Important notice

THIS OFFERING IS AVAILABLE ONLY TO INVESTORS WHO ARE EITHER (1) QUALIFIED INSTITUTIONAL BUYERS ("QIBs") WITHIN THE MEANING OF RULE 144A ("RULE 144A") UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT") OR (2) OUTSIDE THE UNITED STATES AND ARE NOT U.S. PERSONS WITHIN THE MEANING OF REGULATION S ("REGULATION S") UNDER THE U.S. SECURITIES ACT.

IMPORTANT: You must read the following before continuing. The following disclaimer applies to the Offering Memorandum following this notice, and you are therefore advised to read this carefully before reading, accessing or making any other use of the Offering Memorandum. In accessing the Offering Memorandum, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from us as a result of such access.

The Offering Memorandum has been prepared in connection with the proposed offer and sale of the securities (including the guarantees) described herein. The Offering Memorandum and its contents are confidential and should not be distributed, published or reproduced (in whole or in part) or disclosed by recipients to any other person.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION, AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF U.S. PERSONS (AS SUCH TERMS ARE DEFINED IN REGULATION S) EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

THE FOLLOWING OFFERING MEMORANDUM MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE U.S. SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORIZED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE NOTES DESCRIBED HEREIN.

Confirmation of your representation: In order to be eligible to view the Offering Memorandum or make an investment decision with respect to the securities, you must be either (1) a QIB or (2) a non-U.S. person (within the meaning of Regulation S) in an offshore transaction outside the United States in reliance on Regulation S, provided that an investor resident in a Member State of the European Economic Area must be a qualified investor (within the meaning of Article 2(1)(e) of Directive 2003/71/EC (as amended by the Directive 2010/73/EU) and any relevant implementing measure in each Member State of the European Economic Area). The Offering Memorandum is being sent at your request. By accessing the Offering Memorandum or accepting an e-mail with the Offering Memorandum attached, you shall be deemed to have represented to us and the initial purchasers named as such in the attached Offering Memorandum (the "Initial Purchasers") that:

(1) you consent to delivery of such Offering Memorandum by electronic transmission; and

(2) either:

 (a) you and any customers you represent are QIBs; or

 (b) (i) you and any customers you represent are non-U.S. persons and (ii) the e-mail address that you gave to us and to which the e-mail has been delivered is not located, and will not be deemed to be located, in the United States, its territories and possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands), any State of the United States or the District of Columbia.

Prospective purchasers that are QIBs are hereby notified that the seller of the securities will be relying on the exemption from the provisions of Section 5 of the U.S. Securities Act provided by Rule 144A.

You are reminded that the Offering Memorandum has been delivered to you on the basis that you are a person into whose possession the Offering Memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located, and you may not, nor are you authorized to, deliver the Offering Memorandum to any other person.

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where such offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Initial Purchasers or any affiliate of the Initial Purchasers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Initial Purchasers or such affiliate on behalf of the Issuers in such jurisdiction.

Under no circumstances shall the Offering Memorandum constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

The Offering Memorandum has not been approved by an authorized person in the United Kingdom and is for distribution only to persons who (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Financial Promotion Order"), (ii) are persons falling within Article 49(2)(a) to (d) (such as certain high net worth companies and unincorporated associations) of the Financial Promotion Order, (iii) are outside the United Kingdom or (iv) are persons to whom an invitation or inducement to engage in investment activity within the meaning of section 21 of the Financial Services and Markets Act 2000 (the "FSMA") in connection with the issue or sale of any securities may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "relevant persons"). The Offering Memorandum is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which the Offering Memorandum relates is available only to relevant persons and will be engaged in only with relevant persons.

No person may communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of the securities other than in circumstances in which section 21(1) of the FSMA does not apply to us.

The Offering Memorandum has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission, and consequently none of the Initial Purchasers, or any person who controls any of the Initial Purchasers, or any of their directors, officers, employees or agents accepts any liability or responsibility whatsoever in respect of any difference between the Offering Memorandum distributed to you in electronic format and the hard copy version available to you on request from the Initial Purchasers.

VIRIDIAN

Viridian Group FinanceCo PLC
Viridian Power and Energy Holdings DAC

£225,000,000 4.75% Senior Secured Notes due 2024
€350,000,000 4.00% Senior Secured Notes due 2025

Viridian Group FinanceCo PLC, a public limited company incorporated under the laws of Northern Ireland (the "UK Issuer") and Viridian Power and Energy Holdings DAC, a designated activity company incorporated under the laws of the Republic of Ireland (the "RoI Issuer" and, together with the UK Issuer, the "Issuers") are offering (the "Offering") €600 million (equivalent) aggregate principal amount of Senior Secured Notes, comprising of: £225 million aggregate principal amount of 4.75% Senior Secured Notes due 2024 (the "Sterling Notes") and €350 million aggregate principal amount of 4.00% Senior Secured Notes due 2025 (the "Euro Notes" and, together with the Sterling Notes, the "Notes"). Interest on the Notes will be paid semi-annually in arrears on each March 15 and September 15, commencing on March 15, 2018. The Sterling Notes will mature on September 15, 2024. The Euro Notes will mature on September 15, 2025.

The Issuers may redeem the Notes in whole or in part at any time on or after September 15, 2020 at the redemption prices in this offering memorandum (the "Offering Memorandum"). Prior to September 15, 2020, the Issuers will be entitled, at their option, to redeem all or a portion of the relevant series of the Notes at a redemption price equal to 100% of the principal amount of such series of Notes, plus accrued and unpaid interest and additional amounts, if any, plus a "make-whole" premium, as described in this Offering Memorandum. Prior to September 15, 2020, the Issuers will also be entitled, at their option, to redeem up to 40% of the aggregate principal amount of each series of Notes with the net proceeds from certain equity offerings at a redemption price set forth in this Offering Memorandum. In addition, at any time prior to September 15, 2020, the Issuers may, during each twelve-month period commencing with the Issue Date, redeem up to 10% of the original aggregate principal amount of each series of the Notes at a redemption price equal to 103% of the principal amount redeemed, plus accrued and unpaid interest and additional amounts, if any, to the date of redemption. The Issuers may also redeem all, but not less than all, of the relevant series of the Notes upon the occurrence of certain changes in applicable tax law. Upon the occurrence of certain events constituting a change of control or upon the occurrence of certain asset sales, the Issuers may be required to make an offer to repurchase the Notes. However, a change of control will not be deemed to have occurred if a specified consolidated net leverage ratio is not exceeded in connection with such event.

The Notes will be senior obligations of the Issuers and will rank pari passu in right of payment with all other existing and future senior debt of the Issuers, including the Revolving Credit Facility (as defined below). The Notes will be guaranteed on a senior basis (the "Guarantees" and each, a "Guarantee") by Viridian Group Investments Limited (the "Company" or "VGIL") and certain of its direct and indirect subsidiaries (the "Subsidiary Guarantors" and, together with the Company, the "Guarantors"). The Notes and the Guarantees will be secured on a first priority basis by (1) pledges over the shares held by the Company and certain of its subsidiaries in their subsidiaries (excluding unrestricted subsidiaries), including the shares of the Issuers and the Subsidiary Guarantors; (2) fixed and floating charges over all or substantially all of the assets (including bank accounts) of the Company and certain of its subsidiaries, including the Issuers and the Subsidiary Guarantors, excluding shares in unrestricted subsidiaries, assets pledged in connection with the Single Electricity Market Trading and Settlement Code and subject to certain other exceptions; (3) pledges over the receivables and bank accounts of ElectricInvest (Lux) ROI S.à r.l.; and (4) any other assets that that secure the obligations under a new revolving credit facility (the "Revolving Credit Facility") entered into by the Issuers, the Company and certain of its other subsidiaries in connection with the issuance of the Notes (collectively, the "Collateral").

The Notes, the Guarantees and the Collateral will be subject to restrictions on enforcement and other intercreditor arrangements. See "*Description of Other Indebtedness—Intercreditor Agreement*" and "*Limitations on Validity and Enforceability of Guarantees and Security*." Under the terms of the Intercreditor Agreement (as defined herein) to be entered into in connection with the Offering, in the event of an enforcement of the Collateral, the holders of the Notes will receive proceeds from such Collateral only after the lenders under the Revolving Credit Facility, counterparties to certain hedging agreements and lenders or creditors under certain other indebtedness, if any, permitted to be incurred on a priority basis with respect to the proceeds from the enforcement of the Collateral under the Indenture (as defined herein) (subject to the Intercreditor Agreement) have been repaid in full. The Guarantees and the security interests in the Collateral may be released under certain circumstances. See "*Risk Factors—Risks Related to the Notes*," "*Description of Other Indebtedness—Intercreditor Agreement*" and "*Description of the Notes—Security*."

There is currently no public market for the Notes. Application will be made to The International Stock Exchange Authority Limited (the "Authority") for the listing of the Notes on the Official List of The International Stock Exchange (the "Exchange") and admission to trade on the Exchange. There is no assurance that the Notes will be listed on the Official List of the Exchange.

Investing in the Notes involves a high degree of risk. See "*Risk Factors*" beginning on page 29.

Sterling Notes Price: 100.000% plus accrued and unpaid interest, if any, from the Issue Date.
Euro Notes Price: 100.000% plus accrued and unpaid interest, if any, from the Issue Date.

Each series of the Notes will be represented on issue by one or more Global Notes, which the Issuers expect will be delivered through Euroclear Bank SA/NV ("Euroclear") and Clearstream Banking, S.A. ("Clearstream"), on or about September 25, 2017.

The Notes and the Guarantees have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act"), or the securities laws of any state of the United States or any other jurisdiction. Accordingly, the Notes are being offered and sold in the United States only to "qualified institutional buyers" in accordance with Rule 144A under the U.S. Securities Act and outside the United States to non-U.S. persons in offshore transactions in accordance with Regulation S under the U.S. Securities Act. Prospective purchasers of the Notes that are qualified institutional buyers are hereby notified that the seller may be relying on the exemption from the provisions of Section 5 of the U.S. Securities Act provided by Rule 144A thereunder. For further details about eligible offerees and resale restrictions, see "*Plan of Distribution*" and "*Notice to Investors*."

Joint Global Coordinators and Bookrunners

Deutsche Bank **Barclays** **Credit Suisse**

Bookrunners

Lloyds Bank **NatWest Markets**

The date of this Offering Memorandum is September 13, 2017

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Stabilization

IN CONNECTION WITH THE ISSUANCE OF THE NOTES, DEUTSCHE BANK AG, LONDON BRANCH (THE "STABILIZING MANAGER") (OR ANY PERSON ACTING ON BEHALF OF THE STABILIZING MANAGER) MAY OVER-ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILIZING MANAGER (OR ANY PERSON ACTING ON BEHALF OF THE STABILIZING MANAGER) WILL UNDERTAKE STABILIZATION ACTION. ANY STABILIZATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE NOTES IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE NOTES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES.

Important information

In making an investment decision regarding the Notes offered by this Offering Memorandum, you must rely on your own examination of the Company and its subsidiaries (together, "Viridian" or the "Group"), as well as the terms of this Offering, the application of the proceeds of the Offering as described in "*Use of Proceeds*" and the terms of the Transactions as described in "*Summary—The Transactions*," including the merits and risks involved. The Offering is being made on the basis of this Offering Memorandum only. Any decision to purchase Notes in the Offering must be based on the information contained in this Offering Memorandum. Neither Viridian nor the Initial Purchasers have authorized anyone to provide you with additional or different information.

You are not to construe the contents of this Offering Memorandum as investment, legal or tax advice. You should consult your own counsel, accountants and other advisors as to legal, tax, business, financial and related aspects of a purchase of the Notes. You are responsible for making your own examination of the Group's business and your own assessment of the merits and risks of investing in the Notes. None of Viridian or the Initial Purchasers are making any representation to you regarding the legality of an investment in the Notes by you under appropriate legal investment or similar laws.

The information contained in this Offering Memorandum has been furnished by us and other sources the Group believes to be reliable. No representation or warranty, express or implied, is made by the Initial Purchasers or their respective directors, affiliates, advisors and agents as to the accuracy or completeness of any of the information set out in this Offering Memorandum, and nothing contained in this Offering Memorandum is, or shall be relied upon as, a promise or representation by the Initial Purchasers or their respective directors, affiliates, advisors and agents, whether as to the past or the future. By receiving this Offering Memorandum, you acknowledge that you have not relied on the Initial Purchasers or their respective directors, affiliates, advisors and agents in connection with your investigation of the accuracy of this information or your decision whether to invest in the Notes.

Summaries of documents contained in this Offering Memorandum may not be complete. The Group will make copies of certain actual documents available to you upon request. See "*Where You Can Find Other Information*." None of Viridian or the Initial Purchasers represents that the information in this Offering Memorandum is complete. All summaries of the documents contained herein are qualified in their entirety by this reference. You agree to the foregoing by accepting this Offering Memorandum.

No person is authorized in connection with any offering made by this Offering Memorandum to give any information or to make any representation not contained in this Offering Memorandum and, if given or made, any other information or representation must not be relied upon as having been authorized by Viridian or the Initial Purchasers. The information contained in this Offering Memorandum is accurate as at the date hereof. Neither the delivery of this Offering Memorandum at any time nor any subsequent commitment to purchase the Notes shall, under any circumstances, create any implication that there has been no change in the information set forth in this Offering Memorandum or in the business of the Issuers or the Guarantors since the date of this Offering Memorandum.

The Issuers and the Guarantors have made all reasonable inquiries and confirmed to the best of their knowledge, information and belief that the information contained in this Offering Memorandum is true and accurate in all material respects, that the opinions and intentions expressed in this Offering Memorandum are honestly held, and the Issuers and the Guarantors are not aware of any other facts the omission of which would make this Offering Memorandum or any statement contained herein misleading in any material respect.

The Issuers reserve the right to withdraw this Offering at any time. The Issuers are making this Offering subject to the terms described in this Offering Memorandum. The Issuers and the Initial Purchasers each reserve the right to reject any commitment to subscribe for the Notes in whole or in part and to allot to any prospective investor less than the full amount of the Notes sought by such investor. The Initial Purchasers and certain of their related entities may acquire, for their own accounts, a portion of the Notes.

The Notes are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the U.S. Securities Act and applicable securities laws. You should be aware that you may be required to bear the financial risks of this investment for an indefinite period of time. See "*Plan of Distribution*" and "*Notice to Investors*."

The distribution of this Offering Memorandum and the offer and sale of the Notes are restricted by law in some jurisdictions. This Offering Memorandum does not constitute an offer to sell or an invitation to subscribe for or purchase any of the Notes in any jurisdiction in which such offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation. Each prospective offeree or purchaser of the Notes must comply with all applicable laws and regulations in force in any jurisdiction in which it purchases, offers or sells the Notes or possesses or distributes this Offering Memorandum, and must obtain any consent, approval or permission required under any regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers or sales, and neither the Issuers nor the Initial Purchasers shall have any responsibility therefor. See "*—Notice to Prospective U.S. Investors*," "*—Notice to European Economic Area Investors*," "*—Notice to Canadian Investors,*" "*Plan of Distribution*" and "*Notice to Investors*."

The Issuers and the Guarantors have prepared this Offering Memorandum solely for use in connection with the offer of the Notes and the Guarantees to qualified institutional buyers under Rule 144A under the U.S. Securities Act and outside the United States to non-U.S. persons under Regulation S under the U.S. Securities Act.

The information set out in the sections of this Offering Memorandum describing clearing and settlement arrangements is subject to any change or reinterpretation of the rules, regulations and procedures of Euroclear and Clearstream as currently in effect. The information in such sections concerning these clearing and settlement arrangements has been obtained from sources that the Issuers believe to be reliable. This information has been accurately reproduced and as far as the Issuers are aware, and is able to ascertain from published information, no facts have been omitted which would render the reproduced information inaccurate or misleading. The Issuers accept responsibility only for the correct extraction and reproduction of such information, but not for the accuracy of such information. If you wish to use the facilities of any clearing system you should confirm the applicability of the rules, regulations and procedures of the relevant clearing system. The Issuers will not be responsible or liable for any aspect of the records relating to, or payments made on account of, Book-Entry Interests held through the facilities of any clearing system or for maintaining, supervising or reviewing any records, relating to such Book-Entry Interests.

Each prospective purchaser of the Notes must comply with all applicable laws and rules and regulations in force in any jurisdiction in which it purchases, offers or sells the Notes and must obtain any consent, approval or permission required by it for the purchase, offer or sale by it of the Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers or sales, and neither Viridian nor the Initial Purchasers shall have any responsibility therefor.

Application will be made to the Authority for the listing of the Notes on the Official List of the Exchange, and the Group intends to submit this Offering Memorandum to the competent authorities in connection with the listing application. There can be no assurances that the Notes will be listed on the Official List of the Exchange. In the course of any review by the competent authority, the Group may be requested to make changes to the financial and other information included in this Offering Memorandum in producing listing particulars for such listing. Comments by the competent authority may require significant modification or reformulation of information contained in this Offering Memorandum or may require the inclusion of additional information. The Group may also be required to update the information in this Offering Memorandum to reflect changes in its business, financial condition or results of operations and prospects. The Group cannot guarantee that its application for admission of the Notes on the Exchange will be approved and settlement of the Notes is not conditioned on obtaining this listing.

Investing in the Notes involves risks.

Notice to prospective U.S. investors

None of the US Securities and Exchange Commission (the "SEC"), any state securities commission or any other regulatory authority has approved or disapproved of the Notes or the Guarantees, and none of the foregoing authorities have passed upon or endorsed the merits of the offering or the accuracy or adequacy of this Offering Memorandum. Any representation to the contrary could be a criminal offence in certain jurisdictions.

The Notes are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the Securities Act and the applicable state securities laws, including pursuant to registration or exemption therefrom. You should be aware that you may be required to bear the financial risks of this investment for an indefinite period of time. The Notes have not been and will not be registered under the Securities Act or the securities laws of any state of the United States and are subject to certain restrictions on transfer. You are hereby notified that the seller of any Note may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. Please refer to the sections in this Offering Memorandum entitled "*Plan of Distribution*" and "*Notice to Investors*" for a description of certain further restrictions on offers and sales of Notes and distribution of this Offering Memorandum.

Notice to European Economic Area investors

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State"), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State no offer of Notes which are the subject of the offering contemplated by this Offering Memorandum may be made to the public in that Relevant Member State other than:

a) to any legal entity which is a "qualified investor" as defined in the Prospectus Directive;

b) to fewer than 150 natural or legal persons (other than "qualified investors" as defined in the Prospectus Directive), subject to obtaining the prior consent of the relevant dealer or dealers nominated by the Issuers for any such offer; or

c) in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of Notes shall result in a requirement for the Issuers or any Initial Purchaser to publish a prospectus pursuant to Article 3 of the Prospectus Directive or a supplemental prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of Notes to the public" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offering and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State.

United Kingdom. This Offering Memorandum is for distribution only to, and is only directed at, persons who: (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended, (the "Financial Promotion Order"); (ii) are persons falling within Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the Financial Promotion Order; or (iii) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000) in connection with the issue or sale of any Notes may otherwise lawfully be communicated (all such persons together being referred to as "relevant persons"). This Offering Memorandum is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this document relates is available only to relevant persons and will be engaged in only with relevant persons. The Notes are being offered solely to "qualified investors" as defined in the Prospectus Directive and accordingly the offer of Notes is not subject to the obligation to publish a prospectus within the meaning of the Prospectus Directive.

THIS OFFERING MEMORANDUM CONTAINS IMPORTANT INFORMATION WHICH YOU SHOULD READ BEFORE YOU MAKE ANY DECISION WITH RESPECT TO AN INVESTMENT IN THE NOTES.

France. This Offering Memorandum has not been prepared and is not being distributed in the context of a public offering of financial securities in France within the meaning of Article L. 411-1 of the French *Code Monétaire* et Financier and Title I of Book II of the *Règlement Général of the Autorité des marchés financiers* (the French financial markets authority) (the "AMF"). Consequently, the Notes may not be, directly or indirectly, offered or sold to the public in France (*offre au public de titres financiers*), and neither this Offering Memorandum nor any offering or marketing materials relating to the Notes must be made available or distributed in any way that would constitute, directly or indirectly, an offer to the public in France.

The Notes may only be offered or sold in France to qualified investors (*investisseurs qualifiés*) acting for their own account and/or to providers of investment services relating to portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*), all as defined in and in accordance with Articles L. 411-1, L. 411-2, D. 411-1, D. 744-1, D. 754-1 and D. 764-1 of the French *Code Monétaire et Financier*.

Prospective investors are informed that:

(i) this Offering Memorandum has not been and will not be submitted for clearance to the AMF;

(ii) in compliance with Articles L. 411-2, D. 411-1, D. 744-1, D. 754-1 and D. 764-1 of the French Code Monétaire et Financier, any qualified investors subscribing for the Notes should be acting for their own account; and

(iii) the direct and indirect distribution or sale to the public of the Notes acquired by them may only be made in compliance with Articles L. 411-1, L. 411-2, L. 412-1 and L. 621-8 through L. 621-8-3 of the French *Code Monétaire et Financier*.

Federal Republic of Germany. The Offering is not a public offering in the Federal Republic of Germany. The Notes may only be offered, sold and acquired in accordance with the provisions of the Securities Prospectus Act of the Federal Republic of Germany (the "Securities Prospectus Act," *Wertpapierprospektgesetz, WpPG)*, as amended (the "Securities Prospectus Act"), the Commission Regulation (EC) No. 809/2004 of April 29, 2004, as amended, and any other applicable German law. No application has been made under German law to permit a public offer of the Notes in the Federal Republic of Germany. This Offering Memorandum has not been approved for purposes of a public offer of the Notes and accordingly the Notes may not be, and are not being, offered or advertised publicly or by public promotion in Germany. Therefore, this Offering Memorandum is strictly for private use and the offer is only being made to recipients to whom the document is personally addressed and does not constitute an offer or advertisement to the public. The Notes will only be available to, and this Offering Memorandum and any other offering material in relation to the Notes is directed only at, persons who are qualified investors *(qualifizierte Anleger)* within the meaning of Section 2, No. 6 of the Securities Prospectus Act. Any resale of the Notes in the Federal Republic of Germany may only be made in accordance with the Securities Prospectus Act and other applicable laws. The Issuers have not, and does not intend to, file a securities prospectus with the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*) ("BaFin") or obtain a notification to the BaFin from another competent authority of a Member State of the European Economic Area, with which a securities prospectus may have been filed, pursuant to Section 17 Para. 3 of the Securities Prospectus Act.

Grand Duchy of Luxembourg. The terms and conditions relating to this Offering Memorandum have not been approved by and will not be submitted for approval to the Luxembourg Financial Sector Supervisory Commission (*Commission de Surveillance du Secteur Financier*) for purposes of public offering or sale in the Grand Duchy of Luxembourg ("Luxembourg"). Accordingly, the Notes may not be offered or sold to the public in Luxembourg, directly or indirectly, and neither this Offering Memorandum nor any other offering circular, prospectus, form of application, advertisement or other material may be distributed, or otherwise made available in, from or published in, Luxembourg, except for the sole purpose of the admission of the Notes for trading on the Euro MTF Market and listing on the Official List of the Luxembourg Stock Exchange, and except in circumstances which do not constitute an offer of securities to the public requiring the publication of a prospectus in accordance with article 5 paragraph 2 of the Luxembourg law of July 10, 2005 on prospectuses for securities and implementing the Prospectus Directive, as amended from time to time.

Republic of Italy. The Offering has not been cleared by the Commissione Nazionale per la Società e la Borsa ("CONSOB") (the Italian securities exchange commission), pursuant to Italian securities legislation. Accordingly, no Notes may be offered, sold or delivered, nor may copies of this Offering Memorandum or of any other document relating to the Notes be distributed in the Republic of Italy, except (a) to qualified investors (*investitori qualificati*) as defined in Article 26, first paragraph, letter (d) of CONSOB Regulation No. 16190 of October 29, 2007, as amended ("Regulation No. 16190"), pursuant to Article 34-ter, first paragraph letter (b) of CONSOB Regulation No. 11971 of May 14, 1999, as amended (the "Issuer Regulation"), implementing Article 100 of Legislative Decree No. 58 of February 24, 1998, as amended (the "Financial Services Act"); and (b) in any other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Financial Services Act and the Issuer Regulation. Each Initial Purchaser has represented and agreed that any offer, sale or delivery of the Notes or distribution of copies of this Offering Memorandum or of any other document relating to the Notes in the Republic of Italy will be carried out in accordance with all Italian securities, tax and exchange control and other applicable laws and regulations.

Any such offer, sale or delivery of the Notes or distribution of copies of this Offering Memorandum or any other document relating to the Notes in the Republic of Italy must be: (a) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, Legislative Decree No. 385 of September 1, 1993, Regulation No. 16190 (in each case, as amended from time to time) and any other applicable laws and regulations; and (b) in compliance with any and all other applicable laws and regulations and any other condition or limitation that may be imposed by CONSOB, the Bank of Italy or any relevant Italian authorities.

Kingdom of Spain. The offer and sale of the Notes, to the extent carried out in compliance with the offering restrictions set out in the Offering Memorandum and the undertakings by the initial purchaser in the purchase agreements related to the Offering, will not result in a regulated offer to the public being made in Spain as both the bonds and the Offering Memorandum have not been and will not be approved by or registered with the Spanish Securities Market Commission *(Comisiôn Nacional del Mercado de Valores)*, and, therefore, the Notes may not be offered, sold, re-sold or distributed in the Kingdom of Spain by any means, except in circumstances which do not qualify as a public offer of securities in the Kingdom of Spain in accordance with article 30 bis of the Spanish Securities Market Law of July 28, 1988 *(Ley 24/1988, de 28 de julio del Mercado de Valores)*, as amended and restated by Royal Decree 1310/2005 of 4 November on admission to listing of securities on organized secondary market and public offers of securities and the prospectus required in connection therewith ("Real Decreto 1310/2005, de 4 de noviembre por el que se desarrolla parcialmente la Ley 24/1998, de 28 de Julio, del Mercado de Valores, en materia de admission a negociación de valores en mercados secundarios oficiales, de ofertas públicas de venta o suscripción y del folleto exigible a tales efectos"), as restated and supplemental rules enacted thereunder or in substitution thereof from time to time.

The Netherlands. The Notes (including rights representing an interest in each global note that represents the Notes) which are the subject of this Offering Memorandum, have not been and shall not be offered, sold, transferred or delivered in the Netherlands other than to legal entities which are qualified investors (within the meaning of the Prospectus Directive (2003/71), as amended).

Switzerland. The Notes may not be publicly offered, sold or advertised, directly or indirectly, in, into or from Switzerland. Neither this Offering Memorandum nor any other offering or marketing material relating to the Notes constitutes a prospectus as such term is understood pursuant to Article 652a and/or Article 1156 of the Swiss Code of Obligations and neither this Offering Memorandum nor any other offering or marketing material relating to the Notes may be publicly distributed or otherwise made publicly available in Switzerland. The Notes will not be listed on the SIX Swiss Exchange Ltd or on any other exchange or regulated trading facility in Switzerland, and, therefore, the documents relating to the Notes, including, but not limited to, this Offering Memorandum, do not claim to comply with the disclosure standards of the Swiss Code of Obligations and the listing rules of SIX Swiss Exchange Ltd and corresponding prospectus schemes annexed to the listing rules of the SIX Swiss Exchange Ltd. The Notes may be offered in Switzerland by way of a private placement, without any public advertisement and only to investors who do not purchase the Notes with the intention to distribute them to the public. The investors will be individually approached directly from time to time. This Offering Memorandum, as well as any other material relating to the Notes, is personal and confidential and does not constitute an offer to any other person. This Offering Memorandum, as well as any other material relating to the Notes, may only be used by those investors to whom it has been handed out in connection with the Offering described herein and may neither directly nor indirectly be distributed or made available to other persons without the Issuer's express consent. This Offering Memorandum, as well as any other material relating to the Notes, may not be used in connection with any other offer and shall in particular not be copied and/or distributed to the public in (or from) Switzerland.

Belgium. The Offering is exclusively conducted under applicable private placement exemptions and therefore this Offering Memorandum and the Offering has not been and will not be notified to, and any other offering material relating to the offering has not been, and will not be, approved by the Belgian Financial Services and Markets Authority pursuant to the Belgian laws and regulations applicable to the public offering of securities. Accordingly, the Notes, this Offering Memorandum as well as any other materials relating to the Offering may not be advertised, offered or distributed in any other way, directly or indirectly, (i) to any other person located and/or resident in Belgium other than in circumstances which do not constitute an offer to the public in Belgium pursuant to the Belgian Act of June 16, 2006 on the public offering of investment instruments and the admission of investment instruments to trading on a regulated market or pursuant to the Belgian Act of July 20, 2004 on certain forms of collective management of investment portfolios or (ii) to any person qualifying as a consumer within the meaning of the Belgian Act of April 6, 2010 on market practices and consumer protection, unless such sale is made in compliance with this Act and its implementing regulation.

This Offering Memorandum has been issued to the intended recipient for personal use only and exclusively for the purpose of the Offering. Therefore, it may not be used for any other purpose, nor passed on to any other person in Belgium.

Republic of Ireland. The Notes may only be offered or sold to the public in the Republic of Ireland or underwritten or placed in conformity with the provisions of: (i) the Prospectus (Directive 2003/71/EC) Regulations 2005 (as amended) and any rules issued by the Central Bank of Ireland (the "Central Bank") under Section 1363 of the Companies Act 2014 (as amended, the "Companies Act"); (ii) the European Communities (Markets in Financial Instruments) Regulations 2007 (Nos. 1 to 3) (as amended, the "MiFID Regulations"), including, without limitation, Regulations 7 (Authorisation) and 152 (Restrictions on advertising) thereof any codes of conduct made under the MiFID Regulations, and the provisions of the Investor Compensation Act 1998 (as amended) and (iii) the Companies Act, the Central Bank Acts 1942 to 2015 (as amended) and any codes of conduct rules made under Section 117(1) of the Central Bank Act 1989 (as amended) and (iv) the Market Abuse Regulation (EU 596/2014) (as amended), the European Union (Market Abuse) Regulations 2016 of Ireland and any rules and guidance issued by the Central Bank under Section 1370 of the Companies Act.

Luxembourg. This Offering does not constitute a public offering of securities within the Grand Duchy of Luxembourg and accordingly this Offering Memorandum should not be construed as a prospectus in accordance with Articles 5 and 30 of the Law of July 10, 2005 on prospectuses for securities, as amended (the "**Prospectus Law**"). The Luxembourg financial sector supervisory commission (Commission de Surveillance du Secteur Financier) has not reviewed or approved this Offering Memorandum or any other document related to the offering of the Notes and has not recommended or endorsed the purchase of the Notes. Neither this Offering Memorandum nor any other document related to the offering of the Notes may be distributed to the public in Luxembourg and the Notes may not be publicly offered for sale in Luxembourg and no steps may be taken which would constitute or result in a public offering in Luxembourg as defined in the Prospectus Law, except in circumstances which do not constitute an offer of securities to the public requiring the publication of a prospectus in accordance with the Prospectus Law. This document is intended for the confidential use of the offeree(s) it is intended for, and may not be reproduced or used for any other purpose.

Notice to Cayman investors

NEITHER THIS OFFERING MEMORANDUM NOR ANY OTHER OFFERING MATERIAL MAY BE DISTRIBUTED TO THE PUBLIC IN THE CAYMAN ISLANDS AND SHALL NOT BE INTERPRETED AS AN INVITATION TO THE PUBLIC IN THE CAYMAN ISLANDS TO PURCHASE OR SUBSCRIBE FOR THE NOTES. NON-RESIDENT OR EXEMPTED COMPANIES AND CERTAIN OTHER NON-RESIDENT OR EXEMPTED ENTITIES ESTABLISHED IN THE CAYMAN ISLANDS AND ENGAGED IN OFFSHORE BUSINESS MAY, HOWEVER, BE PERMITTED TO PURCHASE OR SUBSCRIBE FOR THE NOTES.

Notice to Canadian investors

Resale restrictions. The distribution of the Notes in Canada is being made only in the provinces of Ontario, Quebec, Manitoba, Alberta and British Columbia on a private placement basis exempt from the requirement that the Group prepare and file a prospectus with the securities regulatory authorities in each province where trades of these securities are made. Any resale of the Notes in Canada must be made under applicable securities laws which may vary depending on therelevant jurisdiction, and which may require resales to be made under available statutory exemptions or under a discretionary exemption granted by the applicable Canadian securities regulatory authority. Purchasers are advised to seek legal advice prior to any resale of the securities.

Representations of Canadian purchasers. By purchasing the Notes in Canada and accepting delivery of a purchase confirmation, a purchaser is representing to us and the dealer from whom the purchase confirmation is received that:

- the purchaser is entitled under applicable provincial securities laws to purchase the Notes without the benefit of a prospectus qualified under those securities laws as it is an "accredited investor" as defined under National Instrument 45-106—*Prospectus Exemptions* or Section 73.3(1) of the *Securities Act* (Ontario), as applicable,
- the purchaser is a "permitted client" as defined in National Instrument 31-103—*Registration Requirements, Exemptions and Ongoing Registrant Obligations*,
- where required by law, the purchaser is purchasing as principal and not as agent, and
- the purchaser has reviewed the text above under Resale Restrictions.

Conflicts of interest. Canadian purchasers are hereby notified that the initial purchaser is relying on the exemption set out in section 3A.3 or 3A.4, if applicable, of National Instrument 33-105—*Underwriting Conflicts* from having to provide certain conflict of interest disclosure in this document.

Statutory rights of action. Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if the offering memorandum (including any amendment thereto) such as this document contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser of these securities in Canada should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Enforcement of legal rights. All of the Group's directors and officers as well as the experts named herein may be located outside of Canada and, as a result, it may not be possible for Canadian purchasers to effect service of process within Canada upon the Group or those persons. All or a substantial portion of the Group's assets and the assets of those persons may be located outside of Canada and, as a result, it may not be possible to satisfy a judgment against the Group or those persons in Canada or to enforce a judgment obtained in Canadian courts against the Group or those persons outside of Canada.

Taxation and eligibility for investment. Canadian purchasers of the Notes should consult their own legal and tax advisors with respect to the tax consequences of an investment in the Notes in their particular circumstances and about the eligibility of the Notes for investment by the purchaser under relevant Canadian legislation.

Forward-looking statements

This Offering Memorandum includes forward-looking statements within the meaning of the securities laws of certain applicable jurisdictions. These forward-looking statement include, but are not limited to, all statements other than statements of historical facts contained in this Offering Memorandum, including, without limitation, those regarding the Group's intentions, beliefs or current expectations concerning, among other things, its future financial conditions and performance, results of operations and liquidity; its strategy, plans, objectives, prospects, growth, goals and targets; future developments in the markets in which it participates or is seeking to participate; and anticipated regulatory changes in the industry in which it operates. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "aim," "anticipate," "believe," "continue," "could," "estimate," "expect," "forecast," "guidance," "intend," "may," "plan," "project," "should" or "will" or, in each case, their negative, or other variations or comparable terminology.

By their nature, forward-looking statements involve known and unknown risks, uncertainties and other factors because they relate to events and depend on circumstances that may or may not occur in the future. The Group cautions you that forward-looking statements are not guarantees of future performance and that its actual financial condition, results of operations and cash flows, and the development of the industry in which it operates, may differ materially from (and be more negative than) those made in, or suggested by, the forward-looking statements contained in this Offering Memorandum. In addition, even if its financial condition, results of operations and cash flows, and the development of the industry in which it operates, are consistent with the forward-looking statements contained in this Offering Memorandum, those results or developments may not be indicative of results or developments in subsequent periods. Factors that could cause such differences in actual results include:

- the impact of complex governmental legislation and regulations;
- growing competition in each of the Group's markets, particularly with respect to the residential market;
- changes in market structure which will take effect with the introduction of I-SEM;
- fluctuations in market prices and changes to renewable support mechanisms;
- mechanical failure, equipment malfunction or technological breakdown;
- loss or disclosure of sensitive customer data;
- decreases in demand for electricity;
- reduction or abandonment of governmental support for renewable energy sources in general or wind farms in particular;
- UK's planned exit from the EU;
- variation from the estimations of the quantity of electricity actually produced from wind farms;
- development risks related to the construction and development of wind farms;

- potential liabilities that may not be covered by insurance;
- an inability to be fully hedged against changes in commodity prices and market utilizations;
- the Group's hedging transactions may not function as intended;
- counterparty risk to the Group's engagement in hedging and risk management activities;
- cost of compliance with energy efficiency initiatives, environmental laws and regulations;
- environmental liabilities;
- termination of PPB's contracts;
- inability to raise capital on commercial terms or at all to expand the Group's wind farm portfolio;
- inability to maintain relationships with suppliers, regulatory authorities, customer advocacy groups or customers;
- material health and safety liabilities;
- significant reliance on Great Britain's electricity and natural gas interconnectors;
- necessity of substantial cash flow to maintain the Group's generating plants and prevent plant failure;
- inability to attract and retain key personnel;
- changes in legislation or policies related to tax applicable to the Group;
- actions of the Group's employees and agents;
- other risks associated with the Notes and the financial profile and structure of the Group; or
- other factors discussed or referred to in this Offering Memorandum.

The foregoing factors and others described under "Risk Factors" should not be construed as exhaustive. Due to such uncertainties and risks, readers are cautioned not to place undue reliance on such forward-looking statements, which speak only as at the date hereof.

The Group discloses important factors that could cause its actual results to differ materially from its expectations in "*Risk Factors*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*." Other sections of this Offering Memorandum describe additional factors that could adversely affect the Group's business, financial condition or results of operations. Moreover, the Group operates in a very competitive and rapidly changing environment. New risk factors emerge from time to time and it is not possible for the Group to predict all such risk factors. The Group cannot assess the impact of all risk factors on its business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. Given these risks and uncertainties, you should not place undue reliance on forward-looking statements as a prediction of actual results.

Any forward-looking statements are only made as at the date of this Offering Memorandum and, except as required by law or the rules and regulations of any stock exchange on which the Notes are listed, the Group undertakes no obligation to publicly update or publicly revise any forward-looking statement, whether as a result of new information, future events or otherwise. All subsequent written and oral forward-looking statements attributable to us or to persons acting on its behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this Offering Memorandum, including those set forth under "Risk Factors."

Market and industry data

In this Offering Memorandum, reference is made to information regarding the Group's business and the market in which it operates and competes. The market data and certain economic and industry data and forecasts used in this Offering Memorandum were obtained from governmental and other publicly available information and independent industry publications and reports prepared by industry consultants. In addition to the foregoing, certain information regarding markets, market size, market share, market position, growth rates and other industry data pertaining to us contained in this Offering Memorandum were based on estimates prepared by management based on certain assumptions and management's knowledge of the industry in which the Group operates. Industry publications and forecasts generally state that the information they contain has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed. Management has not independently verified such data and cannot guarantee their accuracy or completeness.

In many cases, there is no readily available external information (whether from trade associations, government bodies or other organizations) to validate market related analyses and estimates, requiring us to rely on the Group's own internally developed estimates regarding the energy industry, the Group's position in the industry, the Group's market share and the market shares of various industry participants based on management's experience, management's own investigation of market conditions and management's review of industry publications, including information made available to the public by the Group's competitors. In this Offering Memorandum, market share of electricity and gas supply is expressed in terms of volume. Neither the Group nor the Initial Purchasers can assure you of the accuracy and completeness of, or take responsibility for, such data. Similarly, while management believes its internal estimates to be reasonable, these estimates have not been verified by any independent sources and neither the Group nor the Initial Purchasers can assure you as to their accuracy or the accuracy of the underlying assumptions used to estimate such data. The Group's estimates involve risks and uncertainties and are subject to change based on various factors.

Presentation of financial data

For purposes of this Offering Memorandum, the twelve months ended March 31, 2017 are referred to as "Fiscal Year 2017," the twelve months ended March 31, 2016 are referred to as "Fiscal Year 2016", the twelve months ended March 31, 2015 are referred to as "Fiscal Year 2015," the three months ended June 30, 2017 are referred to as "First Three Months 2018" and the three months ended June 30, 2016 are referred to as "First Three Months 2017."

Unless otherwise indicated, the financial information presented in this Offering Memorandum is the Group's historical consolidated financial information. This Offering Memorandum includes (i) the Group's consolidated interim financial statements for the First Three Months 2018 which have been prepared in accordance with IAS 34 Interim Financial Reporting and include comparative period data for the First Three Months 2017 (the "Interim Financial Statements") and (ii) the Group's consolidated financial statements for Fiscal Year 2017, Fiscal Year 2016 and Fiscal Year 2015 which have each been prepared in accordance with International Financial Reporting Standards ("IFRS") (collectively the "Audited Financial Statements" and together with the Interim Financial Statements the "Financial Statements"). The Audited Financial Statements have been audited by Ernst & Young LLP ("Ernst & Young"), and their auditors' reports thereon are included herein.

The UK Issuer is a special purpose finance subsidiary incorporated to facilitate the offering of the Notes and has no operations other than issuing the Notes. Consequently, no historical financial information relating to the UK Issuer is available. The RoI Issuer has historically prepared standalone financial statements but the Indenture (as defined below) will not require it to make such statements available to the Noteholders following the Issue Date.

In addition to the above, this Offering Memorandum includes certain financial information for the twelve months ended June 30, 2017. This information was calculated by taking the results of operations for the First Three Months 2018 and adding those to the results of operations for Fiscal Year 2017 and subtracting the results of operation for the First Three Months 2017. The consolidated financial information for the twelve months ended June 30, 2017 has been prepared solely for the purposes of this Offering Memorandum and is for illustrative purposes only. It is not necessarily representative of the Group's results of operations for any future period or its financial condition at any future date. This Offering Memorandum also includes unaudited consolidated *pro forma* financial data which has been adjusted to reflect certain effects of the Transactions and related transactions on the Group's financial position and financial results as if the Transactions and related transactions had occurred on (i) June 30, 2017 for the purposes of the Group's *pro forma* balance sheet data and (ii) July 1, 2016 for purposes of the Group's *pro forma* income statement data. The unaudited consolidated *pro forma* financial data has been prepared for illustrative purposes only and does not purport to represent what the Group's actual consolidated financial position would have been if the Transactions and such related transactions had occurred (i) on June 30, 2017 for the purposes of the Group's balance sheet data or (ii) July 1, 2016 for purposes of the Group's income statement data, nor does it purport to project the Group's consolidated financial position at any future date or results of operation for any future period. The unaudited *pro forma* adjustments and the unaudited *pro forma* financial data set forth in this Offering Memorandum are based on available information and certain assumptions and estimates that the Group believes are reasonable and may differ materially from the actual adjusted amounts.

The independent auditors' reports for the audited financial statements of the Group as at and for Fiscal Year 2017, Fiscal Year 2016 and Fiscal Year 2015 are included in this Offering Memorandum. See "*Independent Auditors*" for a description of the reports of the independent auditor of the Group, Ernst & Young, on the Group's consolidated financial statements for Fiscal Year 2017, Fiscal Year 2016 and Fiscal Year 2015. In accordance with guidance issued by The Institute of Chartered Accountants in England and Wales, the independent auditors' reports of Ernst & Young state that they have been prepared for and only for the members of the Company as a body and for no other purpose; and the auditor does not accept or assume responsibility for any other purpose or to any other person to whom these reports are shown or into whose hands they may come. You should understand that in making these statements, the independent auditor confirmed that it does not accept or assume any liability to parties (including the Initial Purchasers and you) other than to the Company and its members as a body, with respect to such reports and to the independent auditors' audit work and opinions. The SEC would not permit such limiting language to be included in a registration statement or a prospectus used in connection with an offering of securities registered under the U.S. Securities Act, or in a report filed under the U.S. Exchange Act. If a U.S. court (or any other court) were to give effect to such limiting language, the recourse that you may have against the independent auditor based on its reports or the consolidated Financial Statements to which they relate could be limited. See "*Risk Factors—Risks Related to the Notes—Investors in the Notes may have limited recourse against the Group's independent auditors in respect of the Group's Financial Statements*."

Non-IFRS financial and other information

The financial information included in this Offering Memorandum includes certain measures that are not accounting measures within the scope of IFRS, including Adjusted Operating Profit, Adjusted EBITDA and Restricted Group Adjusted EBITDA. Adjusted Operating Profit refers to operating profit before exceptional items and certain remeasurements, and adjusted for regulated entitlement, which reflects adjustments for over/under-recovery based on the amount by which the Group's regulated businesses over- or under-recovered against their regulated entitlement. Adjusted EBITDA refers to Adjusted Operating Profit before deducting depreciation and amortization. Restricted Group Adjusted EBITDA refers to Adjusted EBITDA after applying adjustments to eliminate the EBITDA of the Group's owned renewables assets generated by the Unrestricted Subsidiaries, to include distributions paid to the Restricted Group from associates and Unrestricted Subsidiaries which directly or indirectly own renewable assets, and to exclude certain management fees and write down or reversal of write down of Huntstown's distillate oil stock valuation. See "*Summary—Summary Historical Consolidated Financial and Other Data—Other Unaudited Financial and Pro Forma Data*." Management believes that Adjusted Operating Profit, Adjusted EBITDA and Restricted Group Adjusted EBITDA are relevant measures for assessing the Group's performance because they are adjusted for certain items which are non-recurring, which management believes are not indicative of the Group's underlying operating performance or which do not reflect the performance of the Company and its subsidiaries which will be Restricted Subsidiaries under the Indenture. In addition, cash flow before interest and tax is a measure included in this Offering Memorandum which is not an accounting measure within the scope of IFRS.

Adjusted Operating Profit, Adjusted EBITDA, Restricted Group Adjusted EBITDA and similar measures are used by different companies for differing purposes and are often calculated in ways that reflect the circumstances of those companies. You should exercise caution in comparing Adjusted Operating Profit, Adjusted EBITDA and Restricted Group Adjusted EBITDA as reported by us to Adjusted Operating Profit, Adjusted EBITDA and Restricted Group Adjusted EBITDA as reported by other companies. You should not consider Adjusted Operating Profit, Adjusted EBITDA or Restricted Group Adjusted EBITDA as alternatives to (a) operating profit from continuing operations (as determined in accordance with IFRS) as a measure of the Group's operating performance, (b) cash flows from operating, investing and financing activities as a measure of its ability to meet its cash needs or (c) any other measures of performance or liquidity under IFRS. Adjusted Operating Profit, Adjusted EBITDA and Restricted Group Adjusted EBITDA have limitations as analytical tools, and you should not consider them in isolation, or as substitutes for an analysis of the Group's results as reported under IFRS.

Some of the limitations for Adjusted Operating Profit, Adjusted EBITDA and Restricted Group Adjusted EBITDA are:

- they do not reflect the Group's cash expenditures or future requirements for capital expenditures or contractual commitments;
- they do not reflect changes in, or cash requirements for, the Group's working capital needs;
- they do not reflect the significant interest expense, or the cash requirements necessary, to service interest or principal payments, on the Group's debts;
- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often need to be replaced in the future and, in the case of Adjusted EBITDA and Restricted Group Adjusted EBITDA, margins do not reflect any cash requirements that would be required for such replacements; and
- some of the exceptional items that the Group eliminates in calculating Adjusted Operating Profit, Adjusted EBITDA and Restricted Group Adjusted EBITDA reflect cash payments that were made, or will in the future be made.

Because of these limitations, these non-IFRS measures should not be considered as measures of discretionary cash available to invest in the growth of the Group's business or as measures of cash that will be available to meet the Group's obligations. You should compensate for these limitations by relying primarily on the Group's IFRS results and using these non-IFRS measures only supplementally to evaluate the Group's performance. You are encouraged to evaluate each of the adjustments reflected in the Group's presentation of the non-IFRS measures and whether you consider each to be appropriate. See "*Summary—Summary Historical Consolidated Financial and Other Data*," "*Selected Financial and Other Information*," "*Management's*

Discussion and Analysis of Financial Condition and Results of Operations" and the Group's Financial Statements and the related notes included elsewhere in this Offering Memorandum.

Certain amounts and percentages included in this Offering Memorandum have been rounded. Accordingly, in certain instances, the sum of the numbers in a column of a table may not exactly equal the total figure for that column.

The financial information included in this Offering Memorandum is not intended to comply with the applicable accounting requirements of the U.S. Securities Act and the related rules and regulations of the SEC which would apply if the Notes were being registered with the SEC.

Certain definitions relating to the group and the transactions

"103% Redemption" refers to the redemption of €60 million in aggregate principal amount (representing 10% of the original principal amount) of the Existing Notes at par plus the applicable redemption premium of 3% plus accrued interest on August 29, 2017 at a total cost of €64.0 million (or £57.7 million equivalent).

"Act" refers to the Companies Act 2006, as such act may be amended, modified or re-enacted from time to time.

"Arcapita" refers, as the context requires, to funds managed or advised by Arcapita Bank B.S.C.(c), AIM Group Limited or any of their respective affiliates, from time to time investing, directly or indirectly, in or advising the Group up until the completion of the disposal of 100% of the Group to I Squared Capital Funds on April 29, 2016.

"Board" or "Directors" refers to the board of directors of Viridian Group Limited.

"Collateral" refers to the first-priority (1) pledges over the shares held by the Company and certain of its subsidiaries in their subsidiaries (excluding Unrestricted Subsidiaries), including the shares of the Issuers and the Subsidiary Guarantors; (2) fixed and floating charges over all or substantially all of the assets (including bank accounts) of the Company and certain of its subsidiaries, including the Issuers and the Subsidiary Guarantors, excluding shares in Unrestricted Subsidiaries, assets pledged in connection with the Single Electricity Market Trading and Settlement Code and subject to certain other exceptions; (3) pledges over the receivables and bank accounts of ElectricInvest (Lux) ROI S.à r.l.; and (4) any other assets that that secure the obligations under the Revolving Credit Facility.

"Company" or "VGIL" refers to Viridian Group Investments Limited, an exempted company incorporated with limited liability in the Cayman Islands.

"Consolidation Adjustments" refers to certain adjustments, primarily relating to the creation of goodwill at the Group level, made when consolidating individual financial statements of Group entities in order to create the consolidated accounts of the Group.

"ElectricInvest (Lux) ROI S.à r.l." means ElectricInvest (Lux) ROI S.à r.l., a private limited liability company (*société à responsabilité limitée*) organized and established under the laws of Luxembourg, having its registered office at 6, rue Eugéne Ruppert, L-2453 Luxembourg and registered with the Luxembourg Register of Commerce and Companies (*R.C.S. Luxembourg*) under number B 134683.

"Existing Notes" refers to Viridian Group FundCo II Limited's €600 million original principal amount of 7½% Senior Secured Notes due 2020 issued pursuant to an indenture dated February 13, 2015, between, among others, Viridian Group FundCo II Limited, The Bank of New York Mellon and Capita Trust Company (the "Existing Notes Indenture"), of which €60 million in aggregate principal amount of such notes were redeemed on August 29, 2017 under the 103% Redemption.

"Existing Revolving Credit Facility" refers to the revolving credit facility dated February 4, 2015, between Viridian Group Limited and Viridian Power and Energy Holdings Limited, as original borrowers, the guarantors named therein, Deutsche Bank AG, London Branch, as agent and The Bank of New York Mellon and Capita Trust Company Limited, as security agents. The Existing Revolving Credit Facility will be discharged and terminated on the Issue Date as part of the Refinancing.

"EU" refers to the European Union.

"EURIBOR" refers to the Euro Interbank Offered Rate.

"euro," "EUR" and "€" means the single currency of the participating member states of the EU participating in the third stage of economic and monetary union pursuant to the Treaty on the Functioning of the EU, as amended or supplemented from time to time.

"Euro Notes" refers to the euro-denominated €350,000,000 in aggregate principal amount of 4.00% senior secured notes due 2025 offered hereby.

"Financial Statements" refers to the audited financial statements as at and for Fiscal Year 2017, Fiscal Year 2016 and Fiscal Year 2015 and interim financial statements for First Three Months 2018.

"First Three Months 2017" refers to the three months ended June 30, 2016.

"First Three Months 2018" refers to the three months ended June 30, 2017.

"Fiscal Year" refers to a fiscal year ending March 31.

"Fiscal Year 2015" refers to the fiscal year of the Group ended March 31, 2015.

"Fiscal Year 2016" refers to the fiscal year of the Group ended March 31, 2016.

"Fiscal Year 2017" refers to the fiscal year of the Group ended March 31, 2017.

"FSMA" refers to the Financial Services and Markets Act 2000, as amended.

"Group," and "Viridian" refers to the Company, together with its subsidiaries.

"Guarantees" refers to the senior secured guarantees of the Notes by the Guarantors.

"Guarantors" refers, collectively, to the Company and Subsidiary Guarantors.

"IFRS" refers to the International Financial Reporting Standards, as adopted by the European Union.

"Indenture" refers to the indenture governing the Notes to be dated as at the Issue Date, among *inter alios,* the Issuers, the Guarantors and the Trustee.

"Initial Purchasers" refers to Deutsche Bank AG, London Branch, Barclays Bank PLC, Credit Suisse Securities (Europe) Limited, The Royal Bank of Scotland plc (trading as NatWest Markets) and Lloyds Bank plc.

"Intercreditor Agreement" refers to the intercreditor agreement dated September 13, 2017, between, among others, the Issuers, the Guarantors, the RCF Agent and the Security Agent, and to be acceded to by the Trustee on the Issue Date.

"Ireland" refers, collectively, to Northern Ireland and the RoI and references to "all-island" shall be construed accordingly.

"I Squared Capital" refers to I Squared Capital Advisors, I Squared Capital Funds and/or their controlling affiliates, as the context requires.

"I Squared Capital Advisors" refers to I Squared Capital Advisors (US) LLC.

"I Squared Capital Funds" refers to one or more investment funds or limited partnerships managed or advised by I Squared Capital Advisors or any of its affiliates or direct or indirect subsidiaries from time to time.

"Issue Date" refers to the date on which the Notes offered hereby will be issued.

"Issuers" refers, collectively, to the UK Issuer and the RoI Issuer.

"LIBOR" refers to the London Interbank Offered Rate.

"Notes" refers, collectively, to the Sterling Notes and the Euro Notes.

"Offering" refers to the offering of the Notes hereby.

"Prospectus Directive" refers to EU Prospectus Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in each Member State of the European Economic Area that has implemented the Prospectus Directive.

"RCF Agent" refers to Deutsche Bank AG, London Branch, the creditor representative of the lenders under the Revolving Credit Facility Agreement.

"Redemption" refers to the redemption in full of the Remaining Existing Notes, including payment of the relevant redemption premiums and accrued and unpaid interest.

"Refinancing" refers to the following:

- the issuance by the Issuers of €600 million (equivalent) aggregate principal amount of Notes offered hereby;
- the entry into the Revolving Credit Facility and the discharge and termination of the Existing Revolving Credit Facility;
- the 103% Redemption;
- the Redemption;
- the settlement of forward currency exchange contracts in connection with the Existing Notes; and
- the payment of costs, fees and expenses in connection with the foregoing transactions, including the fees and expenses to be incurred in connection with the Offering,

in each case as further described under "*Summary—Transactions—The Refinancing*" and "*Use of Proceeds.*"

"Remaining Existing Notes" refers to Viridian FundCo II Limited's €540 million principal amount of 7½% Senior Secured Notes due 2020 issued pursuant to the Existing Notes Indenture that remain outstanding as of the date of this Offering.

