect to any Special Resolution;

21.3.17 any modification to any clause of or definition within a Finance Document under which Debentures or Holders of Debentures are expressed to be treated the same, equally or rateably as between themselves;

21.3.18 the retirement or removal of the Agent and/or the approval of a successor Agent other than in accordance with the Schedule to the Abundance Terms and Conditions; or

21.3.19 any modification to the definitions of "**Acceleration Notice**", "**Instructing Party**" or "**Enforcement Action**" in this Deed.

21.4 Every Non-Reserved Matter may, from time to time, be modified or, in the case of a breach or proposed breach of any such matter or provision, waived or consented to with the sanction of an Ordinary Resolution.

21.5 Any modification, consent or waiver that has been duly authorised or sanctioned in accordance with this clause 21 shall:

21.5.1 be notified by the Agent to the Obligors and Holders as soon as reasonably practicable after such modification, consent or waiver has been so authorised or sanctioned; and

21.5.2 be binding on all the Holders and the Holders hereby authorise each of the Agent and the Obligors to execute and deliver on its behalf such deeds or documents required to implement such modification or the terms of such consent or waiver in accordance with clause 21.6.

21.6 In the case of any modification, consent or waiver that has been duly authorised or sanctioned in accordance with this clause 21, as soon as reasonably practicable after such authorisation or sanction, the Agent and the Obligors at the cost of the Issuer, shall execute and deliver any deeds, documents or notices as may be required to be executed and/or delivered in order to give effect to the terms of such modification, waiver or consent (provided that any failure of those parties to meet such timing shall not invalidate the modification, consent or waiver).

22 Execution and Registration of Finance Documents

In addition to the Abundance Terms and Conditions and in accordance with the Offer Document, each Holder has appointed the Agent or such person or persons as the Agent may nominate to execute (whether under seal or under hand) and deliver any Finance Document to be executed and delivered on its behalf.

23 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.

24 Certificates and Determinations

Any certification or determination by the Agent of a rate or amount under any Finance Document is, in the absence of manifest or proven error, conclusive evidence of the matters to which it relates.

25 Rights and Obligations

25.1 No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Deed, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

25.2 Abundance provides services in accordance with arrangements it has with the Issuer and operates the Abundance Service in accordance with the Abundance Terms and Conditions as agreed by Members.

26 Enforcement and preservation costs

The Issuer shall, within 5 Business Days of demand, pay to the Agent or Security Trustee (as applicable) the amount of all costs, fees and expenses (including legal fees) together with any associated VAT properly incurred by the Agent or Security Trustee (as applicable) in connection with the enforcement of or the preservation of any rights under any Finance Document or proceedings instituted by or against the Agent or Security Trustee (as applicable) as a consequence of enforcing these rights under the Finance Documents.

27 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.

28 Endorsement

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

29 Conflict

If there is a conflict between the terms of this Deed and the Abundance Terms and Conditions, the terms of this Deed will prevail.

30 Counterparts

This Deed may be executed in any number of counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of this Deed.

31 Governing Law and Jurisdiction

31.1 Governing Law

31.1.1 This Deed shall be governed by and construed in accordance with English law, and all claims and disputes between the parties or any of them arising out of or in connection with this Deed (whether or not contractual in nature) shall be determined in accordance with English law.

31.1.2 If in any court any party argues that a court other than the courts of England and Wales has jurisdiction to determine any dispute or difference between the parties or any of them arising out of or in connection with this Deed that issue shall be determined in accordance with English law, and any right any party might otherwise have to rely upon the law of the forum or any other law is hereby irrevocably and unconditionally waived.

31.2 Submission to jurisdiction

31.2.1 Each party submits to the exclusive jurisdiction of the courts of England and Wales in relation to all claims, disputes, differences or other matters arising out of or in connection with this Deed, provided that nothing in this clause shall prevent the Agent in its sole and unfettered discretion, from commencing proceedings against any other party in any court of competent jurisdiction.

31.2.2 Each Party irrevocably waives any right that it may have:

(a) to object on any ground to an action being brought in the courts of England and Wales, to claim that the action brought in the courts of England and Wales has been brought in an inconvenient forum, or to claim that the courts of England and Wales do not have jurisdiction. The waiver contained in this clause 31.2.2(a) includes a waiver of all formal and substantive requirements of any otherwise competent jurisdiction in relation to this clause 31.2.2(a);

(b) to oppose the enforcement of any judgment of any court of England and Wales whether on any ground referred to in clause 31.2.2 (a) or otherwise.

This document is executed and delivered as a deed and takes effect on the date stated at the beginning of it.

Schedule 1 Conditions precedent to Drawdown

Prior to the Holders subscribing for and the Debentures being issued (in accordance with clause 3.5), the Issuer must have provided the Agent with all of the following documents and evidence in form and substance satisfactory to it:

Finance Documents

1 A copy of the constitutional documents of the Issuer, the Parent and each ProjectCo granting Transaction Security as at the date of this Deed.

Security

2 an original copy of the Issuer Share Charge, executed by the parties thereto, together with certified copies of the stock transfer form, the Issuer's Register of Members and the share certificate relative thereto;

3 an original copy of the Issuer Security Agreement, executed by the parties thereto;

4 an original copy of each Subsidiary Security Agreement;

5 an original copy of the Subsidiary Share Charge, executed by the parties thereto, together with certified copies of the stock transfer forms, Camilla's Register of Members, Fordtown's Register of Members and the share certificates relative thereto;

Development

6 a copy of each Project Document, executed by the parties thereto;

Other evidence

7 a copy of a resolution (or other appropriate approval) signed by all the holders of the issued shares of the Parent, approving the terms of, and the transactions contemplated by, the Finance Documents to which it is a party;

8 a clear search in the property and personal registers in relation to each Property;

9 the minimum aggregate principal amount of the Debentures issued to be confirmed, to the satisfaction of the Agent, to be an amount equal to or in excess of the Minimum Issuance Amount;

10 a copy of the deeds of release and any other release documentation as required, signed by the chargee, in relation to the removal of the existing Security; and

11 the documents and evidence set out in Schedule 6.

Schedule 2 Holder Restrictions

1 The Debentures may only be acquired or held by Members who are eligible to invest in accordance with the Abundance Terms and Conditions, which, as at the date of this Deed, includes:

1.1 individuals aged 18 years or over who have their permanent residence in an Eligible EEA Country;

1.2 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 laws and regulations in the relevant Eligible EEA Country; or

1.3 other Members who fulfil all the applicable criteria of eligibility to acquire and to hold Debentures in accordance with the Abundance Terms and Conditions from time to time.

2 The Debentures may not be acquired or held by any Restricted Person.

3 The Debentures have not been and will not be registered under the United States Securities Act of 1933, as amended, or qualified for sale under the laws of the US or under the laws of any country, jurisdiction, state or territory outside the UK.

4 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 US or any other jurisdiction outside the United Kingdom.

Schedule 3 Representations and Warranties

1 Each Obligor represents and warrants to each of the Beneficiaries that:

1.1 **Status:** it is a limited company, duly incorporated and validly existing under the laws of its Original Jurisdiction and it has full power to own its assets and carry on its business;

1.2 **Binding Obligations:** the obligations expressed to be assumed by it in each of the Finance Documents are legal, valid, binding and enforceable obligations;

1.3 **Non-conflict with other obligations:** the entry into and performance by it of, and the transactions contemplated by, the Finance Documents do not and will not conflict with any law or regulation applicable to it, its constitutional documents or any agreement or instrument binding upon it or any of its assets;

1.4 **Power and Authority:** it has the power to enter into, perform and deliver, and has taken all necessary action to authorise its entry into, performance and delivery of, the Finance Documents and the transactions contemplated by the Finance Documents;

1.5 **Validity and admissibility in evidence:** it has obtained all required or desirable Authorisations to enable it to enter into, exercise its rights and comply with its obligations in the Finance Documents and to make them admissible in evidence in its jurisdiction of incorporation. Any such Authorisations are in full force and effect;

1.6 **Governing law and enforcement:** the choice of governing law of the Finance Documents will be recognised and enforced in its jurisdiction of incorporation and any judgment obtained in England or Wales in relation to a Finance Document will be recognised and enforced in that jurisdiction;

1.7 **Insolvency:** no:

1.7.1 corporate action, legal proceeding or other procedure or step described in clause 15.1.6 (*Insolvency Proceedings*); or