"Restricted Group" refers to the Company and its subsidiaries (other than the Unrestricted Subsidiaries).

"Revolving Credit Facility" refers to the revolving credit facility available under the Revolving Credit Facility Agreement, between Viridian Group Limited and the RoI Issuer, as original borrowers, the Issuers and the Guarantors, as original guarantors and the arrangers named therein, Deutsche Bank AG, London Branch, as agent, The Bank of New York Mellon, London Branch as security agent, and certain other financial institutions, as lenders.

"Revolving Credit Facility Agreement" refers to the agreement governing the Revolving Credit Facility dated September 13, 2017.

"RoI" refers to the island of Ireland, excluding Northern Ireland.

"RoI Issuer" refers to Viridian Power and Energy Holdings DAC, a designated activity company incorporated under the laws of the Republic of Ireland.

"Security Agent" refers to The Bank of New York Mellon, London Branch.

"Sterling," "pounds sterling," "GBP" or "£" refers to the lawful currency of the UK.

"Sterling Notes" refers to the sterling-denominated £225,000,000 in aggregate principal amount of 4.75% senior secured notes due 2024 offered hereby.

"Subsidiary Guarantors" refers, collectively, to the following subsidiaries of the Company that will guarantee the Notes: Viridian Group FundCo I Limited, Viridian Group FundCo II Limited, Viridian Group FundCo III Limited, EI Ventures Limited, Huntstown Power Company Limited, Viridian Power Limited, Viridian Energy Limited, Power and Energy Holdings (ROI) Limited, Viridian Group Limited, Viridian Power and Energy Limited, Viridian Energy Supply Limited and ElectricInvest (Lux) ROI S.à r.l.

"TopCo Dividend" refers to the £60 million dividend to be paid by the Group to Viridian Topco Limited on or after the Issue Date.

"Transactions" refers, collectively, to the Refinancing and the TopCo Dividend.

"Trustee" refers BNY Mellon Corporate Trustee Services Limited.

"UK" refers to the United Kingdom of Great Britain and Northern Ireland.

"UK Issuer" refers to Viridian Group FinanceCo PLC, a public limited company incorporated under the laws of Northern Ireland.

"Unrestricted Subsidiaries" refers, collectively, to the following (i) Viridian Renewables Company 4 Limited and its subsidiaries Wheelhouse Energy (NI) Limited and Cornavarrow Windfarm Ltd, (ii) Clondermot Wind Limited, (iii) Thornog Windfarm Ltd, (iv) Viridian Renewables Company 3 Limited and its subsidiaries: Eshmore Ltd, Long Mountain Wind Farm Limited, Mosslee Limited, Gortfinbar Windfarm Limited, Altamuskin Windfarm Limited, (v) Slieveglass Wind Farm Limited, (vi) Teiges Mountain Wind Farm Limited, (vii) Lisglass Wind Ltd, (viii) Eshmore Wind Limited, (ix) Holyford Windfarm Limited and (x) Windgeneration Ireland Limited.

"United States" or "U.S." refers to the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia.

"U.S. dollars," "USD" and "$" refer to the lawful currency of the United States of America.

"U.S. Exchange Act" refers to United States Securities Exchange Act of 1934, as amended.

"U.S. Securities Act" refers to United States Securities Act of 1933, as amended.

"VRC1" refers to Viridian Renewables Company 1 Limited.

Glossary of business and technical definitions

"1992 Order"	Electricity (Northern Ireland) Order 1992, as such act may be amended, modified or re-enacted from time to time
"1999 Act"	Electricity Regulation Act 1999, as such act may be amended, modified or re-enacted from time to time
"2002 Act"	Gas (Interim) (Regulation) Act 2002, as such act may be amended, modified or re-enacted from time to time
"2003 Order"	Energy (Northern Ireland) Order 2003, as such act may be amended, modified or re-enacted from time to time
"2007 Act"	Electricity Regulation (Amendment) (Single Electricity Market) Act 2007, as such act may be amended, modified or re-enacted from time to time
"BGE"	Bord Gáis Energy Limited
"capacity pot"	the pool of money from which capacity payments are made under the SEM which is set on annual basis. For further discussion of the capacity payments. See "*Industry*"
"CCGT"	combined cycle gas turbine, which generates electricity using both a gas turbine and a steam turbine. With CCGT technology, a gas turbine generates electricity and heat. The exhaust heat from this gas turbine is then used to make steam, which, in turn, drives a separate steam turbine that generates additional electricity. This technology enhances the efficiency of electricity generation and is utilized at the Group's Huntstown plants
"CCL"	Climate Change Levy
"CER"	Commission for Energy Regulation in the RoI
"CfDs"	Contracts for differences. A CfD consists of an agreement between two parties to exchange the difference in value of a particular currency, commodity, share or index and is settled based on the difference between the strike price and the actual, realized market price at settlement. The Group's electricity businesses enter into CfDs with third-party electricity generators and suppliers to hedge against volatility in electricity prices
"CO_2"	carbon dioxide
"CPI"	Consumer Price Index maintained by the Office for National Statistics for the UK and the Central Statistics Office for the RoI
"CPM"	Capacity Payment Mechanism under the SEM whereby payments are made to generators for maintaining capacity available to generate electricity, if required. The CPM is designed to ensure that sufficient electricity generation capacity is made available to maintain security of supply at the desired level. For further discussion of the CPM, see "*Industry*"

"DCCAE"	Department for Communications, Climate Action and Environment in the RoI
"DETI"	Department of Enterprise, Trade and Investment (which merged with the Department of Employment and Learning in May 2016 to form the DfE in NI)
"DfE"	Department for the Economy NI
"dual fuel"	The provision of gas and electricity to a customer from a single supplier
"EirGrid"	EirGrid plc
"Energia"	Energia Group's competitive energy supply business
"Energia Group"	The RoI Issuer, VPEL and each of their respective subsidiaries
"EPA"	Environmental Protection Agency
"ESB"	Electricity Supply Board the state-owned, historical incumbent electricity utility in the RoI
"EUETS"	European Union Emissions Trading Scheme
"EWIC"	The 500 MW HVDC East-West Interconnector between Wales and the RoI
"EWP"	Eco Wind Power Limited and its subsidiaries
"GDP"	gross domestic product
"Generation Capacity Statement 2017-2026"	Generation Capacity Statement 2017-2026 published by EirGrid
"GNI"	Gas Networks Ireland, the owner of the Irish gas transportation system
"GUAs"	Generating Unit Agreements, where generators contract with PPB to make their generating units available in return for the receipt of availability payments. If a contracted generator is required to generate electricity, it also receives payments to cover the cost of fuel used and carbon certificates (net of the value of certain allowances allocated under the National Allocation Plan)
"GW"	gigawatt
"GWh"	gigawatt hour (1GWh equals 1,000MWhs)
"HFO"	Heavy Fuel Oil
"HLD Decision"	The decision paper on high level design for the new electricity market published by the SEM Committee on September 17, 2014
"Huntstown plants"	Energia Group's Huntstown operations, comprising two CCGT plants (Huntstown 1 and Huntstown 2 plants) with a combined generation capacity of 747MW located on the outskirts of Dublin
"Huntstown 1 plant" or "Huntstown 1"	Phase one of Huntstown Power Station—343MW CCGT

"Huntstown 2 plant" or "Huntstown 2" . . . . Phase two of Huntstown Power Station—404MW CCGT

"HVDC" . . . . High Voltage Direct Current

"IIF Cyclone" . . . . IIF Cyclone Limited

"IPPC" . . . . Integrated Pollution Prevention and Control

"I-SEM" . . . . Integrated Single Electricity Market

"ISO" . . . . International Organization for Standardization

"K factor" . . . . Correction Factor whereby if the amount of revenue recovered in any one year exceeds or falls short of the amount allowed by the price control formula of the relevant regulated business, a K factor operates in the following year that requires either a repayment of any surplus with interest or a recovery of any deficit with interest, as appropriate. A surplus is referred to as an over-recovery and a deficit as an under-recovery

"Kv" . . . . kilovolts

"KW" . . . . Kilowatts

"KWh" . . . . Kilowatt hours

"LECs" . . . . Levy Exemption Certificates

"LEU" . . . . large energy user, which are large consumers of electricity and natural gas. In the RoI electricity industry, LEUs include "demand customers," or those that demand electricity from the grid, and that are connected to the grid with a distribution code reference DG7 to DG10 or directly connected to the transmission grid at a voltage level above 110kV. In the Northern Ireland electricity industry, LEU customers are classified as those that demand electricity from the grid above 1MW. For natural gas in the RoI, the LEU category includes customers eligible for the RTF. RTF customers are industrial and commercial customers that consume between 5.3GWh and 264GWh of natural gas per *annum*

"LOCs" . . . . Letters of Credit

"LTSA" . . . . long-term services agreement

"Merit Order"	refers to the ranking of available sources of electrical generation, in ascending order of their short-run marginal costs of production, so that those plants with the lowest marginal costs are the first plants to be included in the market schedule to meet demand, and those plants with the highest marginal costs are the last to be included in the market schedule to meet demand. Generators that are included in the market schedule receive energy payments in the SEM, which include the SMP, for their market schedule quantity (less a Constraint Payment equal to their avoided short-run marginal cost if they are not dispatched). A favorable position in the Merit Order is, therefore, beneficial because it ensures that a generator will be scheduled more often, at which times it will earn infra-marginal rent (the difference between its short-run marginal cost and the SMP) whether or not it is dispatched. See "*Industry*"
"Minister"	the Minister for Communications, Climate Action and Environment
"Moyle Interconnector"	The 500 MW HVDC electricity interconnector between Northern Ireland and Scotland
"MW"	megawatt
"MWh"	megawatt hour (1MWh equals 1,000KWh)
"NI"	Northern Ireland
"NIAUR"	Northern Ireland Authority for Utility Regulation.
"NIE"	Northern Ireland Electricity Networks Limited (transmission and distribution business)
"Ofgem"	Office of the Natural Gas and Electricity Markets, which is the regulator for the electricity and downstream natural gas markets in Great Britain
"OHSAS"	Occupational Health and Safety Management Systems Specification
"Power NI"	a business unit of Power NI Energy and the regulated incumbent electricity supplier for Northern Ireland
"Power NI Energy"	Power NI Energy Limited
"PPA"	power purchase agreement, which is a contract between a party that generates electricity (the seller) and a party that purchases such electricity (the buyer). The Group's supply businesses regularly enter into PPAs with generators of renewable energy, including Viridian's wholly and minority owned wind farms. The PPAs contracted to Power NI Energy's Power Procurement Business, or PPB, comprise two forms of agreement: (i) a Power Station Agreement relating to the station's operation; and (ii) a number of GUAs, one relating to each individual generating unit within the power station so contracted
"PPB"	Power Procurement Business of Power NI Energy

"PSO"	public service obligation imposed on electricity suppliers, the cost of which is entitled to be recovered by the electricity supplier from a pot of money recovered through receipt of PSO Levies. Different PSOs apply in Northern Ireland and in the RoI
"PSO Levy"	levy in respect of PSOs which is either charged at a flat rate from time to time on (i) the level of maximum import capacity at a particular site, (ii) all units of electricity demand (measured in KWhs), (iii) at a flat rate from time-to-time per customer. Different PSO Levies apply in Northern Ireland and the RoI
"RAs"	Regulatory Authorities, being NIAUR and the CER
"REFIT"	Renewable Energy Feed-In Tariff schemes in the RoI, a series of three renewable support mechanisms pursuant to which suppliers are compensated through the imposition of PSO Levies for the additional costs of purchasing electricity from renewable sources over and above a reference market price for electricity, allowing suppliers to enter into PPAs with renewable generators that guarantee a minimum floor price for the generators
"RO"	UK Renewable Obligation scheme, which requires electricity suppliers in the UK to source a targeted percentage of supplied electricity from renewable sources
"ROCs"	Renewable Obligation Certificates, fully tradable certificates issued to an accredited generator for eligible renewable electricity generated within the UK and supplied to customers within the UK by a licensed electricity supplier
"RTF"	Regulated Tariff Formula
"SEM"	Single Electricity Market, which commenced on November 1, 2007 being a gross mandatory pool market into which all electricity generated in, or imported into, Ireland must be sold, either directly or through an intermediary, and from which all wholesale electricity for consumption in or exported from Ireland must be purchased. Generators under a 10MW de minimis export capacity may elect not to participate in the SEM
"SEM Committee"	Single Electricity Market Committee
"SEMO"	Single Electricity Market Operator
"SEM Order"	Electricity (Single Wholesale Market) (Northern Ireland) Order 2007, as such act may be amended, modified or re-enacted from time to time

"SME"	small to medium sized enterprise, consists of all consumers of electricity and natural gas in Northern Ireland and the RoI other than residential customers and LEU customers. In the electricity markets of both jurisdictions, SMEs include all non-residential customers that are not large enough (either by the voltage level or size of connection) to be classified as LEUs, which in practice captures the majority of small and medium-sized industrial and commercial customers. In the RoI natural gas industry, the SME category includes, in practice, all non-residential customers with consumption below the RTF threshold.
"SMP"	system marginal price at which all generators sell and all suppliers buy electricity to and from the SEM pool for each trading period. The SMP generally reflects the short-run marginal cost of generation for the last generating plant in the merit order required to meet electricity demand in that trading period
"SONI"	SONI Limited, System Operator for Northern Ireland (previously a wholly-owned subsidiary of NIE and now a wholly-owned subsidiary of EirGrid)
"TSO"	transmission system operator
"TWh"	terawatt hour (1TWh equals l,000GWhs)
"VGPS"	Viridian Group Pension Scheme (2011)
"VPEL"	Viridian Power and Energy Limited

Exchange rate and currency information

The following table sets forth, for the periods set forth below, the high, low, average and period end Bloomberg Generic Composite Rate expressed as euros per £1.00 and U.S. dollars per £1.00. The Bloomberg Generic Composite Rate is a "best market" calculation, in which, at any point in time, the bid rate is equal to the highest bid rate of all contributing bank indications and the ask rate is set to the lowest ask rate offered by these banks. The Bloomberg Generic Composite Rate is a mid-value rate between the applied highest bid rate and the lowest ask rate. The rates may differ from the actual rates used in the preparation of the Financial Statements and other financial information appearing in this Offering Memorandum. Neither Viridian nor the Initial Purchasers represents that the euro amounts referred to below could be or could have been converted into pounds sterling at any particular rate indicated or any other rate.

The average rate for a year means the average of the Bloomberg Composite Rates on the last day of each month during a year. The average rate for a month or for any shorter period, means the average of the daily Bloomberg Composite Rates during that month, or shorter period, as the case may be.

The Bloomberg Generic Composite Rate for euro against pounds sterling on September 13, 2017 was €1.1116 per £1.00.

	euro per £1.00			
Year	**High**	**Low**	**Average**	**Period end**
2013	1.2343	1.1433	1.1779	1.2041
2014	1.2876	1.1908	1.2410	1.2876
2015	1.4416	1.2743	1.3774	1.3571
2016	1.3654	1.0967	1.2242	1.1731
2017 (through September 13, 2017)	1.1967	1.0790	1.1472	1.1116

Month	**High**	**Low**	**Average**	**Period end**
April 2017	1.1967	1.1655	1.1798	1.1885
May 2017	1.1903	1.1460	1.1690	1.1464
June 2017	1.1551	1.1299	1.1402	1.1398
July 2017	1.1424	1.1142	1.1273	1.1159
August 2017	1.1188	1.0790	1.0963	1.0857
September 2017 (through September 13, 2017)	1.1116	1.0874	1.0975	1.1116

The Bloomberg Generic Composite Rate for U.S. dollars against pounds sterling on September 13, 2017 was $1.3211 per £1.00.

	$ per £1.00			
Year	**High**	**Low**	**Average**	**Period end**
2013	1.6557	1.4867	1.5649	1.6557
2014	1.7166	1.5517	1.6476	1.5577
2015	1.5883	1.4632	1.5285	1.4736
2016	1.4877	1.2123	1.3554	1.2340
2017 (through September 13, 2017)	1.3283	1.2047	1.2713	1.3211

Month	High	Low	Average	Period end
April 2017	1.2951	1.2371	1.2644	1.2951
May 2017	1.3036	1.2804	1.2922	1.2890
June 2017	1.3025	1.2629	1.2813	1.3025
July 2017	1.3215	1.2848	1.2999	1.3215
August 2017	1.3223	1.2800	1.2957	1.2930
September 2017 (through September 13, 2017)	1.3283	1.2931	1.3102	1.3211

Summary

This summary highlights selected information about the Group and about the Offering contained elsewhere in this Offering Memorandum. The following summary is not complete and does not contain all the information you should consider before investing in the Notes. The following summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information included elsewhere in this Offering Memorandum. Before making an investment decision, you should read this entire Offering Memorandum carefully, including the Financial Statements and the notes thereto and the other financial information contained in this Offering Memorandum, as well as the risks described under the heading "Risk Factors." Certain defined terms used herein are defined elsewhere in this Offering Memorandum.

Overview

Viridian is a leading vertically integrated utility active in the energy market across NI and the RoI. The Group's principal activities are diversified across three broad areas: supply (both regulated and unregulated), power generation (renewable wind farms and gas-fired power plants), and renewable supported off-take contracts (primarily through renewable power purchase agreements, or PPAs).

Group activities

Supply

In NI, Viridian participates in the regulated supply of electricity to residential customers through Power NI (with 59% market share for the twelve months ended March 31, 2017) and in the competitive supply of electricity to business customers through Power NI (with a 25% market share among SMEs and a 6% market share among LEUs for the twelve months ended March 31, 2017), serving 513,000 business and residential sites as of June 30, 2017. Through Energia, Viridian also participates in the competitive supply of electricity to business customers in NI (with a 16% market share among SMEs and a 13% market share among LEUs for the twelve months ended March 31, 2017), serving 6,800 business sites as of June 30, 2017.

In the RoI, Viridian participates in the competitive supply of electricity and natural gas to both business and residential customers. For the twelve months ended March 31, 2017, the Group had the second and third largest share of the electricity supply market to SMEs and LEUs, respectively, and, as of June 30, 2017, served 46,600 business sites. For the twelve months ended March 31, 2017, the Group had the third largest share of the gas supply market to SMEs and, as of June 30, 2017, served 4,500 business sites. Furthermore, since the Group's entry into the RoI residential market segment in January 2014, it has steadily grown such that, as of June 30, 2017, its residential customer base was 151,700 sites, including single fuel (electricity or gas) and dual-fuel (electricity and gas) customers.

Power generation

The Group enjoys a balanced generation mix split between renewable wind farm generation and gas-fired thermal generation. Viridian's two Huntstown CCGT plants, which play a system-critical role in ensuring the security of supply to Dublin and the surrounding area, provide an aggregate generation capacity of 747MW. As of June 30, 2017, Viridian's operational owned wind farms had an aggregate generation capacity of 202MW, with plans ultimately to increase this to approximately 300MW through capacity under construction totaling 75MW and capacity in various stages of development totaling 34MW. In addition, the Group retains a minority interest, equivalent to 24MW, in a 104MW portfolio of wind generation assets which it previously developed and divested in 2012. The Group also expects additional project acquisition opportunities in the future above the 300MW portfolio target. The Group's operational owned wind farms are owned by Unrestricted Subsidiaries and are subject to project finance arrangements on a ring-fenced basis, without recourse to the rest of the business. The Group is also exploring opportunities in renewable anaerobic digestion and has recently acquired a 3.6MW development project in Belfast.

Renewable supported off-take contracts

The Group purchases renewable electricity through long-term PPAs with third-party wind farm operators, other generators of renewable energy and its own wind farms. As of June 30, 2017, the Group had PPAs in place in respect of 981MW through its Energia Renewables (PPA) business and 207MW through Power NI. PPAs generally last for a period of 15 years, with an average of approximately 9 years remaining across the Group's contracted portfolio. PPAs provide developers of renewable energy projects with off-take contracts that help them secure financing and bring their projects to completion. In addition, through its Power Procurement Business, or PPB, Viridian manages a legacy 600MW capacity under contract with Ballylumford power plant, in return for a regulated management fee.

Leading diversified Irish utility active in the energy market across Northern Ireland and the RoI

Supply

Northern Ireland

Power NI

- #1 regulated residential electricity supplier

Energia

- Competitive electricity supply to business customers

Republic of Ireland

Energia

- Competitive electricity and gas supply to business customers
- Successful entry into residential market (dual fuel)

Power generation

Wind farms (owned)

- ~300MW capacity operational and under construction

Unrestricted Subsidiaries

Gas-fired power plants (Huntstown 1 & 2)

- Strategically located in the Dublin area
- Ensures security of supply

Offtake contracts

Wind Power Purchase Agreements (PPAs)

- 1.2GW of offtake capacity
- ~30% market share in Irish wind PPAs
- Average remaining life of ~9 years

Power Procurement Business (PPB)

- Regulated management fee to manage the legacy 600MW Ballylumford contract

Restricted Subsidiaries

For the twelve months ended June 30, 2017, Viridian had revenue, Adjusted EBITDA and Restricted Group Adjusted EBITDA of £1,345.6 million, £113.4 million and £105.6 million, respectively.

Group reporting segments

Largely for regulatory reasons, the Group's activities are organized into separate reporting segments aligned by brand: Energia Group (with Energia Renewables (Owned Assets) reporting financial results as a separate segment), Power NI and PPB. The following chart maps the Group's activities to its reporting segments and brands.

	Supply		Power Generation		Offtake contracts	
	Northern Ireland	Republic of Ireland	Renewables	Gas generation	PPAs	PPB
Brands	power ni your kind of energy enErgia SUPPLY	enErgia SUPPLY	enErgia RENEWABLES	enErgia GENERATION	enErgia RENEWABLES power ni your kind of energy	power ni Power Procurement Business

Energia group

Energia Group operates as a vertically integrated energy business with activities covering supply, generation and the purchase of renewable energy through off-take contracts. Through Energia Supply, it is active in the competitive supply of electricity to business and residential customers in the RoI, as well as business customers in Northern Ireland. Energia Supply also supplies natural gas to business and residential customers, principally in the RoI. Energia Group also has a generation portfolio comprising of wholly-owned wind generation assets and its two conventional gas-fired Huntstown CCGT plants. Energia Group's retail electricity supply business is supported by long-term PPA off-take contracts with third-party renewable generators and its own wind farm assets. For the twelve months ended June 30, 2017, Energia Group had revenue and Adjusted EBITDA of £906.5 million and £74.1 million, respectively.

Energia supply

Energia operates an unregulated retail supply business which supplies electricity and natural gas to residential and business customers in the RoI and business customers in NI. Business customers in both jurisdictions include LEU and SME customers. For the twelve months ended March 31, 2017, Energia Supply supplied electricity to 13% of the LEU market and 29% of the SME market and supplied natural gas to 11% of the LEU market and 23% of the SME market in the RoI. In NI, Energia Supply is the fourth largest business electricity supplier by volume with a 16% market share among SMEs and a 13% market share among LEUs for the twelve months ended March 31, 2017. Energia Supply has competed in the RoI residential supply market since January 2014, and since its entry, it has steadily grown to a 6% market share in the residential electricity market for the twelve months ended March 31, 2017.

Additionally, as part of its hedging strategy, Energia Supply undertakes wholesale electricity, natural gas and carbon procurement activities on behalf of Energia Generation and Energia Renewables.

Energia renewables

Energia Renewables benefits from a supportive regulatory regime that provides incentives, such as ROCs in Northern Ireland and REFIT in the RoI, for investments in renewable energy. Renewable energy continues to be a key priority in Northern Ireland and the RoI, with both jurisdictions targeting 40% of electricity generation from renewable sources by 2020. See "*Industry—Generation—Wind Generation—Support for renewable energy.*" Energia Renewables operates through two separate divisions: Energia Renewables (Owned Assets) and Energia Renewables (PPA).

The Energia Renewables (Owned Assets) business generates renewable electricity through wind farm operations, including 202MW of wholly owned operational wind farms, 109MW of wholly owned wind farms under construction or in development, and its 24MW-equivalent minority stake wind farms previously developed and divested in 2012.

The Energia Renewables (PPA) business purchases renewable electricity through PPAs covering 981MW of operating renewable capacity (with contracts in place for an additional 20MW of renewable capacity under construction) as of June 30, 2017. Energia was the first independent electricity supplier to offer off-take contracts to third parties, and its first renewable PPA was signed in 2002. As of June 30, 2017, it represented 25% of the Irish market for wind PPAs, as estimated by management. Energia Renewables (PPA) provides the Group with further access to regulated renewable support mechanisms, with minimal capital requirements and potential upside to the extent of future increases in wholesale power prices (in the case of REFIT, above floor levels) as well as positioning Energia as a "green" supplier and enhancing relationships and presence with key stakeholders within the sector.

Energia generation (Huntstown 1 and 2)

Energia Generation comprises two CCGT plants (Huntstown 1 and Huntstown 2). These have been highly reliable and are modern and efficient plants, and their strategic location in the Dublin area ensures at least one unit is running on most days of the year. Moreover, the Huntstown plants have the technical capacity to provide 13 of 14 system-critical ancillary services, the importance of which has been rising as the penetration of wind power (an intermittent and non-synchronous technology) in Ireland has been increasing. The Huntstown plants have a total combined generation capacity of 747MW, which is able to supply approximately 11% of peak demand on an all-island basis (based on estimated peak demand of approximately 6,700MW). As required by current market regulation, Energia Generation sells the electricity it generates into the all-island single electricity market, or SEM pool, for which it receives energy payments, which are based on the system marginal price, or SMP, as well as certain other payments, such as constraint payments, capacity payments, and payments associated with ancillary services.

Power NI

Power NI is the incumbent electricity supplier in Northern Ireland, supplying electricity primarily to residential customers. While the residential electricity supply market in NI is open to competition, with a 59% market share Power NI is still regarded as the dominant supplier and is therefore subject to regulation. As a regulated business, Power NI is subject to price control which permits it to recover an allowance calculated by reference to its forecasted operating costs at the time of the relevant price control, plus an allowed margin based on a percentage of forecasted regulated revenue. On November 17, 2016, NIAUR confirmed the extension of the existing price control with respect to residential customers to March 31, 2019. In addition, Power NI supplies electricity to certain business customers in the unregulated market, and secures additional revenues through off-take from certain contracted smaller scale renewable PPAs. For the twelve months ended June 30, 2017, Power NI had revenue and Adjusted EBITDA of £337.5 million and £33.7 million, respectively, in each case based on, or after taking into account the adjustments for over/under recovery against, its regulated entitlement.

PPB

Like Power NI, PPB is subject to price control, which entitles it to an allowance (effectively a management fee) for the administration and management of 600MW of contracted generation capacity (as of June 30, 2017) from the Ballylumford power plant in Northern Ireland, an arrangement which has been in place for over 20 years. The Ballylumford contract has been extended until September 2023. For the twelve months ended June 30, 2017, PPB had revenue and Adjusted EBITDA of £115.2 million and £4.4 million, respectively, in each case based on, or after taking into account the adjustments for over/under recovery against, its regulated entitlement.

Competitive strengths

Leading diversified, vertically integrated Irish utility, strategically well-positioned in each segment

Viridian is a leading diversified, vertically integrated utility active in the energy market across NI and the RoI, with no single business unit accounting for more than 35% of the Group's Adjusted EBITDA. Moreover, Viridian's vertically integrated structure (comprising supply activities as well as both renewable and thermal electricity generation) provides a natural hedge against volatility in wholesale electricity prices to the extent that the dispatch of the Huntstown plants and the expected generation of the renewable generation portfolio offsets exposure to retail supply contracts sold.

The Group enjoys strong strategic positioning in each of its business segments, with revenue generation in each underpinned by one or more of: regulatory support, pro-renewable energy policies, a contracted nature, or a comparative / structural advantage.

Leading diversified Irish utility strategically well-positioned in each segment

	Supply		Power generation		Offtake contracts	
	Northern Ireland	Republic of Ireland	Renewables	Gas generation	PPAs	PPB
Brands	power ni your kind of energy; energia SUPPLY	energia SUPPLY	energia RENEWABLES	energia GENERATION	power ni your kind of energy; energia RENEWABLES	power ni Power Procurement Business
Market Context and Viridian's Positioning	Power NI **Regulated** • Price control due to market share (Incumbent No.1 in residential) • Well-positioned for regulatory developments in the market (efficient operations, strong brand) Energia Supply **Comparative / structural advantage** • Strong positions in deregulated (business) segment	**Comparative / structural advantage** • Strong positions in a liberalised & de-regulated market	**Renewable Supports** • Government target for renewables (40% of electricity by 2020) • Renewables support mechanisms in place (REFIT/ROC in RoI and NI, respectively) • 100% of owned renewables portfolio "grandfathered" (REFIT to 2032, ROC to 2037) Unrestricted Subsidiaries	**Comparative / structural advantage** • "Structural" support for CCGTs earnings based on location: – Proximity to Dublin, overall network constraints, plants frequently dispatched regardless of merit order – Locational constraints likely to ensure capacity payments support in the future – Ancillary services increasingly important in the context of wind penetration and ensuring security of supply	**Contracted** • Viridian has a 30% market share in all-island PPAs • 9yr average remaining life • Contracts underpinned by renewables support mechanisms (REFIT/ROC in RoI and NI, respectively)	**Contracted** • Regulated management fee • Contract recently extended to Sep-2023

Strong, sustainable supply business with market leading positions

Viridian has leading market positions in electricity and natural gas supply across Ireland. In Northern Ireland, for the twelve months ended March 31, 2017, Power NI had a 59% share of the residential supply market. In the NI business supply market, Viridian was the third largest supplier to the LEU market with a market share of 19%, when aggregating its Energia and Power NI businesses, and the largest supplier to the SME market with a market share of 41% when aggregating its Energia and Power NI businesses.

Although the market share of Power NI across all customer classes has fallen since liberalization, its EBITDA contribution has remained stable, underpinned by the form of Power NI's current price control, which runs to March 31, 2019, and fixes 70% of its regulated allowance with the remainder variable based on customer numbers, thus limiting the impact of customer attrition on Power NI's results. The Group believes Power NI is well-positioned for the future, irrespective of the continuation of its regulated status, as its efficient operations, strong brand awareness and excellent customer service represent significant competitive advantages vis-à-vis other players in the market. While the NI residential supply market has been open to competition since 2007, when Power NI held 100% of the market, Power NI has been able to maintain its competitive advantages and retain strong market shares into recent years, with 59%, 64% and 68% market share in the years ended March 31, 2017, 2016 and 2015, respectively. According to analysis produced for the Group in October 2015, Power NI's cost to serve per residential customer of £25 and per business customer of £127, is significantly lower than the average for the six largest suppliers in Great Britain at £75 and £300, respectively. In addition, according to a survey conducted by Millward Brown Ulster in July 2017, Power NI is perceived as the leading energy company in NI by 66% of respondents and the most trusted electricity supply company by 61% of respondents.

Power NI generates further revenues through its strong presence in the deregulated business customer segment of the market and through certain smaller scale contracted renewable PPAs, which have represented and, the Group believes, will continue to be an attractive avenue for further diversified growth.

In the RoI, for the twelve months ended March 31, 2017, Energia had 13% and 29% market shares, by volume of the LEU and SME business electricity supply segments, respectively, and

11% and 23% shares of the LEU and SME natural gas supply segments, respectively, making Energia the second largest electricity and gas supplier to business customers by volume. Energia has a diversified customer base, with a particular focus on single- and multi-site SMEs, which represent the most profitable market segment.

In January 2014, Energia entered the RoI residential supply market, and the Group believes it is positioned as the price-leading dual-fuel provider, in a strategy to utilize synergistically the low cost-to-serve billing and customer service platform of Power NI. Since its entry, Energia has observed a measured ramp-up of operations, with steady growth in every quarter, serving 151,700 residential sites as of June 30, 2017, including single fuel (electricity or gas) and dual-fuel (electricity and gas) customers. For the twelve months ended March 31, 2017, Energia held a 6% share of the RoI residential electricity market and 6% share of the residential gas supply market. The growth was executed in a profitable manner, achieving break-even during Fiscal Year 2016, with an Adjusted EBITDA of £4.4 million in Fiscal Year 2017.

System-critical gas generation with increasing locational value

Huntstown 1 and 2 are modern and flexible CCGT plants, benefitting from high efficiency and low CO_2 emissions, as well as a strategic location on the outskirts of Dublin. Dublin and the surrounding area represents the highest concentration of customer demand in Ireland, which is expected to grow significantly in the coming years in the context of general macroeconomic growth as well as the significant expansion in data centers that is projected for the Dublin region. The Dublin area is also presently characterized by a high level of electricity system constraints. Such system constraints include, for example, voltage control, in which generation is required in a particular area of the electrical system to support local voltage, or load flow control, in which generation is required to enable the efficient flow of electricity.

Viridian's plants are critical to the security of energy supply and system stability in Dublin and the surrounding area due to existing electricity system constraints, and as such receive energy payments not only based on the SMP set on the basis of an "unconstrained" ("in merit") dispatch (i.e., when no restriction is imposed by the system operator on the ability of a generator to dispatch electricity, or physical limitations on dispatching such electricity exist), but also constraint payments, designed to compensate the plants when they get dispatched "out of merit." Viridian's CCGTs are frequently dispatched "out of merit", and at any time, at least one of the plants is typically running on a "constrained" basis to ensure system stability. See "*Industry—Generation—Network Infrastructure, Constraints and Curtailment.*"

The Huntstown plants also receive capacity payments under the Capacity Payment Mechanism, or CPM, based on the generation capacity it makes available to the SEM. The CPM was established by the regulatory authorities as part of the SEM design to provide an incentive to generators to invest in building and maintaining generation capacity. See "*Industry—The All-Island Single Electricity Market—The Existing Single Electricity Market—The Capacity Payment Mechanism*." Historically, capacity payments have been based on a capacity pot fixed yearly by the regulator and split among generators based on their respective availability levels. Huntstown 1 and Huntstown 2 are modern CCGT plants and the Group believes are among the most reliable conventional plants in Ireland, as evidenced by their high availability levels since being commissioned, with Huntstown 1 achieving a historical average availability of approximately 95% between the 2003 and 2017 Fiscal Years and Huntstown 2 achieving a historical average availability of approximately 95% between the 2008 and 2017 Fiscal Years, each according to management estimates. Although the capacity remuneration mechanism is expected to change under the new electricity market design under I-SEM (see "*Industry—The All-Island Single Electricity Market—The Integrated Single Electricity Market—Capacity Remuneration Mechanism*"), the Group believes Huntstown 1 and 2 will continue to benefit from support under the new regime due to their system-critical role in alleviating the localized constraints in the Dublin area.

In addition, as flexible and responsive generators, Huntstown 1 and 2 receive certain payments in return for the provision to the system operator of ancillary services necessary for the secure operation and restoration of the electricity system. These services (including operating reserve, reactive power and black start) are becoming particularly important as wind penetration increases in the Irish energy market, with at least 5.2GW of wind generation capacity expected to be connected to the grid by 2020. Wind is an intermittent and non-synchronous technology, and power demand in Ireland varies throughout both the day and the year, giving rise to transmission system supply and frequency imbalances. To address system security arising from increasing wind penetration, the system operator has established a multi-year program called "Delivering a Secure, Sustainable Electricity System" ("DS3"), with an annual budget cap relating to ancillary services increasing from €75 million in 2016 to up to €235 million by 2020. Viridian's CCGTs have the technical capability to provide 13 of the 14 ancillary services required under DS3, meaning they are well-positioned to potentially benefit from the material increase in the annual budget cap relating to ancillary services.

Successfully executed build-out of wind portfolio, with substantial run-rate contribution

The island of Ireland enjoys some of the best wind resources in Europe. Both the RoI and NI have established a target of sourcing 40% of electricity from renewable sources by 2020. This, if achieved through wind, would be expected to require an increase in installed capacity from 3.3GW in 2016 (2.5GW and 0.8GW for RoI and NI, respectively) to at least 5.2GW by 2020 (3.9GW and 1.3GW for the RoI and NI, respectively).

In light of this, and as a strategy to diversify towards a more balanced and sustainable generation fuel mix, including gas and wind technologies, Viridian, through its Energia Renewables (Owned Assets) business, has accelerated the build-out of its wind farm portfolio. Its operational owned wind farm capacity has increased from 9MW as of March 31, 2014 to 202MW as of June 30, 2017, representing approximately 67% of the Group's target portfolio of approximately 300MW. The Group currently has 75MW of capacity under construction which has been substantially de-risked, with 21MW having achieved financial close as of June 30, 2017 and a further 36MW having achieved financial close in September 2017. The cumulative investment in wind farms made by Energia Renewables (Owned Assets) over the last three Fiscal Years amounts to £219.2 million. In addition, the Group has a strong presence in the renewables market as a PPA provider to third party wind farms, with 1.2GW of capacity contracted.

The EBITDA contribution of Energia Renewables (Owned Assets) was £4.9 million for Fiscal Year 2017. However, this does not reflect full year contribution from the capacity existing as of March 31, 2017, as 168MW of capacity only became operational between February and April 2017 and had the current fully operational portfolio of 202MW been in place for the full Fiscal Year 2017, EBITDA contribution would have been substantially higher. The Group expects such run-rate contributions, coupled with the relatively limited amount of remaining investment, to result in substantial distribution opportunities to the Restricted Group going forward.

Resilient earnings with very high levels of cash conversion

Notwithstanding volatile economic conditions and energy markets in recent years, the Group has been able to deliver stable earnings and strong cash flow generation, underpinned by the natural hedge of a vertically integrated utility, the diversified nature of the business and its regulated or quasi-regulated characteristics.

Over the last three Fiscal Years, Restricted Group Adjusted EBITDA has averaged £99.3 million, and due to the low maintenance capital expenditure requirements of the Restricted Group, the Restricted Group's cash conversion (defined as Restricted Group Adjusted EBITDA less capital expenditure, divided by Restricted Group Adjusted EBITDA), excluding capital expenditure on renewables (owned assets), has averaged 93%.

This strong performance has historically also benefitted from the low bad-debt levels in the supply businesses. For Fiscal Year 2017, bad debt to revenue ratio was 0.3% for Energia Supply and 0.4% for Power NI. This was achieved through proactive credit management, including a focus on creditworthiness at the time of customer acquisition, and the use of pre-paid keypads and direct debit plans. For Fiscal Year 2017, approximately 31% of Power NI's customers paid using pre-paid keypads and direct debit payment plans covered approximately 87% and 37% of Energia's and Power NI's customers, respectively. In addition, Energia further mitigates the effect of customers defaulting by using credit insurance in respect of certain customers.

Strong management team, with deep knowledge of the Irish energy market, and committed shareholders

The collective industry knowledge and leadership of the Group's management team combined with their record of accomplishment in responding to economic conditions and evolving market dynamics are key assets to the business. The members of the management team have an average of 21 years of experience with the Group and an average of 22 years of experience in the energy industry. The Group believes that the team is highly regarded throughout the industry, has excellent relationships with regulators and government departments, maintains active representation on several electricity and gas industry organizations in Ireland, enhancing insight into and influence on ongoing market consultations, and has been directly involved in the strategic development of the energy markets in which the Group operates.

The team has a proven track record of consistently delivering superior performance and successfully completing growth strategy projects, such as the substantially complete build-out of the Group's owned wind portfolio, including the securing of dedicated, commercially favorable project financing with an aggregate £232.4 million of indebtedness outstanding under project finance bank loan facilities as at June 30, 2017 for these ring-fenced assets, and the successful entry into the retail residential supply market in the RoI, delivering steady, profitable growth in line with expectations.

The Group also benefits from its ownership by I Squared Capital Funds, an investor focusing on infrastructure, including the energy and utility sectors. I Squared Capital has extensive experience and expertise in developing and operating energy and utility businesses across the globe, and provides the Group with management experience and technical support. I Squared Capital is committed to implementing sustainable operational improvements through optimization of cost structures, and providing management teams with the flexibility to prudently manage cash flows.

Strategy

The Group's strategy is to leverage its vertically integrated business model as a leading diversified Irish energy utility and to focus on maintaining and enhancing the quality of earnings from its generation and supply businesses while continuing to deliver sustainable growth.

Improve profitability and maintain stable cash flows

Management seeks to capture available margin and cash flows arising in all parts of the value chain in the Group's business, both regulated and unregulated. The Group intends to continue to ensure high cash conversion through the consistent delivery of earnings and the ongoing management of maintenance capital expenditure with the average cash conversion over the three years from April 1, 2014 to March 31, 2017 at 93%. The Group has renegotiated the original maintenance contracts for the Huntstown plants so that the associated costs for Huntstown 1 plant are aligned to outages based on operating hours and associated costs for Huntstown 2 plant are variable in relation to operating hours. This allows the maintenance costs to be recovered as a marginal cost of generation in the Irish electricity market.

Furthermore, the Group plans to extend its track record of synergistic deployment of resources across its businesses. For example, the Group benefits from operational synergies between gas and renewable generation, using engineering and management expertise from the established conventional generation business to oversee operations and maintenance in the growing renewable asset portfolio. This has enhanced performance in a cost-effective manner. Within the supply businesses, the Group leveraged Power NI's billing system and mass market operational expertise in the residential retail market when planning and executing its entry into the competitive RoI residential supply market, resulting in a low cost market entry and competitive cost to serve.

Finally, the Group plans to further optimize its naturally hedged position arising from its vertically integrated structure. Within the Energia Group, management intends to continue to optimize its wholesale portfolio and its complementary positions in supply and generation to ensure stability of earnings and improve profitability. For example, Energia's predictable gas demand from its retail customer base allows it to negotiate competitive contracts from gas suppliers supplying gas to the Huntstown plants. The customer base also allows the cost of capacity purchased on the gas transmission network to be optimized with the Huntstown plants making Energia's customer offerings more cost competitive.

Support the predictability of the Group's earnings through the diversity of contracted and structurally supported revenue streams

The Group aims to continue delivering excellent performance against price controls for Power NI and PPB for the mutual benefit of the regulated businesses and customers. For example, Power NI, having already achieved approximately £3 million of annual benefits stemming from operational cost efficiencies, will share the efficiency gains with customers through the period of its new price control from April 1, 2017 to March 31, 2019.

PPB is incentivized to maximize the benefit of the long term PPAs it manages for customers, with its contract at Ballylumford recently extended to 2023. PPB has returned £12.5 million to customers over the last three years under the gain sharing agreement set out in PPB's price control. This goes towards reducing the PSO levy charged to customers. See "*Risk Factors—Risks Related to Our Business—PPB's contracts may be terminated by the NIAUR, which may adversely affect our results*."

Having delivered a current operational portfolio of 202MW of renewable wind generation, the Group also expects to complete the delivery of additional windfarm projects, with a target portfolio of 300MW of wind capacity. This will enable the Group to avail of the valuable government-backed support mechanisms, such as ROCs and REFIT, which are provided to renewable energy generators. With the build out of the Group's own wind portfolio (outside the Restricted Group) and the closure of the ROC scheme accelerating renewable build out from third party developers, the Group expects an increased contribution from a growing long term PPA portfolio supported by ROCs and REFIT.

The Group expects to maintain high availability levels for the system-critical Huntstown CCGT plants located on the outskirts of Dublin. The Group has recently reduced the minimum stable generation of each plant, thereby increasing the operational range of the Huntstown plants. The Group believes that the high availability combined with a lower minimum generation increases the attractiveness of the Huntstown plants to the TSO, allowing it to use the plants to accommodate a broader range of variability in wind generation.

The Group will also seek new sources of contracted, supported and/or regulated revenues, such as enhanced earnings potential for ancillary services under DS3. The budget cap for ancillary services is expected to rise from €75 million per year in 2016 to €235 million by 2020, as grid stabilization becomes more pressing with the increasing penetration of wind power. The Group's Huntstown plants have the ability to supply 13 out of 14 DS3 ancillary services, which positions these plants favorably to participate in that revenue stream.

Focus on profitable customer retention, enhance product offerings and look for opportunities to diversify Viridian's customer base

Viridian seeks to sustain a robust and profitable market share through the entrenched position of its supply businesses. The Group acquires and retains profitable customers through the provision of complementary services, which also has the effect of increasing brand awareness, reducing churn and mitigating price competition. This is intended to allow the Group to compete other than on price alone, thus aiming to preserve Group margins. The Group offers additional products and services to residential customers, beyond core electricity and gas supply, in the areas of energy efficiency, boiler maintenance and insurance, which help differentiate the Group's offerings and, the Group believes, brings value and convenience to customers. The Group offers energy efficiency consulting services to business customers throughout Ireland, and operates a dedicated key account management service for large consumption customers and a sales agent channel for smaller customers.

In order to enhance offerings in the supply businesses, the Group supports and is actively participating in the plans for a smart meter roll out in the RoI and the development of the "connected home" which integrates smart meters with digital controls over home energy systems such as heating, lighting and major appliances. In Northern Ireland, the Group supplied 47% of overall residential keypad customers as at March 31, 2017 and offers a range of online billing and consumption monitoring services tailored to meet customer requirements. Furthermore, for customers who have installed micro-renewables, such as solar panels, on their own premises, the Group provides access to the market.

Going forward, the Group intends to continue to build its knowledge about its customers through customer interactions and data analytics, proactively retaining customers through product offerings and rewards. For example, the Power NI Perks program allows customers to access exclusive savings on a range of products through its energy online portal; while Energia has a similar scheme for its customer base through Energia Extra which allows customers to access savings on a range of products and allow Energia's business customers to market their products to Energia's customer base. The Group will also focus on maintaining its excellent customer service proposition to improve efficiency and in an effort to foster customer loyalty.

The Group will continue its focus on maintaining a low level of customer debt compared to industry peers. The figure for bad debts for all of the Group's supply businesses in aggregate for the year ended March 31, 2017 was less than 0.5% of turnover. This has been achieved through a thorough debt management process, including debt checking potential customers and by using prepayment meters as a debt management tool.

Build upon the Viridian platform to realize complementary growth opportunities accretive to earnings

Management's continued focus on consistently achieving a high conversion rate of earnings to cash both enables the Group to maintain a prudent capital structure and underpins the potential to capitalize on growth opportunities which are value enhancing through earnings accretion, enhancing the business risk profile, and/or which are otherwise complementary to current operations in supply and generation. Two particular areas of opportunity for near-term growth are expansion of renewables and growth in retail supply.

Continue to drive growth through expansion in renewables

Government targets continue to support Viridian's expansion in the renewables sector in Ireland and facilitate the Group's objective to achieve a balanced and sustainable generation mix with an increasing emphasis on clean energy. This offers the opportunity further to diversify the Group's asset base with investments backed by contracted, government-backed renewable support mechanisms.

The Group has a proven renewable energy development and operational platform, with 202MW of owned wind generation capacity, 75MW under construction and 34 MW in development, in each case as of June 30, 2017. The Group is well-positioned to reach its target of 300MW of wind generation capacity in the immediate future, and to take advantage of further medium-term growth opportunities in the broader Irish renewables market. These may include opportunistic acquisitions of development projects, facilitated by a strong presence in the market as a PPA provider with 1.2GW of capacity contracted, as well as by the Group's relationships with developers and its track record of successfully bringing projects into operation. Viridian also expects to deploy its development and operational expertise to target other onshore wind opportunities which arise, and pursue the development of other renewable technologies which are less mature in Ireland, such as anaerobic digestion.

Continue profitable growth in retail

Viridian will continue to pursue growth in the retail sector through which it can leverage the operational excellence of its existing retail businesses. The Group believes it can gain an advantage through its competitive cost to serve compared to the six largest suppliers in Great Britain.

Specifically, Viridian aims to continue growing its residential retail market presence in the RoI, based on a medium term target of signing up 250,000 retail customer sites, having signed up 151,700 by June 30, 2017 after entering the market in 2014. The Group will also seek to enhance its offerings in the deregulated business sector in Northern Ireland through the incumbent Power NI brand. Finally, the Group will investigate other opportunities which may become available to grow sustainably in retail in Ireland, and through targeted entry into the GB market in circumstances consistent with its objective to enhance the overall business risk profile.

Maintain active engagement with regulators and key lobby groups

Viridian will continue to engage actively with regulators, government departments and customer representatives in order to promote constructive outcomes which are positive both for the Group's businesses and for customers. The Group has longstanding relationships with regulatory bodies such as CER and NIAUR and their relevant sponsoring government departments, and engages with these bodies on matters of regulation, competition, price and service. The Group actively participates in the regulatory process with the goal of encouraging fair and practical measures.

Management will continue its very active engagement with and participation in the regulatory process to implement I-SEM in 2018 in an effort to help ensure the interests of the Group are protected. Objectives include: (i) the promotion of increased liquidity in the I-SEM; (ii) the participation of wind and the alignment with renewable support mechanisms within I-SEM; and (iii) the achievement of an appropriate remuneration for the Group's system-critical and locationally favored generation assets from the multiple income streams which will be available under I-SEM, including appropriate payments under the capacity remuneration mechanism, the targeted contract mechanism and enhanced ancillary services payments under DS3. See "*Industry—The All-Island Single Electricty Market—The Integrated Single Electricity Market*."

The Group's engagement in the regulatory process in connection with the new I-SEM market will be complemented by its transitional change program to ensure operational readiness for the evolution of the market. Viridian is on track to build the systems needed to enable participation in the new market and its trading teams will have the capability to proactively engage with the opportunities presented by the new market, for example through increased liquidity.

Viridian also maintains membership in key industry groups, including Confederation of British Industry, Irish Business and Employers Confederation, Irish Wind Energy Association, Economic Social Research Institute, Electricity Association of Ireland, and was a founding member of Energy Savings Trust. The Group uses its membership within industry groups to pursue renewable support schemes that benefit owners and customers alike, as well as to engage on other regulatory and market matters.

The Issuers

The UK Issuer is a public limited company incorporated under the laws of Northern Ireland on August 14, 2017 for the purpose of issuing the Notes, with its registered office at Greenwood House, 64 Newforge Lane, Belfast, BT9 5NF. The UK Issuer is registered with the Companies House under the number NI647432.

The RoI Issuer is a designated activity company limited by shares incorporated under the laws of the Republic of Ireland with its registered office at Mill House, Ashtowngate, Navan Road, Dublin 15. The RoI Issuer was originally incorporated as a limited company on August 1, 2007 and was subsequently converted to a designated activity company limited by shares on August 31, 2017. The RoI Issuer is registered with the Companies Registration Office under the number 444149.

Each series of Notes will be jointly issued by both of the Issuers; accordingly, the Notes will be joint and several obligations of the Issuers. The UK Issuer will receive the net proceeds of the offering of the Sterling Notes and the RoI Issuer will receive the net proceeds of the Euro Notes. As a result, without limiting the joint and several liability of the Issuers to make payments on the Notes, for accounting purposes the UK Issuer will be considered to be the primary obligor on the Sterling Notes and the RoI Issuer will be considered to be the primary obligor on the Euro Notes.

The Transactions

The Transactions consist of the following:

- the issuance by the Issuers of €600 million (equivalent) aggregate principal amount of Notes offered hereby;
- the entry into the Revolving Credit Facility and the discharge and termination of the Existing Revolving Credit Facility;
- the 103% Redemption;
- the Redemption;
- the settlement of forward currency exchange contracts in connection with the Existing Notes;
- payment of the TopCo Dividend; and
- the payment of costs, fees and expenses in connection with the foregoing transactions, including the fees and expenses to be incurred in connection with the Offering.

For descriptions of the Group's current and anticipated indebtedness following the Refinancing, see "*Description of Other Indebtedness*" and "*Capitalization*."

Recent developments

103% redemption

On August 29, 2017, in anticipation of the offering of the Notes, the Group redeemed €60 million in aggregate principal amount (representing 10% of the original principal amount) of the Existing Notes at par plus the applicable redemption premium of 3% plus accrued interest at a total cost of €64.0 million (or £57.7 million equivalent).

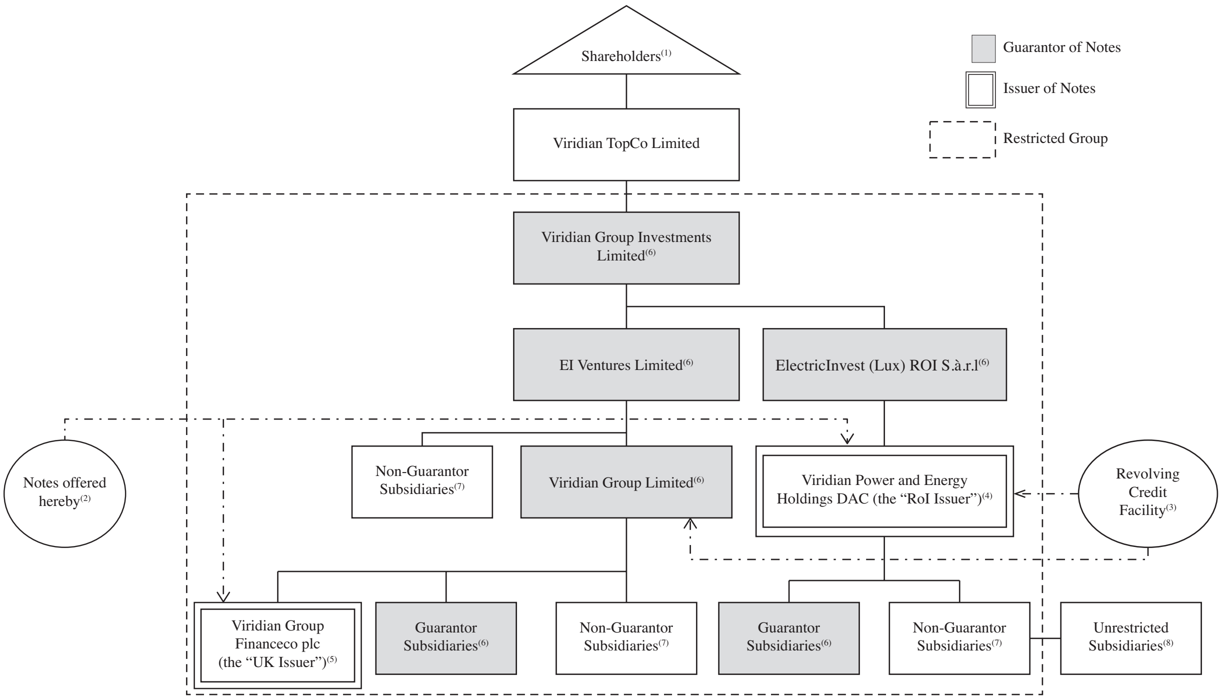
Principal shareholder

I Squared Capital Advisors is an independent investment advisor registered with the United States Securities and Exchange Commission with over 80 professionals based in New York, Houston, London, New Delhi, Singapore, and Hong Kong. I Squared Capital Advisors specializes in infrastructure investments providing managerial expertise and technical support to its businesses, with over $6 billion of assets under management in the energy, utilities, and transport sectors in the U.S., Europe, and select high-growth economies including China, India, and Latin America.