1.7.2 creditors' process described in clause 15.1.7 (*Creditors' Process*),

have been taken or, to its knowledge, threatened in relation to it; and none of the circumstances described in clause 18.1.6 (*Insolvency*) of this Deed applies to it;

1.8 **No default:**

1.8.1 no Event of Default is continuing or is reasonably likely to result from the entry into or the performance of any Finance Document by it, or the issuance of the Debentures by the Issuer;

1.8.2 no other event or circumstance is outstanding which constitutes (or, with the expiry of a grace period, the giving of notice, the making of any determination or any combination of any of the foregoing, would constitute) a default or termination event (however described) under any other agreement or instrument which is binding on it or any of its Subsidiaries or to which its (or any of its Subsidiaries') assets are subject which has or is reasonably likely to have a Material Adverse Effect;

1.9 **Arm's Length:** the Finance Documents to which it is expressed to be a party have been, are being or will be entered into in good faith for its benefit and on arm's length terms;

1.10 **Information:**

1.10.1 to the best of its knowledge and belief (having taken all reasonable care to ensure it is so) all information that it has given in connection with the Offer Document and the Finance Documents was true and accurate in all material respects as at the date it was provided, as at any date the information is expressed to be given or (as the case may be) as at the date of the relevant document containing the information;

1.10.2 any financial projections contained in the information referred to in paragraph 1.10.1 above have been prepared as at the date they were provided or stated to be given on the basis of both recent and historical information and on the basis of reasonable assumptions and was fair (as at the date of the relevant report or document containing the projection or forecast) and arrived at after careful consideration;

1.10.3 no event or circumstance has occurred or arisen and no information has been omitted from the information referred to in paragraph 1.10.1 and no information has been given or withheld that results in the information, opinions, intentions, forecasts or projections contained in the information referred to in paragraph 1.10.1 being untrue or misleading in any material respect;

1.11 **Financial Information:**

1.11.1 the most recent financial statements delivered pursuant to paragraph 6 (*Financial Information*) of Schedule 4 (*Positive Undertakings*) of this Deed fairly present the Issuer's or the Parent's (as appropriate) financial condition as at the end of, and results of operations for, the period to which they relate;

1.11.2 since the date of the most recent financial statements delivered pursuant to paragraph 5 (*Financial Information*) of Schedule 4 (*Positive Undertakings*) of this Deed there has been no event which would have a Material Adverse Effect on an Obligor;

1.12 **No litigation:**

1.12.1 other than as disclosed by the Issuer in the Offer Document, no litigation, arbitration or administrative proceedings or investigations of, or before, any court, arbitral body or agency which, if adversely determined, are reasonably likely to have a Material Adverse Effect have (to the best of its knowledge and belief (having made due and careful enquiry)) been started or threatened against it or any of its Subsidiaries;

1.12.2 no judgment or order of a court, arbitral tribunal or other tribunal or any order or sanction of any governmental or other regulatory body which is reasonably likely to have a Material Adverse Effect has (to the best of its knowledge and belief (having made due and careful enquiry)) been made against it or any of its Subsidiaries;

1.13 **No breach of laws:** it has not breached any law or regulation where breach would have a Material Adverse Effect;

1.14 **Environmental laws:**

1.14.1 each member of the Group is in compliance with paragraph 8 (*Environmental compliance*) of Schedule 4 (*Positive Undertakings*) and to the best of its knowledge and belief (having made due and careful enquiry) no circumstances have occurred which would prevent such compliance, in each case, in a manner or to an extent which has or is reasonably likely to have a Material Adverse Effect;

1.14.2 no Environmental Claim has been commenced or (to the best of its knowledge and belief (having made due and careful enquiry)) is threatened against any member of the Group where that claim has a reasonable prospect of success and has or is reasonably likely to have, if determined against that member of the Group, a Material Adverse Effect;

1.15 **Taxation:**

1.15.1 it is not materially overdue in the filing of any Tax returns and it is not, and no member of the Group is, overdue in the payment of any amount in respect of Tax of £50,000 (or its equivalent in any other currency) or more;

1.15.2 no claims or investigations are being, or are reasonably likely to be, made or conducted against it with respect to Taxes such that a liability of, or claim against it of £50,000 (or its equivalent in any other currency) is reasonably likely to arise; and

1.15.3 in the case of the Issuer, it is resident for Tax purposes only in its Original Jurisdiction.