Viridian represents I Squared Capital Funds' largest investment in Europe, and is being managed in line with I Squared Capital Advisors' investment philosophy of being a responsible infrastructure investor focusing on strong operational value creation, proprietary risk methodology, and downside protection. I Squared Capital Advisors' prudent approach to financial policy was most notably evidenced by the full repayment with new equity of the £149 million balance outstanding on a junior PIK facility outstanding at the time I Squared Capital Funds acquired Viridian.

Summary corporate and financing structure

The diagram below illustrates, in simplified form, the Group's corporate and financing structure after giving effect to the Transactions as described in "*Summary—The Transactions*." The diagram does not include all entities in the Group, nor all of the debt obligations thereof. For more details on the debt obligations identified in this diagram, see "*Capitalization*," "*Description of Other Indebtedness*" and "*Description of the Notes*."



(1) I Squared Capital controls 89.7% of the voting rights attaching to the Company's shares pursuant to the terms of its co-investment agreement with, among others, Atrf Inf (Neb) Ltd., Pensionskassen for Socialrådgivere, Socialpædagoger og Kontorpersonale (The Danish Social Workers, Social Pedagogues and Office Staff Pension Fund) and Lancashire County Council. See "*Principal Shareholders*."

(2) The Notes will be senior obligations of each Issuer and will rank *pari passu* in right of payment with all other existing and future senior debt of each Issuer. The Group intends to use the gross proceeds of the Offering, together with amounts received in relation to the settlement of certain forward currency exchange contracts and cash on hand to complete the Transactions by (i) redeeming the Remaining Existing Notes (including the applicable redemption premium and accrued but unpaid interest), (ii) paying the TopCo Dividend and (iii) paying costs, expenses and fees in connection with the Transactions. The Transactions comprise the 103% Redemption which occured on August 29, 2017, the offering of the Notes and the use of proceeds therefrom, and the payment of the TopCo Dividend. See "*Use of Proceeds*."

(3) The Group entered into the Revolving Credit Facility Agreement on September 13, 2017. The Revolving Credit Facility will provide for revolving commitments of up to £225.0 million, including a £75.0 million sub-limit applicable to cash loans. The Revolving Credit Facility may be used for general working capital and other corporate purposes and will, the Group anticipates, primarily be used for letters of credit and bank guarantees (including by way of ancillary facilities on a bilateral basis with individual lenders, using such lenders' revolving facility commitments). The original borrowers under the Revolving Credit Facility (including ancillary facilities) are Viridian Group Limited and the RoI Issuer. The Revolving Credit Facility will be guaranteed by the UK Issuer and the Guarantors and, on or about the Issue Date, will be secured by first priority security interests over the Collateral. Under the terms of the Intercreditor Agreement, in the event of an enforcement of the Collateral, the holders of the Notes will receive proceeds from such Collateral only after the lenders under the Revolving Credit Facility, counterparties to certain hedging agreements and lenders or creditors under certain other indebtedness, if any, permitted to be incurred on a priority basis with respect to the proceeds from the enforcement of the Collateral under the Indenture (subject to the Intercreditor Agreement) have been repaid in full. As at June 30, 2017, the Group had no loans outstanding and £90.0 million of letters of credit outstanding under ancillary facilities made available pursuant to the Existing Revolving Credit Facility. On the Issue Date, the Group expects to have no loans outstanding under the Revolving Credit Facility and to roll over its existing letters of credit into new ancillary facilities. See "*Description of Other Indebtedness—Revolving Credit Facility Agreement*."

(4) The RoI Issuer is a designated activity company limited by shares incorporated under the laws of the Republic of Ireland with its registered office at Mill House, Ashtowngate, Navan Road, Dublin 15. The RoI Issuer was originally incorporated as a limited company on August 1, 2007 and was subsequently converted to a designated activity company on August 31, 2017. The RoI Issuer is registered with the Companies Registration Office under the number 444149. Each series of Notes will be jointly issued by both of the Issuers; accordingly, the Notes will be joint and several obligations of the Issuers. The UK Issuer will receive the net proceeds of the offering of the Sterling Notes and the RoI Issuer will receive the net proceeds of the Euro Notes. As a result, without limiting the joint and several liability of the Issuers to make payments on the Notes, for accounting purposes the UK Issuer will be considered to be the primary obligor on the Sterling Notes and the RoI Issuer will be considered to be the primary obligor on the Euro Notes.

(5) The UK Issuer is a public limited company incorporated under the laws of Northern Ireland on August 14, 2017 for the purpose of issuing the Notes, with its registered office in Belfast. The UK Issuer is registered with the Companies House under the number NI647432. The UK Issuer's registered office address is Greenwood House, 64 Newforge Lane, Belfast, BT9 5NF. Each series of Notes will be jointly issued by both of the Issuers; accordingly, the Notes will be joint and several obligations of the Issuers. The UK Issuer will receive the net proceeds of the offering of the Sterling Notes and the RoI Issuer will receive the net proceeds of the Euro Notes. As a result, without limiting the joint and several liability of the Issuers to make payments on the Notes, for accounting purposes the UK Issuer will be considered to be the primary obligor on the Sterling Notes and the RoI Issuer will be considered to be the primary obligor on the Euro Notes.

(6) The Notes will be guaranteed on a senior basis by the Company and certain of its direct and indirect subsidiaries. The validity and enforceability of the Guarantees and the liability of each Guarantor will be subject to the limitations described in "*Limitations on Validity and Enforceability of Guarantees and Security*." The Guarantees may be released under certain circumstances. See "*Description of the Notes—Note Guarantees—Releases of Note Guarantees*." For the twelve months ended June 30, 2017, the Issuers and the Guarantors generated 55% of the Group's consolidated Adjusted EBITDA (excluding all intra-group items except the allocations of inter-company costs from the Huntstown plants and the inter-company PPA revenue from the Unrestricted Subsidiaries) and as at June 30, 2017 held 54% of the Group's consolidated total assets (excluding Consolidation Adjustments). For the twelve months ended June 30, 2017, excluding Unrestricted Subsidiaries, the Guarantors generated 60% of the Group's Adjusted EBITDA (excluding all intra-group items except the allocations of inter-company costs from the Huntstown plants and the inter-company PPA revenue from the Unrestricted Subsidiaries), and as at June 30, 2017 held 83% of its consolidated total assets (excluding Consolidation Adjustments). For the twelve months ended June 30, 2017, excluding Unrestricted Subsidiaries and Power NI (which is not permitted to guarantee the Notes for regulatory reasons), the Guarantors generated 99% of the Group's Adjusted EBITDA (excluding all intra-group items except the allocations of inter-company costs from the Huntstown plants and the inter-company PPA revenue from the Unrestricted Subsidiaries), and as at June 30, 2017 held 98% of its consolidated total assets (excluding Consolidation Adjustments).

The Notes and the Guarantees thereof will be secured on a first priority basis by the Collateral. Under the terms of the Intercreditor Agreement, in the event of an enforcement of the Collateral, the holders of the Notes will receive proceeds from the Collateral only after the lenders under the Revolving Credit Facility, counterparties to certain hedging agreements and lenders or creditors under certain other indebtedness, if any, permitted to be incurred on a priority basis with respect to the proceeds from the enforcement of the Collateral under the Indenture (subject to the Intercreditor Agreement) have been repaid in full. The Guarantors' obligations in respect of the Notes may be released in certain circumstances. In addition, the security interests in the Collateral may be released under certain circumstances. See "*Risk Factors—Risks Related to the Notes*," "*Description of Other Indebtedness—Intercreditor Agreement*" and "*Description of the Notes—Security*."

(7) Consists of immaterial subsidiaries and Power NI Energy Limited, which is not permitted to guarantee the Notes for regulatory reasons.

(8) The following renewable asset and renewable development companies will be Unrestricted Subsidiaries under the Indenture: Viridian Renewables Company 4 Limited and its subsidiaries Wheelhouse Energy (NI) Limited and Cornavarrow Windfarm Ltd, (ii) Clondermot Wind Limited, (iii) Thornog Windfarm Ltd, (iv) Viridian Renewables Company 3 Limited and its subsidiaries: Eshmore Ltd, Long Mountain Wind Farm Limited, Mosslee Limited, Gortfinbar Windfarm Limited, Altamuskin Windfarm Limited, (v) Slieveglass Wind Farm Limited, (vi) Teiges Mountain Wind Farm Limited, (vii) Lisglass Wind Ltd, (viii) Eshmore Wind Limited, (ix) Holyford Windfarm Limited and (x) Windgeneration Ireland Limited.

Each Unrestricted Subsidiary will not guarantee the Notes and will not be subject to the restrictive covenants contained in the Indenture. As at June 30, 2017, the Unrestricted Subsidiaries held 35% of the Group's consolidated total assets (excluding Consolidation Adjustments) and had an aggregate £232.4 million of indebtedness outstanding under project finance bank loan facilities, which are secured on a non-recourse basis over the assets and shares of the specific project finance companies that are party to each respective facility. See "*Description of Other Indebtedness—Non-Recourse Project Finance Facilities*."

The Offering

The following is a brief summary of certain terms of the Offering. It is not intended to be complete and it is subject to important limitations and exceptions. For a more complete understanding of the Notes and the Guarantees, including certain definitions of terms used in this summary, please see "*Description of Other Indebtedness—Intercreditor Agreement*" and "*Description of the Notes.*"

Issuers:	
UK Issuer:	Viridian Group FinanceCo PLC, a public limited company incorporated under the laws of Northern Ireland with registered number NI647432.
RoI Issuer:	Viridian Power and Energy Holdings DAC, a designated activity company limited by shares incorporated under the laws of the Republic of Ireland with registered number 444149.
Notes Offered:	€600 million (equivalent) aggregate principal amount of Senior Secured Notes, comprising of: • £225 million aggregate principal amount of 4.75% Senior Secured Notes due 2024 (the "Sterling Notes"); and • €350 million aggregate principal amount of 4.00% Senior Secured Notes due 2025 (the "Euro Notes" and, together with the Sterling Notes, the "Notes"). Each series of Notes will be jointly issued by both of the Issuers; accordingly, the Notes will be joint and several obligations of the Issuers. The UK Issuer will receive the net proceeds of the offering of the Sterling Notes and the RoI Issuer will receive the net proceeds of the Euro Notes. As a result, without limiting the joint and several liability of the Issuers to make payments on the Notes, for accounting purposes the UK Issuer will be considered to be the primary obligor on the Sterling Notes and the RoI Issuer will be considered to be the primary obligor on the Euro Notes.
Issue Date:	September 25, 2017.
Issue Price:	
Sterling Notes	100.000% plus accrued and unpaid interest, if any, from the Issue Date.
Euro Notes	100.000% plus accrued and unpaid interest, if any, from the Issue Date.
Maturity Date:	
Sterling Notes	September 15, 2024.
Euro Notes	September 15, 2025.
Interest Payment Dates:	Semi-annually in arrears on each March 15 and September 15, commencing on March 15, 2018. Interest will accrue from the Issue Date.

Denomination:	
Sterling Notes	The Issuers will issue each Sterling Note in global form in minimum denominations of £100,000 and in integral multiples of £1,000 in excess thereof maintained in book-entry form.
Euro Notes	The Issuers will issue each Euro Note in global form in minimum denominations of €100,000 and integral multiples of €1,000 in excess thereof maintained in book-entry form.
Ranking of the Notes:	The Notes will be general senior obligations of each Issuer and will: • rank *pari passu* in right of payment with each Issuer's existing and future obligations that are not expressly subordinated in right of payment to the Notes, including indebtedness incurred under the Revolving Credit Facility and certain hedging obligations; • be senior in right of payment to each Issuer's existing and future obligations that are expressly subordinated in right of payment to the Notes; • be effectively subordinated to each Issuer's existing and future obligations that are secured by property or assets that do not secure the Notes, to the extent of the value of the property and assets securing such obligations; • be secured by the Collateral as described further under "*—Security*" below; and • be structurally subordinated to all existing and future obligations of the non-Guarantor subsidiaries of the Company.
Guarantees:	The Notes will be guaranteed on a senior basis by the Company and certain of its direct and indirect subsidiaries. The validity and enforceability of the Guarantees and the liability of each Guarantor will be subject to the limitations described in "*Limitations on Validity and Enforceability of Guarantees and Security*." The Guarantees may be released under certain circumstances. See "*Description of the Notes—Note Guarantees—Releases of Note Guarantees*." For the twelve months ended June 30, 2017, the Issuers and the Guarantors generated 55% of the Group's consolidated Adjusted EBITDA (excluding all inter-group items except the allocations of inter-company costs from the Huntstown plants and the inter-company PPA revenue from the Unrestricted Subsidiaries) and as at June 30, 2017 held 54% of the Group's consolidated total assets (excluding Consolidation Adjustments).

	For the twelve months ended June 30, 2017, excluding Unrestricted Subsidiaries, the Guarantors generated 60% of the Group's Adjusted EBITDA (excluding all intra-group items except the allocations of inter-company costs from the Huntstown plants and the inter-company PPA revenue from the Unrestricted Subsidiaries), and as at June 30, 2017 held 83% of its consolidated total assets (excluding Consolidation Adjustments). For the twelve months ended June 30, 2017, excluding Unrestricted Subsidiaries and Power NI (which is not permitted to guarantee the Notes for regulatory reasons), the Guarantors generated 99% of the Group's Adjusted EBITDA (excluding all intra-group items except the allocations of inter-company costs from the Huntstown plants and the inter-company PPA revenue from the Unrestricted Subsidiaries), and as at June 30, 2017 held 98% of its consolidated total assets (excluding Consolidation Adjustments) As at June 30, 2017, after giving effect to the Transactions as described under "*Summary—The Transactions*" and "*Use of Proceeds*," the Company's subsidiaries that will not guarantee the Notes would have had £232.4 million of indebtedness outstanding under project finance bank loan facilities, which are secured on a non-recourse basis over the assets and shares of the specific project finance companies that are party to each respective facility.
Ranking of the Guarantees:	Each Guarantee of the Notes will be a general, joint and several, senior obligation of the respective Guarantor and will: • rank *pari passu* in right of payment with all existing and future obligations of that Guarantor that are not expressly subordinated in right of payment to such Guarantee, including guarantees under the Revolving Credit Facility and certain hedging obligations; • rank senior in right of payment to all existing and future obligations of such Guarantor that are expressly subordinated in right of payment to such Guarantee; • be secured by the Collateral as described under "*—Security*" below; and • be effectively subordinated to all existing and future obligations of such Guarantor that are secured by property or assets that do not secure such Guarantee, to the extent of the value of the property and assets securing such obligations.
Security:	On or about the Issue Date, but in any event no later than within 10 days of the Issue Date, the Notes and the Guarantees thereof will be secured by first priority security interests over the Collateral.

Under the terms of the Intercreditor Agreement, in the event of an enforcement of the Collateral, the holders of the Notes will receive proceeds from such Collateral only after the lenders under the Revolving Credit Facility, counterparties to certain hedging agreements and lenders or creditors under certain other indebtedness, if any, permitted to be incurred on a priority basis with respect to the proceeds from the enforcement of the Collateral under the Indenture (subject to the Intercreditor Agreement) have been repaid in full. The Issuer's obligations in respect of the Notes may be released in certain circumstances. In addition, the security interests in the Collateral may be released under certain circumstances. See "*Risk Factors—Risks Related to the Notes*," "*Description of Other Indebtedness—Intercreditor Agreement*," and "*Description of the Notes—Security*."

Intercreditor Agreement: . . . . Each holder of a Note by accepting a Note will be deemed to have agreed to, and be bound by, the terms of the Intercreditor Agreement. The Indenture will be subject to the terms of the Intercreditor Agreement, and the rights and benefits of the holders of the Notes will be limited accordingly and subject to the terms of the Intercreditor Agreement. See "*Description of Other Indebtedness—Intercreditor Agreement*."

Optional Redemption: . . . . The Issuers may redeem all or part of each series of the Notes at any time on or after September 15, 2020, at the applicable redemption prices as described under "*Description of the Notes—Optional Redemption*." At any time prior to September 15, 2020, the Issuers may redeem all or part of each series of Notes at a redemption price equal to 100% of the principal amount of such Notes, plus accrued and unpaid interest and additional amounts, if any, plus the relevant "make-whole" premium applicable to such series of the Notes, as described under "*Description of the Notes—Optional Redemption*."

At any time prior to September 15, 2020, the Issuers may redeem up to 40% of the aggregate principal amount of the Sterling Notes with the net cash proceeds from certain equity offerings at a redemption price equal to 104.750% of the principal amount of the Sterling Notes redeemed, plus accrued and unpaid interest and additional amounts, if any, to the date of redemption; *provided that:*

- in each case the redemption takes place not later than 180 days after the closing of the related Equity Offering; and
- not less than 50% of the original aggregate principal amount of the Sterling Notes being redeemed (not including the principal amount of any additional Sterling Notes) remain outstanding immediately thereafter.

At any time prior to September 15, 2020, the Issuers may redeem up to 40% of the aggregate principal amount of the Euro Notes with the net cash proceeds from certain equity offerings at a redemption price equal to 104.000% of the principal amount of the Euro Notes redeemed, plus accrued and unpaid interest and additional amounts, if any, to the date of redemption; *provided that:*

- in each case the redemption takes place not later than 180 days after the closing of the related Equity Offering; and
- not less than 50% of the original aggregate principal amount of the Euro Notes being redeemed (not including the principal amount of any additional Euro Notes) remain outstanding immediately thereafter.

At any time prior to September 15, 2020, the Issuers may on any one or more occasions redeem during any twelve month period up to 10% of the original principal amount of the Sterling Notes originally issued under the Indenture (including the original principal amount of any additional Sterling Notes), upon not less than 10 nor more than 60 days' notice, at a redemption price of 103% of the principal amount of the Sterling Notes so redeemed, plus accrued and unpaid interest and additional amounts, if any, to, but not including, the redemption date, subject to the right of Holders on the relevant record date to receive interest due on the relevant interest payment date. See "*Description of the Notes—Optional Redemption*."

At any time prior to September 15, 2020, the Issuers may on any one or more occasions redeem during any twelve month period up to 10% of the original principal amount of the Euro Notes originally issued under the Indenture (including the original principal amount of any additional Euro Notes), upon not less than 10 nor more than 60 days' notice, at a redemption price of 103% of the principal amount of the Euro Notes so redeemed, plus accrued and unpaid interest and Additional Amounts, if any, to, but not including, the redemption date, subject to the right of Holders on the relevant record date to receive interest due on the relevant interest payment date. See "*Description of the Notes—Optional Redemption*."

Additional Amounts: . . . . All payments in respect of the Notes or the Guarantees will be made without withholding or deduction for any taxes or other governmental charges, except to the extent required by law. If withholding tax is required by law in any such jurisdiction in which the Issuers or any Guarantor is then incorporated or resident for tax purposes, subject to certain exceptions, the Issuers or the relevant Guarantor, as appropriate, will pay additional amounts so that the net amount each holder of the Notes, as applicable, receives is no less than the holder would have received in the absence of such withholding. See "*Description of the Notes—Withholding Taxes*."

Tax Redemption:	If certain changes in the law of any relevant taxing jurisdiction become effective that would impose withholding taxes or other deductions on the payments on the Notes or the Guarantees, as applicable, the Issuers may redeem the Notes, in whole, but not in part, at any time, at a redemption price of 100% of the principal amount, plus accrued and unpaid interest and additional amounts, if any, to the date of redemption. See "*Description of the Notes—Redemption for Taxation Reasons*."
Change of Control:	Upon the occurrence of certain events constituting a "change of control," the Issuers are required to offer to repurchase all outstanding Notes at a purchase price in cash equal to 101% of the aggregate principal amount thereof, plus accrued and unpaid interest and additional amounts, if any, to the date of purchase. A "change of control" will not be deemed to have occurred on one occasion if a specified consolidated net leverage ratio is not exceeded as a result of such event that constitutes a Specified Change of Control (as defined in "*Description of the Notes—Certain Definitions—Specified Change of Control Event*"). See "*Description of the Notes—Change of Control*."
Certain Covenants:	The Indenture, among other things, will restrict the ability of the Issuers, the Company and the other restricted subsidiaries of the Company to: • incur or guarantee additional indebtedness and issue certain preferred stock; • pay dividends on, redeem capital stock and make certain investments; • make certain other restricted payments; • create or permit to exist certain liens; • sell, lease or transfer certain assets; • enter into arrangements that impose encumbrances or restrictions on the ability of the subsidiaries to pay dividends or make other payments to the Company or its restricted subsidiaries; • enter into certain transactions with affiliates; • merge or consolidate with other entities; and • impair the security interests for the benefit of the holders of the Notes. Each of these covenants is subject to significant exceptions and qualifications. See "*Description of the Notes—Certain Covenants*."

Use of Proceeds:	The Group intends to use the gross proceeds of the Offering, together with amounts received in relation to the settlement of certain forward foreign exchange contracts and cash on hand to complete the Transactions by (i) redeeming the Remaining Existing Notes (including the applicable redemption premium and accrued but unpaid interest), (ii) paying the TopCo Dividend and (iii) paying costs, expenses and fees in connection with the Transactions. The Transactions comprise the 103% Redemption which occurred on August 29, 2017, the offering of the Notes and the use of proceeds therefrom, and the payment of the TopCo Dividend. See "*Use of Proceeds*."
Transfer Restrictions:	The Notes and the Guarantees have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any other jurisdiction and are subject to restrictions on transferability and resale. See "*Notice to Investors*." The Issuers have not agreed to, or otherwise undertaken to, register the Notes in the United States (including by way of an exchange offer).
No Prior Market:	The Notes will be new securities for which there is currently no established trading market. Accordingly, there can be no assurances as to the development or liquidity of any market for the Notes.
Listing:	Application will be made to The International Stock Exchange Authority Limited (the "Authority") for the listing of and permission to deal in the Notes on the Official List of The International Stock Exchange (the "Exchange"). There can be no assurances that the Notes will be listed on the Official List of the Exchange, that such permission to deal in the Notes will be granted or that such listing will be maintained.
Governing Law for the Notes, the Guarantees and the Indenture:	New York law.
Governing Law for the Intercreditor Agreement:	English law.
Governing Law for the Security Documents:	English law, Northern Irish law, Republic of Ireland law, Cayman Islands law and Luxembourg law.
Trustee:	BNY Mellon Corporate Trustee Services Limited.
Transfer Agent and Paying Agent:	The Bank of New York Mellon, London Branch.
Registrar:	The Bank of New York Mellon SA/NV, Luxembourg Branch.
Security Agent:	The Bank of New York Mellon, London Branch.
Listing Sponsor:	Carey Olsen Corporate Finance Limited.

Investing in the Notes involves substantial risks. Please see "*Risk Factors*" for a description of certain risks you should carefully consider before investing in the Notes.

Summary historical consolidated financial and other data

The summary historical consolidated financial information provided below has been derived from (i) the Group's consolidated interim financial statements for the First Three Months 2018 which have been prepared in accordance with IAS 34 Interim Financial Reporting and include comparative period data for the First Three Months 2017 (the "Interim Financial Statements") and (ii) the Group's consolidated financial statements for Fiscal Year 2017, Fiscal Year 2016 and Fiscal Year 2015 which have each been prepared in accordance with IFRS and audited by Ernst & Young. The summary historical consolidated financial information is qualified in its entirety by reference to, and should be read in conjunction with "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and the Financial Statements included elsewhere in this Offering Memorandum. See "*Presentation of Financial Data.*"

The financial information for the twelve months ended June 30, 2017 was calculated by taking the results of operations for the First Three Months 2018 and adding those to the results of operations for Fiscal Year 2017 and subtracting the results of operation for the First Three Months 2017. The consolidated financial information for the twelve months ended June 30, 2017 has been prepared solely for the purposes of this Offering Memorandum and is for illustrative purposes only. It is not necessarily representative of the Group's results of operations for any future period or its financial condition at any future date.

The financial information below also includes unaudited consolidated pro forma financial data which has been adjusted to reflect certain effects of the Transactions and related transactions on the Group's financial position and financial results as if the Transactions and related transactions had occurred on (i) June 30, 2017 for the purposes of the Group's pro forma balance sheet data and (ii) July 1, 2016 for purposes of the Group's pro forma income statement data. The unaudited consolidated pro forma financial data has been prepared for illustrative purposes only and does not purport to represent what the Group's actual consolidated financial position would have been if the Transactions and such related transactions had occurred (i) on June 30, 2017 for the purposes of the Group's balance sheet data or (ii) July 1, 2016 for purposes of the Group's income statement data, nor does it purport to project the Group's consolidated financial position at any future date or results of operation for any future period. The unaudited pro forma adjustments and the unaudited pro forma financial data set forth in this Offering Memorandum are based on available information and certain assumptions and estimates that the Group believes are reasonable and may differ materially from the actual adjusted amounts.

The financial information below includes certain non-IFRS measures used to evaluate the Group's economic and financial performance. These measures are not identified as accounting measures under IFRS and therefore should not be considered as an alternative measure to evaluate the Group's performance. See "*Presentation of Financial Data—Non-IFRS Financial and Other Information*."

Prospective investors should read the summary data presented below in conjunction with "*Use of Proceeds*," "*Capitalization*," "*Selected Financial and Other Information*," "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and the Group's Audited Financial Statements and the Interim Financial Statements included elsewhere in this Offering Memorandum.

Consolidated income statement data

	Fiscal Year			First Three Months		Twelve months ended June 30,
	2015	2016	2017	2017	2018	2017
	(£ millions)					
Revenue	1,461.1	1,320.9	1,317.6	286.7	314.7	1,345.6
Operating costs	(1,348.9)	(1,241.5)	(1,234.0)	(261.2)	(288.5)	(1,261.3)
Operating profit	**112.2**	**79.4**	**83.6**	**25.5**	**26.2**	**84.3**
Finance costs	(152.5)	(59.1)	(23.6)	1.2	(8.1)	(32.9)
Finance income	28.2	31.4	9.6	8.8	0.2	1.0
Net finance cost	(124.3)	(27.7)	(14.0)	10.0	(7.9)	(31.9)
Share of loss in associates	(0.9)	(1.3)	(1.0)	(0.4)	(0.3)	(0.9)
(Loss)/profit before tax	(13.0)	50.4	68.6	35.1	18.0	51.5
Taxation	2.8	6.6	(1.2)	(1.0)	(0.9)	(1.1)
(Loss)/profit for the period	**(10.2)**	**57.0**	**67.4**	**34.1**	**17.1**	**50.4**

Consolidated balance sheet data

	As at March 31,			As at June 30,	
	2015	2016	2017	2016	2017
	(£ millions)				
Assets					
Total non-current assets	960.2	1,109.8	1,104.1	964.0	1,133.3
Total current assets	250.5	258.2	289.0	274.1	294.4
Total assets	1,210.7	1,368.0	1,393.1	1,238.1	1,427.7
Liabilities					
Total current liabilities	(255.3)	(286.5)	(291.1)	(265.3)	(284.4)
Total non-current liabilities	(848.0)	(964.7)	(757.3)	(653.3)	(789.9)
Total liabilities	**(1,103.3)**	**(1,251.2)**	**(1,048.4)**	**(918.6)**	**(1,074.3)**
Net assets	107.4	116.8	344.7	319.5	353.4
Total equity	107.4	116.8	344.7	319.5	353.4

Consolidated statement of cash flows data

	As at and for the Fiscal Year ended March 31,			First Three Months	
	2015	2016	2017	2017	2018
	(£ millions)				
Net cash flows from operating activities	58.4	64.9	69.1	29.2	41.4
Net cash flows used in investing activities	(39.0)	(79.2)	(160.6)	(42.4)	(28.6)
Net cash flows from financing activities	28.9	14.5	130.3	43.7	10.2
Cash and cash equivalents	72.5	76.5	120.2	108.8	145.4

Other unaudited financial and *pro forma* data[1]

	As of and for the year ended March 31,			As at and for the twelve months ended June 30,
	2015	**2016**	**2017**	**2017**
	(£ millions, other than percentages and ratios)			
Other Financial Data				
Adjusted Operating Profit[2]	77.1	76.4	84.9	88.4
Adjusted EBITDA[2]	97.5	97.1	107.2	113.4
Restricted Group Adjusted EBITDA[2]	98.5	96.9	102.6	105.6
Energia Renewables (Owned Assets) Adjusted EBITDA	2.8	5.3	4.9	8.7
Cash conversion[3]	97%	95%	85%	85%
Total debt[4]	667.3	746.2	731.8	759.2
Restricted Group debt[5]	628.4	663.1	513.2	526.8
Total net debt[6]	593.4	668.3	610.2	612.6
Restricted Group net debt[7]	558.3	593.9	405.0	397.5
***Pro Forma* Financial Data**				
Pro forma cash and cash equivalents[8]				62.9
Pro forma total senior secured debt[9]				540.3
Pro forma net senior secured debt[10]				477.4
Pro forma cash interest expense[11]				25.7
Ratio of *pro forma* net senior secured debt to Restricted Group Adjusted EBITDA[2][10]				4.5x
Ratio of Restricted Group Adjusted EBITDA to *pro forma* cash interest expense[2][11]				4.1x

(1) The unaudited *pro forma* financial information reflects the impact of the Transactions as described under "*Summary—The Transactions*." These figures are not intended to represent *pro forma* financial information prepared in accordance with the requirements of Regulation S-X promulgated under the U.S. Securities Act or other SEC requirements.

(2) Adjusted Operating Profit refers to operating profit from continuing operations before exceptional items and certain remeasurements, based on regulated entitlement. Adjusted EBITDA refers to Adjusted Operating Profit before deducting depreciation and amortization. Restricted Group Adjusted EBITDA refers to Adjusted EBITDA after applying adjustments to eliminate the Adjusted EBITDA of the Group's owned renewables assets generated by the Unrestricted Subsidiaries, to include distributions paid to the Restricted Group from associates and Unrestricted Subsidiaries which directly or indirectly own renewable assets that are paid to the Restricted Group, and to exclude certain Arcapita management fees and write down or reversal of write down of Huntstown's distillate oil stock valuation. You should not consider Adjusted Operating Profit, Adjusted EBITDA or Restricted Group Adjusted EBITDA as alternatives to (a) operating profit from continuing operations (as determined in accordance with IFRS) as a measure of the Group's operating performance, (b) cash flows from operating, investing and financing activities as a measure of the Group's ability to meet its cash needs or (c) any other measures of performance or liquidity under IFRS. See "*Presentation of Financial Data*." Management believes that Adjusted Operating Profit, Adjusted EBITDA and Restricted Group Adjusted EBITDA are relevant measures for assessing the Group's performance because they are adjusted for certain items which are non-recurring or which management believes are not indicative of the Group's underlying operating performance. The following table has been provided in order to present a reconciliation of

Adjusted Operating Profit, Adjusted EBITDA and Restricted Group Adjusted EBITDA to operating profit from continuing operations:

	Fiscal Year			First Three Months		Twelve months ended June 30,
	2015	2016	2017	2017	2018	2017
			(£ millions)			
Operating profit	**112.2**	**79.4**	**83.6**	**25.5**	**26.2**	**84.3**
Exceptional items and certain remeasurements[(a)]	(4.9)	1.3	0.8	(3.4)	2.6	6.8
Operating profit before exceptional items and certain remeasurements	**107.3**	**80.7**	**84.4**	**22.1**	**28.8**	**91.1**
Add back adjustment for under/(over)-recovery[(b)]	(30.2)	(4.3)	0.5	(5.3)	(8.5)	(2.7)
Adjusted Operating Profit	**77.1**	**76.4**	**84.9**	**16.8**	**20.3**	**88.4**
Depreciation and amortization	20.4	20.7	22.3	5.3	8.0	25.0
Adjusted EBITDA	**97.5**	**97.1**	**107.2**	**22.1**	**28.3**	**113.4**
Energia Renewables (Owned Assets) Adjusted EBITDA[(c)]	(2.8)	(5.3)	(4.9)	(0.7)	(4.5)	(8.7)
Arcapita management fees[(d)]	3.0	3.0	0.2	0.2	—	—
Huntstown distillate oil stock revaluation[(e)]	—	0.9	(0.9)	(0.9)	0.4	0.4
Renewable distributions from associates[(f)]	0.8	0.5	0.3	0.3	0.2	0.2
Renewable distributions from owned assets[(g)]	—	0.7	0.7	0.5	0.1	0.3
Restricted Group Adjusted EBITDA	**98.5**	**96.9**	**102.6**	**21.5**	**24.5**	**105.6**

(a) An item is treated as exceptional if it is considered unusual in nature and scale and of such significance that separate disclosure is helpful in presenting the financial statements. "Certain remeasurements" are remeasurements arising on certain commodity, interest rate and currency contracts which are not designated in hedge accounting relationships, and which are accounted for as held for trading in accordance with the Group's policy for such financial instruments. This excludes commodity contracts not treated as financial instruments under IAS 39 which were held for the Group's own use requirements. The following table illustrates exceptional items and certain remeasurements occurring during the periods indicated:

	Fiscal Year			First Three Months		As at and for the twelve months ended June 30,
	2015	2016	2017	2017	2018	2017
			(£ millions)			
Acquisition costs	—	—	(2.4)	—	(0.1)	(2.5)
Net profit /(loss) on derivatives	4.9	(1.3)	1.6	3.4	(2.5)	(4.3)
Exceptional items and certain remeasurements	**4.9**	**(1.3)**	**(0.8)**	**3.4**	**(2.6)**	**(6.8)**

(b) Power NI Energy is subject to regulated tariffs. If the amount of revenue recovered in any one year exceeds or falls short of the amount allowed by the relevant price control formula, Power NI Energy is required in the following year to make either a repayment of any surplus with interest or a recovery of any deficit with interest, as appropriate. A surplus is referred to as an over-recovery and a deficit as an under-recovery. See "*Business—Power NI*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Factors Affecting Results of Operations—Regulation—NI Supply Regulation*."

(c) Energia Renewables (Owned Assets) Adjusted EBITDA reflects earnings attributable to the Group's Energia Renewables (Owned Assets) business. Energia Renewable's (Owned Assets) business is held by subsidiaries that will be Unrestricted Subsidiaries under the Indenture, and as such their earnings will not be included for purposes of calculating Consolidated EBITDA under the Indenture. As at June 30, 2017, Energia Renewables had operational renewable generation capacity totaling 202MW.

(d) Arcapita management fees refers to management fees paid by the Group to its former shareholder, in respect of strategic advisory and management services provided to the Group. The payment of Arcapita management fees ceased on completion of the sale of the Group to I Squared Capital Funds on April 29, 2016.

(e) Represents Energia Group (excluding Energia Renewables (Owned Assets)) EBITDA after the write down or reversal of write down of Huntstown's distillate oil stock valuation to reflect changes in market value. Both Huntstown 1 and Huntstown 2 plants use natural gas as their primary input, but under the terms of their respective licenses must be capable of storing and using distillate oil for a minimum continuous period of five days. Accordingly, the Group is required to maintain a substantial inventory of distillate oil stock.

(f) The Energia Renewables (Owned Assets) business owns a minority stake in ten operating wind farms (for which a majority stake was sold to the Irish Infrastructure Fund in June 2012), with such minority stake representing the equivalent of 24MW. This adjustment reflects Energia Renewables (Owned Assets) business' share of profitability, and represents (i) payments of dividends and (ii) repayments of principal and interest on intra-group loans made by the RoI Issuer to EWP and by VRC1 to IIF Cyclone.

(g) This adjustment represents the distributions received from unrestricted subsidiaries (as defined under the indenture governing the Existing Notes) within the Group's Energia Renewables (Owned Assets) business and comprises of repayments of principal and interest on intra-group loans made by Viridian Renewables ROI Limited and VRC1.

(3) Cash conversion represents Restricted Group Adjusted EBITDA less Restricted Group capital expenditure, divided by Restricted Group Adjusted EBITDA. The following table illustrates Restricted Group Adjusted EBITDA less Restricted Group capital expenditure:

	Fiscal Year			First Three Months		As at and for the twelve months ended June 30,
	2015	**2016**	**2017**	**2017**	**2018**	**2017**
				(£ millions)		
Restricted Group Adjusted EBITDA	98.5	96.9	102.6	21.5	24.5	105.6
Restricted Group capital expenditure	(2.6)	(4.7)	(15.3)	(2.8)	(2.9)	(15.4)
Restricted Group Adjusted EBITDA less Restricted Group capital expenditure	**95.9**	**92.2**	**87.3**	**18.7**	**21.6**	**90.2**

(4) Total debt is defined as Total debt (excluding unamortized debt issuance costs) including non-recourse project finance debt outstanding at Unrestricted Subsidiaries. As at June 30, 2017, £232.4 million of project finance debt was outstanding at the Unrestricted Subsidiaries, excluding unamortized debt issuance costs of £12.3 million and £1.8 million of accrued but unpaid interest.

(5) Restricted Group debt is defined as Total debt (excluding unamortized debt issuance costs) less non-recourse project finance debt outstanding at Unrestricted Subsidiaries. As at June 30, 2017, £232.4 million of project finance debt was outstanding at the Unrestricted Subsidiaries, excluding unamortized debt issuance costs of £12.3 million and £1.8m accrued but unpaid interest.

(6) Total net debt is defined as Total debt (excluding unamortized debt issuance costs) less cash and cash equivalents (including cash and cash equivalents at Unrestricted Subsidiaries).

(7) Restricted Group net debt is defined as Restricted Group debt (excluding unamortized debt issuance costs) less cash and cash equivalents (excluding cash and cash equivalents at Unrestricted Subsidiaries).

(8) *Pro forma* cash and cash equivalents includes cash at bank and in hand (excluding cash and cash equivalents held by Unrestricted Subsidiaries) and is calculated by giving *pro forma* effect to the Transactions as set forth in "*Summary—The Transactions*" and "*Use of Proceeds*", as if each of those transactions had occurred on June 30, 2017.

(9) *Pro forma* total senior secured debt represents total senior secured debt as adjusted to give effect to the Transactions and includes liabilities under the Notes. For purposes of calculating *pro forma* total senior secured debt, the principal amount of the Euro Notes has been translated at an exchange rate of €1.1099 per £1.00, the exchange rate in effect at September 12, 2017 (as reported in the Financial Times). This exchange rate may differ from the exchange rates in effect as at the Issue Date. On the Issue Date, the Group expects to have no borrowings outstanding under the Revolving Credit Facility.

(10) *Pro forma* net senior secured debt represents *pro forma* total senior secured debt less *pro forma* cash and cash equivalents.

(11) *Pro forma* cash interest expense reflects interest on the Notes, margin on the letters of credit expected to be outstanding under the Revolving Credit Facility on the Issue Date and commitment fees on undrawn amounts under the Revolving Credit Facility as if the Transactions had occurred on July 1, 2016, but excludes amortization of deferred financing costs. The *pro forma* interest expense on the Euro Notes has been translated at an exchange rate of €1.1635 per £1.00, the average exchange rate for the twelve months ended June 30, 2017 (as calculated based on the exchange rates reported in the Financial Times).

Summary operating data

The summary operating data provided below presents certain operating data which the Group uses to analyze its business.

	Fiscal Year			First Three Months	
	2015	2016	2017	2017	2018
Availability (%)					
Huntstown 1 plant	100.0	95.8	89.3	80.0	100.0
Huntstown 2 plant	97.3	97.5	91.1	96.3	79.0
Unconstrained utilization (%)					
Huntstown 1 plant	2.3	1.0	8.1	—	40.3
Huntstown 2 plant	24.8	2.9	29.0	42.9	11.7
Incremental impact of constrained utilization (%)					
Huntstown 1 plant	15.8	25.4	9.7	2.6	26.2
Huntstown 2 plant	3.1	30.1	13.2	17.8	0.3
Sales volumes					
Energia electricity sales (TWh)	5.0	4.6	4.8	1.1	1.1
Energia natural gas sales (million therms)	68.0	80.6	81.0	17.6	14.7
Power NI electricity sales (TWh)	2.9	2.7	2.5	0.6	0.5
Customer complaints					
Energia—complaints to the CCNI and CER (number)	4	3	4	1	1
Power NI—complaints to the CCNI	4	3	4	2	1
Power NI customer sites (in thousands)					
Residential	545	510	483	501	479
Non-residential	37	35	34	34	34
Energia customer sites (in thousands)					
Residential					
Electricity	52.7	81.7	106.9	90.1	112.4
Gas	29.5	35.9	38.4	37.7	39.3
Non-residential					
Electricity	56.5	53.8	51.8	53.7	53.4
Gas	4.8	5.5	5.3	5.6	4.5
Energia operational renewable capacity (MW)					
Operational PPA contracts period-end capacity	778	802	1,013	815	981(1)
Operational PPA contracts average period capacity	727	797	849	811	1,035
Wind farm operational owned assets period-end capacity	29	34	202	34	202
Wind farm operational owned assets average period capacity	8	33	43	34	196
Power NI operational renewable capacity (MW)					
Operational PPA contracts period-end capacity	73	101	127	105	207(1)
Operational PPA contracts average period capacity	63	89	112	103	144

(1) The Operational PPA contracts period-end capacity at June 30, 2017 figure for Power NI includes, and the figure for Energia excludes, 54MW of renewable PPA contracted capacity which is in the process of being novated from Energia to Power NI.

Risk factors

You should carefully consider the risks described below as well as the other information contained in this Offering Memorandum before making an investment decision. Any of the following risks could materially adversely affect the Group's business, financial condition or results of operations, and as a result you may lose all or part of your original investment. The risks described below are not the only risks that the Group faces. Additional risks and uncertainties not currently known to the Group or that the Group currently deems to be immaterial may also materially adversely affect the Group's business, financial condition or results of operations.

Risks related to our business

Our businesses are subject to complex governmental legislation and regulations that have affected, and may in the future affect, our business, financial condition and results of operations.

We operate in a highly regulated environment and our businesses are subject to a wide range of complex governmental legislation and regulation, including those overseen by regulatory bodies in the RoI, the UK and the EU, including the NIAUR and the DfE in NI, the CER and the DCCAE in the RoI, as well as the SEM Committee (the decision-making authority for the SEM which comprises representatives from the CER and NIAUR in addition to an independent and deputy independent member) on an all-island basis. Regulation impacts numerous aspects of our business and industry including, but not limited to, overall market structure and design, construction and operation of generation facilities, acquisitions, disposals, recovery of costs and investments, return on Power NI's and PPB's regulated business activities, market behavior rules, support mechanisms for renewable generation, present or prospective wholesale and retail competition and environmental matters. We are also subject to general competition rules and pro-competition government policies. These rules and policies have affected and may continue to affect the operation of our business and any changes to such rules could have a material adverse effect on our business, financial condition and results of operations.

In addition, we are subject to applicable public procurement laws, including the EU Utilities Directive. Changes in, revisions to or reinterpretations of existing or pending laws and regulations may have an adverse effect on our businesses. Further, our ability to take actions and implement new policies may be constrained by government regulations. As a result of the third EU energy package and EU regional integration initiatives in the electricity and natural gas sectors, regulators are required to monitor the level and effectiveness of the opening of markets and the development of competition in the supply of electricity and natural gas to final customers. This requires suppliers, including us, to provide additional information to regulators relating to retail business activity, including contractual and tariff information, level of customer switching to alternative utility providers, customer debt and payment plans, disconnection levels, direct and indirect costs, and retail margins. This level of increased transparency may result in regulators taking actions that have an adverse effect on our retail businesses. Suppliers may also be required to provide customers with clear prompts when contracts are coming to an end, notify customers of more competitive offers and provide customers with estimated annual bills. These may require changes to our IT systems. Suppliers are also subject to additional compliance requirements related to safe-guarding customer information, implemented through regulator-approved customer charters and codes of practice. Failure to comply with these additional consumer protection measures could result in sanctions or revocation of our supply licenses.

The rules to which we are subject, and the licenses under which we operate, are complex and subject to interpretation. In the event our interpretation is inconsistent with one taken by the relevant regulatory authority, we could lose certain benefits, or be required to reallocate certain revenues and expenses across our regulated and unregulated businesses. Changes in regulation may also require us to invest in maintenance or other improvements to our generation facilities or result in costs of operation no longer being recoverable in the market. Any such expenditures could adversely affect our financial condition. In addition, we may be subject to, or requested to participate in, regulatory inquiries or investigations from time to time. For example, we are currently cooperating in providing information requested by the CER in relation to its review of competition in the RoI retail market. In addition, the EPA has requested information regarding the impact of changes in our operations on concentrations of air pollution, as further described under *"—Our cost of compliance with energy efficiency initiatives, environmental laws and regulations and any environmental liabilities arising from our operating activities could have a material adverse effect on our business, financial condition and results of operations.*" There can be no guarantee that the findings of such inquiries or reviews will not result in regulatory changes that could have a material adverse effect on our business, financial condition and results of operations.

Further, while we benefit from regulatory price controls in relation to Power NI and PPB, these price controls are subject to regulatory intervention, which could reduce the prices that Power NI is able to charge for the supply of electricity to customers in regulated categories in NI, even if its costs increase or remain the same, and can therefore negatively affect our results. In addition, the "capacity pot," which is the pool of money from which capacity payments are made, is subject to change by regulators. For example, it was set at €575.0 million for calendar year 2015 but was reduced to €514.8 million for calendar year 2016. It was subsequently increased to €519.2 million for calendar year 2017, which was expected to equal €366.2 million for the nine month period ended September 30, 2017 (which, at the time the 2017 capacity pot value was set, was the expected I-SEM commencement date). As the scheduled I-SEM commencement date has been delayed to May 23, 2018, the current capacity pot consultation proposes to use the previously published values for the balance of calendar year 2017, and for 2018 the regulators have set an annual capacity pot value of €545.5 million. Moreover, the capacity remuneration mechanism is expected to change substantially under pending market reforms, as set forth below. A reduction in prices as a result of these or other factors could have a material adverse effect on our business, financial condition and results of operations.

We face growing competition in each of our markets, which could lead to a loss of customers, reduced margins or an adverse effect on our growth strategy, particularly with respect to the RoI residential market.

We face growing competition in the electricity and natural gas supply markets in which we operate from both established market participants and new market entrants that could adversely affect our market share in both the residential and business sectors. Our principal competitors in NI business electricity supply markets are SSE Airtricity, Electric Ireland and Go Power. The liberalization of the residential electricity supply market in NI, where Power NI is currently the incumbent electricity supplier, commenced in 2007. Active competition in the NI residential electricity market did not begin until June 2010. The main competitors in the residential market are SSE Airtricity, Electric Ireland, Budget Energy and Click Energy. New competitors may enter this market in the near to medium-term. Possible entrants into the NI residential market include Firmus Energy, Vayu, Go Power and Bord Gáis Energy Limited ("BGE"). The form of Power NI's current price control, which runs to March 31, 2019, ensures 70% of its regulated allowance is fixed, with the remainder variable based on customer numbers, which has the effect of limiting the impact of customer attrition on Power NI's results. While such a provision remains in place, nevertheless, the impact of competition by new entrants or an increase in capacity of existing market participants may, in the longer term, have a material adverse effect on Power NI's business, financial condition and results of operations.

In the RoI's competitive retail electricity and natural gas markets, our principal competitors are the local incumbent utilities, Electric Ireland and BGE, which have the advantage of long-standing relationships with their customers. Our other competitors include SSE Airtricity, Vayu (recently acquired by Gas Natural Fenosa), Pinergy and PrePay Power. It is also possible that substantial new entrants from outside Ireland may enter the energy market, increasing competition in our market and in August 2017, Just Energy announced that it will commence supplying residential and SME customers from September 2017.

In both the RoI and Northern Ireland markets, certain of our competitors or potential competitors may be larger or better capitalized than us or they may be government-owned, as is currently the case with Electric Ireland. These competitors may be able to offer lower prices or other incentives that may attract customers away from us, thereby reducing our market share, which, in turn, may have a material adverse effect on our business, financial condition and results of operations. Furthermore, our results may be adversely affected if we have to give further discounts to customers or increase our operational costs to reduce the churn of customers to other supply companies.

Changes in market structure which will take effect with the introduction of the Integrated Single Electricity Market may adversely affect our power generation revenues.

The introduction of I-SEM, which is currently scheduled to take effect on May 23, 2018, will result in substantial changes to the structure of the electricity market in Ireland. It will therefore affect the major revenue streams of all generators, thermal and renewable, who sell into the market. The existing market arrangements under SEM comprise a gross mandatory pool market with *ex post* settlement, providing a transparent wholesale electricity price and a guaranteed outlet for all electricity production on the island of Ireland, together with an explicit capacity payment mechanism which provides that all plants which declare availability to generate and sell electricity into the pool will receive a capacity payment. By contrast, the market structure under I-SEM will include three physical electrical power auction-based markets (the day-ahead market and the intra-day market, each of which will be *ex ante*, and the balancing market, which will be *ex post*) and a capacity market. When I-SEM is implemented, the day-ahead market will be a pan-European coupled market, as opposed to an Ireland-only market, and the intra-day market will be coupled with Great Britain. Furthermore, the capacity remuneration mechanism will operate through capacity auctions that will award Reliability Options to successful bidders at the market clearing price. Auctions will be open to owners of physical generation assests and demand side units. Reliability Options reward those who contribute to the reliability of the power system when needed, rather than a capacity pot which is shared among all generators based on each generator's availability record. These changes create risks to our revenues from generation activities.

In addition to freely bidding into the new *ex ante* physical energy markets under I-SEM, the Huntstown plants may be required to generate to relieve constraints, placing them in the balancing market. Participation in this market will be mandatory; moreover, maximum bids they can offer for balancing actions will be regulated. The I-SEM rules contain prescriptive and detailed costing rules defining which elements are considered to fall within allowable "short run marginal costs," placing restrictions on the costs the Huntstown plants may take into account when setting their bids in the balancing market. This could preclude the recovery of legitimate short run marginal costs associated with running the plants.

The I-SEM *ex ante* markets may have a substantial effect on the functioning of renewable energy supports in the RoI. The current proposal, set out in the REFIT options paper published by DCCAE, is that an average day ahead market price (either wind weighted or time weighted) would set a reference price under the REFIT regime for the purposes of calculating reimbursements. If adopted, this would result in the market price being deemed to be an average day-ahead price, even if such price is not received and this could leave wind generators (and their PPA providers) exposed to balancing risk as it is unlikely that they could accurately match forecast generation to actual generation. Furthermore, through a series of industry meetings, DCCAE have put forward proposals which may adopt a reference price formula which blends the day ahead price and the balancing price. DCCAE have not yet decided if the reference price would be calculated on a time weighted or wind weighted basis. Any changes to the calculation of the REFIT reference price may have a detrimental impact upon the financial performance of wind farms. Wind farm owners in the RoI may attempt to place this balancing risk upon the PPA providers, such as our supply businesses. If this occurs then we would face balancing payments, possibly in excess of the financial benefits that PPAs provide. We may try to pass this cost to such third-party windfarms by renegotiating PPAs under their "market change" clauses, which could lead to less advantageous terms than we currently enjoy or, failing successful renegotiation, may result in the cancellation of PPAs with certain third-party REFIT generators which would result in the loss of the financial benefits currently associated with such PPAs. Even if the emerging approach in the options paper is not adopted, an alternative methodology chosen by the DCCAE (such as a reference price formula which blends the day ahead price and the balancing price) may still expose REFIT beneficiaries to balancing costs and not fully compensate suppliers for their additional costs.

The revised capacity remuneration mechanism under I-SEM also poses substantial risks to the Group. The current capacity payment mechanism is funded by a capacity pot, the size of which is calculated annually by the SEM Committee based on the annual fixed cost of a plant operating to supply peak demand (net of any infra-marginal rent and ancillary service revenues). All thermal plants which declare availability to generate receive a capacity payment from this pot. Under I-SEM, the future capacity remuneration mechanism will operate through capacity auctions, open to owners of physical generation assets, that will award Reliability Options to successful bidders at the market clearing price. A Reliability Option is a one-way contract for difference, entered into between a generator and a central agency, that incentivizes a generator to generate electricity at times of market spikes in exchange for a fixed payment, while foregoing incremental revenue (by means of a "difference payment") when the market price is above a defined strike price. The capacity remuneration mechanism also includes the possibility that Reliability Options may be awarded on an elevated pay-as-bid basis within certain constrained network areas, or that a targeted contracting mechanism could be used to provide sufficient income to support continued operation of system-critical generation capacity required to ensure security of supply (which would likely require State Aid clearance). The maximum bid that may be submitted by an existing generator in the capacity auction is limited, by rule, to half the estimated net cost of new entry of a new dispatchable power plant (which at present is assumed to be an OCGT plant), unless a higher unit specific price cap is granted to a generator. For the first capacity auction, the generally applicable cap will amount to €41/KW/year, although the granting of unit specific price caps could potentially increase this figure for those plants receiving such caps. Because this competitive auction process is untested in Ireland, we face uncertainty with respect to the pricing and remuneration of capacity. For example:

- Due to the amount of generation capacity across Ireland, generators might offer very low prices per kW of contracted capacity, in an effort to win Reliability Options at the auction. Depending on the number of bidders and the prices they offer, our Huntstown plants may not win Reliability Options at auction, or may win Reliability Options only at unattractive prices. Alternatively, we may attempt to bid our Huntstown plant, which operates in the constrained Dublin area system, at its maximum allowable bid (which would be the general cap of €41/KW/year in the first auction, unless we were granted a higher unit specific price cap) on the expectation that we would receive a Reliability Option and be paid at our bid price, notwithstanding our high bid, due to the limited availability of alternative generation capacity within the constrained Dublin area system. However, there can be no assurance that we would win a Reliability Option under those circumstances, or that the Dublin-area constraints will not eventually be alleviated through the construction of new infrastructure, which would reduce our ability to win Reliability Options when bidding at the cap.
- The requirement of a generator to make difference payments under a Reliability Option during price spikes would result in a generator holding a Reliability Option suffering

negative cash flow, which could only be offset if that same generator was selling power into the market at the prevailing elevated spot price. If we win Reliability Options in respect of our generation capacity, we run the risk that if we fail to operate at our contracted capacity during spot market price spikes, we will not receive elevated market revenue to offset the cost of the difference payment we would be required to make. While I-SEM contemplates certain "stop loss" limits in case of outages, even relatively short outages during periods of peak pricing could result in net negative cash flows in respect of the Reliability Option awarded to us.

- While the first capacity market auction is due to take place approximately five months ahead of the associated Reliability Option period, eventually each auction will be scheduled four years ahead of its Reliability Option period. With such a delay, we bear the risk that our plant costs may change in the intervening period, rendering our bids uneconomical and resulting in losses if we were to win a Reliability Option and be required to deliver such capacity. This problem is exacerbated by the fact that the maximum value of a bid will be set by the system administrator based on an assessment of market conditions at the time of bidding and no clear mechanism yet exists for upward revisions in the event of changed conditions between the time of the auction and the time of delivery. To the extent that we place a successful bid in the capacity auction at below cost and do not receive sufficient additional revenues from other sources, we may operate at a loss. This may occur if we seek to submit a competitive bid but we do not accurately forecast our costs and revenues, or, even if we bid at the maximum allowable price, our costs increase significantly above expectations during the lengthy period between contract and delivery.