1.16 **Group Structure Chart:** the group structure chart delivered to the Arranger pursuant to Schedule 1 (*Conditions Precedent to Drawdown*) of this Deed is true, complete and accurate in all material respects and shows each member of the Group, including current

name and company registration number, its Original Jurisdiction (in the case of the Issuer or the Guarantor), its jurisdiction of incorporation or establishment (in the case of any other member of the Group), in each case as at the Effective Date;

1.17 **Trustee:** it is not entering into any Finance Document as a trustee;

1.18 **Centre of main interests and establishments:** for the purposes of The Council of the European Union Regulation No. 1346/2000 on Insolvency Proceedings and/or Regulation (EU) 2015/848 of the European Parliament and of the Council of 20 May 2015 on insolvency proceedings (recast) (as applicable) (the "**Regulation**") its centre of main interest (as that term is used in Article 3(1) of the Regulation) is situated in the United Kingdom and it has no "establishment" (as that term is used in Article 2(h) of the Regulation) in any other jurisdiction;

1.19 **Project Documents:** it has complied with the material terms of the Project Documents and no person has disputed, repudiated or disclaimed liability under any Project Document or evidenced an intention to do so;

1.20 **Conditions Precedent to Launch:** Each copy document relating to an Obligor delivered to the Agent under Schedule 6 to this Deed is correct, complete and in full force and effect as at the date of this Deed and the Effective Date.

2 The representations and warranties set out in this Schedule 3 (*Representations and Warranties*) (other than paragraph 1.11.2 (*Financial information*)) are made by each Obligor on the date of this Deed, on the date on which the last of the documents and evidence specified in Schedule 1 (*Conditions to Drawdown*) of this Deed is provided to the Agent in form and substance satisfactory to it, and on the Effective Date.

3 Subject to paragraph 4 below, the Repeating Representations are also deemed to be made by each Obligor on the first day of each Interest Period.

4 The Repeating Representation contained in paragraph 1.11.1 (*Financial Information*) above shall be deemed to be made by each Obligor in relation to each set of financial statements delivered under this Deed when such financial statements are provided to the Agent.

5 Each representation or warranty deemed to be made after the date of this Deed shall be deemed to be made by reference to the facts and circumstances existing at the date the representation or warranty is deemed to be made.

Schedule 4 Positive Undertakings

Subject to the terms of this Deed, each Obligor (as applicable) undertakes to the Beneficiaries as follows:

1 Authorisations: Each Obligor must promptly obtain, comply with and do all that is necessary to maintain in full force and effect any Authorisation required under any law or regulation of England and Wales and/or Scotland that enable it to perform its obligations under the Finance Documents and to ensure the legality, validity, enforceability or admissibility in evidence of any Finance Document or that enable it to own its assets and carry on its business as it is being conducted, except where failure to obtain or effect such Authorisations would not materially adversely impair its ability to perform its payment obligations under the Finance Documents to which it is expressed to be a party.

2 Compliance with laws: Each Obligor must comply with any law or regulation (including any Environmental Law) to which it is subject where such breach would materially adversely affect its ability to perform its obligations under the Finance Documents or result in a liability against it in an amount which exceeds £50,000.

3 Taxes: The Issuer must pay all Taxes due and payable by it prior to the accrual of any fine or penalty for late payment and must promptly pay to HM Revenue & Customs all VAT and related interest and penalties payable by it, except to the extent contested by it in good faith.

4 Reserve: The Issuer will maintain an amount in free cash in the Debt Service Reserve Account equal to the amount of Interest and Abundance management fees payable up to (and including) the Interest Payment Date occurring on 31 December 2020 (to be used solely for the payment thereof).

5 Working Capital Account: the Issuer will at all times maintain an account designated the 'Working Capital Account' requiring the signature of two directors for any withdrawal.

6 Financial Information:

6.1 Each of the Parent and the Issuer shall supply to the Agent copies of:

6.1.1 as soon as they become available, but in any event within 180 days after the end of each of its financial years, its audited financial statements for that financial year; and

6.1.2 as soon as they become available, but in any event within 60 days after the end of each of its financial years, its unaudited management accounts for that financial half year.

6.2 Each set of financial statements delivered to the Agent pursuant to this paragraph 6 (*Financial information*) shall be certified by a director of the relevant Obligor as giving a true and fair view of its financial condition as at the date at which those financial statements were drawn up.