- The Huntstown plants may avail of a targeted contracting mechanism, which is under consideration, within the I-SEM. There is no certainty that such a mechanism will provide sufficient remuneration to prevent the Huntstown plants from operating at a loss. Furthermore, any such mechanism may not have state aid clearance from the EU and it may be contrary to state aid rules. The Huntstown plants will be liable to return any monies they receive under the mechanism if after accepting payments under the mechanism it is found to be non-compliant with state aid rules.

- To the extent that either or both of the Huntstown plants may be subject to a Unit Specific Price Cap, there can be no guarantee that the SEM Committee will maintain any such cap, in which case we may be subject to the Existing Plant Price Cap. Furthermore in future years there can be no guarantee that the SEM Committee will maintain the Existing Plant Price Cap at the level set for 2017. As a result, we may receive prices that do not cover the fixed costs of the Huntstown plants.

The current CPM provides that all participating wind farms will receive a capacity payment when they are capable of generating. Once I-SEM goes live, our windfarms will no longer be remunerated for providing capacity unless they participate in the capacity remuneration mechanism. We deem it unlikely that our windfarms will compete for Reliability Options given the inherent risk to intermittent generators in being capable of generating at times of high prices. Accordingly, their revenues under I-SEM will be reduced by the loss of the current capacity payments. For RoI generators which benefit from REFIT support this impact will be mitigated to the extent that forgone capacity payments are reimbursed through REFIT support, although the ultimate treatment of REFIT in I-SEM remains unclear. For more information about the transition to I-SEM, see "*Industry—The All-Island Single Electricity Market*."

While the market arrangements that will exist under I-SEM will offer other revenue opportunities which we believe could offset, at least in part, an adverse impact on capacity payments, including the expected receipt of ancillary/system support payments from an enlarged budget that is set to reach up to €235 million per year by 2020, as well as potential targeted contracting mechanisms and infra-marginal rents, such payments cannot be guaranteed.

In the event that any reduction in revenues resulting from changes to the energy and capacity markets in I-SEM are not offset by the expected receipt of ancillary/system support payments, potential targeted contracting mechanisms and infra-marginal rents, the Huntstown plants may not be adequately remunerated in I-SEM and it may not be economically viable for either or both of them to continue to operate. The RoI Grid Code purports to require a generator that wishes to cease to operate to give three year's notice of such intention. If the Huntstown plants were required to operate for three years in such circumstances it could have a material adverse effect on the Group's results of operations and financial performance. Where a generator cannot comply with a provision of the Grid Code it may apply for a derogation from the relevant requirement. If the CER considers that the grounds for the derogation are reasonable, then the CER shall grant such derogation unless the derogation would, or it is likely that it would, have a materially adverse impact on the security and stability of the transmission system or impose unreasonable costs on the operation of the transmission system or on other users. Given that the Huntstown plant is frequently constrained on to provide system critical support in the Dublin region, there is a risk that the CER may seek to enforce the purported notice requirement and/or seek to deny a derogation and if the CER were able to sustain such a position the Huntstown plants would be required to continue to operate. In the event that the Huntstown plants ceased to operate (whether having been required to fulfil three year's notice or otherwise) we would incur the loss of the revenues associated with the operation of the Huntstown plants and any costs arising from ceasing to generate and may sustain reputational damage from ceasing to operate system-critical plant. If any of these risks were to materialize, our revenues may be reduced and/or additional costs incurred, which could have a material adverse effect on our results of operations and financial performance.

Fluctuations in market prices of electricity, changes to renewable support mechanisms and the availability of generators may adversely affect our wind farm generation and PPA results.

Our profitability and potential growth is influenced by the prices we receive for the electricity we generate. Energia Renewables PPA-based business in the RoI is supported by the REFIT regime which protects us from downside market price fluctuations below the REFIT base price level. Above this level, revenues are dependent on wholesale electricity prices and are subject to volatility. Volatility in electricity prices, which can be impacted by commodity prices for coal, oil, natural gas and carbon, and, in particular, a drop in the prices for such traditional energy fuels, may cause electricity generated from wind power to achieve a lower than anticipated market price and adversely affect our business. Customer demand and the amount of energy generation on the system, including the amount of wind, can also impact market prices. A sustained reduction of market prices could adversely affect our business, financial condition or results of operations.

Our Energia Renewables (PPA) and Power NI businesses in Northern Ireland benefit from the Renewables Obligation ("RO") regime and attract ROC revenues and revenues from wholesale electricity prices, as described above for the RoI (see also "*Business—Energia Group—Energia Renewables*"). Energia and Power NI obtain income from ROCs, through both direct bilateral sales in auctions with suppliers who require additional ROCs to meet their obligations and through obtaining its portion of the recycled buyout fund payment, which Ofgem distributes each year to electricity suppliers in respect of the ROCs held by them. The value of the buyout fund payment is based on the aggregate buyout payments Ofgem receives from electricity suppliers who did not meet their RO obligations in the relevant compliance period. However, Energia and Power NI cannot know in advance or control the prices or the payment they will receive each year. A material downward fluctuation in the market prices of electricity and ROCs, or the size of the recycled buyout fund may have an adverse effect on our financial results. Furthermore, any changes to the RO regime in the UK could have a negative impact on the value of ROCs in Northern Ireland, including those we hold from time to time.

In addition, parties to our PPA agreements and Viridian-owned wind farms may experience reduced capacity availability as a result of generator faults, gear box rebuilds, grid availability issues or other mechanical failures, which could have an adverse effect on our revenues. See "*Industry—Generation—Wind Generation—Support for renewable energy.*"

Mechanical failure, equipment malfunction or technological breakdown could adversely affect our business and operating results.

The successful operation of our business depends upon maintaining the integrity of our key systems and equipment, such as the Huntstown plants, our portfolio of wind farm assets and our integrated IT systems. Our systems and equipment are vulnerable to mechanical failure, equipment malfunction, technological breakdowns or other interruptions from events, certain of which are beyond our control, including:

- fire, flood and other natural disasters;
- adverse weather conditions;
- trips in the electricity grid, in particular to the extent that these are not compensated through the SEM;
- failure of the natural gas transportation network;
- mechanical failures;
- telecommunications or data network failures; or
- unauthorized physical or electronic access, including cyber-attacks.

Systems or equipment failures could also affect or damage our facilities and our electricity production capacity could be materially adversely impacted as a result. While we maintain standard business interruption insurance for our wind farm assets and the Huntstown plants and have disaster recovery plans and prevention policies in place, any damage or interruption (for example, an unexpected outage at the Huntstown plants leading to a service interruption) could cause a significant disruption to our operations. From time to time, we experience technical issues at our plants, including faults resulting in outages, incidents requiring urgent repairs or involving significant costs and breakdowns that cause unexpected interruptions. Furthermore, we are aware of subsidence, as a result of action by a third party, on a public road leading to the Meenadreen windfarm site. The electrical connection to the Meenadreen windfarm is buried beneath this public road and the connection may need to be de-energized to undertake road repairs. While the Meenadreen windfarm would be compensated for lost output there is a risk that such compensation will not cover the full output of the windfarm or make up lost REFIT revenues. In the event that we are forced to shut down any of our sites for a significant period of time as a result of mechanical failure, equipment malfunction, technological breakdowns or other interruption, it could materially adversely affect our business, financial condition or results of operations.

Our retail businesses are subject to the risk that sensitive customer data may be compromised, which could result in an adverse impact to our reputation and results of operations.

Our retail businesses require access to sensitive customer data in the ordinary course of business. Examples of sensitive customer data include names, addresses, bank account information, historical electricity usage, expected patterns of electricity usage, payment history, credit bureau data and credit and debit card account numbers. In addition, our retail businesses provide sensitive customer data to vendors and service providers that require access to this information in order to provide services to the retail businesses. Furthermore, our businesses will be required to comply with the EU General Data Protection Regulation from May 2018. If a significant or widely publicized disclosure of customer data were to occur, whether as a result of a failure of our IT security systems, employee negligence or the actions of our vendors, the reputation of our retail businesses may be adversely affected, customer confidence may be diminished and our retail businesses may be subject to legal claims or fines, any of which may contribute to the loss of customers and have a material adverse effect on our business, results of operations and financial condition.

Decreases in demand for electricity may adversely affect our business, financial condition and results of operations. Furthermore, the projected increase in demand for electricity may not materialize.

Our current projections, forecasts and plans are partially reliant upon a projected increase in the demand for electricity in the Irish market that may not occur in the manner we anticipate. This projected increase is dependent on a variety of factors, including general economic conditions, weather conditions and residential consumption, which are inherently unpredictable and difficult to forecast accurately. Moreover, the historic correlation between economic growth and demand for the electricity that we generate may not hold true in the future. Accordingly, there can be no assurance that our revenue will grow in line with expectations, which are based, in part, on the projected increase in demand for electricity in the SEM and I-SEM and, in turn, could have a material adverse effect on our business, financial condition and results of operations.

Reduction or abandonment of governmental support for renewable energy sources in general or wind farms in particular may adversely affect our operations.

The development of renewable energy sources and generation of renewable energy relies, in large part, on national and international regulatory and financial support. For several years, the EU, the RoI and NI have adopted governmental policies and subsidies actively supporting renewable energy. Energia's renewables business depends on the existence and scale of such incentives, including the NI Renewable Obligation regime and the RoI REFIT schemes.

Northern Ireland

The Northern Ireland Renewable Obligation ("NIRO") regime is designed to incentivize the generation of electricity from renewable sources and places an obligation on suppliers to source a portion of their electricity from renewable sources. Under the NIRO regime, eligible renewable generators receive ROCs for each MWh of electricity generated and consumed within NI or used in a permitted way. ROCs are freely tradable at auction and can be sold to suppliers throughout the UK in order to fulfil their obligations under the relevant Renewable Obligation regime.

In June 2015 the UK government announced that it intended to close the Great Britain RO a year earlier than was previously planned. In line with the revised policy adopted by the UK government, DETI decided to close the NIRO to large scale onshore wind projects one year early from March 31, 2016. The early closure of the NIRO has been brought into effect by the Renewables Obligation Closure (Northern Ireland) Order 2016 (the "NIRO Closure Order"). This legislation closed the NIRO to all new large (>5MW) onshore wind capacity projects as of April 1, 2016 and also introduced extensions of time, known as "grace periods" for certain qualifying projects. The new deadlines granted under the grace periods vary depending on the eligibility criteria and range from March 31, 2017 to December 31, 2017 and where the qualifying conditions and all other NIRO eligibility criteria are satisfied, they can be combined to give extensions of time up to December 31, 2018 at the latest. The NIRO Closure Order permitted onshore wind farms to seek to accredit for the NIRO after April 1, 2016 and up to March 31, 2017 if the onshore wind project met the "approved development" grace period eligibility requirements of planning consent, accepted grid connection offer, and land rights all dated no later than September 30, 2015 in the case of direct connection sites, and October 30, 2015 in the case of cluster connection sites. In addition, where applicable, onshore wind projects can access the "radar and grid delay" grace period up to March 31, 2018 and projects eligible for the 'investment freezing' grace period and grid/radar delay grace period will be able to accredit up until December 31, 2018. We are relying on such grace periods for four projects currently under construction. As we are only eligible to apply for ROC accreditation for these projects upon their completion, there can be no assurance that the regulatory authority will agree with our view that we have satisfied the eligibility criteria for use of the grace periods and that such ROC accreditation will be granted. In addition, any change to the grace period rules that interferes with our ability to rely on such grace periods, or any failure by us to complete these projects within the grace period due to delays caused by us, the network operators or any third party, would mean those projects would not be ROC accredited, resulting in a significant financial loss with respect to each such project.

Our ability to utilize ROCs depends on their timely issuance by Ofgem. In the event they are not issued on a timely basis, we may be unable to utilize them within the time periods in which we plan to utilize them, which could have an adverse effect on our cash flows or our wind farm project finance arrangements. Furthermore, our ability to utilize ROCs depends on our ability to demonstrate that the wind power we generate in NI is actually consumed by our own customer base. While our wind power generation is off-taken by our supply business for customers in NI, wind power generation and customer demand can each fluctuate substantially over short term timescales. Accordingly, there is some risk that there may be a mismatch between the wind power we generate and consumption by our customer base.

Republic of Ireland

The RoI REFIT regimes reimburse suppliers for the out of market costs associated with their purchase of renewable energy. The reimbursements are paid from PSO Levies collected from end users and allow suppliers to offer fixed price PPAs to generators of renewable electricity. The REFIT mechanism in the RoI relies upon a comparison between actual annual market prices received by suppliers for selling power into the SEM and the revenue floor guaranteed by the relevant REFIT Scheme in respect of the relevant renewable technology. Currently market price is comprised of the SEM SMP plus capacity payment, while the floor price is set as part of each REFIT scheme and indexed annually. Any shortfall in revenue is recovered by reimbursements paid out of the PSO levies. However, the implementation of I-SEM may make the REFIT regime less attractive. See "*—Changes in market structure which will take effect with the introduction of the Integrated Single Electricity Market may adversely affect our power generation revenues.*" and "*Industry—Generation—Wind Generation—Support for renewable energy.*"

The RoI or UK governments may choose to reduce or eliminate subsidies for the renewable energy sector or may delay the implementation of legislation or other efforts geared towards developing this sector. The reduction or abandonment of governmental support for renewable energy sources in general, or wind power in particular, could render the renewable energy sector significantly less profitable and could have a material adverse effect on our business, financial condition and results of operations.

Legal, political and economic uncertainty surrounding the proposed exit of the United Kingdom from the European Union ("Brexit") may adversely impact current trading arrangements, be a source of instability in international markets and create significant currency fluctuations, which could have a material adverse effect on our business, results of operations and financial condition.

The UK held a referendum on June 23, 2016, to determine whether the UK should leave the EU or remain as a member state, and the outcome of that referendum was in favor of leaving the EU. Under Article 50 of the 2009 Lisbon Treaty ("Article 50"), the UK will cease to be a member state when a withdrawal agreement is entered into or, failing that, two years following the notification of an intention to leave under Article 50, unless the European Council (together with the UK) unanimously decides to extend this period. On March 29, 2017, the UK formally notified the European Council of its intention to leave the EU. It is unclear how long it will take to negotiate a withdrawal agreement. Regardless of the form of any withdrawal agreement, there are likely to be changes in the legal rights and obligations of commercial parties across all industries following an exit of the UK from the EU. Until the UK officially exits the EU, EU laws and regulations will continue to apply, and changes to the application of these laws and regulations are unlikely to occur during negotiations.

The uncertainty and unpredictability concerning the UK's legal, political and economic relationship with the EU after Brexit may continue to be a source of instability in the UK economy and international markets, and it may create significant currency fluctuations and/or otherwise adversely affect trading agreements or similar cross border cooperation arrangements (whether economic, tax, fiscal, legal, regulatory or otherwise) for the foreseeable future, including beyond the date of Brexit. A portion of our business is conducted in Northern Ireland, which is a part of the UK. If Brexit were to have a material adverse effect on the UK economy, such an event could negatively affect demand for our products and services in Northern Ireland. Also, revenues from our businesses in Northern Ireland are recognized and collected in pounds sterling, and a decline in the value of the pound sterling against other currencies used in the international energy, commodity and equipment markets (such as the euro and U.S. dollar) could have a material adverse effect on our results of operations and financial performance.

It is also possible that the outcome of the UK referendum will lead other EU member states to consider leaving the EU, which could be an additional source of instability in international markets. Further, other EU member states within the eurozone could decide to discontinue their use of the euro as their functional currency. The proposed exit of the UK (or any other country) from the EU, the potential secession of Scotland, Wales or Northern Ireland from the UK, or prolonged periods of uncertainty relating to any of these possibilities, could result in significant macroeconomic deterioration, including, but not limited to, decreases in global stock exchange indices, increased foreign exchange volatility (in particular a further weakening of the pound sterling and euro against other leading currencies), and decreased GDP in the European Union. Given RoI's proximity to the UK and its strong trade, investment and finance links with the UK, Brexit could damage RoI trade and the RoI economy. In turn, an economic downturn could also negatively affect demand for our products and services in the RoI. Also, revenues from the Group's businesses in the RoI are recognized and collected in euros, and a decline in the value of the euro against other currencies used in the international energy, commodity and equipment markets (such as the U.S. dollar) could have a material adverse effect on our results of operations and financial performance.

Brexit may have an uncertain effect on the continued operation of the Irish integrated electricity market and the RoI's ability to continue to participate in the pan-European integrated electricity markets. The implementation or continued functioning of I-SEM may be impaired if the UK ceases participation in the pan-European integrated electricity markets as a result of Brexit or if cross-border tariffs or other restrictions are imposed. As Ireland constitutes a relatively peripheral island, with fewer than average energy interconnectors compared to other EU Member States—all of which run through Great Britain—the UK's exit from the EU may present obstacles and regulatory complications to interconnection operation and investment, and this will have negative effects on the island. The interconnectivity concern for Ireland would also arise in relation to its transmission of natural gas from the UK, which commodity is consumed in its own right and is also heavily used for the generation of electricity, as the UK may no longer be obligated to follow the EU solidarity principle. See "*—We rely on electricity and natural gas interconnectors with Great Britain to meet our electricity and natural gas requirements.*"

If Brexit leads to a renewed push for Scottish independence, a considerable amount of uncertainty in the Irish energy markets could arise, as it is unknown if a newly independent Scotland would remain in the EU or would be required to wait a period before re-accession was granted, and what the terms of the relationships would be between an independent Scotland and her neighbors. Great Britain and Ireland's electricity and gas grids are linked via several interconnectors, some of which run through Scotland, and the vast majority of Ireland's gas consumption is supplied via a Scottish interconnector. If Scotland votes to secede from the UK, nearly all of the British North Sea oil fields, half of its natural gas fields—along with its accompanying highly important transit infrastructure—would fall under Scottish control.

Any of these risks and also potentially unforeseen related risks concerning Brexit could have a material adverse effect on our business, results of operations and financial condition.

The quantity of electricity actually produced by Energia Group's wind farms and PPAs, including as a result of curtailment and constraint actions by the TSO, may vary from its estimates.

As is the case for most wind farm operators, estimating the amount of electricity generated by Energia's wind farms and PPAs is inherently subject to uncertainty. Estimates of output are based on various assumptions, many of which are beyond our control, including weather conditions. The quantity of electricity actually produced by Energia Renewables' owned and contracted wind farms, or the quantity of electricity generated therefrom in the future, may vary materially from our estimates. Under I-SEM, the unpredictability of wind farm generation could lead to costs under Reliability Options, if such wind farms take part, or the need to turn to the balancing market during periods of unexpected generation shortfall.

Subsequent evaluations of actual production output and the performance of our owned and part-owned wind farms, as well as the third-party wind farms in respect of which Energia Renewables has PPAs, based upon production data or other information, may result in material revisions to our original output estimates. Any significant negative variance in the quantity of electricity produced by our owned and part-owned wind farms, or procured through our PPAs, or a change in the proportion of wind energy that can be captured and utilized by such wind farms or their ability to convert wind energy to electricity, could adversely affect Energia's renewables revenues and the profitability of Energia's renewables assets, which could, in turn, have a material adverse effect on our business, financial condition or results of operations.

In addition, from time to time, the wind farms on the network may produce more renewable power than is required on an all-island basis. In the event TSO deems it necessary to retain certain types of power stations on the network for technical reasons, such as to ensure adequate maintenance of the system frequency, it may undertake curtailment actions, which may include instructions to one or more renewable generators to reduce the export of power to the network in favor of a generator with different characteristics.

Even when there is no network-wide surplus of renewable power, limitations may apply to a geographically defined subset of the transmission network, which may be caused by such factors as the current carrying capacity of a local transmission network, the requirement to maintain local voltage profiles, or the requirement to remain within switchgear ratings. The TSO must manage local generation and supply within these constraint limits, which may result in the TSO instructing a renewable generator connected to a constrained part of the system to reduce its export of power to the network.

While curtailments and constraints have historically taken place from time to time, the increasing prevalence of wind power in the Irish network gives rise to the risk that such actions may become more frequent. The decisions taken by the TSO imposing constraints and curtailment on our wind farms and PPAs directly impact upon the revenue and profitability of those PPAs and assets, and if these actions were to become more frequent it could have a material adverse effect on our business, financial condition and results of operations.

We face development risks related to the construction and development of wind farms.

We are currently in the process of constructing wind farm assets and plan to undertake construction of new wind farms in the future. Any construction delay, change in government policy, issues with securing permissions from local landowners or need to obtain planning amendments could result in delays to the estimated commencement date for commercial operations and increased costs. In addition, our wind farm development projects must obtain connections to the electricity grid. This process may be costly and time consuming, as we must, among other requirements, obtain planning and other consents from relevant authorities, secure any required easements or wayleaves from landowners and construct the physical connection between the wind farm and the power grid. Any failure to obtain the necessary consents or access rights or delays in establishing the connection between the wind farm and the grid (or achieving compliance with relevant grid code tests) could have a material adverse effect on our business, financial condition and results of operations.

Energia Renewables has, or expects to have, PPAs in respect of certain in-development third-party wind farms. These third-party wind farms face similar development risks that could lead to delays in the commencement of commercial operations. In addition, these third-party wind farms are also exposed to the uncertainties regarding the application of NIRO grace periods, described above under *"—Reduction or abandonment of governmental support for renewable energy sources in general or wind farms in particular may adversely affect our operations.*"

Any delays in wind farm development could also have a material adverse effect on our business, financial condition and results of operations.

Our insurance policies may not cover us for all losses incurred.

We believe we currently have insurance arrangements in place that provide a level of coverage adequate for an energy generation and supply business of the size and with the scope of operations that we have and that such coverage is in line with industry norms. Our policies cover product and public liability, property damage, business interruption, employer's liability, directors' and officers' liability, and credit risk insurance. However, these insurance policies may not cover any losses or damages resulting from the materialization of all of the risks to which we are subject. For example, like other power companies, we are not insured for the risk of viruses attacking our operational IT systems. Furthermore, in the event we suffer a loss in relation to an insured risk, there is no guarantee that the amount of insurance protection to which we are entitled will be sufficient to cover the entire loss incurred. Insurance, warranties or performance guarantees may not cover all or any lost revenues or increased expenses from business interruptions or other events, including the cost of replacement electricity. Likewise, our ability to obtain insurance, and the cost of and coverage provided by such insurance, could be affected by adverse events, some of which may be outside our control. Our future inability to obtain important insurance policies at all, or on commercially acceptable terms, could have an adverse impact on our business.

Our assets or positions cannot be fully hedged against fluctuations in commodity prices and market utilizations and our revenues and margins may be impacted and hedging transactions may not function as intended.

Volatility in market prices for electricity and natural gas may result from a variety of factors, including severe or unexpected weather conditions, changes in electricity and fuel usage, availability of competitively priced alternative energy sources, and changes to energy, environmental and other regulation and legislation. We cannot fully hedge the risks associated with changes in electricity, natural gas and CO_2 prices or generation plant utilizations or our relative size in the market. To the extent we have unhedged positions, fluctuating commodity prices and inaccuracies in forecasting electricity market prices can materially affect our results of operations and financial condition, either favorably or unfavorably.

While Energia Group's own thermal generation is often ranked low in the Merit Order, it has historically acted as a hedge against price spikes or other circumstances that require increased capacity in the SEM, for example when other generators are experiencing outages. Energia Group's hedging activities are carried out by its trading team, which has developed a range of sophisticated retail-related products to reduce our exposure to movements in commodity prices, including financial and physical natural gas contracts, financial and physical power contracts, interconnector capacity purchases and CO_2 and foreign exchange trades (these being the primary drivers of variable generation costs in the SEM, and expected to be the primary drivers of variable generation costs in I-SEM). Specifically, the Energia Group employs commodity swaps to hedge its exposure to natural gas prices and forward purchase contracts to hedge CO_2 emission costs, while PPB hedges its exposure to commodity price fluctuations with respect to its generation contracts through the use of commodity swaps and forward purchase contracts. Further, Energia Group, Power NI and PPB enter into contracts for differences ("CfDs") to hedge their exposure to electricity market price volatility; however, for a variety of reasons, including a lack of liquidity in the CfD market, it may not be possible to enter into forward purchases at commercially acceptable terms, or at all, for any or all of our electricity requirements. This necessitates the use of hedges based on the underlying drivers of electricity generation costs, but these hedges do not provide a perfect hedge to electricity prices, which are also influenced by, among other things, weather, demand, the fuel mix in the power generation markets (including the relative cost of natural gas compared to coal), and plant availabilities, reducing the effectiveness of this risk mitigation strategy.

While changes in costs may be passed through into the SEM, this may not be possible in I-SEM. Furthermore, the price we can obtain for electricity sales from our customers may not change at the same rate as changes in input costs, thereby potentially restricting the margins realized on these sales and reducing our revenue. Volatility in the foreign exchange market may also affect the price of inputs and, consequently, our costs and earnings.

In addition, the implementation of I-SEM increases our exposure to complex and volatile energy prices, as it has three physical trading markets—day-ahead, within-day and the balancing market—as opposed to the single daily SMP pricing mechanism under the existing SEM. Given the untested nature of the I-SEM mechanism in Ireland, our ability to manage our demand and generation position in those markets is unknown, as is the liquidity that will be available within those markets.

Although we have in place risk management procedures, we attempt to minimize our exposure to price volatility and to achieve margin certainty, and we regularly review how our procedures are implemented in practice, we may not eliminate all the risks associated with our activities. As a result of these and other factors, we cannot predict the impact that hedging and other risk management actions may have on our business, financial condition or results of operations and hedging policies.

We are exposed to counterparty risk where we engage in hedging and risk management activities.

Where we engage in hedging and risk management activities, we are exposed to the risk that counterparties owing us money, energy or other commodities as a result of market transactions will not perform their obligations. Should the counterparties to these arrangements fail to perform, we may be required to enter into alternative hedging arrangements or honor the underlying commitment at then-current market prices. In either such event, we may incur losses in addition to amounts, if any, already paid to the initial counterparties, which could have a material adverse effect on our business, financial condition or results of operations. In addition, reductions in our credit quality or changes in the market prices of energy commodities could increase the cash collateral required to be posted in connection with hedging and risk management activities, which could materially affect our liquidity and financial condition.

Participants in the markets in which we operate are also exposed to the risk that another market participant may default on its obligations to pay the SEMO for electricity taken, in which case such costs, to the extent not offset by posted security and other protections available to the SEMO (which is designed to be a fully collateralized market) may be shared across the various non-defaulting SEM or I-SEM market participants, including us. While any such exposure is not expected to be significant, in the event required payments are larger than anticipated, it could have a material adverse effect on our business, financial condition and results of operations.

Our cost of compliance with energy efficiency initiatives, environmental laws and regulations, and any environmental liabilities arising from our operating activities could have a material adverse effect on our business, financial condition and results of operations.

We are subject to extensive environmental regulation by governmental authorities and may incur costs beyond those currently contemplated to comply with these requirements. Existing environmental regulations could be revised or reinterpreted, new laws and regulations could be adopted or become applicable to us or our facilities, and future changes in environmental laws and regulations could occur, including potentially costly regulatory and enforcement developments related to greenhouse gas emissions. If we fail to comply with these requirements, we could be subject to civil or criminal liabilities and fines or operation of our facilities could be forcibly stopped, curtailed or modified or could become subject to additional costs. Any such event could have a material adverse effect on our business, financial condition and results of operations.

We could incur liability under national or local environmental laws or regulations, either as a polluter or as the party managing certain aspects of any of our owned facilities, including the Huntstown plants. We do not have any reserved cash funds held to meet requirements with environmental regulations and any such requirements imposed on the Huntstown plants, or our other owned facilities, could have a material adverse effect on our business, financial condition and results of operations. In addition, we may be responsible for any on-site liabilities associated with the environmental condition of facilities that we have acquired, leased or developed, regardless of when the liabilities arose and whether they are known or unknown. In connection with certain acquisitions and sales of assets, we may obtain, or be required to provide, indemnification against certain environmental liabilities. Another party could, depending on the circumstances, assert an environmental claim against us or fail to meet its indemnification obligations. We do not have any provisions in our accounts for environmental liabilities but the Huntstown plants carry insurance that would cover such liabilities as a result of sudden and accidental pollution. Any costs incurred in relation to such environmental liabilities over and above those covered by applicable insurance policies could have a material adverse effect on our business, financial condition and results of operations.

In 2016, we undertook changes to lower the minimum generation requirements of our Huntstown plants which provides more flexibility to the TSO allowing it to use the plants to accommodate a broader range in variability in wind generation capacity. In February 2017, the EPA requested information concerning the manner in which these changes were made and the impact that reductions in minimum generation in Huntstown would have on concentrations of air pollution, especially when running under partial load. In April 2017, the EPA followed up with a more detailed request for information. While we believe we comply with the terms of our licenses in all material respects, we cannot guarantee that the EPA will not object, or take a view that running the Huntstown plants at part load violates the pollution control conditions of one of our licenses.

Increased obligations are also being applied to suppliers in relation to energy efficiency. In March 2014, the RoI Government transposed the EU Directive 2012/27/EU on energy efficiency into national law. This legislation obliges suppliers to achieve a validated energy savings amount equal to certain annual targets notified by way of energy efficiency notice. A failure to achieve this level of energy savings will result in a prescribed penalty amount being applied to suppliers. The obligation commenced with effect from January 2014 and is intended to apply until December 2020. On December 21, 2016 Energia received its Energy Efficiency Notice dated December 15, 2016, setting out annual savings targets from 2017-2020. Though we have sought judicial review of this Energy Efficiency Notice, which is ongoing and which may not succeed, the cost of compliance with and/or penalties levied under this regime could be material and we will therefore seek to recover all or a portion of any such costs from our customers in the retail market. Such recovery may be difficult to achieve in a competitive market environment and any costs incurred in relation to such regulation and not off-set through market prices or otherwise could have a material adverse effect on our business, financial condition and results of operations. In NI, the requirements of EU Directive 2012/27/EU on energy efficiency are to be transposed into national law and implementation is ongoing.

PPB's contracts may be terminated by the NIAUR, which may adversely affect our results.

While PPB's contracts with Ballylumford power station in NI have been extended to run through 2023, the NIAUR has the right to terminate PPB's contracts at any time, provided that the NIAUR has followed the cancellation process set out in the licenses (including the provision of 180 days' notice of early cancellation). The NIAUR must also act in accordance with its statutory duties, specifically the duty to protect the interests of customers, which means the NIAUR should only cancel a PPB contract if it would be economically beneficial for NI consumers for it to do so. Any future cancellation of contracts by the NIAUR would result in the cessation of the PPB business, which could have a material adverse effect on our business, financial condition and results of operations.

If we are unable to raise capital on commercial terms or at all, our long-term ability to conduct certain corporate activities, in particular to raise project capital to expand our wind farm portfolio, would be adversely affected.

We and our subsidiaries expect to rely on access to the capital markets for capital requirements not satisfied by existing credit facilities (such as the Revolving Credit Facility), cash on hand or operating cash flows. In particular, we may, in the future, seek to finance the expansion of our portfolio of wind farm assets, or to refinance existing project finance facilities in relation to these wind farms, in the credit and/or capital markets. We may also choose to grow our business through certain targeted acquisitions of projects or businesses over the longer-term, which, in some circumstances, will require us to obtain additional financing in the credit or capital markets. If we are unable to access the capital markets in the longer-term, on commercially reasonable terms or at all, our ability to engage in these activities would be limited, thereby potentially limiting our future growth opportunities, which could have a material adverse effect on our business, financial condition and results of operations.

Our business could be adversely affected if we are unable to maintain relationships with suppliers, consultants, regulatory authorities, customer advocacy groups or customers or if the entities that comprise these relationships cease to exist.

We rely on current and future relationships with a relatively small number of suppliers and service providers for the operation and growth of our business and will continue to be reliant on third parties for our further development. For example, we rely on Siemens and Mitsubishi to regularly maintain and service the Huntstown plants, as well as a small number of suppliers for our natural gas requirements and Global Energy Services for the operation and maintenance of our wind farms. In addition, we outsource a significant portion of our IT requirements to a third-party supplier.

Our dependence on these relationships may impact our ability to negotiate favorable contract terms with these counterparties, and there is no guarantee that we will be able to replace any material suppliers or service providers in a timely manner, or at all, in the event that any of these relationships were to be discontinued or terminated. If we are unable to negotiate favorable contracts with our suppliers or service providers, or such suppliers or service providers are unable to fulfil their obligations or discontinue business with us and we are unable to find other suitable replacements, our business, financial condition and operational results may be materially adversely affected.

We also have long-standing relationship with regulatory bodies, such as the CER, the DCCAE, the NIAUR and the DfE, as well as with customer advocacy groups, such as the Consumer Council for Northern Ireland, the Confederation of British Industry and the Irish Business and Employers' Confederation, in each case in relation to our business activities in Ireland. While we have a productive relationship with these regulatory bodies and customer advocacy groups, there is no guarantee we will be able to maintain these relationships and any disruption may materially adversely affect our business.

In our electricity and gas supply business, we rely on our relationships with a number of large customers. While the loss of any single customer is not expected to have a material impact on our business as a whole, if we were unable to maintain our relationships with our large customers, we could lose market share, which could have a material adverse effect on our business, financial condition and results of operations.

In our electricity and gas supply business, we rely on our relationships with a number of consultants who represent one or more customers. While the loss of any single consultant is not expected to have a material impact on our business as a whole, if we were unable to maintain our relationships with consultants in general, we could lose market share, which could have a material adverse effect on our business, financial condition and results of operations.

Our operations expose us to the risk of material health and safety liabilities, which leave us open to substantial liabilities, fines and penalties.

The nature of our operations subject us to various statutory compliance and litigation risks under health, safety and employment laws. We cannot guarantee the absence of future health and safety accidents or incidents at our sites, including as a result of negligence. If any such incident occurs, we could be subject to prosecution and/or litigation, which may lead to fines, penalties or reputational damage. For example, in December 2015, a subcontractor cutting down trees on the perimeter of one of our wind farm sites was fatally injured by a falling tree, while working for an experienced forest management company that had been engaged by our prime contractor. Letters of claim have been issued in regard to this incident and the relevant insurers have been put on notice. We cannot guarantee that other claims will not be filed against us in the future, or that similar matters will not arise in the future.

While we maintain insurance coverage in respect of such liabilities, the costs incurred, including any reputational damage, could nevertheless have a material adverse effect on our business, financial condition and results of operations. In addition to liability claims, exposure to material health and safety liabilities could affect our brand image, reputation, press coverage, and possibly have political and regulatory implications which could have a material adverse effect on our business, financial condition and results of operations.

We rely on electricity and natural gas interconnectors with Great Britain to meet our electricity and natural gas requirements.

Ireland relies heavily on natural gas interconnectors from Great Britain for its natural gas supply. In the RoI, there are two interconnectors, IC1 and IC2, that transport natural gas from Great Britain's natural gas transmission network. The natural gas transmission system in NI imports natural gas from Scotland through the Scotland-to-Northern Ireland Pipeline. Disruption of, or any restriction on access to, these pipelines, or of the common single section of pipeline on mainland Scotland that supplies these pipelines with natural gas, would impact upon the ability of our Huntstown plants to operate.

We also purchase electricity from the UK through two high-voltage direct current interconnectors, the Moyle Interconnector, which runs between Scotland and NI, and the East/West Interconnector, which runs between Wales and the RoI. A significant disruption in transmission from either interconnector could force us to purchase additional quantities of electricity from alternative sources under potentially unfavorable commercial terms, which could significantly increase our expenditure for electricity. Since September 2010, the Moyle Interconnector has experienced four cable faults which have been repaired. In February 2017, a further fault occurred on the southern portion of the Moyle cable system. Repair work has commenced and is expected to be completed by the end of September 2017. As a result, the Moyle Interconnector is currently operating at 250MW of its 500MW capacity. In addition to these faults on the Moyle Interconnector, in September 2016, on its return from annual maintenance shutdown, the East/West Interconnector experienced a fault which resulted in its full capacity of 500MW not being available until the end of 2016.

Any disruption to the supply of natural gas or electricity from Great Britain to the RoI or NI could significantly increase our expenditure for natural gas (or alternative fuel sources) or electricity and could have a material adverse effect on our business, financial condition and results of operations.

The maintenance of our generating plants requires substantial cash flow and may not be adequate to prevent plant failure.

From time to time, we are required to make certain operational and maintenance related capital expenditures on our sites, such as equipment and other infrastructure maintenance, including machine parts for the Huntstown plants. Our ability to undertake such operational and maintenance measures largely depends on our cash flow from our operations and access to capital. However, we may have unforeseen capital expenditure needs for which we may not have adequate capital, including urgent repairs or measures to update or replace essential equipment that has become faulty or breaks down. If we do not have adequate capital to service our plants, we may not be able to operate our plants as efficiently, or at all. In addition, parties to our PPA agreements and our owned wind farms may experience reduced capacity availability as a result of generator faults, gear box rebuilds, grid availability issues or other mechanical failures, which could have an adverse effect on our revenues.

Our generating plants require regular maintenance and the provision of this maintenance is itself subject to certain risks. A number of problems may arise in relation to our facilities during maintenance, which may cause interruptions to production, including, among other things, failed deliveries by suppliers or manufacturers or longer-than-expected periods for technical adjustments. In particular, failure of a contractor to perform our contracted services and/or a change in a contractor's financial circumstances in conjunction with an overreliance on particular contractors may, among other things, result in the relevant asset either underperforming or becoming impaired in value and there can be no assurance that such underperformance, impairment or delay will be fully or partially compensated by any contractor warranty or bank guarantee (which are usually limited in scope and amount, and typically will not cover full loss of profit). The additional costs and loss of revenue that may arise as a result of maintenance of our facilities may adversely affect our business, financial condition and results of operations.

Our inability to attract and retain key personnel could adversely affect our business.

Our future success will depend on our ability to attract and retain highly qualified personnel. The departure of any of our executive officers or key employees may have a negative impact on our operations, including possibly adversely affecting our ability to provide the service levels our customers expect. This is particularly true with respect to electricity regulation and the renewable energy industry. Electricity regulation is a specialized field with a limited pool of qualified and experienced personnel while the renewable energy industry is a relatively new industry and, as a result, there is a limited pool of technically qualified personnel with substantial experience. Moreover, the migration from SEM to I-SEM is a particularly complex project being undertaken on a strict common timetable. There is a limited pool of qualified personnel who can contribute to the transition, as well as a considerable breadth of demand from companies across the industry. We compete with a number of companies as well as government entities and other organizations for qualified personnel and, consequently, we have encountered and may continue to encounter difficulties in retaining certain key employees and attracting new personnel. Any such difficulty in retaining and/or attracting key personnel could have a material adverse effect on our business, financial condition and results of operations.

Changes in tax laws or challenges to our tax position could adversely affect our results of operations and financial condition.

We are subject to complex tax laws. Changes in tax laws could adversely affect our tax position, including our effective tax rate or tax payments. We often rely on generally available interpretations of applicable tax laws and regulations. There cannot be certainty that the relevant tax authorities are in agreement with our interpretation of these laws. If our tax positions are challenged by relevant tax authorities, the imposition of additional taxes could require us to pay taxes that we currently do not collect or pay or increase the costs of our services to track and collect such taxes, which could increase our costs of operations or our effective tax rate and have a negative effect on our business, financial condition and results of operations. The occurrence of any of the foregoing tax risks could have a material adverse effect on our business, financial condition and results of operations.

We may suffer damage as a result of our employees and agents acting outside our policies and procedures.

We may suffer damage resulting from our employees' or agents' misconduct, operational errors or negligence. Such misconduct, errors or negligence may include, for example, inadvertent or careless mistakes or intentional acts or misrepresentations by our employees or agents, breaches of applicable laws or regulations in the course of their duties, breaches of operational guidelines or other improper acts. While we have systems in place designed to prevent and mitigate these risks, such systems may fail to detect or prevent such acts. Any misconduct, operational errors or negligence resulting from our employees or agents could lead to reputational damage, regulatory action, loss of regulatory licenses and financial costs or penalties that may not be covered by insurance or by another party. The consequences of such misconduct, operational errors or negligence could have a material adverse effect on our business, financial condition, results of operations or reputation.

The interests of I Squared Capital may conflict with your interests as a holder of the Notes.

The interests of the Group's controlling shareholder, I Squared Capital Funds or the other I Squared Capital entities may conflict with yours as a holder of the Notes, particularly if the Group encounters financial difficulties or is unable to pay the Group's debts when due. I Squared Capital has (directly or indirectly) the power to, among other things, affect the Group's legal and capital structure and its day-to-day operations and may have an incentive to increase the value of its investments or cause the Group to distribute funds at the expense of the Group's financial condition. In addition, I Squared Capital has the power to determine the Group's board of directors and appoint new officers and management and, therefore, effectively controls many other major decisions regarding the Group's operations. The Group cannot assure you that the interests of I Squared Capital will not conflict with your interests as a holder of the Notes. The purchase agreement between the Issuers and the Initial Purchasers will not restrict the ability of the funds and the affiliates of I Squared Capital to buy or sell the Notes in the future, and as a result, I Squared Capital may buy or sell Notes in open market transactions at any time following the consummation of the Offering.

Risks related to the notes

Creditors under the Revolving Credit Facility, any credit facility that refinances or replaces the Revolving Credit Facility and certain hedging obligations are entitled to be repaid with the proceeds of the Collateral sold in any enforcement sale in priority to the Notes. Holders of the Notes will not control decisions regarding the Collateral in certain circumstances.

The Notes and the Guarantees will be secured initially on a first-priority basis by the same Collateral securing the obligations under the Revolving Credit Facility Agreement and certain hedging obligations. In addition, under the terms of the Indenture, we will be permitted to incur significant additional indebtedness and other obligations that may be secured by the same Collateral on a *pari passu* basis with the Notes and, in certain circumstances receive proceeds from enforcement of Collateral prior to the Notes. The Indenture and the Intercreditor Agreement will not limit the amount of hedging that can be given priority with respect to the proceeds from the enforcement of the Collateral.

In the event of enforcement of the Collateral securing the Notes, pursuant to the Intercreditor Agreement, creditors under the Revolving Credit Facility Agreement, any credit facility that refinances or replaces the Revolving Credit Facility and certain hedging liabilities will be entitled to be repaid with the proceeds of the Collateral sold in any enforcement sale in priority to the Notes. As such, in the event of a foreclosure of the Collateral, holders of the Notes may not be able to recover on the Collateral if the then outstanding claims under the Revolving Credit Facility Agreement, any credit facility that refinances or replaces the Revolving Credit Facility and such hedging obligations are greater than the proceeds realized. Any proceeds from an enforcement sale of the Collateral will, after all obligations under the Revolving Credit Facility Agreement, any credit facility that refinances or replaces the Revolving Credit Facility and such hedging obligations have been discharged from such recoveries, be applied *pro rata* in repayment of the Notes and any other obligations secured by the Collateral that are permitted to rank *pari passu* and are secured on a *pari passu* basis with the Notes. As a result, proceeds from the sale of Collateral in connection with any enforcement action may be insufficient to pay claims under the Notes.

In addition, claims of our secured creditors that are secured by assets that do not also secure the Notes will have priority with respect to such assets over the claims of holders of the Notes.

The Intercreditor Agreement will provide that the common Security Agent, who will also serve as the security agent for the lenders under the Revolving Credit Facility Agreement, our hedging obligations, the Notes and any additional debt secured by the Collateral permitted to be incurred by the Indenture, will act only as provided for in the Intercreditor Agreement. The Intercreditor Agreement will regulate the ability of the Trustee or the holders of the Notes to instruct the Security Agent to take enforcement action. The Security Agent will not be required to take enforcement action unless instructed to do so by an Instructing Group (as defined in "*Description of Other Indebtedness—Intercreditor Agreement*") that comprises (i) creditors holding more than 66⅔% of the Indebtedness and commitments under the Revolving Credit Facility and the priority hedging obligations (the "Majority Super Senior Creditors") or (ii) the holders of the required principal amount of the then outstanding Notes as set out in the Indenture (or if the required amount is not specified, the holders holding at least the majority of the principal amount of the then outstanding Notes) and the holders of the required principal amount of the then outstanding indebtedness ranking *pari passu* with the Notes as set out in the relevant documents governing such debt ranking *pari passu* with the Notes (or if the required amount is not specified, the holders holding at least the majority of the principal amount of the then outstanding amount of such indebtedness) whose principal amount outstanding under the Notes and such indebtedness ranking *pari passu* with the Notes (the "Senior Secured Credit Participations") at that time aggregate more than 50% of the total Senior Secured Credit Participations at that time (the "Notes/Pari Passu Required Holders") (in each case acting through their respective creditor representative). If, before the super senior discharge date, the Security Agent has received conflicting enforcement instructions from the relevant creditor representatives then, to the extent the instructions from the Notes/Pari Passu Required Holders (to the extent given) comply with the initial consultation requirements and the security enforcement principles, one of which states that the primary objective of the enforcement of the Collateral is the maximization, so far as is consistent with prompt and expeditious realization, of value of recoveries (each as set forth in the Intercreditor Agreement), the Security Agent will comply with the instructions from the Notes/Pari Passu Required Holders, provided that if the super senior liabilities have not been fully discharged within six months of the date on which the first such enforcement instructions were first issued, or no steps have been taken in relation to the commencement of enforcement action within three months of the date on which the first such enforcement instructions were first issued, then the instructions of the Majority Super Senior Creditors will prevail. To the extent we incur additional indebtedness that is secured by the Collateral on a *pari passu* basis with the Notes, your voting interest in an instructing group will be diluted commensurate with the amount of indebtedness we incur.

The lenders under the Revolving Credit Facility Agreement and creditors in respect of the hedging obligations may have interests that are different from the interests of holders of the Notes and they may, subject to the terms of the Intercreditor Agreement, elect to pursue their remedies under the security documents at a time when it would be disadvantageous for the holders of the Notes to do so; however the senior secured creditors may assume the enforcement at any time, subject to the limitations as between them set out above.

In addition, if the Security Agent sells the Collateral as a result of an enforcement action in accordance with the Intercreditor Agreement, claims under the Notes and the Guarantees and the liens over any other assets of such entities securing such Notes and Guarantees may be released. See "*Description of Other Indebtedness—Intercreditor Agreement*" and "*Description of the Notes—Security—Release of Liens*."

The Collateral may not be sufficient to secure the obligations under the Notes.

The Notes and the Guarantees will, subject to the Agreed Security Principles, be secured by first-priority security interests in the Collateral described in this offering memorandum, which Collateral also secures the obligations under the Revolving Credit Facility Agreement and certain hedging obligations. The Revolving Credit Facility contains a mechanism under which commitments under the Revolving Credit Facility may be increased and any such increase will also benefit from first-priority security interests in the Collateral. Upon a refinancing of the Revolving Credit Facility Agreement, or if the commitments under the Revolving Credit Facility Agreement are increased, the amount that will benefit from "super-priority" first-priority security interests in the Collateral may be increased up to the amount permitted under the Indenture. The Collateral may secure additional debt ranking *pari passu* with the Notes, as the case may be, to the extent permitted by the terms of the Indenture and the Intercreditor Agreement. The rights of the holders of the Notes to the Collateral may therefore be diluted by any increase in the debt secured by first-priority liens on the Collateral.

If there is an event of default on the Notes, the holders of the Notes will be secured only by the Collateral, which will, subject to the Agreed Security Principles and certain exceptions (and subject to release provisions in certain circumstances, including asset sales), consist of: (1) pledges over the shares held by the Company and certain of its subsidiaries in their subsidiaries (excluding Unrestricted Subsidiaries), including the shares of the Issuers and the Subsidiary Guarantors; (2) fixed and floating charges over all or substantially all of the assets (including bank accounts) of the Company and certain of its subsidiaries, including the Issuers and the Subsidiary Guarantors, excluding shares in Unrestricted Subsidiaries, assets pledged in connection with the Single Electricity Market Trading and Settlement Code and subject to certain other exceptions; (3) pledges over the receivables and bank accounts of ElectricInvest (Lux) ROI S.à r.l.; and (4) any other assets that that secure the obligations under the Revolving Credit Facility following the Issue Date. There is no guarantee that the value of the Collateral will be sufficient to enable the Issuers to satisfy their obligations under the Notes. The proceeds of any sale of the Collateral following an event of default with respect to the Notes may not be sufficient to satisfy, and may be substantially less than, amounts due on the Notes.The fair market value of the Collateral may be subject to fluctuations over time based on factors that include, among others, general economic conditions, industry conditions and similar factors. The amount to be received upon an enforcement of such Collateral will depend upon many factors, including, among others, the ability to sell the Collateral in an orderly sale, the condition of the economies in which operations are located and the availability of buyers, whether or not our business is sold as a going concern, the ability to readily liquidate the Collateral and the fair market value and condition of the Collateral. Further, there may not be any buyer willing and able to purchase our business as a going concern, or willing to buy a significant portion of our assets in the event of an enforcement action. The book value of the Collateral should not be relied on as a measure of realizable value for such assets. All or a portion of the Collateral may be illiquid and may have no readily ascertainable market value. Likewise, we cannot assure you that there will be a market for the sale of the Collateral, or, if such a market exists, that there will not be a substantial delay in our liquidation. In addition, the share charges of an entity may be of no value if that entity is subject to an insolvency or bankruptcy proceeding.

To the extent that liens, security interests and other rights granted to other parties encumber assets owned by the Issuers or the Guarantors, those parties have or may exercise rights and remedies with respect to the property subject to their liens, security interests or other rights that could adversely affect the value of that Collateral and the ability of the Security Agent, Trustee or investors as holders of the Notes to realize or enforce that Collateral. If the proceeds of any sale of Collateral are not sufficient to repay all amounts due on the Notes and the Guarantees, investors (to the extent not repaid from the proceeds of the sale of the Collateral) would have only an unsecured claim (if the relevant guarantee has not been released) against the Issuer's and the Guarantors' remaining assets. Each of these factors or any challenge to the validity of the Collateral or the Intercreditor Agreement governing our creditors' rights could reduce the proceeds realized upon enforcement of the Collateral.

In addition, the Collateral may not be liquid, and its value to other parties may be less than its value to us. Likewise, we cannot assure you that there will be a market for the pledged shares or other Collateral or that, if such market does exist, there will not be substantial delays in their liquidation.

The granting of the security interests in connection with the issuance of the Notes, or the incurrence of permitted debt in the future, may create or restart hardening periods.

The granting of security interests to secure the Notes and the Guarantees may create or be subject to hardening periods for such security interests in certain jurisdictions. The granting of shared security interests to secure future indebtedness permitted to be secured on the Collateral may restart or reopen such hardening periods in particular, as the Indenture will permit the release and retaking of security granted in favor of the Notes in certain circumstances including in connection with the incurrence of future indebtedness, which may result in the creation of new hardening periods. The applicable hardening period for these new security interests can run from the moment each new security interest has been granted, perfected or recreated. At each time, if the security interest granted, perfected or re-created were to be enforced before the end of the respective hardening period applicable in such jurisdiction, it may be declared void or ineffective and/or it may not be possible to enforce it. If the grantor of such security interest were to become subject to a bankruptcy or winding up proceeding after the Issue Date, any mortgage or security interest in Collateral delivered after the Issue Date would face a greater risk than security interests in place on the Issue Date of being avoided by the grantor or by its trustee, receiver, liquidator, administrator or similar authority, or otherwise set aside by a court, as a preference under insolvency law. To the extent that the grant of any security interest is voided, holders of the Notes would lose the benefit of the security interest. See "*Limitations on Validity and Enforceability of Guarantees and Security*."

The same rights and risks also will apply with respect to future security interests granted in connection with the accession of further subsidiaries as additional Guarantors and the granting of security interests over their relevant assets and equity interests for the benefit of holders of the Notes. See "*Description of the Notes—Security*."

The Group's subsidiaries related to the Group's existing wind farm facilities are Unrestricted Subsidiaries and are not bound by the restrictive covenants contained in the Indenture and are subject to various covenants set forth in their debt agreements, and future wind farm construction funding facilities will also likely be held by Unrestricted Subsidiaries.

The Group has project financed operating wind farms with a combined capacity of 201.6MW, which are ring-fenced and whose indebtedness is non-recourse. The subsidiaries holding these wind farms will be Unrestricted Subsidiaries and will not be subject to the covenants governing the Notes or the Revolving Credit Facility. Operating wind farms in the RoI with capacity totaling 104MW are financed in two separate RoI project finance facilities, and operating wind farms in NI with capacity totaling 97.6MW are financed in three separate NI facilities. A further separate NI project finance facility is in place for NI wind farm projects currently in construction totaling 75.1MW of which 21.2MW has achieved financial close at June 30, 2017. Each of these facilities contains financial covenants. The Unrestricted Subsidiaries may default on these covenants as a result of long periods of low output from the wind farms or for other reasons. There is no cross collateralization between the various project finance facilities. If any of the Unrestricted Subsidiaries were to default on any project finance facility, this could result in creditors within the non-recourse ring-fence calling their loans, which could have a material adverse effect on the Group's project financed businesses, financial condition, as well as their access to project finance capital. There are also restrictions under these facilities on change of control.

The Group has a number of advanced development projects, which are expected to be financed on the same or similar terms as the Group's current projects. However, the Group cannot guarantee that such financing will be available for these projects on the same or similar terms as current projects, or at all.

Your rights in the Collateral may be adversely affected by the failure to perfect security interests in the Collateral.

Under applicable law, a security interest in certain assets can only be properly perfected, and its priority retained, through certain actions undertaken by the secured party and/or the grantor, as applicable, of the security. The liens on the Collateral securing the Notes may not be perfected with respect to the claims of such Notes if we fail or are unable to take the actions required to perfect any of these liens.

Absent perfection, the holder of the security interest may have difficulty enforcing such holder's rights in the Collateral with regard to third parties, including a trustee in bankruptcy and other creditors who claim a security interest in the same Collateral. In addition, a debtor may discharge its obligation by paying the security provider until, but not after, the debtor receives a notification of the existence of the security interest granted by the security provider in favor of the security taker over the claims the security taker (as creditor) has against the debtor. Finally, since the ranking of pledges is determined by the date on which they became enforceable against third parties, a security interest created on a later date over the same Collateral, but which came into force for third parties earlier (by way of registration in the appropriate register or by notification) has priority. Neither the Trustee nor the Security Agent have any obligation to monitor the acquisition of additional property or rights that constitute Collateral or the perfection of, or to take steps to perfect, any security interest in the Notes against third parties.

The security interests in the Collateral will be granted to the Security Agent rather than directly to the holders of the Notes. The ability of the Security Agent to enforce certain of the Collateral may be restricted by local law.

The security interests in the Collateral that will secure the obligations of the Issuers under the Notes and the obligations of the Guarantors under the Guarantees will not be granted directly to the holders of the Notes but will be granted only in favor of the Security Agent, which will hold the Collateral for the lenders under the Revolving Credit Facility and our hedging obligations, holders of the Notes and holders of any additional debt secured by Collateral permitted to be incurred under the Indenture. The Indenture will provide (along with the Intercreditor Agreement) that only the Security Agent has the right to enforce the Security Documents. As a consequence, holders of the Notes will not have direct security interests and will not be entitled to take enforcement action in respect of the Collateral securing the Notes, except through the Trustee, who will (subject to the provisions of the Indenture) provide instructions to the Security Agent in respect of the Collateral.