7 Financial Statements: The Parent and the Issuer (as appropriate) shall ensure that the financial statements delivered to the Agent pursuant to paragraph 6 (*Financial Information*) above shall:

7.1 be prepared in accordance with the Accounting Principles; and

7.2 fairly present its assets, liabilities, financial position and profit or loss during the relevant accounting period; and

7.3 in the case of its audited financial statements for that financial year, have been approved by the its directors in compliance with section 393 of the Companies Act 2006.

8 Share security: The Parent shall not grant Security over shares of the Issuer subject to the Issuer Share Charge and the Issuer shall not grant Security over the shares of Camilla and/or Fordtown subject to the Subsidiary Share Charge, other than Permitted Security.

9 Environmental compliance: The Parent shall, and shall ensure that each member of the Group will:

9.1 comply with all Environmental Law;

9.2 obtain, maintain and ensure compliance with all requisite Environmental Permits;

9.3 implement procedures to monitor compliance with and to prevent liability under any Environmental Law, where failure to do so has or is reasonably likely to have a Material Adverse Effect.

10 Environmental claims: The Parent shall procure that each member of the Group shall inform it, promptly upon becoming aware of the same, and the Parent shall in turn inform the Agent in writing of:

10.1 any Environmental Claim against any member of the Group which is current, pending or threatened; and

10.2 any facts or circumstances which are reasonably likely to result in any Environmental Claim being commenced or threatened against any member of the Group,

where the claim has a reasonable prospect of success and, if determined against that member of the Group, has or is reasonably likely to have a Material Adverse Effect.

11 Project Documents:

11.1 Each Obligor shall at all times comply with its obligations under each Project Document to which it is a party.

11.2 The Issuer shall, by no later than 5 Business Days following the occurrence thereof, notify the Agent in writing in the event that any Project Document lapses or is otherwise terminated.

11.3 The Issuer shall, by no later than 5 Business Days following the occurrence thereof, notify the Agent in writing in the event that the landlord in relation to any Option Agreement sells or otherwise disposes of the relevant Property (and/or any part thereof) before Camilla or Fordtown (as appropriate) has fully and completely exercised its rights under that Option Agreement and entered into the lease set out therein in relation to that Property (or such part thereof), and such lease is in full force and effect.

12 Access: The Issuer shall allow the Agent or any person or persons appointed on the Agent's or Holders' behalf in accordance with clauses 18.3.2 or 18.3.3 (Events of Default) of this Deed (respectively) or the Schedule to the Abundance Terms and Conditions (each a "**Holder Appointee**") and any of their officers, employees and professional advisers to have, and shall ensure that the Agent and/or the Holder Appointee (as applicable) are given, access to the premises, assets, books, accounts and records of the Issuer during normal business hours on reasonable notice, being notice which is given no less than 10 Business Days prior to the proposed day of access, and further provided that such requests are made no more frequently than once in any six-month period.

13 Supplemental legal mortgage: If required by the Agent, at any time following the completion of a lease in relation to any Property, the Issuer shall, at its own cost, prepare and execute any further documents and take any further action the Agent may require, in its absolute discretion, for taking and perfecting its security over that lease in accordance with the Security Agreement.

14 Insurances:

14.1 each Obligor must ensure that at all times from the Effective Date insurance policies are maintained in full force and effect, which a prudent company or other person in the same business as that Obligor would insure and any other insurance policies in relation to any of its assets which the Agent may reasonably require.

14.2 Each Obligor must use all reasonable endeavours to ensure that the Agent receives copies of the insurance policies, receipts for the payment of premiums for insurance and any information in connection with the insurance policies and claims under them which the Agent may reasonably require.

14.3 Each Obligor must promptly notify the Agent of:

14.3.1 the proposed terms of any future renewal of any of the insurance policies;

14.3.2 any amendment, supplement, extension, termination, avoidance or cancellation of any of the insurance policies made or, to its knowledge, threatened or pending;

14.3.3 any claim, and any actual or threatened refusal of any claim, under any of the insurance policies; and

14.3.4 any event or circumstance which has led or may lead to a breach by it of any term of this paragraph 14 (Insurances).

14.4 Each Obligor must:

14.4.1 comply with the terms of the Insurances;

14.4.2 not do or permit anything to be done which may make void or voidable any of the insurance policies; and

14.4.3 comply with all reasonable risk improvement requirements of its insurers.

14.5 Each Obligor must ensure that:

14.5.1 each premium for the insurance policies is paid within the period permitted for payment of that premium; and

14.5.2 all other things necessary are done so as to keep each of the insurance policies in force.

14.6 The proceeds of any insurance policies received in respect of a Property must, if the Agent so requires and/or to the extent required by the basis of settlement under any insurance policies, be applied towards replacing, restoring or reinstating that Property.

15 Ongoing reporting: The Issuer shall make ongoing reporting to Abundance and the related message to investors at the end of every Interest Period.

**Schedule 5
Negative Undertakings**

1 Subject to the terms of this Deed, the Issuer undertakes to the Beneficiaries that it shall not, without the consent of the Agent:

1.1 **Financial Indebtedness:** incur or allow to remain outstanding any Financial Indebtedness, other than Permitted Indebtedness;

1.2 **Lending:** be a creditor in respect of any Financial Indebtedness other than a Permitted Loan;

1.3 **Negative Pledge:** create or permit to subsist any encumbrance over any of its assets other than Permitted Security;

1.4 **Dividends:**

1.4.1 declare, make or pay any dividend, charge, fee or other distribution (or interest on any unpaid dividend, charge, fee or other distribution) (whether in cash or in kind) on or in respect of its share capital (or any class of its share capital);

1.4.2 repay or distribute any dividend or share premium reserve;

1.4.3 redeem, repurchase, defease, retire or repay any of its share capital or resolve to do so; or

1.4.4 make any distribution of assets or other payment whatsoever in respect of share capital whether directly or indirectly;

1.5 **Disposals:** enter into a single transaction or a series of transactions (whether related or not and whether voluntary or involuntary) to sell, lease, transfer, licence, surrender, set-off or otherwise to dispose of all or any part of any Property, shares, account or rights under a contract subject to a Security Agreement, without the Agent's prior written consent, unless the proceeds of such disposal are sufficient, and are used, to repay in full all amounts outstanding under or in connection with this Deed;

1.6 **Merger:** enter into any amalgamation or merger;

1.7 **Joint Venture:** form, enter into, invest in or transfer any asset to any partnership, consortium or joint venture entity 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);

2 Subject to the terms of this Deed, each Obligor undertakes to the Beneficiaries that it shall not:

2.1 **Merger:** enter into any amalgamation, demerger, merger or corporate reconstruction, without the prior consent of the Holders by Ordinary Resolution;

2.2 **Change in business:** change the general nature of the business of the Group (taken as a whole);

2.3 **Scheme:** establish any pension or life insurance scheme, or any bonus, profit sharing, share option or other incentive scheme for its directors or employees;

2.4 **Project Documents:** itself and shall ensure that no member of the Group amends, varies, waives, novates, supplements or replaces any Project Document or any term thereof, without the prior written consent of the Agent; nor

2.5 **Conversion:** convert the Debentures or any repayments of Principal or payments of Interest in relation to the same into shares or any other securities of the Issuer without the sanction of a Special Resolution in accordance with the Schedule to the Abundance Terms and Conditions.

Schedule 6 Conditions Precedent to Launch

The Issuer and the Guarantor

1 A copy of the constitutional documents of each Obligor, including any Special Resolution that may be required to amend the articles of association of the Issuer, Camilla and/or Fordtown for the purpose of granting the Issuer Share Charge and/or the Subsidiary Share Charge (as appropriate).

2 A copy of a resolution of the board of directors of each Obligor:

2.1 approving the terms of, and the transactions contemplated by, the Finance Documents to which it is a party and resolving that it execute, deliver and perform the Finance Documents to which it is a party; and

2.2 authorising a specified person or persons to execute the Finance Documents to which it is a party on its behalf, to give all notices and take all other action in connection with the Finance Documents to which it is a party.

3 A copy of a resolution (or other appropriate approval) signed by all the holders of the issued shares of each Obligor (other than the Parent), approving the terms of, and the transactions contemplated by, the Finance Documents to which it is a party.