The appointment of a foreign security agent will be recognized under Luxembourg law, (i) to the extent that the designation is valid under the law governing such appointment and (ii) subject to possible restrictions depending on the type of the security interests. Generally, according to paragraph 2(4) of the Luxembourg Act of 5 August 2005 on financial collateral arrangements, as amended (the "Luxembourg Collateral Act"), a security (financial collateral) may be provided in favor of a person acting on behalf of the collateral taker, a fiduciary or a trustee in order to secure the claims of third party beneficiaries, whether present or future, provided that these third party beneficiaries are determined or may be determined. Without prejudice to their obligations vis-à-vis third party beneficiaries of the security, persons acting on behalf of beneficiaries of the security, the fiduciary or the trustee benefit from the same rights as those of the direct beneficiaries of the security aimed at by such law

Security over certain Collateral will not be perfected on the date on which the Notes are issued.

Security over certain Collateral will not be perfected on the date on which the Notes are issued. If we or any Guarantor were to become subject to a bankruptcy proceeding after the date on which the Notes are issued but before a relevant grant of security is made, any such creation or perfection steps would face a greater risk of being invalidated than if we had taken such steps on the date on which the Notes were issued. Any such security interest created or perfected after the date on which the Notes are issued will be treated under bankruptcy law as if it were delivered to secure previously existing debt, which is materially more likely to be avoided as a preference by the bankruptcy court than if the steps were taken at the time at which the Notes are issued. To the extent that the grant or perfection of any such security interest is avoided as a preference, you would lose the benefit of such security interest.

The Issuers and the Guarantors will have control over the Collateral securing the Notes, and the sale of particular assets could reduce the pool of assets securing the Notes.

The Security Documents will allow the Issuers and the Guarantors to remain in possession of, retain exclusive control over, freely operate, and collect, invest and dispose of any income from the Collateral securing the Notes. So long as no default or event of default under the Indenture would result therefrom, the Issuers and the Guarantors may, among other things, without any release or consent by the Security Agent, conduct ordinary course activities with respect to the Collateral, such as selling, factoring, abandoning or otherwise disposing of Collateral and making ordinary course cash payments, including repayments of indebtedness.

It may be difficult to realize the value of the Collateral securing the Notes.

The Collateral securing the Notes will be subject to any and all exceptions, defects, encumbrances, liens and other imperfections permitted under the Indenture and the Intercreditor Agreement and accepted by other creditors that have the benefit of security interests in the Collateral from time to time. Furthermore, the first-priority ranking of security interests with respect to the Notes can be affected by a variety of factors, including, among others, the timely satisfaction of perfection requirements, statutory liens or recharacterization under the laws of certain jurisdictions.

The security interests of the Security Agent will be subject to practical problems generally associated with the realization of security interests in the Collateral. For example, the enforcement of share pledges, whether by means of a sale or an appropriation, may be subject to certain specific requirements and the Security Agent may need to obtain the consent of a third-party to enforce a security interest. We cannot assure you that the Security Agent will be able to obtain any such consents. We also cannot assure you that the consents of any third parties will be given when required to facilitate a foreclosure on such assets. Accordingly, the Security Agent may not have the ability to foreclose upon those assets, and the value of the Collateral may significantly decrease.

In addition, we are required to register our various operations with national regulators. Such requirements may, depending on the circumstances, restrict foreclosure on the Collateral or may require us to incur significant cost and expense as a result of or to satisfy such requirements. Further, there can be no assurance that any applicable governmental authorities will facilitate enforcement or foreclosure action. If any regulatory re-registrations or notifications that are required are not made or are delayed, the foreclosure may be delayed and the value of the Collateral may be decreased.

The value of the Collateral may decrease because of obsolescence, impairment or certain casualty events.

The value of the properties that the Issuers and the other Guarantors own or lease may be adversely affected by depreciation and normal wear and tear or because of certain events that may cause damage to these properties. Although the Revolving Credit Facility Agreement will initially contain certain covenants in relation to the maintenance and preservation of assets and the Indenture will contain covenants restricting impairment of security interests, the Issuers and the Guarantors will not be required to improve the Collateral. The Issuers and the Guarantors will be initially obliged under the Revolving Credit Facility Agreement to maintain customary insurance with respect to their business and certain assets, but the proceeds of such insurance may not be sufficient to rebuild or restore such properties to their original condition prior to the occurrence of the events that caused the insured damages. Those insurance policies will most certainly not cover all the events that may conceivably result in damage to the Collateral.

There are circumstances other than repayment or discharge of the Notes under which the Collateral securing the Notes and the Guarantees will be released automatically and under which the Guarantees will be released automatically, without your consent or the consent of the relevant Trustee.

The Security Agent will take any action required to effectuate any release of Collateral required by a security Document:

- in connection with any sale or other disposition of Collateral to (a) a Person that is not the Company or a Restricted Subsidiary (but excluding any transaction subject to "*Description of the Notes—Certain Covenants—Merger and Consolidation*"), if such sale or other disposition does not violate the covenant described below under "*Description of the Notes—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*" or (b) any Restricted Subsidiary that is not a Guarantor;

- in the case of a Guarantor that is released from its Note Guarantee pursuant to the terms of the Indenture, the release of the property and assets, and capital stock, of such Guarantor;

- as described under "*Description of the Notes—Amendments and Waivers*";

- upon payment in full of principal, interest and all other obligations on the Notes or legal defeasance, covenant defeasance or satisfaction and discharge of the Notes, as provided in "*Description of the Notes—Defeasance*" and "*Description of the Notes—Satisfaction and Discharge*";

- if the Company designates any Restricted Subsidiary to be an Unrestricted Subsidiary in accordance with the applicable provisions of the Indenture, the release of the property and assets, and capital stock, of such Unrestricted Subsidiary;

- in accordance with the Intercreditor Agreement or any additional Intercreditor Agreement;

- in connection with the granting of liens on such property or assets, which may include Collateral, or the sale of such property or assets, which may include Collateral, pursuant to a qualified receivables transaction;

- as permitted by the covenant described under "*Description of the Notes—Certain Covenants—Impairment of Security Interest*";
- in order to effectuate a merger, consolidation, conveyance or transfer conducted in compliance with the covenant described under "*Description of the Notes—Certain Covenants—Merger and Consolidation*";
- in connection with an IPO Pushdown, as specified in the Indenture;
- as otherwise permitted in accordance with the Indenture; or
- so long as no Event of Default has occurred and is continuing, in connection with the solvent winding up, liquidation or reorganization of any Subsidiary that is an Immaterial Subsidiary (as defined under "—Certain Definitions"), any assets of or Capital Stock of such Subsidiary may be released from the Collateral; *provided* that substantially all of the assets of such Subsidiary that are distributed pursuant to such solvent winding up, liquidation or reorganization are distributed to other Guarantors.

The Company will be entitled to release the security interests in respect of the Collateral owned by it under the circumstances described in the second, third, fourth, sixth, eighth and ninth bullet points above.

Under certain circumstances, the creditors under the Revolving Credit Facility Agreement and certain of our hedging arrangements will control enforcement actions with respect to the Collateral through the Security Agent, whether or not the holders of the Notes agree or disagree with those actions. See "*Description of Other Indebtedness—Intercreditor Agreement*."

Under various circumstances, the Guarantees will be released automatically, including:

- upon a sale or other disposition (including by way of consolidation or merger) of the capital stock of the relevant Subsidiary Guarantor (whether by direct sale or sale of a holding company) or the sale or disposition of all or substantially all the assets of the Subsidiary Guarantor, if the sale or other disposition does not violate the covenant described under "*Description of the Notes—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*" and the Subsidiary Guarantor ceases to be a Restricted Subsidiary of the Company as a result of the sale or other disposition;
- upon the designation in accordance with the Indenture of the Subsidiary Guarantor as an Unrestricted Subsidiary;
- upon legal defeasance, covenant defeasance or satisfaction and discharge of the Indenture, as provided in "*Description of the Notes—Defeasance*" and "*Description of the Notes—Satisfaction and Discharge*";
- in accordance with the Intercreditor Agreement or any additional Intercreditor Agreement, including upon an enforcement action;
- as described under "*Description of the Notes—Amendments and Waivers*";
- as described in the covenant described below under "*Description of the Notes—Certain Covenants—Additional Note Guarantees*";
- as a result of any transaction permitted by "*Description of the Notes—Certain Covenants—Merger and Consolidation*"; or
- so long as no Event of Default has occurred and is continuing, in connection with the solvent winding up, liquidation or reorganization of any Guarantor that is an Immaterial Subsidiary (as defined under "*Description of the Notes—Certain Definitions*"), *provided* that substantially all of the assets of such Guarantor that are distributed pursuant to such solvent winding up, liquidation or reorganization are distributed to other Guarantors.

The Company will be entitled to release its Guarantee under the circumstances described in the third, fourth, fifth and seventh bullet points above.

See "*Description of Other Indebtedness—Intercreditor Agreement*" and "*Description of the Notes*."

The Notes will initially be held in book-entry form, and therefore you must rely on the procedures of the relevant clearing systems to exercise any rights and remedies.

Owners of the book-entry interests will not be considered owners or holders of the Notes unless and until definitive notes are issued in exchange for book-entry interests. Instead, the common depositary (or its nominee) for Euroclear and Clearstream will be the sole registered holder of the Notes in global form.

Payments of principal, interest and other amounts owing on or in respect of the Notes in global form will be made to the Paying Agent, which will make payments to Euroclear and Clearstream. Thereafter, such payments will be credited to Euroclear and Clearstream participants' accounts that hold book-entry interests in the Notes in global form and credited by such participants to indirect participants. After payment to the common depositary for Euroclear and Clearstream, none of the Issuers, the Guarantors, the Trustee or any paying agent will have any responsibility or liability for the payment of interest, principal or other amounts to Euroclear and Clearstream, or to owners of book-entry interests. Accordingly, if you own a book-entry interest in the Notes, you must rely on the procedures of Euroclear and Clearstream and, if you are not a participant in Euroclear and/or Clearstream, on the procedures of the participant through which you own your interest, to exercise any rights and obligations of a holder of the Notes under the Indenture.

Owners of book-entry interests will not have the direct right to act upon our solicitations for consents or requests for waivers or other actions from holders of the Notes, including enforcement of security for the Notes and the Guarantees. Instead, if you own a book-entry interest, you will be reliant on the common depositary (as registered holder of the Notes) to act on your instructions and/or will be permitted to act directly only to the extent you have received appropriate proxies to do so from Euroclear and Clearstream or, if applicable, from a participant. We cannot assure you that procedures implemented for the granting of such proxies will be sufficient to enable you to vote on any requested actions or to take any other action on a timely basis.

Similarly, upon the occurrence of an event of default under the Indenture, unless and until the relevant definitive registered Notes are issued in respect of all book-entry interests, if you own a book-entry interest, you will be restricted to acting through Euroclear and Clearstream. We cannot assure you that the procedures to be implemented through Euroclear and Clearstream will be adequate to ensure the timely exercise of rights under the Notes.

There may not be an active trading market for the Notes, in which case your ability to sell the Notes may be limited.

We cannot assure you as to:

- the liquidity of any market in the Notes;
- your ability to sell your Notes; or
- the prices at which you would be able to sell your Notes.

Future trading prices for the Notes will depend on many factors, including, among other things, prevailing interest rates, our operating results and the market for similar securities. Historically, the market for non-investment grade securities has been subject to disruptions that have caused substantial volatility in the prices of securities similar to the Notes. The liquidity of a trading market for the Notes may be adversely affected by a general decline in the market for similar securities and is subject to disruptions that may cause volatility in prices. The trading market for the Notes may attract different investors and this may affect the extent to which the Notes may trade. It is possible that the market for the Notes will be subject to disruptions. Any such disruption may have a negative effect on you, as a holder of the Notes, regardless of our prospects and financial performance. As a result, there is no assurance that there will be an active trading market for the Notes. If no active trading market develops, you may not be able to resell your holding of the Notes at a fair value, if at all.

Although an application will be made for the listing of and permission to deal in the Notes on the Official List of the Exchange, we cannot assure you that such permission to deal will be granted or that the Notes will be or remain listed. Although no assurance is made as to the liquidity of the Notes as a result of the admission to trading on the Official List of the Exchange, failure to be approved for listing or the delisting (whether or not for an alternative admission to listing on another stock exchange) of the Notes from the Official List of the Exchange may have a material effect on a holder's ability to resell the Notes, as applicable, in the secondary market.

In addition, the Indenture will allow us to issue additional notes in the future, which could adversely impact the liquidity of the Notes.

You may not be able to recover in civil proceedings for U.S. securities law violations.

The Issuers, the Guarantors and the Guarantors' respective subsidiaries are organized outside the United States, and our business is conducted entirely outside the United States. The directors, managers and executive officers of the Issuers and the Guarantors are non-residents of the United States. Although we and the Guarantors will submit to the jurisdiction of certain New York courts in connection with any action under U.S. securities laws, you may be unable to effect service of process within the United States on these directors, managers and executive officers. In addition, as all of the assets of the Issuers, the Guarantors and the Guarantors' respective subsidiaries and those of their directors, managers and executive officers are located outside of the United States, you may be unable to enforce judgments obtained in the U.S. courts against them. Moreover, in light of recent decisions of the U.S. Supreme Court, actions of the Issuers and the Guarantors may not be subject to the civil liability provisions of the federal securities laws of the United States.

The United States is not currently bound by a treaty providing for reciprocal recognition and enforcement of judgments, other than arbitral awards, rendered in civil and commercial matters with England and Wales, Northern Ireland or the Republic of Ireland. There is, therefore, doubt as to the enforceability in England and Wales, Northern Ireland or the Republic of Ireland of civil liabilities based upon U.S. securities laws in an action to enforce a U.S. judgment in England and Wales, Northern Ireland or the Republic of Ireland. In addition, the enforcement in England and Wales, Northern Ireland or the Republic of Ireland of any judgment obtained in a U.S. court based on civil liabilities, whether or not predicated solely upon U.S. federal securities laws, will be subject to certain conditions. There is also doubt that an England and Wales, Northern Ireland or the Republic of Ireland court would have the requisite power or authority to grant remedies sought in an original action brought in such jurisdictions on the basis of U.S. securities laws violations. See "*Enforcement of Civil Liabilities*."

Credit ratings may not reflect all risks, are not recommendations to buy or hold securities and may be subject to revision, suspension or withdrawal at any time.

One or more independent credit rating agencies may assign credit ratings to the Notes. The credit ratings address our ability to perform our obligations under the terms of the Notes and credit risks in determining the likelihood that payments will be made when due under the Notes. The ratings may not reflect the potential impact of all risks related to the structure, market, additional risk factors discussed above and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal by the rating agency at any time. No assurance can be given that a credit rating will remain constant for any given period of time or that a credit rating will not be lowered or withdrawn entirely by the credit rating agency if, in its judgment, circumstances in the future so warrant. A suspension, reduction or withdrawal at any time of the credit rating assigned to the Notes by one or more of the credit rating agencies may adversely affect the cost and terms and conditions of our financings and could adversely affect the value and trading of the Notes.

The transferability of the Notes may be limited under applicable securities laws.

The Notes and the Guarantees have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any state or any other jurisdiction and, unless so registered, may not be offered or sold in the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and the applicable securities laws of any state or any other jurisdiction. The Notes are not being offered for sale in the United States except to "qualified institutional buyers" in accordance with Rule 144A. We have not agreed to or otherwise undertaken to register the Notes with the U.S. Securities and Exchange Commission (including by way of an exchange offer). See "*Notice to Investors*." It is the obligation of holders of the Notes to ensure that their offers and sales of the Notes within the United States and other countries comply with applicable securities laws.

Investors may face foreign exchange risks by investing in the Notes.

The Sterling Notes will be denominated and payable in pound sterling and the Euro Notes will be denominated and payable in euros. If investors measure their investment returns by reference to a currency other than pound sterling or euro, as applicable, an investment in the Notes will entail foreign exchange-related risks due to, among other factors, possible significant changes in the value of the pound sterling or euro, as applicable, relative to the currency by reference to which investors measure the return on their investments because of economic, political and other factors over which we have no control. Depreciation of the pound sterling or euro, as applicable, against the currency by reference to which investors measure the return on their investments could cause a decrease in the effective yield of the Notes below their stated coupon rates and could result in a loss to investors when the return on the Notes is translated into the currency by reference to which the investors measure the return on their investments. Investments in the Notes denominated in a currency other than U.S. dollars by U.S. holders (as defined in "*Tax Considerations—Certain U.S. Federal Income Tax Considerations*") may also have important tax consequences as a result of foreign exchange gains or losses, if any. See "*Tax Considerations—Certain U.S. Federal Income Tax Considerations*."

The Collateral may not be taken as of the Issue Date.

The collateral securing the Notes offered hereby may not be taken as of the Issue Date of the Notes. The collateral with respect to the Notes is expected to be granted on or about the Issue Date, but in any event will be granted no later than 10 days of the Issue Date. In addition, the Collateral may be subject to certain perfection requirements in order to be enforced. See "*—Your rights in the Collateral may be adversely affected by the failure to perfect security interests in the Collateral*" and "*Description of the Notes—Security*."

Investors in the Notes may have limited recourse against the Group's independent auditors in respect of the Group's Financial Statements.

The independent auditors' reports of Ernst & Young LLP include language limiting the accountants' scope of responsibility in relation to the report and the financial statements in respect of the Audited Financial Statements.

Investors in the Notes should understand that these statements are intended to disclaim any liability to parties (such as purchasers of the Notes) other than the members of the company with respect to those reports. In the context of the offering of the Notes, the Group's independent auditors have reconfirmed that they do not intend their duty of care in respect of such Audited Financial Statements to extend to any party other than those to whom their reports were originally addressed.

The U.S. Securities and Exchange Commission would not permit such limiting language to be included in a registration statement or a prospectus used in connection with an offering of securities registered under the Securities Act, or in a report filed under the U.S. Securities Exchange Act of 1934. If a U.S. court (or any other court) were to give effect to the language quoted above, the recourse that investors in the Notes may have against the independent auditors based on their reports or the consolidated financial statements to which they relate could be limited. The extent to which auditors have responsibility or liability to third-parties is unclear under the laws of many jurisdictions, including the UK, and the legal effect of these statements in the audit reports is untested. The inclusion of the language referred to above, however, may limit the ability of holders of the Notes to bring any action against the Group's auditors for damages arising out of an investment in the Notes.

Risks related to our structure

The UK Issuer is a finance subsidiary that has no revenue generating operations of its own and depends on cash received under its intercompany loan in order to be able to make payments on the Notes.

The UK Issuer is a finance subsidiary that was formed in order to offer and issue debt securities. The UK Issuer conducts no business operations of its own, and has not engaged in, and will not engage in, any activities other than those relating to its finance activities. The UK Issuer will be dependent upon payments from other members of the Group to meet its obligations, including its obligations under the Notes. We intend to provide funds to the UK Issuer in order for the UK Issuer to meet their obligations under the Notes through interest payments on one or more intercompany loans. If the other members of the Group do not fulfil their obligations under the intercompany loans, the UK Issuer will not have any other source of funds that would allow it to make payments to the holders of the Notes. The amounts available to the UK Issuer from the other relevant members of the Group will depend on the profitability and cash flows of such members of the Group and the ability of such members to make payments to it under applicable law or the terms of any financing agreements or other contracts that may limit or restrict their ability to pay such amounts. Various agreements governing our debt may restrict and, in some cases may actually prohibit, the ability of these subsidiaries to move cash within the restricted group. Such restrictions include those created by the Intercreditor Agreement. See "*Description of Other Indebtedness—Intercreditor Agreement*." Applicable tax laws may also subject such payments to further taxation. In addition, the members of the Group that do not guarantee the Notes have no obligation to make payments with respect to the Notes.

The Notes will be structurally subordinated to the liabilities of non-Guarantor members of the Group.

Some, but not all, of the members of the Group will guarantee the Notes. For the twelve months ended June 30, 2017, the Issuers and the Guarantors generated 55% of the Group's consolidated Adjusted EBITDA (excluding all intra-group items except the allocations of inter-company costs from the Huntstown plants and the inter-company PPA revenue from the Unrestricted Subsidiaries) and as of June 30, 2017, held 54% of the Group's consolidated total assets (excluding Consolidation Adjustments). As at June 30, 2017, on a consolidated basis, Company subsidiaries that will not guarantee the Notes had £232.4 million of indebtedness outstanding under project finance bank loan facilities, which are secured on a non-recourse basis over the assets and shares of the specific project finance companies that are party to each respective facility. Unless a member of the Group is a Guarantor, such member will not have any obligations to pay amounts due under the Notes or to make funds available for that purpose. Generally, holders of indebtedness of, and trade creditors of, non-guarantor companies, including lenders under bank financing agreements, are entitled to payments of their claims from the assets of such non-guarantor companies before these assets are made available for distribution to any Guarantor, as a direct or indirect shareholder.

Accordingly, in the event that any non-guarantor company becomes insolvent, is liquidated, reorganized or dissolved or is otherwise wound up other than as part of a solvent transaction:

- the creditors of the Issuers (including the holders of the Notes) and the Guarantors will have no right to proceed against the assets of such company; and
- creditors of such non-guarantor company, including trade creditors, will generally be entitled to payment in full from the sale or other disposal of the assets of such company before any Guarantor, as a direct or indirect shareholder, will be entitled to receive any distributions from such subsidiary.

As such, the Notes and each Guarantee will be structurally subordinated to the creditors (including trade creditors) and any preferred stockholders of our non-guarantor subsidiaries.

The Group's significant leverage and debt service obligations could adversely affect its business and prevent it from fulfilling its obligations with respect to the Notes and the Guarantees.

The Group currently has, and after the completion of the Transactions will continue to have, a significant amount of outstanding debt and debt service requirements. As of June 30, 2017, and as adjusted to give effect to the Transactions, the Group's total debt would have been £772.7 million, which reflects the Notes, outstanding project finance facilities and other borrowings (but excludes letters of credit issued under our Revolving Credit Facility). See "*Capitalization*."

The Group's significant leverage could have important consequences for its business and for holders of the Notes, including, but not limited to:

- making it difficult to satisfy its obligations with respect to the Notes and other debts and liabilities;
- increasing vulnerability to, and reducing its flexibility to respond to, general adverse economic and industry conditions;
- requiring the dedication of a substantial portion of its cash flow from operations to the payment of principal of, and interest on, indebtedness, thereby reducing the availability of such cash flow to fund working capital, capital expenditures (including the development of the Group's renewables businesses), acquisitions, joint ventures, product research and development or other general corporate purposes;
- limiting its flexibility in planning for, or reacting to, changes in its business and the competitive environment and the industry in which the Group operates;
- placing the Group at a disadvantage to its competitors, to the extent that they are not as highly leveraged; and
- limiting its ability to borrow additional funds and increasing the cost of any such borrowing.

Any of the foregoing or other consequences or events could have a material adverse effect on the Group's ability to satisfy its debt obligations, including the Notes. The Group's ability to make payments on and refinance its debt and to fund acquisitions, working capital, capital expenditures and other expenses will depend on its future operating performance and ability to generate cash from operations. The Group's ability to generate cash from operations is subject, in large part, to general economic, competitive, legislative, regulatory factors and other factors that are beyond its control. Therefore, the Group may not be able to generate sufficient cash flow from operations or obtain enough capital to service its debt, or to fund its working capital needs, or capital expenditure (including renewable energy projects). For a discussion of our cash flows and liquidity, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources*."

Northern Ireland, Republic of Ireland and Cayman Islands insolvency laws and other jurisdictions may provide you with less protection than U.S. bankruptcy law.

The rights of holders under the Notes and the Guarantees will be subject to the insolvency and administrative laws of several jurisdictions and you may not be able to effectively enforce your rights in such complex, multiple bankruptcy or insolvency proceedings. The Notes will be co-issued by the UK Issuer, which is incorporated under the laws of Northern Ireland, and the RoI Issuer, which is incorporated under the laws of Republic of Ireland. The Notes will be guaranteed by entities organized or incorporated in England and Wales, the Republic of Ireland, Northern Ireland, the Cayman Islands and Luxembourg. In the event of a bankruptcy or insolvency event, proceedings could be initiated in Ireland or in one or more other jurisdictions in which the Guarantors are domiciled. Such multi-jurisdictional proceedings are likely to be complex and costly and otherwise may result in greater uncertainty and delay regarding the enforcement of the rights of holders of the Notes. The bankruptcy laws of these jurisdictions may be less favorable to your interests as a creditor than the bankruptcy laws of the U.S. or any other jurisdiction you may be familiar with, including in respect of priority of creditors, the ability to obtain post-petition interest and the ability to influence proceedings and the duration thereof, and this may limit your ability to receive payments due on the Notes. In the event that any one or more of the Issuers, the Guarantors, any future guarantors of the Notes, if any, or any other of our subsidiaries experienced financial difficulty, it is not possible to predict with certainty in which jurisdiction or jurisdictions insolvency or similar proceedings would be commenced, or the outcome of such proceedings. The insolvency and other laws of different jurisdictions may be materially different from, or in conflict with, each other, including in the areas of rights of secured and other creditors, the ability to void preferential transfer and certain other transactions, priority of governmental and other creditors, ability to obtain post-petition interest and duration of the proceeding. The application of these laws, or any conflict among them, could call into question whether any particular jurisdiction's laws should apply, adversely affect your ability to enforce the rights of holders of the Notes under the Guarantees or the rights of holders of the Notes under the relevant collateral for the Notes in these jurisdictions and limit any amounts that you may receive. In addition, in actions brought in countries outside of the United States, courts may choose to apply their own law rather than the law of the State of New York, which governs the Indenture, the Notes and the Guarantees. The application of foreign law may limit your ability to enforce your rights under the Notes and the Guarantees. See "*Limitations on Validity and Enforceability of Guarantees and Security*."

Laws relating to fraudulent preference, fraudulent conveyance and corporate benefit may adversely affect the validity and enforceability of payments under the Notes.

Although laws differ among various jurisdictions, in general, under bankruptcy or insolvency law and other laws, a court could (i) avoid or invalidate all or a portion of a Guarantor's obligations under its Guarantee of the Notes, (ii) direct that the holders of the Notes return any amounts paid under the relevant Guarantee to the relevant Guarantor or to a fund for the benefit of the relevant Guarantor's creditors or (iii) take other action that is detrimental to you, typically if the court found that:

- the relevant Guarantee was incurred with actual intent to give preference to one creditor over another, hinder, delay or defraud creditors or shareholders of the Guarantor or, in certain jurisdictions, when the granting of the Guarantee has the effect of giving a creditor a preference or when the recipient was aware that the Guarantor was insolvent when it granted the relevant Guarantee;

- the Guarantor did not receive fair consideration or reasonably equivalent value or corporate benefit for the relevant Guarantee and the Guarantor was: (i) insolvent or rendered insolvent because of the relevant Guarantee; (ii) undercapitalized or became undercapitalized because of the relevant Guarantee; or (iii) intended to incur, or believed that it would incur, indebtedness beyond the Group's ability to pay at maturity;
- the relevant Guarantee was held to exceed the corporate objects of the Guarantor or not to be in the best interests or for the corporate benefit of the Guarantor; or
- the amount paid or payable under the relevant Guarantee was in excess of the maximum amount permitted under applicable law.

These or similar laws may also apply to any future guarantee granted by any of the Group's subsidiaries pursuant to the Indenture.

The Group cannot assure you which standard a court would apply in determining whether a Guarantor was "insolvent" at the relevant time or that, regardless of method of valuation, a court would not determine that a Guarantor was insolvent on that date, or a that a court would not determine, regardless of whether or not a Guarantor was insolvent on the date the Group's Guarantee was issued, that payments to holders of the Notes constituted preferences, fraudulent transfers or conveyances on other grounds.

The liability of each Guarantor under its Guarantee of the Notes will be limited to the amount that will result in such Guarantee not constituting a preference, fraudulent conveyance or improper corporate distribution or otherwise being set aside. However, there can be no assurance as to what standard a court will apply in making a determination of the maximum liability of each Guarantor. There is a possibility that the entire Guarantee may be set aside, in which case the entire liability may be extinguished.

If a court decided that a Guarantee was a preference, fraudulent transfer or conveyance and voided such Guarantee, or held it unenforceable for any other reason, you may cease to have any claim in respect of the relevant Guarantor and would be a creditor solely of the Issuers and, if applicable, of any other Guarantor under the relevant Guarantee which has not been declared void. In the event that any Guarantee is invalid or unenforceable, in whole or in part, or to the extent the agreed limitation of the Guarantee obligations apply, the Notes would be effectively subordinated to all liabilities of the applicable Guarantor, and if a Guarantor cannot satisfy its obligations under the Notes or any Guarantee is found to be a preference, fraudulent transfer or conveyance or is otherwise set aside, it cannot assure you that it can ever repay in full any amounts outstanding under the Notes.

We may not be able to obtain the funds required to repurchase the Notes upon a change of control.

The Indenture will contain provisions relating to certain events constituting a "change of control." Upon the occurrence of a change of control, we will be required to offer to repurchase all outstanding Notes at a price equal to 101% of their principal amount, plus accrued and unpaid interest and additional amounts, if any, to the date of repurchase. If a change of control were to occur, we cannot assure you that we would have sufficient funds available at such time, or that we would have sufficient funds to provide to the Issuers to pay the purchase price of the outstanding Notes or that the restrictions in our Revolving Credit Facility Agreement, the Indenture, the Intercreditor Agreement or our other than existing contractual obligations would allow us to make such required repurchases. A change of control may result in an event of default under, or acceleration of, our Revolving Credit Facility and other indebtedness. The repurchase of the Notes pursuant to such an offer could cause a default under such indebtedness, even if the change of control itself does not. The ability of Issuers to receive cash from its subsidiaries to allow it to pay cash to the holders of the Notes following the occurrence of a change of control, may be limited by our then existing financial resources. In addition, under the terms of the Revolving Credit Facility Agreement, under certain circumstances, we are required to repay a pro rata amount of debt under our Revolving Credit Facility if we repay all or a portion of the principal under the Notes. Sufficient funds may not be available when necessary to make any required repurchases. If an event constituting a change of control occurs at a time when the Group is prohibited from providing funds to the Issuers for the purpose of repurchasing the Notes, we may seek the consent of the lenders under such indebtedness to the purchase of the Notes or may attempt to refinance the borrowings that contain such prohibition. If such a consent to repay such borrowings is not obtained, the Issuers will remain prohibited from repurchasing any Notes. In addition, we expect that we would require third-party financing to make an offer to repurchase the Notes upon a change of control. We cannot assure you that the Group would be able to obtain such financing. Any failure by the Issuers to offer to purchase the Notes would constitute a default under the Indenture, which would, in turn, constitute a default under the Revolving Credit Facility. See "*Description of the Notes—Change of Control*."

The change of control provision contained in the Indenture may not necessarily afford you protection in the event of certain important corporate events, including a reorganization, restructuring, merger or other similar transaction involving us that may adversely affect you, because such corporate events may not involve a shift in voting power or beneficial ownership or, even if they do, may not constitute a "Change of Control" as defined in the Indenture. Except as described under "*Description of the Notes—Change of Control*", the Indenture will not contain provisions that would require the Issuers to offer to repurchase or redeem the Notes in the event of a reorganization, restructuring, merger, recapitalization or similar transaction.

In addition, the occurrence of certain events that might otherwise constitute a change of control will be deemed not to be a change of control if at the time our consolidated net leverage ratio is less than a certain specified level. See "*Description of the Notes—Change of Control*" and "*Description of the Notes—Certain Definitions—Specified Change of Control Event*."

The definition of "Change of Control" in the Indenture will include a disposition of all or substantially all of the assets of the Company and its Restricted Subsidiaries, taken as a whole, to any person. Although there is a limited body of case law interpreting the phrase "all or substantially all", there is no precise established definition of the phrase under applicable law. Accordingly, in certain circumstances, there may be a degree of uncertainty as to whether a particular transaction would involve a disposition of "all or substantially all" of the Company's assets and its Restricted Subsidiaries taken as a whole. As a result, it may be unclear as to whether a change of control has occurred and whether the Issuers are required to make an offer to repurchase the Notes.

Use of proceeds

The proceeds of the Offering will be used by the Group, together with amounts received in relation to the settlement of certain forward foreign exchange contracts and cash on hand, to complete the Transactions by (i) redeeming the Remaining Existing Notes (including the applicable redemption premium and accrued but unpaid interest), (ii) paying the TopCo Dividend and (iii) paying costs, expenses and fees in connection with the Transactions, as further described below.

The following table sets forth the sources and uses in connection with the Transactions, comprising of the 103% Redemption which occurred on August 29, 2017, the offering of the Notes and the use of proceeds therefrom, and the payment of the TopCo Dividend.

Such amounts may differ from the actual amounts at the time of the completion of the Refinancing depending on several factors, including the actual Issue Date, differences from the Group's estimated fees and expenses, differences in the exchange rates in effect on the Issue Date, and accrued and unpaid interest outstanding under the Remaining Existing Notes on the Issue Date. For a description of the Group's anticipated indebtedness following the Refinancing, see "*Description Other Indebtedness*" and "*Capitalization*."

Sources	**Amount**	**Uses**	**Amount**
	(£ million)[(1)]		**(£ million)[(1)]**
Notes offered hereby[(2)]	540.3	Repayment of Existing Notes[(4)]	564.9
Forward foreign exchange contracts[(3)]	33.0	Fees and expenses[(5)]	14.8
Cash on balance sheet	66.4	TopCo Dividend[(6)]	60.0
Total sources	**639.7**	**Total uses**	**639.7**

(1) For purposes of this table, euro amounts have been translated for convenience only from euros at an exchange rate of €1.1099 per £1.00, the rate on offer at the close of trading on September 12, 2017 (as reported in the Financial Times).

(2) Represents £225 million principal amount of the Sterling Notes and €350 million principal amount of the Euro Notes translated at an exchange rate of €1.1099 per £1.00, the rate on offer at the close of trading on September 12, 2017.

(3) Represents the in-the-money mark-to-market valuation at the close of trading on September 12, 2017 of forward foreign exchange contracts that will be closed out in connection with the Refinancing. These forward contracts were entered into by the Group in order to hedge against exchange rate fluctuations in relation to the euro-denominated Existing Notes.

(4) As part of the Transactions, the Existing Notes will be redeemed in full. On August 29, 2017, in anticipation of the offering of the Notes, the Group redeemed €60 million in aggregate principal amount (representing 10% of the original principal amount) of the Existing Notes at par plus the applicable redemption premium of 3% plus accrued interest at a total cost of €64.0 million (or £57.7 million equivalent, based on an exchange rate of €1.1099 per £1.00, the rate on offer at the close of trading on September 12, 2017). The amount to be paid in connection with the redemption of the Remaining Existing Notes on the Issue Date includes €540 million in aggregate principal amount of Remaining Existing Notes plus the applicable redemption premium plus accrued and unpaid interest.

(5) Represents estimated fees and expenses associated with the Transactions, including the Initial Purchasers' commissions, legal and accounting expenses and other transaction costs.

(6) As part of the Transactions, the Company will pay a dividend of £60 million to its parent, Viridian Topco Limited.

Capitalization

The following table sets forth the Group's consolidated capitalization as at June 30, 2017 (excluding indebtedness of the Unrestricted Subsidiaries which is discussed in the notes to the table below) on both an actual basis and as adjusted for the Transactions. The Transactions comprise of the 103% Redemption which occurred on August 29, 2017, the offering of the Notes and the use of proceeds therefrom, and the payment of the TopCo Dividend. This table should be read in conjunction with "*Summary—The Transactions*," "*Use of Proceeds*," "*Management's Discussion and Analysis of Financial Condition and Results of Operations*," "*Description of Other Indebtedness*" and the Financial Statements included elsewhere in this Offering Memorandum.

The amounts set forth below have, where applicable, been translated for convenience only, from euros at an exchange rate of €1.1099 per £1.00, the rate on offer at the close of trading on September 12, 2017 (as reported in the Financial Times).

	As at June 30, 2017 (Actual)	Adjustments	As at June 30, 2017 (Adjusted)
		(£ millions)	
Cash and cash equivalents:(1)			
Cash and cash equivalents	128.0	(66.4)	61.6
Short term managed funds	1.3	—	1.3
Total cash and cash equivalents	**129.3**	**(66.4)**	**62.9**
Indebtedness:(2)			
Notes offered hereby(3)	—	540.3	540.3
Existing Notes(4)	526.8	(526.8)	—
Revolving Credit Facility(5)	—	—	—
Existing Revolving Credit Facility(6)	—	—	—
Total Senior Indebtedness	**526.8**	**13.5**	**540.3**
Shareholders' equity(7)	**353.4**	**(92.9)**	**260.5**
Total capitalization	**880.2**	**(79.4)**	**800.8**

(1) Cash and cash equivalents as at June 30, 2017 excludes £17.4 million of cash held at the Unrestricted Subsidiaries. See "*Summary—Summary Corporate and Financing Structure*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*." Cash and cash equivalents also excludes the £33.0 million in-the-money mark-to-market valuation (at the close of trading on September 12, 2017) of forward foreign exchange contracts that will be closed out in connection with the Refinancing. See "*Use of Proceeds*." The "Adjustments" column includes adjustments to give *pro forma* effect to the use of cash in connection with the Transactions, as set forth in "*Use of Proceeds*," as if each of those transactions had occurred on June 30, 2017.

(2) Indebtedness does not include loans at the Unrestricted Subsidiaries, which are repayable in semi annual installments up to 2035. These loans comprise of ring-fenced non-recourse project finance facilities that are secured over the assets and shares of certain Unrestricted Subsidiaries. As at June 30, 2017, the Unrestricted Subsidiaries had £232.4 million of ring-fenced non-recourse project finance facilities. This figure does not include project finance loan facilities drawn after June 30, 2017, including a £56.7 million project finance facility in respect of the Cornavarrow project which was entered into in September 2017. See "*Description of Other Indebtedness—Non Recourse Project Finance Facilities*."

(3) Represents £225 million principal amount of the Sterling Notes and €350 million principal amount of the Euro Notes translated at an exchange rate of €1.1099 per £1.00, the rate on offer at the close of trading on September 12, 2017.

(4) As part of the Transactions, the Existing Notes will be redeemed in full. In particular, (i) the Group redeemed €60 million in aggregate principal amount (representing 10%) of the principal amount of the Existing Notes on August 29, 2017 and (ii) the Group will redeem the Remaining Existing Notes on the Issue Date. See "*Use of Proceeds*."

(5) The Group entered into the Revolving Credit Facility Agreement on September 13, 2017. The Revolving Credit Facility will provide for revolving commitments of up to £225.0 million, including a £75.0 million sub limit applicable to cash loans. The Revolving Credit Facility may be used for general working capital and other corporate purposes and will, the Group anticipates, primarily be used for letters of credit and bank guarantees (including by way of ancillary facilities on a bilateral basis with individual lenders, using such lenders' revolving facility commitments). The original borrowers under the Revolving Credit Facility (including ancillary facilities) are Viridian Group Limited and the RoI Issuer. The Revolving Credit Facility will be guaranteed by the UK Issuer and the Guarantors and, on or about the Issue Date, will be secured by first priority security interests over the Collateral. See "*Description of Other Indebtedness—Revolving Credit Facility Agreement*."

(6) As at June 30, 2017, the Group had no loans outstanding and £90.0 million of letters of credit outstanding under ancillary facilities made pursuant to the Existing Revolving Credit Facility, which the Group intends to replace on or about the Issue Date with letters of credit issued under the Revolving Credit Facility.

(7) The adjustment of £92.9 million to shareholders' equity primarily relates to: (i) the payment of the TopCo Dividend, (ii) the write-off of unamortized debt issuance costs in connection with the Existing Notes, which are to be redeemed in full on the Issue Date as part of the Transactions, and (iii) the payment of fees and expenses in connection with the Transactions that are not expected to be capitalized, which, to the extent incurred in euros, have been translated to sterling at an exchange rate of €1.1099 per £1.00, the rate on offer at the close of trading on September 12, 2017 (as reported in the Financial Times).

Selected financial and other information

The selected historical consolidated financial information provided below has been derived from the Financial Statements. The selected historical consolidated financial information is qualified in its entirety by reference to, and should be read in conjunction with "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and the Financial Statements included elsewhere in this Offering Memorandum. See "*Presentation of Financial Data*."

Prospective investors should read the summary data presented below in conjunction with "*Use of Proceeds*," "*Capitalization*," "*Summary—Summary Historical Consolidated Financial and Other Data*," "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and the Group's Financial Statements, together with the related notes thereto, included elsewhere in this Offering Memorandum.

Consolidated income statement data

	Fiscal Year			First Three Months		Twelve months ended June 30,
	2015	2016	2017	2017	2018	2017
	(£ millions)					
Revenue	1,461.1	1,320.9	1,317.6	286.7	314.7	1,345.6
Operating costs	(1,348.9)	(1,241.5)	(1,234.0)	(261.2)	(288.5)	(1,261.3)
Operating profit	**112.2**	**79.4**	**83.6**	**25.5**	**26.2**	**84.3**
Finance costs	(152.5)	(59.1)	(23.6)	1.2	(8.1)	(32.9)
Finance income	28.2	31.4	9.6	8.8	0.2	1.0
Net finance cost	(124.3)	(27.7)	(14.0)	10.0	(7.9)	(31.9)
Share of loss in associates	(0.9)	(1.3)	(1.0)	(0.4)	(0.3)	(0.9)
(Loss)/profit before tax	(13.0)	50.4	68.6	35.1	18.0	51.5
Taxation	2.8	6.6	(1.2)	(1.0)	(0.9)	(1.1)
(Loss)/profit for the period	**(10.2)**	**57.0**	**67.4**	**34.1**	**17.1**	**50.4**

Consolidated balance sheet data

	As at March 31,			As at June 30,	
	2015	2016	2017	2016	2017
	(£ millions)				
Assets					
Total non-current assets	960.2	1,109.8	1,104.1	964.0	1,133.3
Total current assets	250.5	258.2	289.0	274.1	294.4
Total assets	1,210.7	1,368.0	1,393.1	1,238.1	1,427.7
Liabilities					
Total current liabilities	(255.3)	(286.5)	(291.1)	(265.3)	(284.4)
Total non-current liabilities	(848.0)	(964.7)	(757.3)	(653.3)	(789.9)
Total liabilities	**(1,103.3)**	**(1,251.2)**	**(1,048.4)**	**(918.6)**	**(1,074.3)**
Net assets	107.4	116.8	344.7	319.5	353.4
Total equity	107.4	116.8	344.7	319.5	353.4

Consolidated statement of cash flows data

	As at and for the Fiscal Year ended March 31,			First Three Months	
	2015	2016	2017	2017	2018
	(£ millions)				
Net cash flows from operating activities	58.4	64.9	69.1	29.2	41.4
Net cash flows used in investing activities	(39.0)	(79.2)	(160.6)	(42.4)	(28.6)
Net cash flows from financing activities	28.9	14.5	130.3	43.7	10.2
Cash and cash equivalents	72.5	76.5	120.2	108.8	145.4

Management's discussion and analysis of financial condition and results of operations

The following discussion and analysis of financial condition and results of operations is based upon, and should be read in conjunction with, the Financial Statements, and the related notes thereto included elsewhere in this Offering Memorandum.

Except as the context otherwise indicates, when discussing historical results of operations in this "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Group" and "Viridian," are generally used to refer to the business of the Company and its subsidiaries.

The following discussion also contains forward-looking statements. Actual results could differ materially from those discussed in these forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those discussed below and elsewhere in this Offering Memorandum, particularly under "Forward-Looking Statements" and "Risk Factors."

Overview

Viridian is a leading vertically integrated utility active in the energy market across NI and the RoI. The Group's principal activities are diversified across three broad areas: supply (both regulated and unregulated), power generation (renewable wind farms and gas-fired power plants), and renewable supported off-take contracts (primarily through renewable power purchase agreements, or PPAs).

Group activities

Supply

In NI, Viridian participates in the regulated supply of electricity to residential customers through Power NI (with 59% market share for the twelve months ended March 31, 2017) and in the competitive supply of electricity to business customers through Power NI (with a 25% market share among SMEs and a 6% market share among LEUs for the twelve months ended March 31, 2017), serving 513,000 business and residential sites as of June 30, 2017. Through Energia, Viridian also participates in the competitive supply of electricity to business customers in NI (with a 16% market share among SMEs and a 13% market share among LEUs for the twelve months ended March 31, 2017), serving 6,800 business sites as of June 30, 2017.

In the RoI, Viridian participates in the competitive supply of electricity and natural gas to both business and residential customers. For the twelve months ended March 31, 2017, the Group had the second and third largest share of the electricity supply market to SMEs and LEUs, respectively, and, as of June 30, 2017, served 46,600 business sites. For the twelve months ended March 31, 2017, the Group had the third largest share of the gas supply market to SMEs and, as of June 30, 2017, served 4,500 business sites. Furthermore, since the Group's entry into the RoI residential market segment in January 2014, it has steadily grown such that, as of June 30, 2017, its residential customer base was 151,700 sites, including single fuel (electricity or gas) and dual-fuel (electricity and gas) customers.

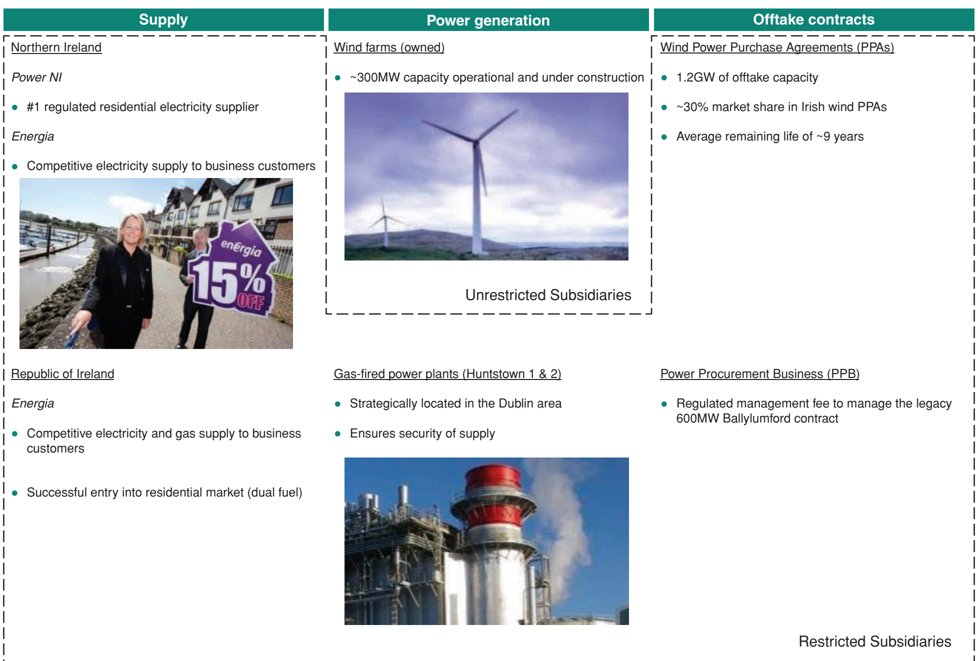
Power generation

The Group enjoys a balanced generation mix split between renewable wind farm generation and gas-fired thermal generation. Viridian's two Huntstown CCGT plants, which play a system-critical role in ensuring the security of supply to Dublin and the surrounding area, provide an aggregate generation capacity of 747MW. As of June 30, 2017, Viridian's operational owned wind farms had an aggregate generation capacity of 202MW, with plans ultimately to increase this to approximately 300MW through capacity under construction totaling 75MW and capacity in various stages of development totaling 34MW. In addition, the Group retains a minority interest, equivalent to 24MW, in a 104MW portfolio of wind generation assets which it previously developed and divested in 2012. The Group also expects additional project acquisition opportunities in the future above the 300MW portfolio target. The Group's operational owned wind farms are owned by Unrestricted Subsidiaries and are subject to project finance arrangements on a ring-fenced basis, without recourse to the rest of the business. The Group is also exploring opportunities in renewable anaerobic digestion and has recently acquired a 3.6MW development project in Belfast.

Renewable supported off-take contracts

The Group purchases renewable electricity through long-term PPAs with third-party wind farm operators, other generators of renewable energy and its own wind farms. As of June 30, 2017, the Group had PPAs in place in respect of 981MW through its Energia Renewables (PPA) business and 207MW through Power NI. PPAs generally last for a period of 15 years, with an average of approximately 9 years remaining across the Group's contracted portfolio. PPAs provide developers of renewable energy projects with off-take contracts that help them secure financing and bring their projects to completion. In addition, through its Power Procurement Business, or PPB, Viridian manages a legacy 600MW capacity under contract with Ballylumford power plant, in return for a regulated management fee.

Leading diversified Irish utility active in the energy market across Northern Ireland and the RoI



For the twelve months ended June 30, 2017, Viridian had revenue, Adjusted EBITDA and Restricted Group Adjusted EBITDA of £1,345.6 million, £113.4 million and £105.6 million, respectively.

Group reporting segments

Largely for regulatory reasons, the Group's activities are organized into separate reporting segments aligned by brand: Energia Group (with Energia Renewables (Owned Assets) reporting financial results as a separate segment), Power NI and PPB. The following chart maps the Group's activities to its reporting segments and brands.

	Supply		Power Generation		Offtake contracts	
	Northern Ireland	Republic of Ireland	Renewables	Gas generation	PPAs	PPB
Brands	power ni energia SUPPLY	energia SUPPLY	energia RENEWABLES	energia GENERATION	energia RENEWABLES power ni	power ni

Energia group

Energia Group operates as a vertically integrated energy business with activities covering supply, generation and the purchase of renewable energy through off-take contracts. Through Energia Supply, it is active in the competitive supply of electricity to business and residential customers in the RoI, as well as business customers in Northern Ireland. Energia Supply also supplies natural gas to business and residential customers, principally in the RoI. Energia Group also has a generation portfolio comprising of wholly-owned wind generation assets and its two conventional gas-fired Huntstown CCGT plants. Energia Group's retail electricity supply business is supported by long-term PPA off-take contracts with third-party renewable generators and its own wind farm assets. For the twelve months ended June 30, 2017, Energia Group had revenue and Adjusted EBITDA of £906.5 million and £74.1 million, respectively.

Energia supply

Energia operates an unregulated retail supply business which supplies electricity and natural gas to residential and business customers in the RoI and business customers in NI. Business customers in both jurisdictions include LEU and SME customers. For the twelve months ended March 31, 2017, Energia Supply supplied electricity to 13% of the LEU market and 29% of the SME market and supplied natural gas to 11% of the LEU market and 23% of the SME market in the RoI. In NI, Energia Supply is the fourth largest business electricity supplier by volume with a 16% market share among SMEs and a 13% market share among LEUs for the twelve months ended March 31, 2017. Energia Supply has competed in the RoI residential supply market since January 2014, and since its entry, it has steadily grown to a 6% market share in the residential electricity market for the twelve months ended March 31, 2017.

Additionally, as part of its hedging strategy, Energia Supply undertakes wholesale electricity, natural gas and carbon procurement activities on behalf of Energia Generation and Energia Renewables.

Energia renewables

Energia Renewables benefits from a supportive regulatory regime that provides incentives, such as ROCs in Northern Ireland and REFIT in the RoI, for investments in renewable energy. Renewable energy continues to be a key priority in Northern Ireland and the RoI, with both jurisdictions targeting 40% of electricity generation from renewable sources by 2020. See "*Industry—Generation—Wind Generation—Support for renewable energy.*" Energia Renewables operates through two separate divisions: Energia Renewables (Owned Assets) and Energia Renewables (PPA).

The Energia Renewables (Owned Assets) business generates renewable electricity through wind farm operations, including 202MW of wholly owned operational wind farms, 109MW of wholly owned wind farms under construction or in development, and its 24MW-equivalent minority stake wind farms previously developed and divested in 2012.

The Energia Renewables (PPA) business purchases renewable electricity through PPAs covering 981MW of operating renewable capacity (with contracts in place for an additional 20MW of renewable capacity under construction) as of June 30, 2017. Energia was the first independent electricity supplier to offer off-take contracts to third parties, and its first renewable PPA was signed in 2002. As of June 30, 2017, it represented 25% of the Irish market for wind PPAs, as estimated by management. Energia Renewables (PPA) provides the Group with further access to regulated renewable support mechanisms, with minimal capital requirements and potential upside to the extent of future increases in wholesale power prices (in the case of REFIT, above floor levels) as well as positioning Energia as a "green" supplier and enhancing relationships and presence with key stakeholders within the sector.

Energia generation (Huntstown 1 and 2)

Energia Generation comprises two CCGT plants (Huntstown 1 and Huntstown 2). These have been highly reliable and are modern and efficient plants, and their strategic location in the Dublin area ensures at least one unit is running on most days of the year. Moreover, the Huntstown plants have the technical capacity to provide 13 of 14 system-critical ancillary services, the importance of which has been rising as the penetration of wind power (an intermittent and non-synchronous technology) in Ireland has been increasing. The Huntstown plants have a total combined generation capacity of 747MW, which is able to supply approximately 11% of peak demand on an all-island basis (based on estimated peak demand of approximately 6,700MW). As required by current market regulation, Energia Generation sells the electricity it generates into the all-island single electricity market, or SEM pool, for which it receives energy payments, which are based on the system marginal price, or SMP, as well as certain other payments, such as constraint payments, capacity payments, and payments associated with ancillary services.

Power NI

Power NI is the incumbent electricity supplier in Northern Ireland, supplying electricity primarily to residential customers. While the residential electricity supply market in NI is open to competition, with a 59% market share Power NI is still regarded as the dominant supplier and is therefore subject to regulation. As a regulated business, Power NI is subject to price control which permits it to recover an allowance calculated by reference to its forecasted operating costs at the time of the relevant price control, plus an allowed margin based on a percentage of forecasted regulated revenue. On November 17, 2016, NIAUR confirmed the extension of the existing price control with respect to residential customers to March 31, 2019. In addition, Power NI supplies electricity to certain business customers in the unregulated market, and secures additional revenues through off-take from certain contracted smaller scale renewable PPAs. For the twelve months ended June 30, 2017, Power NI had revenue and Adjusted EBITDA of £337.5 million and £33.7 million, respectively, in each case based on, or after taking into account the adjustments for over/under recovery against, its regulated entitlement.

PPB

Like Power NI, PPB is subject to price control, which entitles it to an allowance (effectively a management fee) for the administration and management of 600MW of contracted generation capacity (as of June 30, 2017) from the Ballylumford power plant in Northern Ireland, an arrangement which has been in place for over 20 years. The Ballylumford contract has been extended until September 2023. For the twelve months ended June 30, 2017, PPB had revenue and Adjusted EBITDA of £115.2 million and £4.4 million, respectively, in each case based on, or after taking into account the adjustments for over/under recovery against, its regulated entitlement.