4 A certificate of each Obligor (signed by a director) as at a date no earlier than the Effective Date confirming that it is solvent, and that borrowing, guaranteeing or securing, as appropriate, the Issue Amount would not cause any borrowing, guarantee, security or similar limit binding on it to be exceeded.

5 A copy of the group structure chart which shows the Group as at the Effective Date.

Property

6 A report on title in relation to each Property addressed to the Security Trustee.

7 A report on the option agreement and the lease in relation to each Property addressed to the Security Trustee.

8 All Insurances.

Financial

9 A certified copy of the latest audited accounts of the Parent.

Other

10 Evidence that all diligence queries have been answered to Abundance's satisfaction.

The legal agreement

Signature page to the Debenture Deed between ILI Energy Storage plc, Intelligent Land Investments Group plc, Camilla Battery Storage Limited, Fordtown Energy Storage Limited and Abundance Investment Ltd.

The Issuer

Executed as a Deed by)
ILI Energy Storage plc)
acting by a **Mark Wilson**, a director,)
in the presence of)

Name:

In the presence of:

Witness Signature:

Witness Name:

Witness Occupation:

Witness Address:

.....

.....

The Guarantor

Executed as a Deed by)
Intelligent Land Investments Group plc)
acting by a **Mark Wilson**, a director,)
in the presence of)

Name:

In the presence of:

Witness Signature:

Witness Name:

Witness Occupation:

Witness Address:

.....

.....

The Guarantor

Executed as a Deed by)
Camilla Battery Storage Limited)
acting by a **Mark Wilson**, a director,)
in the presence of)

Name:

In the presence of:

Witness Signature:

Witness Name:

Witness Occupation:

Witness Address:

.....

.....

The legal agreement

Signature page to the Debenture Deed between ILI Energy Storage plc, Intelligent Land Investments Group plc, Camilla Battery Storage Limited, Fordtown Energy Storage Limited and Abundance Investment Ltd.

The Guarantor

Executed as a Deed by)
Fordtown Energy Storage Limited)
acting by a **Mark Wilson**, a director,)
in the presence of)

Name:

In the presence of:

Witness Signature:

Witness Name:

Witness Occupation:

Witness Address:

.....

.....

The Arranger

Executed as a Deed by)
Abundance Investment Ltd)
acting by **Louise Wilson**, a director,)
in the presence of)

Name:

In the presence of:

Witness Signature:

Witness Name:

Witness Occupation:

Witness Address:

.....

.....

The Agent

Executed as a Deed by)
Abundance Investment Ltd)
acting by **Louise Wilson**, a director,)
in the presence of)

Name:

In the presence of:

Witness Signature:

Witness Name:

Witness Occupation:

Witness Address:

.....

.....

The legal agreement

Our service providers

Issuer, we or us:

ILI Energy Storage plc and Intelligent Land Investments Group plc

Company Number: SC636631
The Shires
33 Bothwell Street
Hamilton ML3 0AS

Legal advisors to ILI Energy Storage plc and Intelligent Land Investments Group plc:

TLT LLP

140 West George Street
Glasgow G2 2HG

Arranger and distributor:

Abundance Investment Ltd (Abundance)

16 Linen House
253 Kilburn Lane
London W10 4BQ

Legal advisors to Abundance:

Keystone Law Limited

48 Chancery Lane
London WC2A 1JF

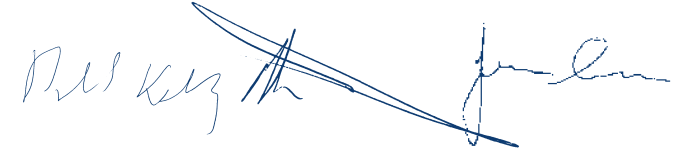
Harper Macleod LLP

The Ca'd'oro
45 Gordon Street
Glasgow G1 3PE

The Finance Documents, as defined in the Deed on page 46, are available on request.

Terms and conditions for the use of the Abundance service available at www.abundanceinvestment.com

We would like to thank you for taking the time to read our offer document. ILI Energy Storage plc accepts responsibility for the information it contains, which is true to the best of our knowledge and belief (having taken all reasonable care to ensure this is so) and reflects the facts without omitting anything which could affect its importance.



Dr Michael Kelly, Mark Wilson and Jason Crawford
Directors of ILI Energy Storage plc

Design: **Kristina Langhein**
Illustration: **Jim Le Fevre**