Energia Group

Energia Group has three principal business units: Energia Supply, Energia Renewables and Energia Generation. Energia Renewables operates through two separate divisions: Energia Renewables (Owned Assets) and Energia Renewables (PPA). Energia Group's revenue (excluding Energia Renewables (Owned Assets)) for Fiscal Year 2017 and First Three Months 2018 was £874.4 million and £208.3 million, respectively, and Adjusted EBITDA (excluding Energia Renewables (Owned Assets)) was £65.1 million and £13.9 million, respectively. Revenue at Energia Renewables (Owned Assets) for Fiscal Year 2017 and First Three Months 2018 was £7.7 million and £6.4 million, respectively, and Adjusted EBITDA was £4.9 million and £4.5 million, respectively.

Energia Supply

Energia Supply is an unregulated retail supply business, which supplies electricity and natural gas to residential and business customers in the RoI and business customers in NI. Business customers in both jurisdictions include LEU and SME customers. For the twelve months ended March 31, 2017, Energia Supply supplied electricity to 13% of the LEU market and 29% of the SME market and supplied natural gas to 11% of the LEU market and 23% of the SME market in the RoI. In NI, Energia Supply is the fourth largest business electricity supplier by volume with a 16% market share among SMEs and a 13% market share among LEUs for the twelve months ended March 31, 2017. Energia Supply has competed in the RoI residential supply market since January 2014, and since its entry, it has steadily grown to occupy a 6% market share in the residential electricity market for the twelve months ended March 31, 2017.

Additionally, as part of its hedging strategy, Energia Supply undertakes wholesale electricity, natural gas and carbon procurement activities on behalf of the Energia Group.

Energia Renewables

Energia Renewables benefits from a supportive regulatory regime that provides incentives, such as ROCs in Northern Ireland and REFIT supports in the RoI, for investments in renewable energy. Renewable energy continues to be a key priority in Northern Ireland and the RoI, with both jurisdictions targeting 40% of electricity generation from renewable sources by 2020. Energia Renewables operates through two separate divisions: Energia Renewables (Owned Assets) and Energia Renewables (PPA).

The Energia Renewables (Owned Assets) business generates renewable electricity through wind farm operations, including 202MW of wholly owned operational wind farms, 109MW of wholly owned wind farms under construction or in development, and its 24MW-equivalent minority stake wind farms previously developed and divested in 2012.

The Energia Renewables (PPA) business purchases renewable electricity through PPAs covering 981MW of operating renewable capacity (with contracts in place for an additional 20MW of renewable capacity under construction) as of June 30, 2017. Energia was the first independent electricity supplier to offer off-take contracts to third parties, and its first renewable PPA was signed in 2002, and at present represents 25% of the Irish market for wind PPAs, as estimated by management. Energia Renewables (PPA) provides the Energia Group with further access to regulated renewable support mechanisms, with minimal capital requirements and potential upside to the extent of future increases in wholesale power prices as well as positioning Energia as a "green" supplier and enhancing relationships and presence with key stakeholders within the sector.

Energia Generation

Energia Generation comprises two CCGT plants (Huntstown 1 and Huntstown 2). These are highly reliable, modern and efficient plants, and their strategic location in the constrained Dublin area ensures at least one unit is running on most days of the year. Moreover, the Huntstown plants have the technical capacity to provide 13 of 14 system-critical ancillary services, the importance of which has been rising as wind penetration in Ireland has been increasing. Huntstown has a total combined generation capacity of 747MW, which is able to supply approximately 11% of peak demand on an all-island basis (based on estimated peak demand of approximately 6,700MW). As required by current market regulation, Huntstown sells the electricity it generates into the all-island single electricity market, or SEM pool, for which it receives energy payments, which are based on the system marginal price, or SMP, as well as certain other payments, such as constraint payments, capacity payments, and payments associated with ancillary services. Under the I-SEM arrangements, which are due to take effect on May 23, 2018, the Huntstown plants will sell the electricity they generate into the Day-Ahead Market, the Intra-Day Market and the Balancing Market, and can bid into the Reliability Options auction as part of the Capacity Remuneration Mechanism. See "*Industry—*

The All-Island Single Electricity Market—The Integrated Single Electricity Market—Capacity Remuneration Mechanism."

Power NI

Power NI is the incumbent electricity supplier in Northern Ireland, supplying electricity primarily to residential customers. While the residential electricity supply market in NI is open to competition, with a 59% market share Power NI is still regarded as the dominant supplier and is therefore subject to regulation. As a regulated business, Power NI is subject to price control which permits it to recover an allowance calculated by reference to its forecasted operating costs at the time of the relevant price control, plus an allowed margin based on a percentage of forecasted regulated revenue. On November 17, 2016, the NIAUR confirmed the extension of the existing price control with respect to residential customers to March 31, 2019. In addition, Power NI supplies electricity to certain business customers in the unregulated market, and secures additional revenues through off-take from certain contracted smaller scale renewable PPAs. For Fiscal Year 2017 and First Three Months 2018, Power NI generated £335.0 million and £70.4 million in revenue, respectively, and £32.2 million and £8.8 million in Adjusted EBITDA, respectively, based on, or after taking into account the adjustments for over/under recovery against, its regulated entitlement.

PPB

Like Power NI, PPB is subject to price control, which entitles it to an allowance (effectively a management fee) for the administration and management of 600MW contracted generation capacity (as of June 30, 2017) from the Ballylumford power plant in Northern Ireland, an arrangement which has been in place for over 20 years. The Ballylumford contract is in effect until September 2023. Additionally the price control incentivizes PPB through a 'gain share' mechanism whereby PPB is entitled to retain a share of any surplus revenues from trading in the SEM or ancillary services payments which exceed the cost of procuring wholesale power under the Ballylumford contract. Under the 'gain share' PPB retains 20% of any surplus up to £10 million and 10% of any surplus in excess of £10 million.

PPB acts as an intermediary in the SEM, selling the capacity contracted and the electricity purchased under the PPAs into the SEM and receiving SEM revenues (i.e., capacity payments and energy payments) attributable to that capacity and electricity. PPB also offers CfDs to SEM participants and sells ancillary services, such as operational reserve and voltage support, to SONI. The NIAUR keeps the overall benefit of the generation capacity contracts under review from a policy and economic perspective. See "*Risk Factors—Risks Related to Our Business—Our businesses are subject to complex governmental legislation and regulations that have affected, and may in the future affect, our business, financial condition and results of operations*."

For Fiscal Year 2017, PPB generated £111.7 million in revenue and £4.0 million in Adjusted EBITDA based on, or after taking into account the adjustments for over/under recovery against, its regulated entitlement. See "*—Factors Affecting Results of Operations—Regulation—NI supply regulation*." For the First Three Months 2018 PPB generated £28.7 million in revenue and £0.9 million in Adjusted EBITDA based on, or after taking into account the adjustments for over/under recovery against, its regulated entitlement.

Factors affecting results of operations

The Group's operating results are affected by a combination of economic, regulatory, industry-specific and company-specific factors. Economic conditions influence electricity demand and the pricing of fuel commodities and electricity, which affect both the revenues and costs associated with the Group's operations. The regulatory framework determines the parameters within which the industry, generally, and the Group, specifically, operates. Industry-specific factors include technology, competition, capacity and supply/demand balance. Group-specific factors that impact the Group's operating results include, but are not limited to, plant reliability and efficiency, management of fixed and variable operating costs, capital expenditure requirements, management of working capital, customer retention, collection of receivables and bad debts, and the extent to which the Group has hedged its exposure to the SMP and commodity prices. The most important of such factors are discussed below.

Capacity and availability

The Group receives a significant proportion of its revenue from capacity payments and wholesale generation sales. Revenues are impacted by the availability of generation capacity and generation volumes. There are two key revenue streams:

(i) capacity payments, which are a function of a plant's capacity and its availability to generate electricity; and

(ii) payments for generating and/or being scheduled to generate electricity, which are earned when the Group's generation facilities are scheduled and/or dispatched by the system operator to generate electricity. Under SEM, whether a plant is scheduled to generate electricity is a function of its position in the Merit Order. See "*Industry—Generation—The Merit Order*" and *"Industry—Generation—Network Infrastructure, Constraints and Curtailment."*

Capacity payments

The capacity payment mechanism, or CPM, was established by the NIAUR and the CER with the objective of ensuring the adequate supply of electricity by encouraging the construction and maintenance of electricity generation capacity and by promoting efficient long-term price signaling and price stability. The current CPM is funded by a capacity pot, the size of which is calculated annually by the SEM Committee based on the annual fixed cost of a plant operating to supply peak demand (net of any infra-marginal rent and ancillary service revenues). In 2017, this value was set at €71.45/KW/year, yielding a total pot valued at €519.2 million. The current methodology used to calculate the CPM will remain until the introduction of the I-SEM, currently scheduled for May 23, 2018. See "*Risk Factors—Risks Related to Our Business—Changes in market structure which will take effect with the introduction of the Integrated Single Electricity Market may adversely affect our power generation revenues.*"

Under the SEM methodology, the Group receives capacity payments when it makes its Huntstown plants available to generate electricity. In addition, the Group's Renewables (PPA) businesses (Energia and Power NI) and Energia Renewables (Owned Assets) receives payments when wind farms generate electricity. As a result, a change in the Huntstown plants' availability or a change in the volume of wind power generated by the Energia Renewables (Owned Assets) business or the Group's Renewables (PPA) businesses (Energia and Power NI) or a change in the CPM would affect the Group's revenues. See "*Industry—The All-Island Single Electricity Market—The Existing Single Electricity Market—The Capacity Payment Mechanism*."

Under I-SEM, the future capacity remuneration mechanism will be operated through capacity auctions, open to owners of physical generation assets, that will award Reliability Options to successful bidders at the market clearing price. A Reliability Option is a one-way contract for difference, entered into between a generator and a central agency, that incentivizes a generator to generate electricity at times of market spikes in exchange for a fixed payment, while foregoing incremental revenue (by means of a "difference payment") when the market price is above a defined strike price. The capacity remuneration mechanism also includes the possibility that Reliability Options may be awarded on an elevated pay-as-bid basis within certain constrained network areas. Additionally, targeted contracting mechanisms are under consideration (which the Group anticipates would likely require State Aid clearance). The maximum bid that may be submitted by an existing generator in the capacity auction is limited, by rule, to half the estimated net cost of new entry of a new dispatchable power plant (which at present is assumed to be an OCGT plant), unless a higher unit-specific price cap is granted to a generator. See "*Industry—The All-Island Single Electricity Market—The Integrated Single Electricity Market—Capacity Remuneration Mechanism*" and "*Risk Factors—Risks Related to Our Business—Changes in market structure which will take effect with the introduction of the Integrated Single Electricity Market may adversely affect our power generation revenues.*"

For Fiscal Year 2017, 2.4% (£31.6 million) of the Group's revenue was generated by capacity payments for the Huntstown plants. For First Three Months 2018, 2.0% (£6.4 million) of the Group's revenue was generated by such capacity payments. The CPM and energy revenues (primarily the SMP) represented €37.5 million and €101.5 million of total revenue generated by the Huntstown plants for Fiscal Year 2017, respectively, and €7.5 million and €26.9 million of total revenue generated by the Huntstown plants for First Three Months 2018, respectively.

Availability of assets

Availability is impacted by planned and unplanned outages due to maintenance, inspections or safety related incidents. Planned outages are expected to occur in the medium-term for scheduled maintenance. See "*Risk Factors—Risks Related to Our Business—Mechanical failure, equipment malfunction or technological breakdown could adversely affect our business and operating results.*"

The following table provides a summary of availability at the Huntstown plants for Fiscal Year 2017, Fiscal Year 2016, Fiscal Year 2015, and First Three Months 2018 and First Three Months 2017

	Fiscal Year			First Three Months	
	2015	**2016**	**2017**	**2017**	**2018**
			(%)		
Availability					
Huntstown 1 plant	100.0	95.8	89.3	80.0	100.0
Huntstown 2 plant	97.3	97.5	91.1	96.3	79.0

The Group believes the Huntstown plants have historically been among the most reliable CCGT plants in Ireland. Between 2015 and 2017, Huntstown 1 and Huntstown 2 plants had average availabilities (including planned and unplanned outages) of approximately 95%. For Fiscal Year 2017, Huntstown 1 plant's availability (including planned and unplanned outages) was 89.3%, compared to 95.8% for Fiscal Year 2016, reflecting a 31 day outage which commenced on June 14, 2016. The outage was extended by seven days from the agreed planned outage of 24 days to complete additional works required to the gas turbine and steam turbine. See "*Risk Factors—Risks Related to Our Business—Mechanical failure, equipment malfunction or technological breakdown could adversely affect our business and operating results.*" For Fiscal Year 2017, Huntstown 2 plant's availability (including planned and unplanned outages) was 91.1%, compared to 97.5% for Fiscal Year 2016, reflecting a 29 day outage which commenced on August 15, 2016. The outage was extended by nine days from the agreed planned outage of 20 days to complete additional works required to the gas turbine. This outage also identified a necessary repair to the high pressure stop valve in the steam turbine, and this repair was undertaken during a 23-day outage which commenced on June 14, 2017, with repairs successfully completed and the plant returned to service on July 6, 2017. For First Three Months 2018, Huntstown 1 plant's availability was 100.0% compared to 80.0% for First Three Months 2017 (availability in First Three Months 2017 reflects the commencement of the 31 day outage which commenced on June 14, 2016 referred to above), and Huntstown 2 plant's availability was 79.0% compared to 96.3% for First Three Months 2017 (availability in First Three Months 2018 reflects the commencement of the 23 day outage on June 14, 2017 referred to above). While these outages were largely within the Group's planned guidelines, they nonetheless had an impact on the Group's results for the periods in which they occurred. The Group expects availability going forward to remain high, taking into account scheduled outage time and an estimated 3% allowance for unplanned outage time based on historical performance.

Renewables

Following the adoption of a binding EU agreement establishing that 20% of EU energy consumption must be sourced from renewable sources by 2020, the UK and RoI governments have each set targets for increasing the proportion of electricity that their respective countries source from renewables. The UK government has set a target of sourcing 30% of its electricity from renewable sources by 2020 and the RoI and NI governments have established a target of sourcing 40% of their electricity from renewable sources by 2020 in each of the RoI and NI. To help achieve their targets, the UK and RoI governments have respectively introduced the REFIT and Renewables Obligation (NIRO) schemes to support investment in renewable technologies. The REFIT2 and REFIT3 schemes closed to new applicants on December 31, 2015 and the NIRO scheme closed on April 1, 2016 with grace periods to certain qualifying projects up to December 31, 2018. See "*Risk Factors—Risks Related to Our Business—Reduction or abandonment of governmental support for renewable energy sources in general or wind farms in particular may adversely affect our operations*" and "*Industry—Wind Generation*."

Energia Group's 1,001MW renewable PPA portfolio consists of off-take contracts with (a) third-party-owned wind farms, (b) Group-owned wind farms and (c) third-party-owned other renewable sources. In addition Power NI had PPAs in place in respect of 207MW of operational renewables generation capacity from a similar variety of sources.

The table below sets out the Energia Group's PPA portfolio by jurisdiction as at June 30, 2017.

	Operating	Under construction	Total
		(MW)	
NI	416	—	416
RoI	565	20	585
Total	**981**	**20**	**1,001**

Renewable wind farms are treated as baseload plants in the SEM as their marginal cost to increase production is close to zero, and they receive both capacity payments and the SMP whenever electricity is generated. As at June 30, 2017, Energia Group had PPAs in place with operations in respect of 981MW of operational renewables generation capacity, which comprised third-party wind farm operators in respect of 772MW of generation capacity, Group-owned wind farms in respect of 202MW of generation capacity and third-party operators from other renewable sources in respect of 7MW of generation capacity. In addition, Energia Group had PPAs in place with wind farms in construction in respect of 20MW of capacity, which are expected to become operational in the next 18 months. Power NI's PPAs in respect of 207MW of operational renewable generation capacity comprised 141MW with third-party wind farm operators and 66MW with third-party operators of other renewable sources.

The following table shows the generation capacity of the wind farm assets owned by the Group as of June 30, 2017.

	Operating	Under construction	Total
		(MW)	
NI	98	75	173
RoI	104	—	104
Total	**202**	**75**	**277**

Over the course of Fiscal Year 2017, Energia Group completed the acquisition of three wind farm development projects (Rathsherry, Cornavarrow and Slieveglass) in Northern Ireland with full planning consents in place, comprising a combined capacity of 64MW. In April 2017, Energia Group completed the acquisition of the 11MW Teiges wind farm development project in Northern Ireland.

In addition, over the course of Fiscal Year 2017, Energia Group, through certain of the Unrestricted Subsidiaries, put in place certain non-recourse project finance facilities including, (i) in June 2016, facilities of up to £7.9 million in respect of the 7MW Eshmore wind farm for which commissioning occurred in March 2017 and (ii) in February 2017, non-recourse project finance facilities of up to £18.4 million in respect of the Altamuskin 14MW wind farm for which commissioning took place in April 2017. Project financing terms have been agreed with Ulster Bank for a portfolio financing facility covering the remaining 75MW of capacity in construction. During the First Three Months 2018, the Group achieved financial close for the Rathsherry project entering into non-recourse project finance facilities in an amount of £28.4 million. In September 2017, the Group achieved financial close for the Cornavarrow project and put in place ring-fenced non-recourse project finance facilities in an amount of £56.7 million. The project finance for the other two projects is in process of being put in place. See "*Description of Other Indebtedness*."

Energia Group also retains a minority share of 25% in wind farm projects in the RoI and of 20% in wind farm projects in NI, a majority stake in which was sold to the Irish Infrastructure Fund in June 2012.

Demand

Demand for electricity in Ireland is a key driver of the Group's revenue and affects price levels for wholesale generation as well as both volumes and margins for electricity supplied to customers. Demand for energy, including electricity, has historically been correlated with GDP and the wider macroeconomic climate.

The global economic slowdown that began in mid-2008 led to a dampening of electricity demand in the Group's markets. EirGrid and SONI have projected that aggregate all-island demand has substantially recovered from the dampening of demand which started in 2008, and have forecast annual all-island electricity demand to grow by 1.6% per year from 2017 through 2026. However, such growth is dependent on the factors described above as well as under the heading "*Risk Factors—Risks Related to Our Business*."

Utilization and wholesale prices

Currently (prior to I-SEM), the Group's plant utilization level is primarily dependent on each of its plants' availability and position in the Merit Order. The Merit Order ranks available sources of power in ascending order of their short-run marginal cost of production (i.e., the least expensive sources of electricity generation are ranked first in the Merit Order).

In the all-island system, the position of a generator in the Merit Order is determined by the generator's cost of electricity generation relative to the cost of other generators in the SEM. Each day, generators submit bids for the following day's generation capacity. These bids include start-up costs and a set of prices for different levels of output. The marginal cost of the last plant in the Merit Order that is required to meet demand generally determines the SMP. Therefore, a generator with a lower marginal cost of generation than the last plant in the Merit Order that is required to meet demand will benefit from a greater margin between the SMP and its short-run marginal cost. Generating units with a low marginal cost of production (e.g., wind) are the first units dispatched (referred to as "baseload plants") and the units with the highest marginal cost are the last (referred to as "peaking plants").

The Huntstown plants' positions in the Merit Order are drivers of profits because this positioning determines the extent to which electricity will be sourced from the Huntstown plants. This, in turn determines the extent to which the Huntstown plants receive the SMP (the price at which all generators sell their electricity in the SEM) and incurs short-run marginal costs (which comprise variable natural gas costs (including short-term transportation capacity costs) and the cost of carbon credits, as well as other costs such as variable operation and maintenance costs and start-up costs).

Under I-SEM, the Group's plant utilization levels will depend on the positions contracted in the *ex ante* physical markets, as well as any balancing actions ordered by the TSOs in the *ex post* balancing market. While this system should result in utilization levels which are broadly similar to the present SEM (that is, generating units with low marginal cost of production are dispatched before units with higher marginal costs of production) the full effects of I-SEM are expected to be complex and difficult to predict. See "*Industry—The All-Island Single Electricity Market—The Existing Single Electricity Market*" and "*Risk Factors—Risks Related to Our Business—Changes in market structure which will take effect with the introduction of the Integrated Single Electricity Market may adversely affect our power generation revenues*".

The majority of demand is currently met by coal and gas-fired generators whose ranking in the Merit Order fluctuates depending on the relative coal-to-gas price differentials and carbon prices. Last in the Merit Order are generation units such as oil-fired turbines, which are mainly used as peaking plants with typically the highest marginal costs.

The Huntstown plants are reliant upon the continued provision of imported natural gas in terms of both capacity and commodity price risk, although the plants can switch to less efficient distillate oil, if necessary. However, their Merit Order position may also be affected by (a) the commissioning of new more efficient power plants that can generate electricity at a lower marginal cost than the Huntstown plants as well as (b) increased wind capacity. For Fiscal Year 2017, average unconstrained utilization was 8.1% for the Huntstown 1 plant and 29.0% for the Huntstown 2 plant compared with 1.0% and 2.9%, respectively, for Fiscal Year 2016 and 2.3% and 24.8%, respectively, for Fiscal Year 2015. The increase in Fiscal Year 2017 compared to Fiscal Year 2016 reflected lower availability of the other plant and lower wind output. The decrease in Fiscal Year 2016 compared to Fiscal Year 2015 reflected the commissioning of the SSE Great Island CCGT in April 2015. While thermal plant utilization rates have experienced lower levels of utilization in the unconstrained SEM market, the Huntstown plants have experienced incremental constrained utilization to support the grid within the Dublin region. The Huntstown plants are frequently dispatched "out of merit," and at any time, at least one of the plants is typically running on a "constrained" basis to ensure system stability. For Fiscal Year 2017, the incremental impact of constrained utilization was 9.7% for the Huntstown 1 plant and 13.2% for the Huntstown 2 plant compared with 25.4% and 30.1%, respectively, for Fiscal Year 2016 and 15.8% and 3.1%, respectively, for Fiscal Year 2015.

For First Three Months 2018, average unconstrained utilization was 40.3% for the Huntstown 1 plant and 11.7% for the Huntstown 2 plant, compared with 0% and 42.9%, respectively, for First Three Months 2017. For First Three Months 2018, the incremental increase in overall utilization caused by network constraints was 26.2% for the Huntstown 1 plant and 0.3% for the Huntstown 2 plant, compared with 2.6% and 17.8%, respectively, for First Three Months 2017.

Regulation

Renewables

Renewable energy continues to be identified as a key priority for both the RoI and NI governments who have established a target of sourcing 40% of their respective electricity needs from renewable sources by 2020. To help achieve these targets, the two governments have provided mechanisms to support investment in renewable sources including REFIT in the RoI and Renewables Obligation schemes in NI. See "*Industry—Generation—Wind Generation*."

Support for renewable energy

In the RoI, support for renewable energy is provided by the REFIT scheme, driven by the binding EU agreement for 20% of EU energy consumption to come from renewable sources by 2020. Through the REFIT scheme, renewable energy developers can apply to receive support for their projects from the RoI Government. REFIT was implemented in 2006 and was designed to encourage licensed electricity suppliers to enter into PPAs for up to 15 years with renewable generators, under which the suppliers would contractually agree the off-take price to be paid to the generators. Electricity suppliers are then compensated for the additional cost of purchasing electricity from renewable sources. Under REFIT, suppliers are compensated if the SEM market price, including constraint payments achieved for electricity generated and capacity payments earned by a particular renewable generating unit in a calendar year, is below a base reference price. The reference price is indexed annually (upwards only) at the RoI Consumer Price Index, and in 2017 is set at a floor of €69.72/MWh for large scale wind generation and €72.167/MWh for smaller scale wind generators. REFIT, therefore, requires a minimum price to be paid to electricity suppliers for electricity sourced from renewable generators while allowing the supplier to retain any price upside should the SEM market price exceed the floor price. The REFIT floor price mechanism is of particular value in markets with volatile fuel and electricity prices. There is some uncertainty concerning the methodology that will be used to set the reference price once I-SEM is introduced. See "*Risk Factors—Risks Related to Our Business—Changes in market structure which will take effect with the introduction of the Integrated Single Electricity Market may adversely affect our power generation revenues*" and "*Industry—Generation—Wind Generation—Support for renewable energy.*"

NI enacted a RO regime that is similar to the one in place in Great Britain. The NIRO regime is designed to incentivize the generation of electricity from renewable sources and places an obligation on suppliers to source a portion of their electricity from such sources. Under the RO regime, eligible renewable generators receive ROCs for each MWh of electricity generated. ROCs are freely tradable at auction and can be sold to suppliers in order to fulfil their obligations under the RO regime. Suppliers have the option of presenting ROCs to cover their obligations or paying a buyout fee of £45.58/MWh (for the year ended March 31, 2018) for any shortfall. All proceeds from buyout fees are repaid to the holders of ROCs. As part of the UK-wide implementation of Electricity Market Reform, the NIRO, along with the RO, had been scheduled to close to new generation and additional capacity on March 31, 2017. However, in line with the revised policy approach adopted by the UK government, DETI decided to close the NIRO to large scale onshore wind projects one year early from March 31, 2016. The NIRO Closure Order closed the NIRO to all new large (>5MW) onshore wind capacity from April 1, 2016 and also introduced extensions of time, known as "grace periods" for certain qualifying projects. The new deadlines granted under the grace periods vary depending on the eligibility criteria and range from March 31, 2017 to December 31, 2017 and, in circumstances in which the qualifying conditions and all other NIRO eligibility criteria are satisfied, they can be combined to give extensions of time up to December 31, 2018 at the latest.

Constraints and curtailment

The TSOs have a responsibility to ensure that the electricity system is managed prudently which requires generation to be constrained at certain locations. To ensure efficient and secure operation of the electricity system, generation is constrained to certain levels to prevent overloading, voltages outside prescribed limits or system instability. In the context of wind farms, a constraint event occurs when there is insufficient capacity on the network to accept the export of the generator. Access to the transmission network is offered either on a "firm" or "non-firm" basis depending on whether network reinforcements are required to facilitate the generator's full export capacity. While a generator which has been granted firm access to the transmission network may experience a reduction in its exported generation at times of high system production, it receives financial compensation from the TSOs in the form of constraint payments. However, a generator with non-firm access may have its exported output reduced without any compensation. Firm access would only be granted once the required investment in the transmission network infrastructure has been completed. Viridian is well-protected from constraint issues with substantially all of its wholly-owned operating renewable capacity having firm access connection agreements.

Curtailment is a system operation issue and is not linked to the capacity of the network. Curtailment of wind generation occurs where there is excess wind generation available relative to system demand when taking account of system operation restrictions (such as minimum stable generation levels of thermal assets). Curtailment occurs when this excess wind generation cannot be accommodated and the overall level of renewable generation must be reduced across the system. While the increasing amount of wind generation capacity in Ireland naturally increases the risk of curtailment, the increase in ancillary services under DS3 and the potential for an increase in electricity exports to Great Britain under I-SEM are expected to provide a countervailing influence. See "*Risk Factors—Risks Related to Our Business—The quantity of electricity actually produced by Energia Group's wind farms and PPAs, including as a result of curtailment and constraint actions by the TSO, may vary from its estimates*" and "*Industry—Generation—Network Infrastructure, Constraints and Curtailment*."

NI supply regulation

While RoI electricity market prices are fully deregulated, in NI, Power NI residential customers remain subject to a regulated tariff. The last non-residential customer segment (customers consuming less than 50MWh per year) was only fully deregulated from April 1, 2017. The NIAUR's plans for deregulation of the residential market are not yet clear. As a result, the Group is unable to accurately predict the structure of future market regulation and further deregulation could affect the Group's market share. See "*Risk Factors—Risks Related to Our Business—Our businesses are subject to complex governmental legislation and regulations that have affected, and may in the future affect, our business, financial condition and results of operations*."

The regulated tariffs set by NIAUR are currently based on an allowed revenue model, which allows Power NI to recover an allowance calculated by reference to its forecasted operating cost at the time of the relevant price control and residual depreciation plus a net margin. The regulatory model has an incentive mechanism by which Power NI is allowed to retain savings achieved through efficiencies for at least the period of the price control.

If the amount of revenue recovered in any one year exceeds or falls short of the amount allowed by the relevant price control formula, a K factor operates in the following year that requires either a repayment of any surplus with interest or a recovery of any deficit with interest, as appropriate. A surplus is referred to as an over-recovery and a deficit as an under-recovery. In the formulation of its regulated tariffs, Power NI is allowed to pass through to customers all underlying wholesale costs, subject to an economic purchasing obligation.

Power NI is required to submit a forecast of all its input costs for each tariff review, which is then subject to agreement with NIAUR. The main tariff year runs from October each year. Once agreed, the new tariffs apply from October 1, with the possibility that they may be changed at the beginning of each quarter if actual costs and revenues do not stay within a level of tolerance to the tariff (i.e., plus or minus 2.5%). On August 17, 2017 Power NI announced a 5.6% increase in its regulated electricity tariff, effective from October 1, 2017. The increase, agreed with the NIAUR, reflected an increase in expected wholesale energy costs.

On November 17, 2016, the NIAUR published a paper setting out their final decision on a two year extension of Power NI's price control from April 1, 2017 to March 31, 2019 (with Power NI agreeing to share with customers the benefits of efficiency gains made during the current price control period) and an amendment to the scope by confirming the removal of the remaining price controls for the non-residential sector (i.e., SME customers with annual consumption of less than 50MWh) on April 1, 2017.

PPB is also subject to price controls and regulations administered by the NIAUR. The applicable price control mechanism provides an entitlement in respect of PPB's own costs through the receipt of an allowance (effectively a management fee), together with a further amount covering certain depreciation costs, return on PPB's assets and an allowance in respect of pension deficit costs. The price control also incentivizes PPB through a 'gain share' mechanism whereby PPB is entitled to retain a share of any surplus revenues from trading in the SEM or ancillary services payments which exceed the cost of procuring wholesale power under the Ballylumford contract. Under the 'gain share' PPB retains 20% of any surplus up to £10 million and 10% of any surplus in excess of £10 million.

If the revenue that PPB receives from the SEM pool and through the sale of ancillary services is insufficient to cover its total costs incurred under the PPAs (e.g., availability payments and energy payments, among others), any shortfall can be recovered via PSO Levies collected by NIE from suppliers and passed on to customers. Conversely, PPB is also required to return any surplus revenue it receives. Electricity and natural gas price volatility is hedged through CfDs based on the SMP and through commodity hedging. See "*Risk Factors—Risks Related to Our Business—Our businesses are subject to complex governmental legislation and regulations that have affected, and may in the future affect, our business, financial condition and results of operations.*"

Customers

The profitability and cash generation of the Group's retail supply are driven by its ability to pass wholesale prices to end customers together with retail margin, the collection of receivables and the minimization of bad debts. The ability to pass wholesale prices to end customers is affected by the level of competition and regulation.

Regulated businesses, such as Power NI, are entitled to recover their operating costs and make a regulated margin. As this margin is relatively low, it restricts competition in the regulated marketplace, but it also places a limit on the regulated business' profitability.

Unregulated supply businesses may be significantly more exposed to competition, and their ability to recover their operating costs depends on the level of competition. There is limited liquidity in the market for CfDs related to the SMP, which means that supply businesses may be exposed to cost premiums for such CfDs and may be required to resort to less effective hedging arrangements or risk exposure to increases in operating costs that they may not be able to recover in the market. However, the Group considers supply businesses backed by physical generation capacity within the SEM, such as the Energia Group, which is backed by Huntstown and its owned and contractual wind farms, are better protected against such cost premiums as they benefit from a natural hedge against price spikes, outage at other generators or a drop in wind output to the extent of the overlap between generation and supply volumes. Although the Energia Group substantially hedges any mismatch, mainly through CfDs, it is exposed to movements in the wholesale price when the hedges expire and to the extent of any unhedged or imperfectly hedged volume. See "*Business—Energia Group—Energia Supply—Hedging*."

Bad debts can have a material impact on cash flows, especially during periods of economic downturn. Historically, Energia Supply and Power NI have been successful at minimizing bad debt levels, with a bad debt to revenue ratio of 0.3% for Energia Supply and 0.4% for Power NI for Fiscal Year 2017. The Group considers that this was achieved through proactive credit management, including a focus on creditworthiness at the time of customer acquisition, and the use of pre-paid keypads and direct debit payment plans. For Fiscal Year 2017, approximately 31% of Power NI's customers utilized pre-paid keypads and approximately 87% of Energia Group's customers and approximately 37% of Power NI's customers paid using a direct debit payment plan. In addition, the Energia Group mitigates the effect of customers defaulting by using credit insurance in respect of certain customers. See "*—Quantitative and Qualitative Disclosure about Market Risk—Credit Risk*."

Seasonality

The Group's business is subject to seasonal variations, which normally impact levels of demand for electricity and natural gas, with demand typically trending higher during the winter months and lower during the summer months. However, because variations in demand from season to season are largely offset by counterbalancing movements in natural gas transmission costs, seasonality does not tend to have a significant impact on the Group's profitability from period to period. However, changes in demand and prices caused by seasonal variations can have an impact on the Group's working capital over the course of the year, with working capital typically increasing during the winter months when demand and prices are high, and decreasing during the summer months. Seasonality also influences the volume of electricity the Group generates from wind farms, with less wind-generated electricity during the summer months.

Results of operations

Results of operations for First Three Months 2018 compared to First Three Months 2017

Revenue

The following table shows the revenue of Energia Group, Energia Renewables (Owned Assets), Power NI and PPB for First Three Months 2018 and First Three Months 2017.

	First Three Months	
	2017	**2018**
	(£ million)	
Revenue		
Energia Group (excluding Energia Renewables (Owned Assets))	189.2	208.3
Energia Renewables (Owned Assets)	1.1	6.4
Power NI (based on regulated entitlement)	67.9	70.4
PPB (based on regulated entitlement)	25.2	28.7
Adjustment for over-recovery	5.3	8.5
Intra business elimination	(2.0)	(7.6)
Total revenue from continuing operations	**286.7**	**314.7**

Group revenue

Group revenue increased to £314.7 million for First Three Months 2018 from £286.7 million for First Three Months 2017. This increase was primarily due to an increase in revenue at all business units for the reasons discussed below.

Energia Group (excluding Energia Renewables (Owned Assets)) revenue

Revenue at Energia Group (excluding Energia Renewables (Owned Assets)) increased to £208.3 million for First Three Months 2018 from £189.2 million for First Three Months 2017, primarily reflecting the favorable impact of foreign exchange translation (with the strengthening of Euro to Sterling in First Three Months 2018 compared to First Three Months 2017), higher residential revenue (associated with continued growth in the RoI residential market), higher renewable PPA revenues (due to the commissioning of renewable generation capacity and higher wind factors) and higher Huntstown plant revenues (reflecting higher availability and utilization of Huntstown 1 plant, partly offset by lower availability and utilization of Huntstown 2 plant due to the outage in June 2017), partly offset by lower non-residential revenues.

Energia Renewables (Owned Assets) revenue

Revenue at Energia Renewables (Owned Assets) increased to £6.4 million for First Three Months 2018 from £1.1 million for First Three Months 2017, primarily reflecting the commissioning of new wind farms in March and April 2017.

Power NI revenue

Revenue at Power NI (based on regulated entitlement) increased to £70.4 million for First Three Months 2018 from £67.9 million for First Three Months 2017, primarily due to higher deregulated revenue (associated with the full deregulation of the business market from 1 April 2017), partly offset by a corresponding decrease in regulated revenue together with a reduction in residential customer numbers.

PPB revenue

Revenue at PPB (based on regulated entitlement) increased to £28.7 million for First Three Months 2018 from £25.2 million for First Three Months 2017, primarily due to higher availability and utilization of the Ballylumford plant.

Over recovery

For First Three Months 2018 and for First Three Months 2017, the Group's regulated businesses of Power NI and PPB over-recovered against their regulated entitlement by £8.5 million and £5.3 million, respectively. The over recovery of regulated entitlement reflects the phasing of tariffs.

Operating costs before exceptional items and certain remeasurements

Group operating costs before exceptional items and certain remeasurements increased to £285.9 million for First Three Months 2018 from £264.6 million for First Three Months 2017 for the reasons discussed below. Operating costs before exceptional items and certain remeasurements include energy costs, employee costs, other operating charges and depreciation and amortization.

Energy costs include the cost of wholesale energy purchases from the SEM pool, capacity payments made to the SEM, the cost of natural gas and fixed and variable natural gas capacity costs for the Huntstown plants, emissions costs, use of system charges and energy costs under third-party renewable PPAs. Energy costs increased to £259.4 million for First Three Months 2018 from £238.8 million for First Three Months 2017, primarily reflecting the impact of foreign exchange translation (with the strengthening of Euro to Sterling in First Three Months 2018 compared to First Three Months 2017), higher residential volumes (associated with continued growth in the RoI residential market), higher utilization of the Ballylumford plant, higher availability and utilization of the Huntstown 1 plant, higher renewable PPA costs (associated with commissioning of renewable generation capacity and higher wind factors) and the revaluation decrease of Huntstown distillate oil stock to current market price (with last year benefitting from a revaluation increase), partly offset by lower availability and utilization of the Huntstown 2 plant due to the outage in June 2017 and lower wholesale prices.

Employee costs include salaries, social security costs and pension costs. Employee costs increased to £6.8 million for First Three Months 2018 from £5.7 million for First Three Months 2017, primarily reflecting an increase in headcount and the impact of foreign exchange translation (with the strengthening of Euro to Sterling in First Three Months 2018 compared to First Three Months 2017).

Other operating charges include costs such as operating and maintenance costs, insurance, local business taxes, consultancy, marketing, license fees and IT services. Other operating charges decreased to £11.7 million for First Three Months 2018 from £14.8 million for First Three Months 2017, primarily due to higher operating costs in First Three Months 2017 associated with the planned outage at the Huntstown 1 plant in June 2016, partly offset by the impact of foreign exchange translation (with the strengthening of Euro to Sterling in First Three Months 2018 compared to First Three Months 2017) and higher operating costs for renewable assets.

Depreciation, amortization and impairment before exceptional items and certain remeasurements amounted to £8.0 million for First Three Months 2018 compared to £5.3 million for First Three Months 2017, primarily due to higher depreciation of renewable assets which became operational in March and April 2017 and the impact of foreign exchange translation (with the strengthening of Euro to Sterling in First Three Months 2018 compared to First Three Months 2017).

Adjusted Operating Profit

The following table shows the Adjusted Operating Profit of Energia Group, Energia Renewables (Owned Assets), Power NI and PPB for First Three Months 2017 and First Three Months 2018.

	First Three Months	
	2017	**2018**
	(£ million)	
Adjusted Operating Profit		
Energia Group (excluding Energia Renewables (Owned Assets))	9.7	9.9
Energia Renewables (Owned Assets)	0.1	1.0
Power NI	6.6	8.4
PPB	0.5	0.9
Other(1)	(0.1)	0.1
Total Adjusted Operating Profit	16.8	20.3

(1) Other includes management fees paid to Arcapita prior to the completion of the sale of the Group to I Squared Capital Funds on April 29, 2016. For the First Three Months 2017, management fees paid to Arcapita amounted to £0.2 million.

Group Adjusted Operating Profit

Adjusted Operating Profit refers to operating profit from continuing operations before exceptional items and certain remeasurements and adjusted for regulated entitlement, which reflects adjustments for over/under-recovery based on the amount by which the Group's regulated businesses over-or under-recovered against their regulated entitlement. Adjusted Operating Profit for the Group increased to £20.3 million for First Three Months 2018 from £16.8 million for First Three Months 2017, primarily due to an increase in Adjusted Operating Profit at all business units for the reasons discussed below.

Energia Group (excluding Energia Renewables (Owned Assets)) Adjusted Operating Profit

Energia Group (excluding Energia Renewables (Owned Assets)) Adjusted Operating Profit increased to £9.9 million for First Three Months 2018 from £9.7 million for First Three Months 2017, primarily reflecting higher availability and utilization of the Huntstown 1 plant (including lower operating costs), favorable foreign exchange due to the strengthening of Euro to Sterling during First Three Months 2018 compared to First Three Months 2017, higher contributions from renewable PPAs (due to the commissioning of renewable generation capacity and higher wind factors) and higher residential earnings (associated with continued growth in the RoI residential market), partly offset by lower availability and utilization of the Huntstown 2 plant primarily associated with an outage in June 2017, the revaluation decrease of Huntstown distillate oil stock to current market price (with last year benefitting from a revaluation increase) and lower non-residential earnings (with last year benefitting from lower wholesale prices).

Energia Renewables (Owned Assets) Adjusted Operating Profit

Energia Renewables (Owned Assets) Adjusted Operating Profit increased to £1.0 million for First Three Months 2018 from £0.1 million for First Three Months 2017, primarily reflecting the commissioning of new wind farms in March and April 2017.

Power NI Adjusted Operating Profit

Power NI Adjusted Operating Profit increased to £8.4 million for First Three Months 2018 from £6.6 million for First Three Months 2017, primarily reflecting higher unregulated margins (associated with the full deregulation of business customers from 1 April 2017), partly offset by the corresponding reduction in regulated margins and higher contributions from small scale renewable PPAs.

PPB Adjusted Operating Profit

PPB Adjusted Operating Profit increased to £0.9 million for First Three Months 2018 from £0.5 million for First Three Months 2017, primarily due to lower operating costs (associated with recovery of I-SEM costs).

Adjusted EBITDA

The following table shows the Adjusted EBITDA of Energia Group, Energia Renewables (Owned Assets), Power NI and PPB for First Three Months 2018 and First Three Months 2017.

	First Three Months	
	2017	**2018**
	(£ million)	
Adjusted EBITDA		
Energia Group (excluding Energia Renewables (Owned Assets))	13.6	13.9
Energia Renewables (Owned Assets)	0.7	4.5
Power NI	7.3	8.8
PPB	0.5	0.9
Other[(1)]	—	0.2
Total Group Adjusted EBITDA	**22.1**	**28.3**

(1) Other includes management fees paid to Arcapita prior to the completion of the sale of the Group to I Squared Capital Funds on April 29, 2016. For First Three Months 2017, management fees paid to Arcapita amounted to £0.2 million.

Group Adjusted EBITDA

Total Adjusted EBITDA for the Group increased to £28.3 million for First Three Months 2018 from £22.1 million for First Three Months 2017 reflecting an increase in Adjusted EBITDA at all business units for the reasons discussed below.

Energia Group (excluding Energia Renewables (Owned Assets)) Adjusted EBITDA

Adjusted EBITDA for Energia Group (excluding Energia Renewables (Owned Assets)) increased to £13.9 million for First Three Months 2018 from £13.6 million for First Three Months 2017, primarily as a result of the reasons as described above in "—*Adjusted Operating Profit*."

Energia Renewables (Owned Assets) Adjusted EBITDA

Adjusted EBITDA for Energia Renewables (Owned Assets) increased to £4.5 million for First Three Months 2018 from £0.7 million for First Three Months 2017, primarily as a result of the reasons as described above in "—*Adjusted Operating Profit*."

Power NI Adjusted EBITDA

Adjusted EBITDA at Power NI increased to £8.8 million for First Three Months 2018 from £7.3 million for First Three Months 2017, primarily as a result of the reasons as described above in "—*Adjusted Operating Profit*."

PPB Adjusted EBITDA

Adjusted EBITDA at PPB increased to £0.9 million for First Three Months 2018 from £0.5 million for First Three Months 2017, primarily as a result of the reasons as described above in "*—Adjusted Operating Profit*."

Results of operations for Fiscal Year 2017 compared to Fiscal Year 2016

Revenue

The following table shows the revenue of Energia Group, Energia Renewables (Owned Assets), Power NI and PPB for Fiscal Year 2017 and Fiscal Year 2016.

	Fiscal Year	
	2016	**2017**
	(£ million)	
Revenue		
Energia Group (excluding Energia Renewables (Owned Assets))	833.0	874.4
Energia Renewables (Owned Assets)	7.0	7.7
Power NI (based on regulated entitlement)	373.4	335.0
PPB (based on regulated entitlement)	114.7	111.7
Adjustment for over/(under)-recovery	4.3	(0.5)
Intra business elimination	(11.5)	(10.7)
Total revenue from continuing operations	**1,320.9**	**1,317.6**

Group revenue

Group revenue decreased slightly to £1,317.6 million for Fiscal Year 2017 from £1,320.9 million for Fiscal Year 2016. This decrease was primarily due to a decrease in revenue at Power NI and PPB, which was partially offset by an increase in revenue at Energia Group (excluding Energia Renewables (Owned Assets)).

Energia Group (excluding Energia Renewables (Owned Assets)) revenue

Revenue at Energia Group (excluding Energia Renewables (Owned Assets)) increased to £874.4 million for Fiscal Year 2017 from £833.0 million for Fiscal Year 2016, primarily reflecting the favorable impact of foreign exchange translation (with the strengthening of Euro to Sterling in Fiscal Year 2017 compared to Fiscal Year 2016) and higher residential sales volumes, partly offset by lower non-residential revenue (associated with lower gas prices), lower interconnector revenue, lower Huntstown plant revenues (due to lower utilization of the Huntstown 1 plant partly offset by higher utilization of the Huntstown 2 plant and due to lower availability of both plants as a result of maintenance) and lower renewable PPA revenues (associated with lower wind factors).

Energia Renewables (Owned Assets) revenue

Revenue at Energia Renewables (Owned Assets) increased to £7.7 million for Fiscal Year 2017 from £7.0 million for Fiscal Year 2016, reflecting revenues from the newly constructed wind farms commissioned in March 2017 (95MW Meenadreen extension, 15MW Gortfinbar and 7MW Eshmore), partly offset by lower wind factors.

Power NI revenue

Revenue at Power NI (based on regulated entitlement) decreased to £335.0 million for Fiscal Year 2017 from £373.4 million for Fiscal Year 2016, primarily due to the decrease in the number of residential customers, together with lower consumption per customer and the 10.3% reduction in tariffs effective April 1, 2016.

PPB revenue

Revenue at PPB (based on regulated entitlement) decreased to £111.7 million for Fiscal Year 2017 from £114.7 million for Fiscal Year 2016.

Over/(Under) recovery

The Group's regulated businesses under-recovered against their regulated entitlement by £0.5 million for Fiscal Year 2017, compared to an over-recovery of £4.3 million for Fiscal Year 2016.

Operating costs before exceptional items and certain remeasurements

Group operating costs before exceptional items and certain remeasurements decreased to £1,233.2 million for Fiscal Year 2017 from £1,240.2 million for Fiscal Year 2016 for the reasons discussed below.

Energy costs decreased to £1,137.8 million for Fiscal Year 2017 from £1,151.7 million for Fiscal Year 2016, primarily reflecting lower market prices (due to lower gas prices), lower Power NI sales volumes, lower interconnector volumes, lower utilization of Huntstown 1 plant and lower PPA costs (associated with lower wind factors), partly offset by the impact of foreign exchange translation (with the strengthening of Euro to Sterling in Fiscal Year 2017 compared to Fiscal Year 2016), higher residential sales volumes and higher utilization of Huntstown 2 plant.

Employee costs increased to £25.4 million for Fiscal Year 2017 from £22.0 million for Fiscal Year 2016, primarily reflecting the impact of foreign exchange translation (with the strengthening of Euro to Sterling in Fiscal Year 2017 compared to Fiscal Year 2016) and an increase in headcount.

Other operating charges increased to £47.7 million for Fiscal Year 2017 from £45.8 million for Fiscal Year 2016, primarily reflecting the impact of foreign exchange translation (with the strengthening of Euro to Sterling in Fiscal Year 2017 compared to Fiscal Year 2016), higher operating costs associated with the outages in Huntstown 1 and Huntstown 2 plants and higher operating costs associated with the continued growth in the RoI residential market, partly offset by the removal of the Arcapita management fee and lower Power NI operating costs.

Depreciation and amortization before exceptional items and certain remeasurements amounted to £22.3 million for Fiscal Year 2017 compared to £20.7 million for Fiscal Year 2016. The increase was primarily due to the impact of foreign exchange translation (with the strengthening of Euro to Sterling in Fiscal Year 2017 compared to Fiscal Year 2016) and higher depreciation of renewable assets which became operational in March 2017.

Adjusted Operating Profit

The following table shows the Adjusted Operating Profit of Energia Group, Energia Renewables (Owned Assets) Power NI and PPB for Fiscal Year 2016 and Fiscal Year 2017.

	Fiscal Year	
	2016	**2017**
	(£ million)	
Adjusted Operating Profit		
Energia Group (excluding Energia Renewables (Owned Assets))	43.7	48.9
Energia Renewables (Owned Assets)	2.7	1.8
Power NI	29.0	29.6
PPB	4.0	4.0
Other[(1)]	(3.0)	0.6
Total Adjusted Operating Profit	**76.4**	**84.9**

(1) Other includes management fees paid to Arcapita prior to the completion of the sale of the Group to I Squared Capital Funds on April 29, 2016. For Fiscal Year 2017 and Fiscal Year 2016, management fees paid to Arcapita amounted to £0.2 million and £3.0 million, respectively.

Group Adjusted Operating Profit

Adjusted Operating Profit increased to £84.9 million for Fiscal Year 2017 from £76.4 million for Fiscal Year 2016, primarily due to an increase in Adjusted Operating Profit at Energia Group (excluding Energia Renewables (Owned Assets)) and Power NI partially offset by a decrease at Energia Renewables (Owned Assets) for the reasons discussed below.

Energia Group (excluding Energia Renewables (Owned Assets)) Adjusted Operating Profit

Energia Group (excluding Energia Renewables (Owned Assets)) Adjusted Operating Profit and certain remeasurements increased to £48.9 million for Fiscal Year 2017 from £43.7 million for Fiscal Year 2016, primarily reflecting favorable foreign exchange (due to the strengthening of Euro to Sterling in Fiscal Year 2017 compared to Fiscal Year 2016), higher residential earnings (associated with continued growth in the RoI residential market), the revaluation of distillate oil stock to market price (resulting from a reduction in that valuation in Fiscal Year 2016) and higher contributions from the renewable PPAs (due to the commissioning of renewable generation capacity, partly offset by lower market prices and lower wind factors), partly offset by lower availability of both Huntstown plants associated with the outages during the year (after accounting for higher operating costs).

Energia Renewables (Owned Assets) Adjusted Operating Profit

Energia Renewables (Owned Assets) Adjusted Operating Profit decreased to £1.8 million for Fiscal Year 2017 from £2.7 million for Fiscal Year 2016, primarily reflecting development costs in respect of renewable development projects and lower wind factors in Fiscal Year 2017 together with Fiscal Year 2016 having benefitted from the sale of surplus connection capacity to a wind farm developer, partly offset by the contribution from newly constructed wind farms commissioned in March 2017 (95MW Meenadreen extension, 15MW Gortfinbar and 7MW Eshmore).

Power NI Adjusted Operating Profit

Power NI Adjusted Operating Profit increased to £29.6 million for Fiscal Year 2017 from £29.0 million for Fiscal Year 2016, primarily reflecting lower operating costs, together with higher contributions from small scale renewable PPAs, partly offset by lower unregulated margins.

PPB Adjusted Operating Profit

PPB Adjusted Operating Profit remained flat at £4.0 million for Fiscal Year 2017 and Fiscal Year 2016.

Other Adjusted Operating Profit

Other Adjusted Operating Profit increased to £0.6 million for Fiscal Year 2017 from a loss of £3.0 million for Fiscal Year 2016, primarily reflecting the payment of the Arcapita management fee in Fiscal Year 2016, which was no longer payable following the sale of the Group to I Squared Capital Funds on April 29, 2016.

Adjusted EBITDA

The following table shows the Adjusted EBITDA of Energia Group, Energia Renewables (Owned Assets), Power NI and PPB for Fiscal Year 2017 and Fiscal Year 2016.

	Fiscal Year	
	2016	**2017**
	(£ million)	
Adjusted EBITDA		
Energia Group (excluding Energia Renewables (Owned Assets))	58.9	65.1
Energia Renewables (Owned Assets)	5.3	4.9
Power NI	31.6	32.2
PPB	4.0	4.0
Other(1)	(2.7)	1.0
Total Group Adjusted EBITDA	**97.1**	**107.2**

(1) Other includes management fees paid to Arcapita prior to the completion of the sale of the Group to I Squared Capital Funds on April 29, 2016. For Fiscal Year 2017 and Fiscal Year 2016, management fees paid to Arcapita amounted to £0.2 million and £3.0 million, respectively.

Group Adjusted EBITDA

Total Adjusted EBITDA for the Group increased to £107.2 million for Fiscal Year 2017 from £97.1 million for Fiscal Year 2016 reflecting an increase in Adjusted EBITDA at the Energia Group (excluding Energia Renewables (Owned Assets)), Power NI and Other, partially offset by a decrease in Adjusted EBITDA at Energia Renewables (Owned Assets) for the reasons discussed below.

Energia Group (excluding Energia Renewables (Owned Assets)) Adjusted EBITDA

Adjusted EBITDA for Energia Group (excluding Energia Renewables (Owned Assets)) increased to £65.1 million for Fiscal Year 2017 from £58.9 million for Fiscal Year 2016, primarily as a result of the reasons as described above in *"—Adjusted Operating Profit*."

Energia Renewables (Owned Assets) Adjusted EBITDA

Adjusted EBITDA for Energia Renewables (Owned Assets) decreased to £4.9 million for Fiscal Year 2017 from £5.3 million for Fiscal Year 2016, primarily as a result of the reasons as described above in "*—Adjusted Operating Profit*."

Power NI Adjusted EBITDA

Adjusted EBITDA at Power NI increased to £32.2 million for Fiscal Year 2017 from £31.6 million for Fiscal Year 2016, primarily as a result of the reasons as described above in "*—Adjusted Operating Profit*."

PPB Adjusted EBITDA

Adjusted EBITDA at PPB remained flat at £4.0 million for Fiscal Year 2017 and Fiscal Year 2016.

Other Adjusted EBITDA

Other Adjusted EBITDA increased to £1.0 million for Fiscal Year 2017 from a loss of £2.7 million for Fiscal Year 2016, primarily as a result of the reasons as described above in *"—Adjusted Operating Profit*."

Results of operations for Fiscal Year 2016 compared to Fiscal Year 2015

Revenue

The following table shows the revenue of Energia Group, Energia Renewables (Owned Assets), Power NI and PPB for Fiscal Year 2016 and Fiscal Year 2015.

	Fiscal Year	
	2015	**2016**
	(£ million)	
Revenue		
Energia Group (excluding Energia Renewables (Owned Assets))	893.3	833.0
Energia Renewables (Owned Assets)	3.6	7.0
Power NI (based on regulated entitlement)	420.0	373.4
PPB (based on regulated entitlement)	121.0	114.7
Adjustment for over-recovery	30.2	4.3
Intra business elimination	(7.0)	(11.5)
Total revenue from continuing operations	**1,461.1**	**1,320.9**

Group revenue

Group revenue decreased to £1,320.9 million for Fiscal Year 2016 from £1,461.1 million for Fiscal Year 2015. This decrease primarily results from decreases in revenue at Energia Group (excluding Energia Renewables (Owned Assets)), Power NI and PPB, partially offset by an increase in revenue at Energia Renewables (Owned Assets).

Energia Group (excluding Energia Renewables (Owned Assets)) revenue

Revenue at Energia Group (excluding Energia Renewables (Owned Assets)) decreased to £833.0 million for Fiscal Year 2016 from £893.3 million for Fiscal Year 2015, primarily reflecting the adverse impact of foreign exchange translation (with the strengthening of Sterling to Euro in Fiscal Year 2016 compared to Fiscal Year 2015) and lower non-residential electricity sales volumes and prices (associated with lower gas prices), partly offset by higher residential electricity sales volumes, higher residential and non-residential gas sales volumes, higher renewable PPA revenues (associated with higher average wind output and higher contracted capacity, partly offset by lower market prices) and higher Huntstown plant output (with the incremental impact of constrained utilization, partly offset by lower availability of Huntstown 1 plant).

Energia Renewables (Owned Assets) revenue

Revenue at Energia Renewables (Owned Assets) increased to £7.0 million for Fiscal Year 2016 from £3.6 million for Fiscal Year 2015, reflecting the newly commissioned wind farms in December 2014 (20MW Thornog) and May 2015 (5MW Clondermot and Lisglass) together with the sale of surplus connection capacity to a wind farm developer.

Power NI revenue

Revenue at Power NI (based on regulated entitlement) decreased to £373.4 million for Fiscal Year 2016 from £420.0 million for Fiscal Year 2015, primarily due to the reduction in residential and non-residential customer numbers together with lower consumption per customer and lower market prices.

PPB revenue

Revenue at PPB (based on regulated entitlement) decreased to £114.7 million for Fiscal Year 2016 from £121.0 million for Fiscal Year 2015, primarily due to lower market prices.

Adjustment for over recovery

For Fiscal Year 2016 and Fiscal Year 2015, the Group's regulated businesses over-recovered against their regulated entitlement by £4.3 million and £30.2 million, respectively.

Operating costs before exceptional items and certain remeasurements

Group operating costs before exceptional items and certain remeasurements decreased to £1,240.2 million for Fiscal Year 2016 from £1,353.8 million for Fiscal Year 2015.

Energy costs decreased to £1,151.7 million for Fiscal Year 2016 from £1,269.3 million for Fiscal Year 2015, primarily reflecting lower wholesale energy costs (associated with lower volumes and lower gas prices) and the impact of foreign exchange translation (with the strengthening of Sterling to Euro in Fiscal Year 2016 compared to Fiscal Year 2015), partly offset by higher renewable PPA costs (associated with higher average wind output), higher residential electricity and gas volumes and a £0.9 million devaluation of Huntstown distillate oil stock to current market price.

Employee costs decreased to £22.0 million for Fiscal Year 2016 from £23.8 million for Fiscal Year 2015, reflecting lower employee costs in Power NI and the favorable impact of foreign exchange translation (with the strengthening of Sterling to Euro in Fiscal Year 2016 compared to Fiscal Year 2015), partly offset by an increase in staff numbers to 535 at March 31, 2016 from 482 at March 31, 2015, reflecting increased headcount in respect of Energia's continued growth in the RoI residential market together with increased headcount in Other group staff (associated with recruitment for key strategic IT projects (I-SEM and smart metering)).

Other operating charges increased to £45.8 million for Fiscal Year 2016 from £40.3 million for Fiscal Year 2015, primarily reflecting higher plant operating and maintenance costs, higher costs associated with Energia's growth in the RoI residential market and higher utilization in the renewable wind farm assets (due to the newly commissioned wind farms in December 2014 (20MW Thornog) and May 2015 (5MW Clondermot and Lisglass), partly offset by favorable impact of foreign exchange translation (with the strengthening of Sterling to Euro in Fiscal Year 2016 compared to Fiscal Year 2015).

Depreciation and amortization increased to £20.7 million for Fiscal Year 2016 from £20.4 million for Fiscal Year 2015, primarily due to higher depreciation of renewable assets, which became operational in December 2014 and May 2015, partly offset by the favorable impact of foreign exchange translation (with the strengthening of Sterling to Euro in Fiscal Year 2016 compared to Fiscal Year 2015).

Adjusted Operating Profit

The following table shows the Adjusted Operating Profit of Energia Group, Energia Renewables (Owned Assets), Power NI and PPB for Fiscal Year 2016 and Fiscal Year 2015.

	Fiscal Year	
	2015	**2016**
	(£ million)	
Adjusted Operating Profit		
Energia Group (excluding Energia Renewables (Owned Assets))	45.9	43.7
Energia Renewables (Owned Assets)	1.6	2.7
Power NI	26.0	29.0
PPB	6.4	4.0
Other(1)	(2.8)	(3.0)
Total Adjusted Operating Profit	**77.1**	**76.4**

(1) Other includes management fees paid to Arcapita. For Fiscal Year 2016 and Fiscal Year 2015, management fees paid to Arcapita amounted to £3.0 million and £3.0 million, respectively.

Group Adjusted Operating Profit

Adjusted Operating Profit decreased to £76.4 million for Fiscal Year 2016 from £77.1 million for Fiscal Year 2015, primarily due to a decrease in Adjusted Operating Profit at Energia Group (excluding Energia Renewables (Owned Assets)) and PPB partly offset by an increase in Adjusted Operating Profit at Energia Renewables (Owned Assets) and Power NI.

Energia Group (excluding Energia Renewables (Owned Assets)) Adjusted Operating Profit

Energia Group (excluding Energia Renewables (Owned Assets)) Adjusted Operating Profit decreased to £43.7 million for Fiscal Year 2016 from £45.9 million for Fiscal Year 2015, primarily reflecting adverse foreign exchange due to the strengthening of Sterling to Euro in Fiscal Year 2016 compared to Fiscal Year 2015, the devaluation of Huntstown distillate oil stock to current market price, lower availability for Huntstown 1 plant associated with the outage for the rotor replacement in August 2015, lower capacity revenue (associated with the 10% reduction in the capacity pot effective January 2016), lower unconstrained utilization of Huntstown 2 plant and lower contributions from the renewable PPAs (due to lower market prices), partly offset by higher non-residential and residential retail supply margins.

Energia Renewables (Owned Assets) Adjusted Operating Profit

Energia Renewables (Owned Assets) Adjusted Operating Profit increased to £2.7 million for Fiscal Year 2016 from £1.6 million for Fiscal Year 2015, reflecting the commissioning of new wind farms in December 2014 (20MW Thornog) and May 2015 (5MW Clondermot and Lisglass) together with benefits from the sale of surplus connection capacity to a wind farm developer, partly offset by higher depreciation charge associated with the commissioning of new wind farms.

Power NI Adjusted Operating Profit

Power NI Adjusted Operating Profit increased to £29.0 million for Fiscal Year 2016 from £26.0 million for Fiscal Year 2015, reflecting higher unregulated earnings together with higher contributions from small scale renewable PPAs partly offset by lower regulated entitlement and higher operating costs.

PPB Adjusted Operating Profit

PPB Adjusted Operating Profit decreased to £4.0 million for Fiscal Year 2016 from £6.4 million for Fiscal Year 2015, reflecting the reduction in regulated entitlement associated with its new price control effective from April 2015.

Adjusted EBITDA

The following table shows the Adjusted EBITDA of Energia Group, Energia Renewables (Owned Assets), Power NI and PPB for Fiscal Year 2016 and Fiscal Year 2015.

	Fiscal Year	
	2015	**2016**
	(£ million)	
Adjusted EBITDA		
Energia Group (excluding Energia Renewables (Owned Assets))	62.3	58.9
Energia Renewables (Owned Assets)	2.8	5.3
Power NI	28.6	31.6
PPB	6.4	4.0
Other[(1)]	(2.6)	(2.7)
Total Group Adjusted EBITDA	**97.5**	**97.1**

(1) Other includes management fees paid to Arcapita. For Fiscal Year 2016 and Fiscal Year 2015, management fees paid to Arcapita amounted to £3.0 million and £3.0 million, respectively.

Group Adjusted EBITDA

Total Adjusted EBITDA for the Group decreased slightly to £97.1 million for Fiscal Year 2016 from £97.5 million for Fiscal Year 2015, primarily as a result of a decrease in Adjusted EBITDA at the Energia Group (excluding Energia Renewables (Owned Assets)) and PPB, partially offset by an increase in Adjusted EBITDA at Energia Renewables (Owned Assets) and Power NI.

Energia Group (excluding Energia Renewables (Owned Assets)) Adjusted EBITDA

Adjusted EBITDA for Energia Group (excluding Energia Renewables (Owned Assets)) decreased to £58.9 million for Fiscal Year 2016 from £62.3 million for Fiscal Year 2015, primarily as a result of the reasons described above in "*—Adjusted Operating Profit*."

Energia Renewables (Owned Assets) Adjusted EBITDA

Adjusted EBITDA for Energia Renewables (Owned Assets) increased to £5.3 million for Fiscal Year 2016 from £2.8 million for Fiscal Year 2015, primarily as a result of the reasons described above in "*—Adjusted Operating Profit*" (excluding the movement in depreciation).

Power NI Adjusted EBITDA

Adjusted EBITDA at Power NI increased to £31.6 million for Fiscal Year 2016 from £28.6 million in Fiscal Year 2015, primarily as a result of the reasons described above in "*—Adjusted Operating Profit*."

PPB Adjusted EBITDA

Adjusted EBITDA at PPB decreased to £4.0 million for Fiscal Year 2016 from £6.4 million for Fiscal Year 2015, primarily as a result of the reasons described above in "*—Adjusted Operating Profit*."

Liquidity and capital resources

Liquidity

Liquidity describes the ability of a company to generate sufficient cash flows to meet the cash requirements of its business operations, including working capital needs, debt service obligations, capital expenditures, contractual obligations and other commitments. The Group's primary sources of liquidity are cash from operating activities and its financings. In addition, the Group has access to the Revolving Credit Facility to service working capital and general corporate needs. The Group's liquidity requirements arise primarily to meet debt service obligations, to fund capital expenditures (including the development of the Group's renewables businesses) and to provide working capital (including collateral required to be posted to the markets in which the Group trades). The availability of the Revolving Credit Facilities is dependent upon conditions, including compliance with a financial maintenance covenant as described further under "*Description of Other Indebtedness—Revolving Credit Facility Agreement*."

The Group's financial condition and liquidity is and will continue to be influenced by a variety of factors, including:

- the Group's ability to generate cash flows from its operations;
- the level of outstanding indebtedness and the indebtedness of the Group's subsidiaries, and the interest on such indebtedness;
- the Group's ability and the ability of the Group's subsidiaries to continue to borrow funds from financial institutions; and
- the Group's growth funding requirements, which consist primarily of the funding of development of its renewables businesses.

The Group's cash requirements consist mainly of the following:

- funding working capital requirements (including collateral required to be posted to the markets in which the Group trades);
- funding capital expenditure needs (including the development of the Group's renewables businesses);
- servicing the Group's indebtedness and the indebtedness of the Group's subsidiaries;
- operating activities; and
- paying taxes.

The Group expects that its sources of liquidity will consist mainly of the following:

- cash generated from the Group's operating activities;
- borrowings under the Revolving Credit Facility;
- issuances of debt securities; and
- borrowings under other loan facilities and finance leases, including project finance facilities.

Although the Group believes that its expected cash flows from operations, together with available borrowings, will be adequate to meet its anticipated liquidity and debt service needs, no assurance can be given that the Group's business will generate sufficient cash flows from operations or that future debt and equity financing will be available to the Group in an amount sufficient to enable it to pay its debts when due, including the Notes, or to fund other liquidity needs.

The Group believes that potential risks to its liquidity include:

- lower power generation revenues due to the introduction of I-SEM (See "*—Changes in market structure which will take effect with the introduction of the Integrated Single Electricity Market may adversely affect our power generation revenues*");
- a reduction in operating cash flows, which could be due to downturns in performance or the industry as a whole (including potential effects of I-SEM) (See *"—Changes in market structure which will take effect with the introduction of the Integrated Single Electricity Market may adversely affect our power generation revenues*");
- a reduction in the ability of the Group to obtain dividends or other distributions from wind farm businesses in its Unrestricted Subsidiaries;
- adverse working capital developments (including potential shifts by market operators to cash collateral requirements away from letters of credit);
- exposure to increased interest rates in relation to borrowings which bear interest at a variable rate, including the Revolving Credit Facility; and
- higher capital expenditure, such as due to higher than expected expenses incurred in connection with the Group's renewable energy development strategies or due to the introduction of I-SEM.

If the Group's future cash flows from operations and other capital resources (including borrowings under the Revolving Credit Facility) are insufficient to pay its obligations as they mature or to fund liquidity needs, the Group may be forced to:

- reduce or delay business activities and capital expenditure (including renewable energy projects);

- sell assets;
- obtain additional debt or equity capital; or
- restructure or refinancing all or a portion of the Group's debt, including the Notes, on or before maturity.

No assurance can be given that the Group would be able to accomplish any of these alternatives on a timely basis or on satisfactory terms, if at all. In addition, the terms of the Group's existing debt, including the Notes and the Revolving Credit Facility, limit the Group's ability to pursue any of these alternatives, as may the terms of any future debt.

Capital resources

The Group has significant leverage and debt service obligations. As of June 30, 2017, after giving effect to the Transactions, the Group would have had £772.7 million of total debt.

The Indenture governing the Notes and the Revolving Credit Facility Agreement collectively contain covenants significantly restricting the Group's ability to, among other things:

- incur or guarantee additional indebtedness and issue certain preferred stock;
- create or incur certain liens;
- pay dividends on, redeem or repurchase capital stock of the Company or its restricted subsidiaries;
- make certain investments;
- prepay or redeem subordinated debt or equity;
- create encumbrances or restrictions on the ability of subsidiaries to pay dividends or other distributions, loans or advances to, and on the transfer of assets to, the Company or any of its restricted subsidiaries;
- transfer, lease or sell assets;
- merge or consolidate with other entities;
- enter into certain transactions with affiliates;
- enter into unrelated businesses;
- impair the security interests in the Collateral; and
- amend certain documents.

Each of the covenants is subject to a number of important exceptions and qualifications. These covenants could limit the Group's ability to finance its future operations and capital needs. The Revolving Credit Facility Agreement also contains a financial covenant requiring the Group to comply with a certain minimum EBITDA level when the Revolving Credit Facility is drawn beyond a certain level at the end of a quarter (which financial covenant applies only to the Revolving Credit Facility Agreement).

Management anticipates that the Group's significant leverage will continue for the foreseeable future. The Group's high level of debt may have important negative consequences for you. For further information, see "*Risk Factors—Risks Related to Our Structure—The Group's significant leverage and debt service obligations could adversely affect its business and prevent it from fulfilling its obligations with respect to the Notes and the Guarantees*","*Description of Other Indebtedness*" and "*Description of the Notes*."

Historically, the Group has been financed through a combination of cash generated from operations, revolving credit arrangements and from long term financing arrangements such as the Existing Notes. Following the Transactions, the Group's primary financing arrangements will comprise of the Notes and the Revolving Credit Facility. See "*Description of Other Indebtedness*" and "*Certain Relationships and Related Party Transactions*." Liquidity, including short-term working capital requirements, is managed through committed senior revolving credit bank facilities together with available cash resources. The following table summarizes the Group's cash flow activity for Fiscal Year 2017, Fiscal Year 2016 and Fiscal Year 2015 and for First Three Months 2018 and First Three Months 2017.

	Fiscal Year			First Three Months	
	2015	2016	2017	2017	2018
		(£ million)			
Group Adjusted EBITDA[1]	97.5	97.1	107.2	22.1	28.3
Defined benefit pension charge less contributions paid	(0.5)	(2.3)	(1.3)	—	—
Net movement in security deposits	—	(8.5)	8.5	(2.2)	0.5
Changes in working capital[2]	6.8	16.5	4.1	2.8	5.8
Over/(under)-recovery of regulated entitlement	30.2	4.3	(0.5)	5.3	8.5
Foreign exchange translation	(2.9)	1.2	2.0	2.4	(0.2)
Exceptional cash outflows	—	—	(2.4)	—	(0.1)
Cash generated from operations	**131.1**	**108.3**	**117.6**	**30.4**	**42.8**
Net capital expenditure[3]	(30.7)	(63.5)	(147.6)	(41.9)	(22.8)
(Expenditure)/proceeds from sale of other intangibles	(8.4)	(2.1)	0.8	0.8	(3.5)
Cash flow before interest and tax	**92.0**	**42.7**	**(29.2)**	**(10.7)**	**16.5**

(1) Includes Adjusted EBITDA of renewable wind farm assets (Fiscal Year 2017: £4.9 million; Fiscal Year 2016: £5.3 million; Fiscal Year 2015: £2.8 million; First Three Months 2018: £4.5 million; and First Three Months 2017: £0.7 million).

(2) Includes changes in working capital of renewable wind farm assets (Fiscal Year 2017: £1.0 million increase; Fiscal Year 2016: £0.1 million decrease; Fiscal Year 2015: £2.1 million increase; First Three Months 2018: £0.3 million decrease; and First Three Months 2017: £0.5 million increase).

(3) Includes capital expenditure on renewable wind farm assets (Fiscal Year 2017: £132.3 million; Fiscal Year 2016: £58.8 million; Fiscal Year 2015: £28.1 million; First Three Months 2018: £19.9 million; and First Three months 2017: £39.1 million).

Cash flow from operations

Cash flow from operations increased to £42.8 million for First Three Months 2018 from £30.4 million for First Three Months 2017, primarily reflecting an increase in Group Adjusted EBITDA to £28.3 million from £22.1 million for First Three Months 2017, a decrease in security deposits of £0.5 million (First Three Months 2017: £2.2 million increase), a higher decrease in working capital of £5.8 million (First Three Months 2017: £2.8 million decrease) and higher over-recovery of regulated entitlement of £8.5 million (First Three Months 2017: over-recovery of £5.3 million).

Cash flow from operations increased to £117.6 million for Fiscal Year 2017 from £108.3 million for Fiscal Year 2016, primarily reflecting an increase in Group Adjusted EBITDA to £107.2 million from £97.1 million for Fiscal Year 2016, a decrease in security deposits of £8.5 million (Fiscal Year 2016: £8.5 million increase), partly offset by a lower decrease in working capital of £4.1 million (Fiscal Year 2016: £16.5 million decrease) and under-recovery of regulated entitlement of £0.5 million (Fiscal Year 2016: over-recovery of £4.3 million) and exceptional items of £2.4 million (Fiscal Year 2016: nil).

Cash flow from operations decreased to £108.3 million for Fiscal Year 2016 from £131.1 million for Fiscal Year 2015, primarily reflecting, for Fiscal Year 2016, the over-recovery of regulated entitlement in the amount of £4.3 million (Fiscal Year 2015: over-recovery of £30.2 million), a cash outflow from security deposits of £8.5 million (Fiscal Year 2015: nil) partly offset by a higher decrease in working capital of £16.5 million (Fiscal Year 2015: £6.8 million decrease).

Net movement in security deposits

The net movement in security deposits was an inflow of £0.5 million for First Three Months 2018 (First Three Months 2017: outflow of £2.2 million), primarily reflecting payments out and returns of security deposits in the ordinary course of business.

The net movement in security deposits was an inflow of £8.5 million for Fiscal Year 2017 (Fiscal Year 2016: outflow of £8.5 million). The cash flow for Fiscal Year 2017 reflects the replacement of cash security deposits with letters of credit.

The net movement in security deposits was an outflow of £8.5 million for Fiscal Year 2016 (Fiscal Year 2015: nil). The cash flow for Fiscal Year 2016 reflects the replacement of letters of credit with cash security deposits.

As at June 30, 2017 there were £1.9 million of security deposits in place (March 31, 2017: £2.4 million; March 31, 2016: £10.9 million; and March 31, 2015: £2.4 million).

Changes in working capital

Working capital consists of inventories plus trade and other receivables (primarily retail energy sales including unbilled consumption wholesale energy income, capacity payment income and ROC sales), prepayments and accrued income less trade and other creditors (primarily wholesale energy costs, capacity payments, natural gas and fixed natural gas capacity costs, renewable PPA costs, ROC costs, emission costs and use of system charges), payments received on account, accruals and tax and social security.

Group working capital

Working capital decreased by £5.8 million for First Three Months 2018, primarily due to a decrease in the working capital requirements of Power NI, Energia Group (excluding Energia Renewables (Owned Assets)), other Viridian holding companies and Energia Renewable (Owned Assets), partly offset by an increase in the working capital requirements of PPB. Working capital decreased by £2.8 million for First Three Months 2017, primarily due to a decrease in the working capital requirements of Power NI, PPB and other Viridian holding companies, partly offset by an increase in the working capital requirements of the Energia Group (excluding Energia Renewables (Owned Assets)) and Energia Renewables (Owned Assets).

Working capital decreased by £4.1 million for Fiscal Year 2017, primarily due to a decrease in the working capital requirements of the Energia Group (excluding Energia Renewables (Owned Assets)) and Power NI, which was partly offset by an increase in the working capital requirements of Energia Renewables (Owned Assets), PPB and other Viridian holding companies. Working capital decreased by £16.5 million for Fiscal Year 2016, primarily due to a decrease in the working capital requirements of Power NI, PPB and Energia Renewables (Owned Assets), partly offset by an increase in the working capital requirements of Energia Group (excluding Energia Renewables (Owned Assets)) and other Viridian holding companies.

Energia Group (excluding Energia Renewables (Owned Assets)) working capital

Energia Group (excluding Energia Renewables (Owned Assets)) working capital decreased by £2.3 million for First Three Months 2018 (First Three Months 2017: increase of £6.8 million) primarily due to a decrease in trade debtors and accrued income (primarily reflecting the seasonal decrease in sales volumes and prices and a decrease in the REFIT debtor for RoI renewable PPAs) and a decrease in stock (due to the revaluation of Huntstown distillate oil stock to current market price), partly offset by a decrease in trade creditors and accruals (primarily reflecting a seasonal decrease in electricity and gas sale volumes and prices and a decrease in PPA creditors due to lower wind factors in June 2017 compared to March 2017 and lower market prices), a decrease in emissions and energy efficiency liabilities (associated with the annual compliance settlement), a decrease in ROC creditors (associated with lower generation in June 2017 compared to March 2017) and an increase in ROC debtors reflecting settlement timing differences.

Energia Group (excluding Energia Renewables (Owned Assets)) working capital increased by £6.8 million for First Three Months 2017 primarily due to a decrease in trade creditors and accruals (primarily reflecting a seasonal decrease in electricity and gas sale volumes), a decrease in emissions and energy efficiency liabilities (associated with the annual compliance settlement), an increase in ROC debtors reflecting settlement timing differences, a decrease in ROC creditors (associated with lower generation in June 2016 compared to March 2016) and an increase in stock (due to the devaluation of Huntstown distillate oil stock to current market price), partly offset by a decrease in trade debtors and accrued income (reflecting the seasonal decrease in sales volumes and prices) and an increase in VAT creditor.

Energia Group (excluding Energia Renewables (Owned Assets)) working capital decreased by £4.7 million for Fiscal Year 2017 (Fiscal Year 2016: increase of £0.4 million) primarily due to an increase in trade creditors and accruals (primarily reflecting higher PPA creditors due to higher capacity and higher market prices and higher interconnector trading) and a decrease in trade debtors and accrued income (primarily reflecting a decrease in the REFIT debtor for RoI renewable PPAs, partly offset by an increase in volumes associated with Energia's continued growth in the RoI residential market), partly offset by an increase in stock (due to the devaluation of Huntstown distillate oil stock to current market price).

Energia Group (excluding Energia Renewables (Owned Assets)) working capital increased by £0.4 million for Fiscal Year 2016 (Fiscal Year 2015: decrease of £6.0 million) primarily due to an increase in trade debtors and accrued income (primarily reflecting an increase in the REFIT debtor for RoI renewable PPAs (associated with lower market prices), an increase in volumes associated with Energia's continued growth in the RoI residential market, partly offset by lower non-residential electricity volumes and lower sales prices) and a decrease in trade creditors and accruals (primarily reflecting lower interconnector creditor (due to lower volumes and prices), a decrease in non-residential sales volumes and lower market prices, lower gas creditors (due to lower gas prices) partly offset by an increase in EEO liabilities), partly offset by an increase in ROC creditors (due to settlement timing differences), a decrease in stock (due to the devaluation of Huntstown distillate oil stock to current market price) and an increase in the emissions liability associated with increased output of the plant.

Energia Group (excluding Energia Renewables (Owned Assets)) working capital decreased by £6.0 million for Fiscal Year 2015 primarily due to a decrease in trade debtors and accrued income (due to a reduction in non-residential sales volumes and lower ROC debtors, partly offset by an increase in volumes associated with Energia's entry into the RoI residential market and higher renewable PPA accrued income due to higher volumes in March 2015, relative to March 2014), partly offset by a decrease in trade creditors and accruals (due to a reduction in non-residential sales volumes and lower market prices partly offset by higher gas creditors associated with higher constrained utilization of Huntstown 1 plant in March 2015 relative to March 2014, an increase in volumes associated with Energia's entry into the residential market in the RoI and increased ROC creditors).

Energia Renewables (Owned Assets) working capital

Energia Renewables (Owned Assets) working capital decreased by £0.3 million for First Three Months 2018 (First Three Months 2017: increase of £0.5 million) primarily due to an increase in trade creditors and accruals, partly offset by an increase in trade debtors and accrued income reflecting higher output associated with the commissioning of new wind farms in March and April 2017.

Energia Renewables (Owned Assets) working capital increased by £0.5 million for First Three Months 2017 primarily due to a decrease in creditors.

Energia Renewables (Owned Assets) working capital increased by £1.0 million for Fiscal Year 2017 (Fiscal Year 2016: decrease of £0.1 million) primarily reflecting an increase in trade debtors and accrued income reflecting higher output associated with the commissioning of new wind farms in March 2017 (95MW Meenadreen extension, 15MW Gortfinbar and 7MW Eshmore).

Energia Renewables (Owned Assets) working capital decreased by £0.1 million for Fiscal Year 2016 (Fiscal Year 2015: increase of £2.1 million) primarily reflecting an increase in trade creditors.

Energia Renewables (Owned Assets) working capital increased by £2.1 million for Fiscal Year 2015 primarily due to an increase in trade debtors.

Power NI working capital

Working capital at Power NI decreased by £3.3 million for First Three Months 2018 (First Three Months 2017: decrease of £8.7 million), primarily due to a decrease in trade debtors and accrued income (primarily reflecting lower sales volumes associated with the seasonal decrease in volumes and lower customer numbers) and an increase in the ROC obligation creditor, partly offset by a decrease in trade creditors and accruals (associated with the seasonal decrease in volumes and prices).

Working capital at Power NI decreased by £8.7 million for First Three Months 2017, primarily due to a decrease in trade debtors (primarily reflecting lower sales volumes (associated with lower customer numbers, the seasonal decrease in volumes and the 10.3% reduction in tariffs effective April 1, 2016) and an increase in the ROC obligation creditor, partly offset by a decrease in trade creditors and accruals (associated with the seasonal decrease in volumes and prices) and a decrease in payments on account.

Working capital at Power NI decreased by £3.1 million for Fiscal Year 2017 (Fiscal Year 2016: decrease of £12.8 million), primarily due to a decrease in trade debtors (primarily reflecting lower sales volumes associated with lower customer numbers and the tariff decrease effective April 1, 2016) and an increase in ROC creditors (associated with the higher ROC obligation), partly offset by a decrease in payments received on account and a decrease in trade creditors and accruals (primarily due to settlement timing differences).

Working capital at Power NI decreased by £12.8 million for Fiscal Year 2016 (Fiscal Year 2015: decrease of £12.8 million) primarily due to a decrease in trade debtors (primarily reflecting lower sales volumes (associated with lower customer numbers and lower average customer consumption) and the tariff decrease effective April 1, 2015) and an increase in ROC creditors (due to settlement timing differences), partly offset by a decrease in payments received on account.

Working capital at Power NI decreased by £12.8 million for Fiscal Year 2015 primarily due to lower Power NI trade debtors (net of payments on account) and accrued income (primarily reflecting lower sales volumes and lower customer numbers), a decrease in VAT debtors (reflecting timing differences) and an increase in the ROC obligation liability (reflecting a higher compliance obligation than in 2014), partly offset by a reduction in trade creditors (reflecting lower volumes and lower market prices).

PPB working capital

Working capital at PPB increased by £0.6 million for First Three Months 2018 (First Three Months 2017: decrease of £1.1 million), primarily due to an increase in trade debtors and accrued income (due to higher utilization of the Ballylumford plant), partly offset by an increase in the emissions liability and an increase in trade creditors and accruals (reflecting higher Ballylumford output).

Working capital at PPB decreased by £1.1 million for First Three Months 2017, primarily due to a decrease in accrued income (due to lower availability of Ballylumford in June 2016 compared to March 2016 and lower market prices) and an increase in the emissions liability, partly offset by a decrease in trade creditors and accruals (reflecting settlement timing differences).

Working capital at PPB increased by £2.1 million for Fiscal Year 2017 (Fiscal Year 2016: decrease of £4.3 million), primarily reflecting a decrease in trade creditors and accruals (primarily due to settlement timing differences) and a higher VAT debtor, partly offset by a decrease in trade debtors and accrued income (due to lower Ballylumford output).

Working capital at PPB decreased by £4.3 million for Fiscal Year 2016 (Fiscal Year 2015: increase of £5.8 million) primarily due to an increase in trade creditors and accruals (reflecting higher volumes and higher availability of the Ballylumford plant in March 2016 compared to March 2015) and an increase in the emissions liability, partly offset by an increase in accrued income (due to higher Ballylumford output).

Working capital at PPB increased by £5.8 million for Fiscal Year 2015 due to a reduction in trade creditors and accruals (reflecting lower running of the Ballylumford plant in March 2015 compared to March 2014, lower gas prices and timing differences in the settlement of certain PPA charges) and a lower VAT liability partly offset by lower accrued income (reflecting lower running of the Ballylumford plant in March 2015 compared to March 2014).

Other Group companies working capital

Working capital at other Group companies decreased by £0.5 million for First Three Months 2018 and decreased by £0.3 million in First Three Months 2017.

Working capital at other Group companies increased by £0.6 million for Fiscal Year 2017 (Fiscal Year 2016: increase of £0.3 million; Fiscal Year 2015: increase of £4.1 million).

(Under)/over-recovery of regulated entitlement

The regulated businesses of Power NI and PPB over-recovered against their regulated entitlement by £8.5 million for First Three Months 2018 and over-recovered by £5.3 million for First Three Months 2017. These changes were primarily due to the phasing of tariffs. At June 30, 2017, the cumulative over-recovery against regulated entitlement was £23.4 million, reflecting the phasing of tariffs.

The regulated businesses of Power NI and PPB under-recovered against their regulated entitlement by £0.5 million for Fiscal Year 2017, over-recovered by £4.3 million for Fiscal Year 2016, and over-recovered by £30.2 million for Fiscal Year 2015. These changes were primarily due to the phasing of tariffs.

Exceptional cash outflows

Exceptional cash outflows of £2.4 million for Fiscal Year 2017 primarily relate to costs associated with acquisitions (whether successful or not).

Capital expenditure

Net capital expenditure in respect of tangible fixed assets and intangible software assets decreased to £22.8 million for First Three Months 2018 from £41.9 million for First Three Months 2017, primarily reflecting the commissioning of the new windfarms in March and April 2017.

Net capital expenditure at the Energia Group (excluding Energia Renewables (Owned Assets)) decreased to £1.6 million in First Three Months 2018 from £1.9 million in First Three Months 2017, primarily reflecting capital expenditure in First Three Months 2017 on Huntstown 1 plant in relation to the outage in June 2016, partly offset by capital expenditure on IT systems in relation to the I-SEM project.

Net capital expenditure at the Energia Renewables (Owned Assets) decreased to £19.9 million in First Three Months 2018 from £39.1 million in First Three Months 2017, primarily reflecting the commissioning of new wind farms in March and April 2017.

Net capital expenditure at Power NI increased to £1.0 million for First Three Months 2018 from £0.9 million for First Three Months 2017, reflecting capital expenditure on IT systems in relation to the I-SEM project, partly offset by capital expenditure in First Quarter 2017 on the billing system upgrade which went live in May 2017.

Net capital expenditure at other Group companies increased to £0.3 million for First Three Months 2018 (First Three Months 2017: nil).

Net capital expenditure in respect of tangible fixed assets and intangible software assets increased to £147.6 million for Fiscal Year 2017 from £63.5 million for Fiscal Year 2016. Net capital expenditure in respect of tangible fixed assets and intangible software assets increased to £63.5 million for Fiscal Year 2016 from £30.7 million for Fiscal Year 2015.

Net capital expenditure at the Energia Group (excluding Energia Renewables (Owned Assets)) increased to £10.6 million for Fiscal Year 2017 from £3.3 million for Fiscal Year 2016, primarily reflecting capital expenditure in relation to the hot gas path inspection outage for Huntstown 1 plant.

Net capital expenditure at the Energia Renewables (Owned Assets) increased to £132.3 million for Fiscal Year 2017 from £58.8 million for Fiscal Year 2016, primarily reflecting the ongoing construction of the wind farm asset portfolio.

Net capital expenditure at Power NI was £3.2 million for Fiscal Year 2017 and £1.3 million for Fiscal Year 2016 primarily reflecting capital expenditure on the billing system upgrade which went live in May 2017. Net capital expenditure at Power NI was £0.1 million for Fiscal Year 2015.

Net capital expenditure at other Group companies increased to £1.6 million for Fiscal Year 2017 (Fiscal Year 2016: £0.1 million), reflecting expenditure on network infrastructure. Net capital expenditure was £0.7 million at other Group companies for Fiscal Year 2015.

For Fiscal Year 2018, the Group's total capital expenditure is currently expected to be approximately £120 million, of which approximately £20 million relates to capital expenditures of the Restricted Group and approximately £100 million relates to capital expenditures in connection with renewable owned assets. For Fiscal Year 2018, capital expenditures of the Restricted Group will comprise of IT capital expenditures, including approximately £9 million for the introduction of new IT systems in relation to the I-SEM project as well as ordinary course expenditures with respect to maintenance of the Huntstown plants. For Fiscal Year 2018, capital expenditures in connection with renewable owned assets will comprise of investments with respect to the ongoing construction and development of the wind farm asset portfolio, which will include certain project finance arrangements on a ring-fenced basis, without recourse to the rest of the business. Any additional capital expenditures will depend on the Group's decision with respect to pursuing the development of the 3.6MW renewable anaerobic digestion development project in Belfast, which was recently acquired in July 2017 and any other potential anaerobic digestion projects or renewable windfarm projects.

Other

During the First Three Months 2018, the Group acquired a fully consented wind farm development project in Northern Ireland (Teiges) for £1.9 million (undiscounted) contingent consideration. During Fiscal Year 2017, the Group acquired three fully consented wind farm development projects in Northern Ireland (Rathsherry, Cornavarrow and Slieveglass) for a total consideration of £3.7 million cash and £16.0 million (undiscounted) contingent consideration. During Fiscal Year 2016, the Group acquired three fully consented wind farm development projects in Northern Ireland (Altamuskin, Gortfinbar and Glenbuck) for a total consideration of £3.8 million cash and £1.8 million (undiscounted) contingent consideration.

During First Three Months 2018, non-recourse project finance facilities of up to £28.4 million were put in place in respect of a 21MW wind farm in Northern Ireland (Rathsherry). Project financing for the remaining 54MW of capacity under construction as at June 30, 2017 is expected to be put in place in the foreseeable future and it is intended that future wind farm projects will also be financed on a non-recourse basis. During Fiscal Year 2017, non-recourse project finance facilities of up to £26.3 million were put in place in respect of two Northern Ireland wind farms (Altamuskin and Eshmore) with combined capacity of 21MW. During Fiscal Year 2016, non-recourse project finance facilities of up to €125.9 million were put in place in respect of the 95MW Meenadreen extension wind farm project in the RoI and non-recourse project finance facilities of up to £64.1 million were put in place in respect of three wind farms in Northern Ireland (Long Mountain, Gortfinbar and Glenbuck) with combined capacity of 52MW.

The Group can have significant movements in its liquidity position due to working capital variations such as the movements in commodity prices, the seasonal nature of the business and regulatory under- and over-recoveries. Short-term liquidity is reviewed daily by the treasury function and Group cash forecasts, covering a rolling two year period, are reviewed monthly. This monitoring includes reviewing the net debt/ EBITDA financial covenant, required to be reported quarterly under the Existing Revolving Credit Facility, to ensure sufficient headroom is maintained.

At June 30, 2017, the Group had letters of credit issued out of the senior revolving credit facility of £90.0 million (at March 31, 2017: £94.4 million; at March 31, 2016: £79.5 million) resulting in undrawn committed facilities of £135.0 million (at March 31, 2017; £130.6 million; at March 31, 2016: £145.5 million). Cash drawings under the senior revolving credit facility at June 30, 2017 were nil (at March 31, 2017: nil; at March 31, 2016: nil). As of the Issue Date, the Group expects to have no cash drawings under the Revolving Credit Facility.

Contractual obligations

In addition to the Group's indebtedness, the Group has three primary types of contractual obligations.

First, the Group is a party to PPAs with the Group's wholly-owned and third-party owned wind farms and with third-party generators of other renewable energy sources through which the Group is obligated to purchase the electricity these generators produce.

Second, through PPB, the Group has entered into GUAs with Ballylumford in NI, where Ballylumford make their generating units available to PPB in return for the receipt of availability payments. The Ballylumford contracts expire in September 2023; however, despite the set expiration dates the NIAUR will keep the overall benefit of these contracts under review from a policy and economic perspective and has the exclusive right to unilaterally cancel any of these contacts by giving 180 days' notice. See "*Risk Factors—Risks Related to Our Business—Our businesses are subject to complex governmental legislation and regulations that have affected, and may in the future affect, our business, financial condition and results of operations.*"

Third, the Group has entered into operating lease arrangements for the hire of equipment and buildings as these arrangements have historically been a cost efficient way of obtaining the short-term benefits of these assets.

The Group's annual commitments under non-cancellable operating leases as at March 31, 2017 were as follows:

	Contractual maturity in			
	1 year or less	1-5 years	More than 5 years	Total
	(£ million)			
Operating lease obligations	1.3	5.1	21.2	27.6
Total	**1.3**	**5.1**	**21.2**	**27.6**

As at March 31, 2017, the Group had contracted future capital expenditure in respect of tangible fixed assets of £18.6 million (£105.0 million as at March 31, 2016 and £3.5 million as at March 31, 2015).

The maturity profile of the Group's loans and borrowings as at June 30, 2017 as adjusted to give effect to the Transactions is as follows:

Facility	£ million	Maturity
Sterling Notes offered hereby	225.0	2024
Euro Notes offered hereby[(1)]	315.3	2025
Revolving Credit Facility	—	2023
Project Finance Loan Facilities[(2)]	232.4	2027-2035
Total	**772.7**	

(1) Represents €350 million principal amount of the Euro Notes translated at an exchange rate of €1.1099 per £1.00, the rate on offer at the close of trading on September 12, 2017.

(2) Does not include project finance loan facilities drawn after June 30, 2017, including a £56.7 million project finance facility in respect of the Cornavarrow project which was entered into in September 2017.

Letters of Credit

The Group is required to provide LOCs to certain counterparties to support the Group's performance obligations during the ordinary course of the Group's business activities. These LOCs are required for companies operating in the Irish energy markets and are primarily to cover the counterparty's settlement exposure. The LOCs may be called for cash by the counterparty in the event of a non-payment.

The Group provides LOCs primarily to counterparties to the Group's contracts for the purchase of electricity and natural gas, the Group's CfDs and its contracts for transmission and distribution use of system. The SEM in Ireland is a fully collateralized market requiring all supply companies to provide collateral in the form of an LOC or cash to ensure that generators of electricity are paid for their output. Both Power NI and Energia Group provide LOCs to the SEMO for this purpose. Energia Group is also required in certain circumstances to provide LOCs to its natural gas suppliers for its purchases of natural gas for both fueling the Huntstown power plants and selling on to its retail customers.

Further, both Power NI and Energia Group are required to provide LOCs to ESB to cover charges under CfDs entered into with generators to hedge their exposure to volatility in the SEM pool price.

The Group also provides LOCs to those counterparties that provide for the transmission and distribution of electricity and transportation of natural gas. Power NI and Energia Group provide LOCs to ESB and NIE for the use of their electricity systems. Energia Group provides LOCs to GNI for the use of its natural gas transportation network. The Group typically provides LOCs with a tenor of up to twelve months.

With the transition to I-SEM in May 2018 and the shift to multiple markets with new settlement rules and collateral requirements, management believes that there may be a significant increase in the LOC and/or other collateral posting requirements of the Group, but that the Group will have access to adequate facilities to meet these needs.

Project finance

For a description of the Group's project financing arrangements with respect to its Unrestricted Subsidiaries, see "*Description of Other Indebtedness—Non-Recourse Project Finance Facilities*."

Quantitative and Qualitative Disclosure about Market Risk

Treasury risks

The Group's treasury function manages liquidity, funding, investment and the Group's financial risk, including risk from volatility in currency, interest rates, commodity prices and counterparty credit risk. The treasury function's objective is to manage risk at optimum cost in line with Group policies and procedures approved by the Board. The treasury function employs a continuous forecasting and monitoring process to manage risk and to ensure that the Group complies with its financial and operating covenants.

Commodity risk

Energia Group employs commodity swaps to hedge natural gas price exposures and forward purchase contracts to hedge its shortfall of CO_2 emission allowances. Energia Group's policy is to hedge its exposure to changes in the price of natural gas and CO_2 emission allowances in line with retail electricity sales contracts.

PPB is exposed to commodity price fluctuations in respect of its generation contracts. These exposures are hedged through the use of commodity swaps and forward purchase contracts in accordance with a policy agreed with the NIAUR.

Energia Group, Power NI and PPB enter into CfDs to hedge their exposure to pool price volatility.

The estimated fair value of the Group's commodity derivative financial instruments is disclosed in the notes to the Financial Statements contained in this Offering Memorandum.

Hedging risk

The Group may enter into interest and currency hedging agreements to hedge its exposure to fluctuations in interest rates and foreign currency exchange rates, primarily in respect of its outstanding capital markets debt obligations, including the Notes. Under these agreements, the Group is exposed to credit risks of its counterparties. If one or more of its counterparties falls into bankruptcy, claims the Group has under the swap agreements may become worthless. In addition, in the event that the Group refinances its debt or otherwise terminates hedging agreements, it may be required to make termination payments, which would result in a loss.

Foreign currency risk

Following the Transactions, the Group's debt will be denominated in Sterling and Euro and will broadly match the cash generation profile of its Sterling and Euro-denominated businesses. Under the Existing Notes, which are denominated in Euro, the Group has out in place €225 million of forward foreign exchange contracts to hedge the foreign exchange risk with respect to a portion of the Existing Notes. Such forward foreign exchange contracts will be terminated as part of the Refinancing, which is expected to result in the receipt of £28.7 million. See "*Use of Proceeds*."

Energia Group receives income and incurs expenditure in Euro. Energia Group is also exposed to currency movements in respect of its natural gas and some of its power purchases denominated in Sterling. The Group's policy is to identify foreign exchange exposures with a value equivalent to or greater than £0.5 million with the percentage level of hedging dependent on the specific project. Exchange rate exposures are identified, monitored and hedged through the use of financial instruments (mainly forward currency contracts and swap arrangements).

Power NI is exposed to currency movements in respect of its Euro-denominated CfDs with ESB Power Generation. These exposures are hedged in accordance with a policy agreed with the NIAUR.

The estimated fair value of the Group's foreign currency derivative financial instruments is disclosed in the notes to the Financial Statements set out in this Offering Memorandum.

Credit risk

The Group's credit risk is primarily attributable to the Group's trade receivables. Provisions are made based on previous experience and identifiable events that indicate a reduction in the recoverability of cash flows. Energia Group and Power NI are not exposed to major concentrations of credit risk in respect of their trade receivables, with exposure spread over a large number of customers. Energia Group takes out credit insurance in respect of certain trade receivables. Energia Group and PPB also receive security from certain suppliers in the form of letters of credit, parent company guarantees or cash collateral.

The Group may be exposed to credit-related loss in the event of non-performance by bank counterparties. The Group manages this credit risk by establishing and monitoring counterparty exposure limits which are adjusted and tightened when necessary. The Group actively manages its banking exposures on a daily basis and cash deposits are placed for periods not exceeding six months to provide maximum flexibility. During Fiscal Year 2017, Fiscal Year 2016, Fiscal Year 2015 and First Three Months 2018, the Group did not suffer any bank counterparty exposure loss.

Interest rate risk

Prior to the Offering, the Group's only exposure to interest rate risk was in respect of drawings on the Existing Revolving Credit Facility, which were nil at June 30, 2017 and to a minor portion of the Unrestricted Subsidiaries' project financed bank facilities, which are based on LIBOR / EURIBOR rates but which are largely fixed through the use of interest rate swaps.

Following the Transactions, the Group will be subject to interest rate risk in respect of drawings on the Revolving Credit Facility, to the extent drawn.

Significant accounting policies

The Financial Statements have been prepared in accordance with IFRS. In connection with the preparation of the Financial Statements, the directors are required to make assumptions and estimates about future events, and apply judgments that affect the reported amounts of assets, liabilities, revenue and expenses and the related disclosures. The Group bases its assumptions, estimates and judgments on historical experience, trends and other factors that the Group believes to be relevant at the time its financial statements are prepared. On a regular basis, management reviews the accounting policies, assumptions, estimates and judgments to ensure that the Financial Statements are presented fairly and in accordance with IFRS. However, because future events and their effects cannot be determined with certainty, actual results could differ from its assumptions and estimates, and such differences could be material.

The Group believes that the following accounting policies and estimates are the most critical to aid in fully understanding and evaluating its reported financial results, and they require management's most difficult, subjective or complex judgments, resulting from the need to make estimates about the effects of matters that are inherently uncertain.

Revenue recognition

Revenue on energy sales includes an estimate of the value of electricity or gas supplied to customers between the date of the last meter reading and the year end, with such estimate being based on historical consumption patterns. At the balance sheet date, the estimated consumption by customers will either have been billed or accrued (estimated unbilled revenue). Management applies judgment to the measurement of the quantum and valuation of the estimated consumption. The judgments applied and the assumptions underpinning these judgments are considered to be appropriate by the Group. However a change in these assumptions would impact upon the amount of revenue recognized.

Impairment testing

The Group reviews the carrying amounts of its goodwill, other intangible assets and property, plant and equipment to determine whether there is any indication that the value of those assets is impaired. This requires an estimation of the value in use of the cash-generating units to which the assets are allocated, which includes the estimation of future cash flows and the application of a suitable discount rate. Subsequent changes to these estimates or judgments may impact the carrying value of the assets within the respective cash-generating units.

Business combinations

Business combinations require a fair value exercise to be undertaken to allocate the purchase price to the fair value of the identifiable assets acquired and the liabilities assumed. The determination of the fair value of the assets and liabilities is based to a considerable extent on management's judgement. The amount of goodwill initially recognized as a result of a business combination is dependent on the allocation of this purchase price to the identifiable assets and liabilities with any unallocated portion being recorded as goodwill.

Pensions and other post-employment benefits

The Group has both defined benefit and defined contribution arrangements. The cost of providing benefits under the defined benefit scheme is determined using the projected unit method. The key assumptions used in relation to the cost of providing post-retirement benefits are set after consultation with qualified actuaries. While these assumptions are considered to be appropriate, a change in these assumptions would impact the earnings of the Group.

Exceptional items and certain remeasurements

An item is treated as exceptional if it is considered unusual in nature and scale and of such significance that separate disclosure is helpful in presenting the financial statements. "Certain remeasurements" are remeasurements arising on certain commodity, interest rate and currency contracts which are not designated in hedge accounting relationships, and which are accounted for as held for trading in accordance with the Group's policy for such financial instruments. This excludes commodity contracts not treated as financial instruments where held for the Group's own use requirements.

Potential change to accounting treatment of financial instruments

IFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. IFRS 9 is effective from January 1, 2018.

The new hedge accounting rules will align the accounting for hedging instruments more closely with the Group's risk management practices. As a general rule, more hedge relationships may be eligible for hedge accounting, as the standard introduces a more principles-based approach. The Group has performed an initial assessment on the impact of IFRS 9, and it would appear that the Group's current hedge relationship would qualify as continuing hedges upon adoption of IFRS 9. Accordingly, the Group does not expect a significant impact on the accounting for its hedging relationships.

The new impairment model requires the recognition of impairment provisions based on expected credit losses rather than only incurred credit losses as is the case under IAS 39 *Financial Instruments: Recognition and Measurement*. It applies to financial assets classified at amortized costs, contract assets under IFRS 15 *Revenue from Contracts with Customers*, lease receivables, loan commitments and certain financial guarantee contracts. While the Group has not yet completed a detailed assessment of how its impairment provisions would be affected by the new model, it may result in an earlier recognition of credit losses.

The new standard also introduces expanded disclosure requirements and changes in disclosures. These are expected to change the nature and extent of the Group's disclosures about its financial instruments, particularly in the first year of adoption of the new standard. See note 3(u) to the Group's 2017 consolidated financial statements.

Potential change to accounting treatment of operating leases

IFRS 16 replaces IAS 17 *Leases* and IFRIC 4 *Determining whether an Arrangement contains a Lease*. The new standard specifies the recognition, measurement, presentation and disclosure of leases. IFRS 16 provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases, unless the lease term is 12 months or less, or the underlying asset has a low value. The adoption of this standard will result in a material decrease in operating lease rental costs; material increases in depreciation and finance costs; and may result in a decrease in profit before and after tax and rental increases payable and recognition of lease assets and liabilities. See note 3(u) to the Group's 2017 consolidated financial statements.

Industry

The market data and certain economic and industry data and forecasts used in this Offering Memorandum were obtained from governmental and other publicly available information and independent industry publications. See "*Market and Industry Data*."

History of the Irish electricity market

Republic of Ireland

The RoI market commenced liberalization in 1999 following the passage of the Electricity Regulation Act (the "1999 Act"), which created a framework for the liberalization of electricity generation and supply in the RoI and established the CER as the independent industry regulator. Further regulations that came into effect in 2000 established ESB National Grid (now "EirGrid," a statutory company owned by the RoI government) as the RoI's independent transmission system operator (the "TSO"). EirGrid operates the RoI's electricity transmission system under a regulated agreement with the incumbent utility ESB (a corporate body owned by the RoI government), which retains ownership of the transmission and distribution network assets. ESB retains responsibility for operation of the distribution system.

Prior to liberalization, ESB had a monopoly position at all levels of the electricity supply chain and supplied customers through bundled tariffs set by the RoI Government. Although ESB was reorganized after liberalization of the RoI electricity market, it retains a significant market share in both generation (through ESB Power Generation) and retail supply (through Electric Ireland).

Since liberalization, a number of companies have entered the RoI electricity market and established strong market positions:

- Viridian, which developed the Huntstown plants, and Energia as its competitive retail supply business.
- Scottish and Southern Energy, now known as SSE plc ("SSE"), a private company that entered the RoI market in 2008 by acquiring Airtricity, operates both a renewable generation and retail supply business. SSE also acquired generating units with a capacity of approximately 1,000MW from Endesa in 2012 (which Endesa had previously purchased from ESB in 2008) and subsequently built a 464MW CCGT plant in 2015.
- Formerly State-owned Bord Gáis Eireann (now known as Ervia) commissioned a new 445MW CCGT plant at Whitegate in 2010 and also acquired SWS, a renewable energy developer with approximately 180MW of installed capacity. Bord Gáis Eireann was also active in the retail supply market. Bord Gáis Eireann agreed in March 2014 to the sale of (1) the Whitegate CCGT plant and its electricity and natural gas retailing businesses (including the brand) to Centrica (now operating in Ireland as Bord Gáis Energy Limited or "BGE"), (2) its renewable business to Brookfield and (3) its natural gas distribution and supply business in Northern Ireland (Firmus Energy) to iCON Infrastructure, in each case on June 30, 2014.
- EirGrid, which commissioned the 500MW HVDC EWIC (running between the RoI and North Wales) in 2013.

The retail RoI electricity market has been fully deregulated since April 2011, when ESB's retail market share fell below the regulated threshold of 60% for residential customers and 50% for business customers. All residential and business customers in the RoI are therefore able to choose their electricity supplier.

Northern Ireland

The NI market commenced its transition to a liberalized, unbundled structure earlier than the RoI, when the incumbent utility, Northern Ireland Electricity Service, was privatized in 1992.

During the first phase of privatization, the UK Government sold the four then-existing thermal generating plants, with combined capacity of approximately 2GW, under long-term PPAs and established NIE to perform all non-generation functions, including acting as the contractual counterparty to the PPAs, thereby constituting the single buyer of electricity in the NI market.

In the second phase of privatization, in 1993, NIE, comprising transmission and distribution, power procurement and supply, was listed on the London Stock Exchange. At this time, entry into the retail market was deregulated. However, new entrants were required to purchase power from NIE under a bulk supply tariff, which had the effect of restricting competition. NIE was restructured in 1998 into separate regulated and unregulated businesses, under the holding company Viridian Group PLC (now the Viridian Group). The Viridian Group was acquired by Arcapita in 2006. The System Operator for Northern Ireland ("SONI") was sold to EirGrid in 2009 and the transmission and distribution business was sold to ESB NI in 2010. In 2016 Arcapita sold the Viridian Group to I Squared Capital Funds.

The Moyle Interconnector, a 500MW interconnector between Scotland and NI commissioned in 2002, is owned by Moyle Interconnector Limited, a subsidiary of Mutual Energy Limited (a NI mutual company formed to acquire and hold energy infrastructure assets in NI). The Moyle Interconnector is operated under contract by SONI.

Other than the 600MW Ballylumford CCGT plant and the 400MW Coolkeeragh CCGT plant, the only other generation commissioned in NI since liberalization began in the 1990s has been renewable generation and 84MW of distillate-fired generation at Kilroot that is generally supplied only in response to peak demand.

All customers in the NI market are able to choose an electricity supplier. Although the retail market is fully open to competition, Power NI, the regulated incumbent residential electricity supplier, continues to be the largest supplier (by number of supply points) to the residential and small business segments. A number of new suppliers (including Energia) have entered the market over the past 15 years.

Creation of the Single Electricity Market (SEM)

In November 2007, the electricity market regulators in the RoI and NI, the CER and the NIAUR, respectively, replaced their individual wholesale market arrangements with an all-island market known as the Single Electricity Market, or SEM. At the heart of the SEM is a mandatory "gross pool" that provides a transparent wholesale electricity price and a guaranteed outlet for all electricity production on the island of Ireland, together with an explicit capacity payment mechanism. The SEM wholesale market was adopted by the CER and NIAUR following a long period of development in order to provide advantages over the pre-existing bilateral contracts markets in the areas of security of supply, efficiency, practicality, equity and competition, while maintaining stability.

In February 2014, the relevant authorities launched a process intended to further evolve the unified Irish electricity market in line with EU mandates. Numerous industry consultations have taken place since that time, and the reformed market structure, I-SEM, is scheduled to commence on May 23, 2018.

The All-Island Single Electricity Market

The Existing Single Electricity Market

The SEM market rules require that all electricity generated in or imported into Ireland must be sold into a gross mandatory pool, and that all wholesale electricity for consumption in or export from Ireland must be purchased from the pool (except where the generator is considered to be *de minimis* (i.e., less than 10MW maximum export capacity) in which case it can be traded directly with suppliers, or where the generator is permitted to appoint an intermediary who will purchase its output and then sell the output directly into the pool).

The Trading and Settlement Code ("TSC") constitutes the market rules for the SEM and the market is operated and administered by the SEMO, a joint venture between EirGrid and SONI. There are three revenue streams for generators, funded through amounts collected from suppliers: energy payments, capacity payments and ancillary services payments.

Energy payments

Generators are required to bid their short run marginal cost into the SEM and receive the SMP for all of their scheduled output in each trading period. The SMP is the market clearing price for that trading period, and generally reflects the short-run marginal cost of the last unit scheduled to meet demand for the relevant trading period. Under these conditions, a low-cost generator can earn "infra-marginal rent" by collecting the SMP for the power it supplies during the relevant period, despite having bid into the market (and having been willing to accept) a lower unit cost. Suppliers pay the SMP on the aggregate of their customers' consumption in the trading period. The SMP is intended to cover the variable cost of producing electricity.

The capacity payment mechanism

The capacity payment mechanism, or CPM, is a fixed revenue mechanism that collects a pre-determined amount of money from suppliers and pays these funds to available generation capacity in accordance with the rules set out in the TSC. The CPM was established as a key element of the SEM design as it provides a degree of financial certainty to generators for their investment in generation capacity. All generators who have declared themselves available to be dispatched in a given trading period (regardless of whether they are actually scheduled or dispatched) receive the capacity payment, which is intended to contribute to the fixed costs associated with the generation capacity made available by that plant.

The capacity payments are funded by a pool of money, the size of which is calculated annually based on the annual fixed cost of a plant operating to supply peak demand net of any estimated infra-marginal energy rent and ancillary service revenue (€71.45/KW/year in 2017) (the "BNE price"). The amount is then divided into twelve monthly pools, weighted by peak to trough demand, and the monthly pools are subsequently distributed among generators according to their available capacity (their "Eligible Availability"). The total capacity requirement proposed by the regulators to meet demand in Ireland for calendar year 2017 at the required level of security of supply is 7,267MW. This represents a value of €519.2 million, an increase of 0.85% from €514.8 million in 2016. For 2018, the regulators have set an annual capacity pot value of €545.5 million. Capacity payments under this formula are expected to continue until the introduction of I-SEM, the start of which is expected to occur on May 23, 2018.

For conventional thermal plants (such as coal plants and CCGT plants), the eligible availability is primarily a function of the amount of capacity offered to the SEM in each trading period, calculated on the basis of blocks of 30 minutes. For generators where the capacity is variable, such as wind and other renewable generators, capacity payments are made for their actual generation in each trading period plus any generation that would have taken place if the plant had not been constrained, for example by grid limitations or curtailment by the system operator.

Payments for the provision of ancillary services

Ancillary services payments/levies are made for services necessary for the secure operation and restoration of the electricity system. These services include operating reserve, reactive power and black start, generator performance incentive charges and alternative fuel compensation payments. These services are remunerated through bilateral contracts with the relevant TSO with payments at regulated rates and with certain penalties for failure to perform. These payments represented only a small portion of the overall market revenues with the total annual budget for such payments capped at €75 million in 2016. The TSO collect the funds for these payments from suppliers as part of their regulated charges.

The Integrated Single Electricity Market

The Internal Energy Market ("IEM") is one of the key pillars for the European single market. Free trade across borders and non-discrimination between internal and cross-border transactions are key components. The implementation of I-SEM (scheduled to occur May 23, 2018) is designed to integrate the single Irish market, which has to date operated largely independently, into the European IEM.

The transmission system in Ireland, when compared with the rest of Europe, is a relatively small synchronous transmission system. It is linked to EU markets through Great Britain via the Moyle and East-West interconnectors. To achieve compatibility with the European IEM and promote cross-border trade in electricity, Irish energy market arrangements will be revised, and after implementation of I-SEM they will comprise the following set of interrelated financial and physical markets for electrical power and related ancillary services:

- Two markets for energy-related financial instruments: The Forward Market ("FM") and Financial Transmission Rights ("FTR") auctions.
- Three physical markets: the Day Ahead Market ("DAM"), the Intra Day Market ("IDM") and the Balancing Market ("BM"). The DAM and IDM will operate *ex ante*, while the BM is cleared by the TSO in real time.
- A Capacity Market ("CM") for remunerating long-term commitments to maintain, in readiness, capacity available to generate electricity and sell it into the physical markets.

To achieve integration and increase cross-border trade in electricity, the IEM seeks to couple the electricity markets across the countries which comprise the IEM. In a coupled market, energy transactions involving sellers and buyers from different bidding zones are centrally collected to maximize the most efficient and effective trades. Trades from one bidding zone to another are only restricted by cross-border capacity. Market coupling involves system operators working together to allocate cross-border capacity and optimize cross-border flows. In theory, with market coupling, as long as energy can flow freely, there will be a single price. When the cross-border interconnectors' capacity is congested, prices diverge. The price differential between bidding zones incentivizes investment in the most efficient infrastructure to relieve the congestion.

When I-SEM is implemented, the DAM will be a pan-European coupled market, meaning it will operate as a single auction across all the countries in the IEM. A common price coupling algorithm, known as EUPHEMIA, has been developed and implemented at the European level to evaluate bids, schedule day-ahead markets and determine energy flows between regions. Eventually, fully coupled bidding in the IDM and BM are expected to be available; however, at the launch of I-SEM only the DAM will be fully coupled. The auctions in the remaining markets may be coupled between Ireland and Great Britain or be entirely uncoupled. The viability of trading on coupled markets also relies, to some extent, on the availability over the financial markets of hedging facilities for price difference between regions due to transmission congestion.

EirGrid and SONI will serve as the Nominated Electricity Market Operators ("NEMOs") for their geographic regions in the coupled *ex ante* markets. The NEMOs interact with the (European) Market Coupling Operator ("MCO"), who is responsible for running the market coupling process.

Energy markets

Financial instruments

Two financial markets exist to provide market participants with opportunities to hedge against energy price fluctuations months to years in advance of energy delivery. The Futures Market allows participants to trade Contracts-for-Differences ("CfDs"), which are hedging instruments in which a price is struck (the "strike price") for a quantity of energy delivered on a future day.

The contract holder then receives or pays the difference between the strike price and the spot price on the delivery date (called the "reference price"), depending on which side of the trade was taken by that holder. For example, a generator might agree a CfD with a supplier, under which the generator would pay the supplier the difference if the reference price was in excess of the strike price on the delivery date, while the supplier would pay the generator the difference if the reference price was lower than the strike price. This allows generators and suppliers effectively to lock-in pricing for fixed quantities of electricity on specific future days, as a hedge against price spikes or dips in the spot market.

A Financial Transmission Right is a financial instrument sold at auction by the operator of an interconnector. This instrument protects the holder from price differentials between coupled markets. In exchange for payment of an upfront fee, an FTR entitles the holder to collect the difference in electricity price between the two markets linked by the interconnector, for a specified amount of transmission capacity over a specified future timeframe. If energy flows freely between adjacent "bidding zones" (e.g., the islands of Ireland and Great Britain) during the specified timeframe, then the price in each market will be equal and the FTR will yield no payout. However, if flow on an interconnector is congested, prices will diverge, and the FTR has monetary value.

As financial trades, CfDs and FTRs results in a monetary profit or loss, but there is no resultant net energy change. Accordingly, both physical participants (i.e., electricity generators and suppliers) as well as financial participants are permitted to trade in the financial markets.

Ex ante physical markets

There are two *ex ante* markets for physical electricity: the DAM and IDM. As the names imply, the DAM closes the day before delivery and the IDM operates in the interval between closure of the DAM and one hour before delivery. Only physical participants are permitted in these markets.

DAM

The DAM is operated by the MCO, and participants submit orders via their respective NEMOs. Under I-SEM, the DAM will be the exclusive route to a physical contract nomination in this timeframe; no bilateral trading or within portfolio netting of generation and demand is permitted. Participants will submit hourly price-quantity bids in advance of gate closure (11:00 a.m. Irish time) for the 24 hour delivery day starting the same evening at 11:00 p.m. Irish time. Participation for generation will be on a unit-basis with aggregation for demand. The use of different bid formats is permitted to allow thermal generators to reflect technical characteristics such as start-up costs.

IDM

At some point in the future, pan-IEM continuous intraday trading will be the route to intraday physical contract nominations through the Cross Border Intraday ("XBID") platform. As XBID will not be available when I-SEM is implemented on May 23, 2018, continuous trading will only be available within the Irish market. Three intraday auctions will be held each day; cross border trades with Great Britain are currently proposed in the first two daily intraday auctions (which will be run at 5:30 p.m. before the commencement of the next delivery day and 8:00 a.m. during the delivery day), with a further, Ireland-only auction at 2:00 p.m. during the delivery day. The trading period is expected to be on a half-hourly basis. Participation for generation will generally be on a unit-basis with aggregation for demand, demand side units and (some) wind generation.

Real-time balancing market

Because electricity cannot be stored in bulk quantities, the transmission system must be kept in balance; that is, the energy supplied into the system must equal the demand on the system. On short notice or in real time, the TSO calls on balancing services to maintain this balance when faced with unexpected departures from planned generation and consumption levels. Energy balancing services are offered into the BM by energy producers and certain energy consumers. For example, if demand is higher than expected, the TSO might instruct a generator with available capacity to increase its output. The generator is then paid through the BM for the additional energy used to balance the grid. Alternatively, the TSO might instruct a large consumer (who has agreed to accept such instructions in exchange for compensation) to reduce temporarily the amount of electrical power demanded.

Through the BM, the TSO collects bids from various participants, indicating the prices at which they would be willing to take various balancing actions. Participation will be mandatory of generators larger than a *de minimis* threshold and each participant will submit incremental and decremental bids to increase/decrease power supply/consumption from its nominated position (i.e., the sum of its accepted bids after the close of the DAM and IDM). The submission window for market data closes one hour before the start of each half-hour imbalance settlement period. Maximum bids in the BM will be regulated, and the I-SEM rules contain prescriptive and detailed costing rules defining which elements are considered to fall within allowable "short run marginal costs," placing restrictions on the costs that generators may take into account when setting bids in the balancing market.

The TSO can also call on non-energy balancing services, such as voltage regulation or energy reserves. A participant's net energy position is the accumulated volume of all its trades in the *ex ante* markets (DAM and IDM) and any balancing actions taken by the TSO in the BM. Energy balancing actions will be settled at the market clearing price for the period, while non-Energy balancing actions will be settled on a pay-as-bid basis.

Imbalances between metered generation and nominated position will be settled on a unit-basis based on a single imbalance price. It is intended that the imbalance price will be based on the cost of the marginal energy balancing action. The imbalance risk for smaller players may be managed through the aggregator of last resort which provides these players with a route to market.

Capacity remuneration mechanism

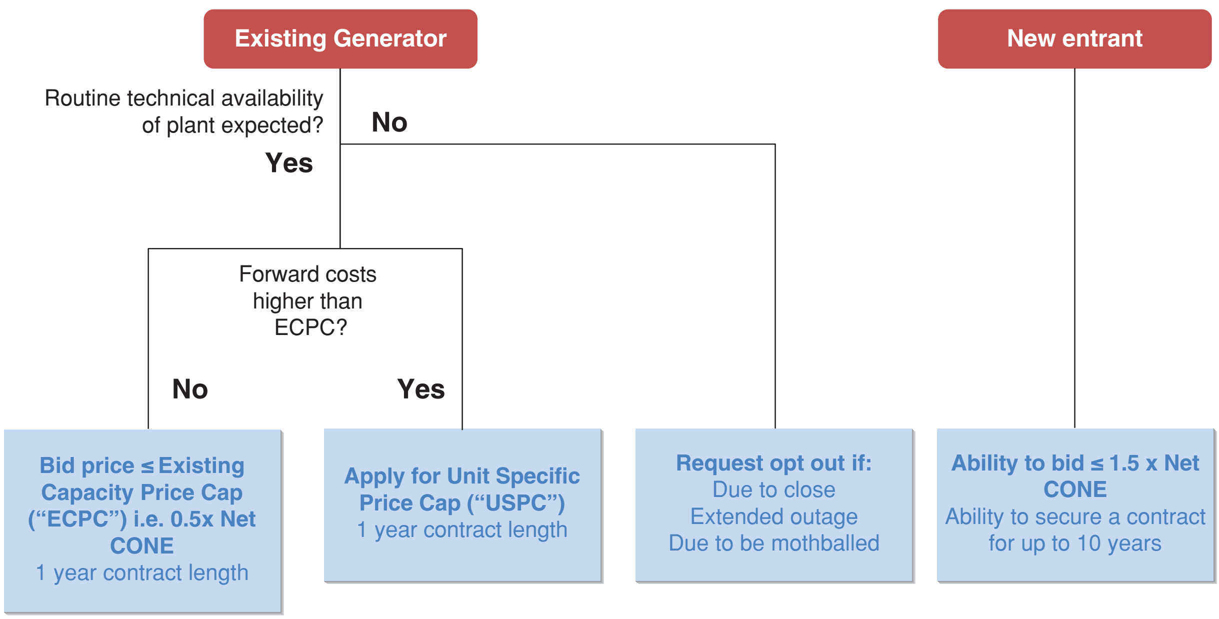
Under I-SEM, there will still be a requirement for a Capacity Remuneration Mechanism ("CRM"). This mechanism is meant to ensure the investment in, and maintenance of, adequate generation capacity within a small, relative isolated power system with a high and increasing penetration of variable renewable generation.

Under I-SEM, the CRM will take the form of Reliability Options ("ROs"), which rewards those who contribute to the reliability of the power system when needed. A RO is a one-way contract for difference, entered into between a generator and a central agency, that incentivizes a generator to generate electricity at times of market spikes in exchange for a fixed payment, while foregoing incremental revenue when the market price is above a defined strike price. This strike price is set by reference to the most expensive demand unit, and is expected to be approximately €500 per MWh. The amount of the fixed payment, in terms of euros per KW of capacity made available, is determined through a competitive auction process that takes place in advance of the start of the capacity period. It is expected that the capacity period will generally be one year, running from October to the following September, and the annual price per KW of capacity will be paid in monthly installments.

Typically, capacity auctions under I-SEM will take place four years ahead of the capacity period to be covered, to allow for the construction of new capacity, if required. The first such auction will be for the October 2022 to September 2023 capacity period, and this auction is expected to take place in September 2018. To allow for an immediate transition to the CRM once I-SEM is implemented in May 2018, a series of transitional auctions has been planned. The first transitional capacity auction is scheduled to take place on December 15, 2017, which will be a single auction to cover the period from May 2018 to September 2019. The capacity requirement set for the first auction is 7,030MWs. Additional transitional auctions are expected to take place six months before each delivery year, to cover the 2019/20, 2020/21 and 2021/22 capacity periods.

Generation plants that are "in-merit" in the CRM auction (that is, plants offering a price low enough to be selected to meet the capacity requirement) will be paid based upon the market clearing price set by the highest accepted bidder. However, as the Irish electricity network has limitations and operational constraints, generation plants can therefore be required for system stability in certain zones irrespective of their merit order position in the CRM auction. These plants typically play a system-critical role in balancing the energy network and ensuring security of supply, and will therefore be paid "as bid" within the auction framework. The Group's Huntstown plants are located in localized constraints in the Dublin area and are therefore frequently dispatched to alleviate system constraints.

Existing generation plants are required to be bid into the CRM auction, unless a plant is due to close before the capacity period being auctioned, has an extended outage, or is due to be mothballed. Bids into the CRM auction are subject to regulatory caps. The general Existing Capacity Price Cap ("ECPC") is one half of the net Cost of New Entrant ("CONE"), which is determined using a best new entrant calculation carried out by the SEMC. This calculation makes reference to the cost of developing a new OCGT power plant. A generator can also apply for a Unit Specific Price Cap ("USPC") if the plant can justify to SEMC net going forward costs higher than the ECPC. New entrants will be able to bid up to 1.5 times net CONE and secure a contract for up to 10 years. A new entry plant can set the clearing price of the CRM auction for the first year of its contract resulting in all generators receiving the new entrant price for that year. For the first auction, the indicative value for net CONE has been set at €82.12 per KW.



Settlement and credit risk

Separate settlement and credit cover arrangements apply in each market and under the rules of each market operator. The *ex ante* physical markets (DAM and IDM) are settled daily. Each participant appoints a clearing member—a bank that is a member of the European Commodity Clearing ("ECC") house—who settles with the market operator on behalf of the participant. The ECC has also introduced a direct clearing market participant model to allow small and medium size enterprises to access certain spot markets without the need to appoint a bank.

The ECC acts as a central counterparty for all payments in the market and guarantees payments in the event of a default by a participant. The ECC assesses the collateral requirements of each clearing member and ensures it holds adequate security to protect against default. Each clearing member then imposes similar obligations on the participant. Under I-SEM, the Group expects that collateral requirements in these markets will often be fulfilled using cash collateral or letters of credit.

The Balancing Market is settled weekly. Settlement documents reflect balancing and capacity transactions in that billing period. Credit management is in the form of credit cover provided by a qualified bank. The market operator draws on the participant's credit cover to cover any defaults and monitors the exposure of every participant. Settlement in the BM takes into account instructed and uninstructed imbalances. The payments and charges that arise from balancing depend on the nature of the imbalance, the commercial data submitted, the status of the generating unit, the available metering data, and other data. Settlement and credit risk management for the FM and FTR auctions are outside the I-SEM arrangements.

Ancillary Services—DS3

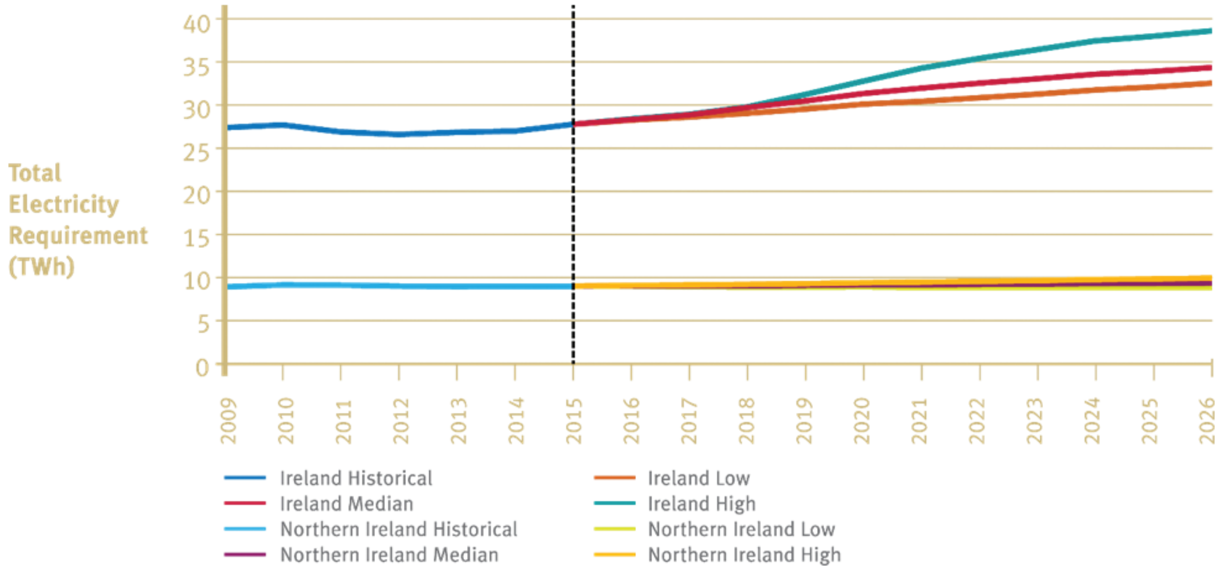
The provision of ancillary services to the TSOs by flexible, responsive gas fired plants has become essential as wind penetration increases in the Irish energy market, fostered by governmental policies aimed at having renewable sources supply 40% of electricity in the all-island market by 2020. Wind is an intermittent and non-synchronous technology; moreover, power demand in Ireland varies on daily and seasonal cycles, and often not in tandem with changes in the supply of wind power. To address system security arising from even greater wind penetration, the TSOs have established a multi-year program called "Delivering a Secure, Sustainable Electricity System" ("DS3"). One factor affecting the ability of wind to penetrate the Ireland electricity market is that the TSO currently has a maximum System Non-Synchronous Penetration ("SNSP") level, which was recently increased to 60% from the previous level of 50%. This level is based on the results of detailed technical studies, and represents a secure operational level given the current plant portfolio and system capability. However, this can result in a requirement that wind generation be curtailed during periods of high wind generation and low system demand, in order to stay within the 60% limit necessary for system stability. The DS3 program aims to address the various factors that influence the SNSP limit, with the ultimate aim of increasing the limit from 60% to 75% while maintaining system stability.

The TSOs have increased the annual budget cap relating to ancillary services from €75 million in 2016 up to €235 million in 2020. The Group's Huntstown plants have the technical capability to provide 13 out of 14 ancillary services required under DS3, meaning it is well positioned to benefit from the material increase in the annual budget cap related to ancillary services.

Market demand

Demand for energy in Ireland, including electricity, has historically been highly correlated to GDP and the wider macroeconomic climate.

All-Island Historical and Forecast Electricity Demand, 2009 to 2026

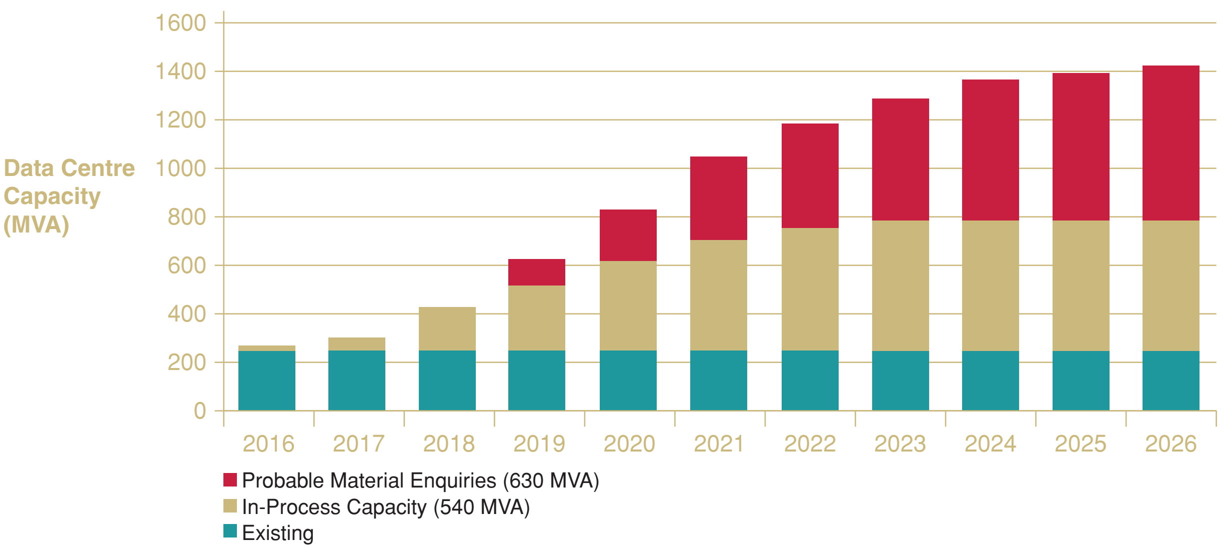


Source: All-Island Generation Capacity Statement 2017-2026

Prior to 2009, electricity demand growth in the RoI was relatively high, fueled by strong GDP growth. The subsequent recession and economic downturn resulted in the annual demand in 2012 being approximately 9% lower than prior peak demand which was reached in 2008. In NI, demand data from SONI shows that the recession also reduced electricity demand; however, between 2008 and 2012, total electricity consumption fell by approximately 4.3%, suggesting that the recession had a smaller impact on electricity demand than in the RoI. Since 2012, Ireland has enjoyed a substantial recovery in electricity demand, driven by the broader economic recovery.

EirGrid has forecast all-island electricity demand growth of around 1.6% per annum from 2017 through to 2026. A key driver for electricity demand in the RoI for the next several years is the connection of large new data centers, a significant proportion which are expected to be in the Dublin region.

Demand Expected From Assumed Build Out of New Data Centers, 2016 to 2026

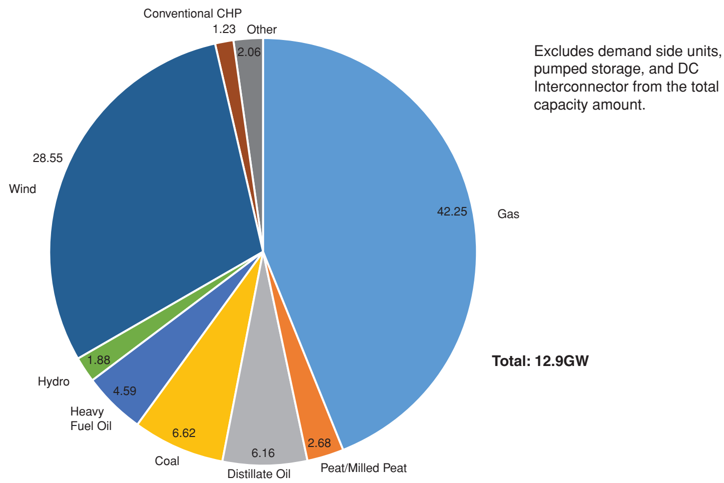


Source: All-Island Generation Capacity Statement 2017-2026

Generation

The following chart sets forth the total generation capacity mix as at December, 2016:

Total Generation Capacity Mix (%)



Source: All-Island Generation Capacity Statement 2017-2026

Thermal generation

The RoI's installed generation capacity is a mix of coal, natural gas and oil plants, with a rapidly increasing contribution from wind generation. Natural gas-fired CCGT capacity increased over the past 15 years supported by natural gas interconnection expansion. A new CCGT plant, SSE's Great Island facility in Co. Wexford, RoI, was commissioned in 2015. This new generation capacity was partially offset by the contemporaneous decommissioning of old generating units at the Great Island site, and the decommissioning of certain generating units at Ballylumford in December 2015. While the All-Island Generation Capacity Statement 2017-2026 forecasts the decommissioning of certain generation assets at Ballylumford by the end of 2018, the SONI may extend this to 2020. There is currently a statutory ban on nuclear development in RoI. In NI, installed generation capacity is a mix of coal, natural gas and oil plants, with a gradually expanding contribution from wind generation. Similarly to the RoI, NI has also experienced the commissioning of natural gas-fired CCGT capacity to replace the closure of old capacity.

Interconnectors supplying electricity from Great Britain compete against generators in Ireland. Ireland currently has limited interconnection capacity to Great Britain through its two HVDC interconnectors: (i) the Moyle Interconnector which interconnects NI to Scotland and has a maximum potential trading capacity of 450MW east-to-west and 500MW west-to-east, and (ii) the EWIC between Wales and the RoI and has a maximum trading capacity of 530MW east-to-west and 500MW west-to-east.

Wind generation

EU member states, including the RoI and the UK, have committed to targets increasing the amount of electricity generated from renewable energy sources. Aside from the requirement to meet this target, the RoI and NI governments are also driven by key economic considerations to increase wind penetration. Ireland has no significant indigenous fossil fuel resources and, as a result, imports its primary fuel sources from the UK and other jurisdictions. Between 2006 and 2015, for example, the RoI imported between 85% and 90% of its fuel. Increased generation from renewable sources reduces this reliance on imported fuels. In addition, Ireland is a particularly attractive location for wind energy, given high wind factors relative to other EU countries, requiring a lower governmental cost support mechanism than that required in other jurisdictions and lower costs, in turn, for consumers. Finally, EU regulations require that wind farms be scheduled ahead of thermal generation in the Merit Order. This has the effect of pushing plants that have higher marginal costs lower on the Merit Order, reducing the SMP and, in turn, reducing customer costs.

In 2009, the RoI government set a target of 40% of electricity generated to come from renewable sources by 2020. In NI, the DfE has also set a target of 40% of electricity generated to come from renewable sources by 2020. In 2016, renewable sources were responsible for 24.5% of electricity generated on an all-island basis. To reach the 40% target, renewable generation capacity in RoI would have to increase to at least 3,900MW in 2020, from 2,490MW in October 2016; in NI, it would require an increase to 1,325MW in 2020, from 830MW in October 2016.

Support for renewable energy

RoI

In the RoI, support for renewable energy is provided by the REFIT scheme, driven by the binding EU agreement for 20% of EU energy consumption to come from renewable sources by 2020. See "*Risk Factors—Risks Related to Our Business—Reduction or abandonment of governmental support for renewable energy sources in general or wind farms in particular may adversely affect our operations.*"

The RoI Government has adopted a target for 40% of total electrical power generation to come from renewable sources by 2020, which is projected to amount to approximately 4GW of renewable generation. Electricity consumption from renewable sources was approximately 25% of the total RoI market consumption in 2015.

Through the REFIT scheme, renewable energy developers can apply to receive support for their projects from the RoI Government. REFIT was implemented in 2006 and was designed to encourage licensed electricity suppliers to enter into PPAs for up to 15 years with renewable generators, under which the suppliers would contractually agree the off-take price to be paid to the generators. Electricity suppliers are then compensated for the additional cost of purchasing electricity from renewable sources. Under REFIT, suppliers are compensated if the SEM market price, including constraint payments achieved for electricity generated and capacity payments earned by a particular renewable generating unit in a calendar year, is below a base reference price. The reference price is indexed annually (upwards only) at the RoI Consumer Price Index, and in 2017 is set at a floor of €69.72/MWh for large scale wind generation and €72.167/MWh for smaller scale wind generators. Suppliers claim any shortfall between the market and the floor prices in an annual period from a PSO Levy pool administered by the CER. Suppliers are also compensated for the cost of balancing renewable generation at a rate of 15% of the floor price for large scale wind generation per MWh generated (being €10.458/MWh for 2017) for REFIT1 and €9.90/MWh for REFIT2 and REFIT3 (not indexed). REFIT1 closed to capacity operational after December 2013 and was replaced by REFIT2 (Onshore wind, hydro and biomass landfill gas) and REFIT3 (Biomass Technologies). REFIT2 and REFIT3 are, as of December 31, 2015, closed to new application.

Where a supplier enters into a PPA with the developer of a plant that is below the *de minimis* 10MW threshold and, therefore, is not required to participate in the SEM, the supplier receives the applicable balancing payment but does not receive the SEM price because the plant does not participate in the SEM. Instead, the electricity volume purchased through the PPA is deducted from the electricity volumes purchased from the SEM pool by the supplier, thereby resulting in an avoided cost for the supplier (equal to the SEM price plus the capacity charge). The applicable REFIT support in each case is a regulated PSO Levy-supported payment for up to 15 years. The SEM Committee has decided to remove all current *de minimis* benefits by transferring to a gross demand (as opposed to net demand) approach in calculating supplier chargers under I-SEM, but this decision is not expected to take effect until January 2020 at the earliest.

REFIT, therefore, requires a minimum price to be paid to electricity suppliers for electricity sourced from renewable generators while allowing the supplier to retain any price upside should the SEM market price exceed the floor price. The REFIT floor price mechanism is of particular value in markets with volatile fuel and electricity prices, as has been the case over the last 15 years. The mechanism allows renewable energy to earn full market upside when fuel prices are high and provides the floor price when they fall. Typically, the contract price paid to the generator would include some, but not all of the balancing payment plus the applicable level of REFIT support, effectively splitting the balancing payment subsidy between the generator and the supplier. Market upside is also typically split.

Under I-SEM, REFIT supports will have to be calculated differently. DCCAE have published an options paper on the REFIT reimbursement methodology that would apply under I-SEM. Their proposal is that an average day ahead price (either wind weighted or time weighted) would set a reference price, which would act as a proxy for the market price actually received, for the purposes of calculating reimbursements. If adopted, this would result in the market price being deemed to an average the day-ahead price, even if such price is not received and this could leave wind generators (and their PPA providers) exposed to balancing risk as it is unlikely that they could match forecast generation to actual generation. If implemented this may have a detrimental impact upon the financial performance of wind farms. Furthermore, through a series of industry meetings, DCCAE have put forward proposals to adopt a reference price formula which blends the day ahead price and the balancing price. DCCAE have not yet decided if the reference price would be calculated on a time weighted or wind weighted basis. In the event balancing risk materializes, wind farm owners may attempt to place this balancing risk upon the PPA providers such as the Group's businesses. If this occurs then the Group would face balancing payments, possibly in excess of the financial benefits that PPAs provide. The Group may try to pass this cost to windfarms by renegotiating PPAs under their "market change" clauses, which could lead to less advantageous terms than the Group currently enjoys, or failing successful renegotiation the Group may decide to cancel PPAs with certain REFIT generators, which would result in the loss of the financial benefits currently associated with such PPAs. Even if the emerging approach in the options paper is not adopted, an alternative methodology chosen by the DCCAE (such as a reference price formula which blends the day ahead price and the balancing price) may still expose REFIT beneficiaries to balancing costs and not fully compensate suppliers for their additional costs. No final decision has been made on the manner in which such reimbursements will ultimately be calculated at this time.

NI

NI has enacted an equivalent RO regime to that which is in place in Great Britain. The NIRO regime is designed to incentivize the generation of electricity from renewable sources and places an obligation on suppliers to source a portion of their electricity from renewable sources. In the 2017-18 fiscal year, this amount is 16.7%.

The NIRO regime is intended to help implement the binding EU agreement for 20% of EU energy consumption to come from renewable sources by 2020. The Northern Ireland Assembly has established a target of sourcing 40% of NI's electricity from renewable sources by 2020.

Under the RO regime, eligible renewable generators receive ROCs for each MWh of electricity generated. ROCs are freely tradable at auction and can be sold to suppliers in order to fulfil their obligations under the RO regime. Suppliers have the option of presenting ROCs to cover their obligations or paying a buyout fee of £45.58/MWh (for the 2017-18 fiscal year) for any shortfall. All proceeds from buyout fees are repaid to the holders of ROCs.

The Renewables Obligation Order (Northern Ireland) 2009, as amended, introduced a banding system for generators, which presented a different number of ROCs per MWh depending on the renewable technology. The new bands affect only those projects that were developed after the reforms came into force in 2009, with all accredited projects and generation capacity in existence prior to 2009 grandfathered from the prior ROC Scheme. Prior to 2009, there had been a single level of support for all renewable technologies of one ROC per MWh. The DfE regularly reviewed the banding system to ensure that the level of support offered was in line with generation costs and continued to incentivize renewables development. For onshore wind farms commissioned in NI after April 1, 2013, the ROC value has reduced to 0.9 ROCs per MWh. This reduction does not apply to onshore wind farms that are operational at that date or become operational within a proposed grace period of six months or those wind farms with a capacity of less than 5MW. In June 2013, the DETI confirmed that it did not intend to further review the banding support levels for onshore wind under the RO regime.

As part of the UK-wide implementation of Electricity Market Reform, the NIRO, along with the RO in Great Britain, had been due to close to new generation and additional capacity on March 31, 2017. However, in line with the revised policy approach adopted by the UK government, DETI decided to close the NIRO to large scale onshore wind projects one year early from March 31, 2016. The NIRO Closure Order closed the NIRO to all new large (>5MW) onshore wind capacity from April 1, 2016 and also introduced extensions of time, known as "grace periods" for certain qualifying projects. The new deadlines granted under the grace periods vary depending on the eligibility criteria and range from March 31, 2017 to December 31, 2017 and where the qualifying conditions, and all other NIRO eligibility criteria, are satisfied, they can be combined to give extensions of time up to December 31, 2018 at the latest. The NIRO Closure Order permitted onshore wind farms to seek to accredit for the NIRO after April 1, 2016 and up to March 31, 2017 if the onshore wind project met the 'approved development' grace period eligibility requirements of planning consent, accepted grid connection offer, and land rights all dated no later than September 30, 2015 in the case of direct connection sites, and October 30, 2015 in the case of cluster connection sites. In addition, where applicable, onshore wind projects can access the 'radar and grid delay' grace period up to March 31, 2018 and projects eligible for the "investment freezing" grace period and grid/radar delay grace period will be able to accredit up until December 31, 2018.

From 2027, it is proposed that fixed-price certificates will be issued, in place of ROCs, to projects qualifying for RO support until the end of the RO regime in 2037. It is currently proposed that fixed-price certificates will be set at the 2027 buyout price, plus 10% and will be inflation-linked. In August 2015, DETI confirmed that the fixed-price certificate scheme will be introduced for the NIRO in 2027, however, a consultation on the detailed design of the fixed-price certificate scheme and the associated legislation has not yet been issued. For projects receiving ROCs, the benefit of the scheme will extend until 2037 to ensure that generation accredited through 2017 receives the full 20 years of support under the RO.

The Energy Act 2013 introduced a Feed-In Tariff with Contracts for Difference ("FIT CfD") for large scale (above 5MW) renewable electricity generation in England and Wales from 2014 which was intended to replace the RO regime to new generation from 2017 after a transitional period in which projects could choose whether to seek support under the RO or FIT CfD regime. In NI, following the closure of the NIRO (subject to any applicable grace periods), there is currently no other subsidy available to future onshore wind projects. The NI Assembly had previously confirmed its intention to adopt a FIT CfD for large scale renewable electricity generation (i.e., greater than 5MW) similar to that in Great Britain once the NIRO closed. However, it is currently unclear if, and when, a FIT CfD for NI will be implemented.

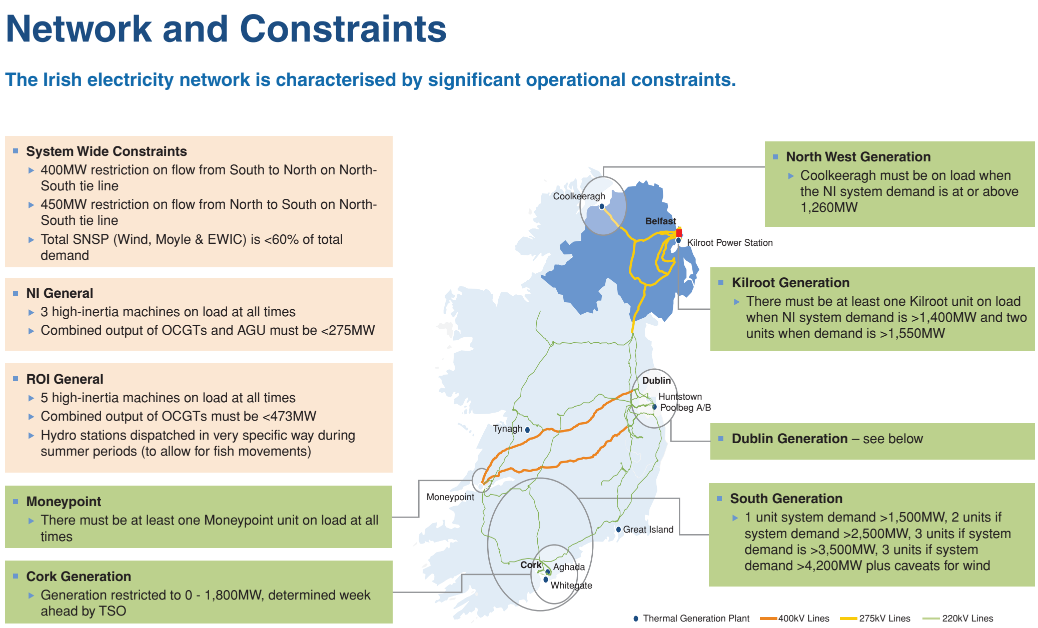
Historically, renewable generators in the UK also benefitted from an additional revenue stream in the form of LECs for each MWh of electricity produced. This scheme was introduced as part of the CCL, a tax payable by non-residential electricity users. Prior to August 1, 2015 the supply of renewable electricity was exempt from the CCL and LECs were issued to accredited renewable generators for each MWh of renewable electricity supplied to non-residential customers. The LECS were purchased by electricity suppliers and could be used to claim a CCL exemption. The UK government announced in the 2015 Budget that renewable electricity would no longer be exempt from CCL after July 31, 2015. A transitional period has been in place since August 1, 2015 during which LECs relating to generation before that date may be allocated to supplies of that energy up to March 31, 2018, being the end date of the transitional period.

Network infrastructure, constraints and curtailment

The TSOs have a responsibility to ensure that the electricity system is managed prudently which requires generation to be constrained at certain locations. To ensure efficient and secure operation of the electricity system, generation is constrained to certain levels to prevent overloading, voltages outside prescribed limits or system instability. To model the system, EirGrid uses specialized software known as the Reserve Constrained Unit Commitment ("RCUC"). EirGrid provides monthly updates of the key system and generator constraints which are taken into account in the scheduling process.

This results in certain thermal plants frequently being dispatched irrespective of their merit order position in order to ensure security of supply and system stability.

Key system constraints considered in the scheduling process



Source: EirGrid, SONI

Some of the key system-wide constraints include:

- Restrictions to the north-south flow of electricity in both directions across the 275kV transmission line between NI and the RoI; and
- Restrictions on the level of non-synchronous generation (primarily wind and interconnector imports) on the system at any given point in time (the System Non-Synchronous Penetration "SNSP").

There are also a number of localized constraints which the TSO applies in order to maintain stability and security of network usage in key load centers and at times of high demand. The most important of these are in the Dublin area where the following constraints apply:

- At least two of the five large generation units (Huntstown 1 and 2, Dublin Bay and Poolbeg A and B) must be on-load at all times for voltage control; if the East-West Interconnector is not operational then three units must be on load. Typically this is provided by Huntstown 2 and Dublin Bay in the summer months when system demand is less than 4.0GW;

- Either Huntstown 1 or Poolbeg A or B is required for load flow control purposes when system demand is greater than 4.2GW. Since December 2014, Huntstown 1 has generally been selected by EirGrid;
- One of Huntstown 1, Huntstown 2 or Poolbeg A or B is required to be on load at all times to serve the North Dublin area; and
- When demand is above 4,600MW, Poolbeg A and B must operate.

In the context of wind farms, a constraint event occurs when there is insufficient capacity on the network to accept the export of the generator. Access to the transmission network is offered either on a "firm" or "non-firm" basis depending on whether network reinforcements are required to facilitate the generator's full export capacity. While a generator which has been granted firm access to the transmission network may experience a reduction in its exported generation at times of high system production, it will receive financial compensation from the TSOs in the form of constraint payments. However, a generator with non-firm access may have its exported output reduced without any compensation. Firm access would only be granted once the required investment in the transmission network infrastructure has been completed.

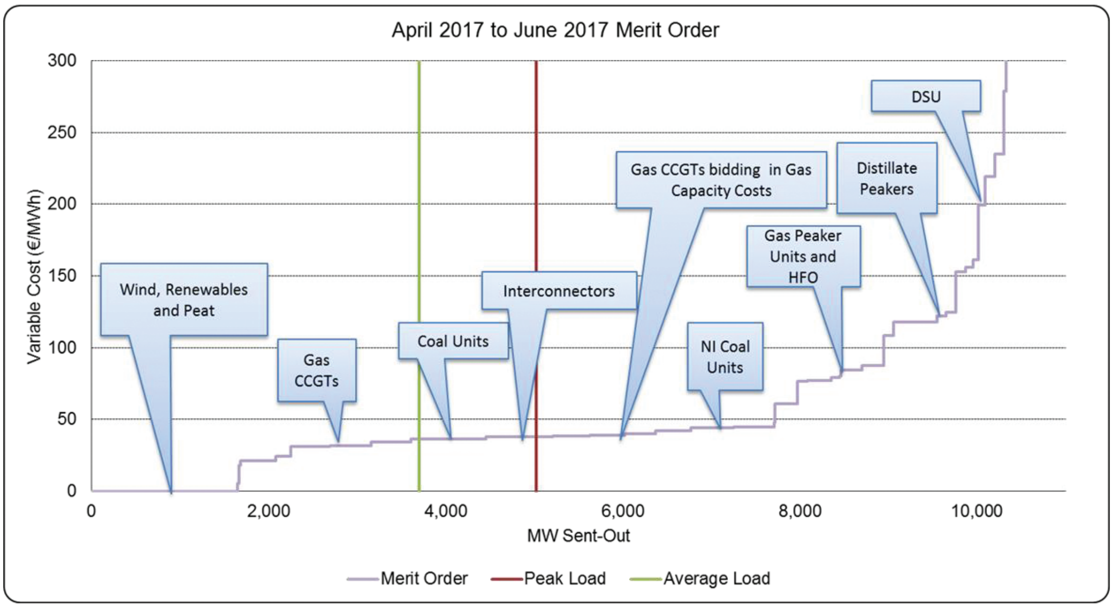
Curtailment is a system operation issue and is not linked to the capacity of the network. Curtailment of wind generation occurs where there is excess wind generation available relative to system demand when taking account of system operation restrictions (such as minimum stable generation levels of thermal assets). Curtailment occurs when this excess wind generation cannot be accommodated and the overall level of renewable generation must be reduced across the system. While the increasing amount of wind generation capacity in Ireland naturally increases the risk of curtailment, two key developments in the electricity market are expected to provide a countervailing influence:

- Provision of a wider range of ancillary services under the DS3 Program will increase ability of thermal generators to stabilize the grid without having to supply additional bulk electricity (which can be achieved, for example, by upgrading thermal plants to reduce minimum stable generation levels), thereby increasing the SNSP limit and reducing the likelihood of renewable curtailment.
- The implementation of I-SEM is expected to result in greater exports of electricity to Great Britain, providing a further outlet for excess wind generation outside of the domestic market.

The merit order

Under SEM, the energy payments received by a generator are primarily dependent on demand, the plant's availability and position in the Merit Order, which ranks available sources of power in ascending order of their short-run marginal cost of production (i.e., the least expensive sources of power are first in the Merit Order). The following table is indicative of the Merit Order between April 2017 and June 2017.

Merit order between April 2017 and June 2017



Source: Single Electricity Market Operator data

The combination of low coal and carbon prices in recent years has resulted in certain coal plants frequently ranking ahead of most CCGT generators (including Huntstown 1 and Huntstown 2 plants) in the Merit Order. More recently, gas prices have fallen and coal prices have risen, frequently placing gas plants ahead of coal plants in the Merit Order. Moreover, gas plants which include gas capacity costs in their SEM bids will generally see lower capacity costs in the summer months, when heating demand is lower, improving their competitive position at that time of the year.

In the SEM, the Merit Order is established by each generator submitting offers to the SEM for the following day for their generation capacity. These offers include start-up and no-load costs (which are costs associated with running a plant, even in the absence of electricity generation) and a set of prices for different levels of output. Regardless of the offer submitted to the SEM, all generators that are dispatched to meet demand are paid at least the SMP for the electricity sold into the pool. The SMP is set based on an "unconstrained" dispatch of available generation capacity, which assumes no constraints (i.e., no restriction imposed by the TSO on the ability of a generator to dispatch electricity or physical limitations of dispatching such electricity) in the calculation of the SMP. However, in real time generators may face such constraints. All deviations between the actual dispatch of electricity by a generator and the market-scheduled quantity of electricity are settled by way of constraint payments. Where a generator has actually been dispatched to a level that is higher than its market scheduled quantity, it receives its offer price for the additional output. Where the generator is dispatched at a level that is lower than its market scheduled quantity, it effectively makes a repayment based on its offer price (but as it receives a payment based on the SMP for its market-scheduled quantity, it retains the profit derived from the difference between the SMP and its offer price).

The SMP generally reflects the short-run marginal cost of the last unit required to meet demand for the relevant trading period. Therefore, plants that have priority dispatch rights (e.g., renewable generators) and those with a relatively low marginal cost and, as a result, a lower offer price, achieve a better position in the Merit Order that allows such plant to capture a greater margin between the SMP and its short-run marginal costs. As wind plants have effectively no short-run marginal cost, they are able to capture the full SMP and are among the first plants to be dispatched, assuming there is enough wind to drive their turbines. Plants with higher short-run costs are dispatched later in the merit order. The SEM power prices have historically operated at a premium to British power markets, reflecting the different characteristics of the generation assets in NI and the RoI compared to Great Britain as well as higher input costs. After accounting for the contribution from wind generation, demand in most hours in the Northern Irish and RoI market can be met by coal and natural gas-fired CCGT plants. Last in the Merit Order are older HFO-fired plants and distillate-fired open-cycle gas turbines.

In the I-SEM, payments to generators for production are primarily dependent on positions contracted over the *ex ante* markets, rather than on a simple application of the Merit Order by TSO, followed by *ex post* settlement, which is currently the practice in the SEM. Nevertheless, the Merit Order concept remains significant for determining TSO's actions in the real-time balancing market. Under I-SEM, the Merit Order for actions dispatched by TSO in the balancing market will be determined by reference to the price each generation or contracted demand unit would accept to increase or decrease its output or consumption by certain increments, above or below the level such unit contracted at in the *ex ante* markets. Moreover, as the *ex ante* markets divide each generation day into hour or half-hour increments, bids for balancing actions can also vary across the same timescales, leading to hour-by-hour changes in the Merit Order.

Electricity and natural gas supply to final customers

Both NI and the RoI electricity supply markets have been progressively opened to competition and are now fully liberalized. Nonetheless, given Power NI's residential market share in Northern Ireland, regulated tariffs still apply to Power NI.

The electricity supply market in Ireland can be split into three segments: LEUs, SMEs and residential customers. LEUs comprise large industrial and commercial users with heavy usage typically connected to the 110kV network or directly to the transmission system. The SME market comprises the service sector and small industrial customers, usually with less than 250 employees. Residential customers represent the largest segment by number of customers making up 92% and 88% (as at March 31, 2017) of the electricity markets in NI and the RoI, respectively. Although LEUs and SMEs represent a much smaller number of customers, together they account for approximately 64% and 67% (for the twelve months ended March 31, 2017) of electricity demand in NI and the RoI, respectively. As of March 31, 2017, the NI electricity supply market comprised 794,000 residential customers and 72,000 business customers, while in the RoI it comprised 2,045,000 residential customers and 276,000 business customers. As of March 31, 2017, the RoI gas supply market comprised 653,000 residential customers and 26,000 business customers.

Republic of Ireland

Electricity supply

Full liberalization of the RoI retail electricity market was completed in 2005, although the incumbent ESB CS (now Electric Ireland) continued to offer regulated tariffs across all segments until all business markets were deregulated from October 1, 2010, and the residential market was deregulated from April 1, 2011, from which point all suppliers were free to set their own tariffs. The following table provides a breakdown of the electricity supply market in the RoI by market share:

	Twelve months ended March 31, 2017			
	LEU(1)	SME(2)	Residential(3)	Total
		(%)		
RoI Estimated Electricity Supply Market Share (by GWh)				
Electric Ireland	43	38	52	44
SSE Airtricity	23	16	17	19
Energia Group	13	29	6	16
BGE	9	10	17	12
Prepay Power	—	—	6	2
Others	13	7	3	7
Total	100	100	100	100

Source: CER Electricity and Natural gas Retail Market reports.

(1) Total market size was 9,462 GWh for the twelve months ended March 31, 2017.

(2) Total market size was 7,768 GWh for the twelve months ended March 31, 2017.

(3) Total market size was 8,451 GWh for the twelve months ended March 31, 2017.

Since liberalization, the market share of Electric Ireland across all customer classes has fallen, and it has ceded market share to its three main competitors, Energia Group, SSE Airtricity and BGE. Competition has developed at a different pace across the segments. Electric Ireland continues to lead the residential market, although the market is becoming more competitive with an increase in churn rates being observed, resulting in switching both away from Electric Ireland to independent suppliers and between independent suppliers. Between 2009 and March 2017, Electric Ireland's residential market share dropped from 99% to 52%, caused by market share gains by SSE Airtricity and BGE. Energia Group entered the RoI residential electricity supply market in January 2014, and as of March 31, 2017 had a 6% market share. Electric Ireland remains the largest supplier of the LEU segment with 43% market share in the twelve months ended March 31, 2017, followed by SSE Airtricity with 23% and Energia Group with a 13% market share. ESB Electric Ireland is also the largest SME supplier with a 38% market share in the twelve months ended March 31, 2017, followed by Energia Group with a 29% market share.

The total residential supply market in the RoI is approximately 2.0 million customers for electricity and 0.7 million customers for natural gas as at March 31, 2017.

Natural gas supply

The natural gas market in the RoI was fully opened to competition on July 1, 2007 and full price deregulation occurred on July 1, 2014. The RoI imports the majority of its natural gas from Great Britain at prices based on the Great Britain National Balancing Point, plus any costs associated with transmission through the natural gas interconnector. BGE was previously the state-owned incumbent natural gas supplier and retains a dominant position in all customer segments serving 51% of the LEU market, 37% of the SME market and 50% of the residential market in the twelve months ending March 31, 2017. Electric Ireland is the next largest supplier, serving 13% of the LEU market, 3% of the SME market and 22% of the residential market in the twelve months ending March 31, 2017. Energia Group is the third largest supplier, and SSE Airtricity is the fourth largest supplier, with Energia Group serving 11% of the LEU market, 23% of the SME market and 6% of the residential market in the twelve months ending March 31, 2017, and SSE serving 13% of the LEU market, 4% of the SME market and 15% of the residential market in the same period. Other RoI suppliers include Vayu, Flogas and Gazprom, generally holding smaller market shares than BGE, Electric Ireland, Energia Group and SSE Airtricity. The following table provides a breakdown of the natural gas supply market in the RoI by market share:

	Twelve months ended March 31, 2017			
	LEU(1)	**SME(2)**	**Residential(3)**	**Total**
			(%)	
RoI Estimated Natural gas Supply Market Share (by volume)				
BGE	51	37	50	48
Electric Ireland	13	3	22	14
SSE Airtricity	13	4	15	12
Energia Group	11	23	6	12
Vayu	12	10	—	8
Flogas	—	24	6	7
Others	—	—	—	—
Total	**100**	**100**	**100**	**100**

Source: CER Electricity and Natural gas Retail Market Reports.

(1) Total market size was 8,710 GWh for the twelve months ending March 31, 2017.

(2) Total market size was 4,419 GWh for the twelve months ending March 31, 2017.

(3) Total market size was 7,111 GWh for the twelve months ending March 31, 2017.

Northern Ireland

Electricity supply

Although all segments of the NI retail market have been liberalized, the residential market is still subject to regulated tariffs from the incumbent electricity supplier, Power NI, reflected in the price controls that still apply to all residential customers, whereas tariffs for businesses are fully deregulated. The following table provides a breakdown of the electricity supply market in NI by market share:

	Twelve months ended March 31, 2017			
	LEU(1)	**SME(2)**	**Residential(3)**	**Total**
			(%)	
NI Estimated Electricity Supply Market Share (by GWh)				
Power NI	6	25	59	33
SSE Airtricity	20	20	28	23
Go Power	43	26	—	21
Electric Ireland	18	11	3	10
Energia Group	13	16	—	9
Budget Energy	—	1	8	3
Others	—	1	2	1
Total	**100**	**100**	**100**	**100**

Source: NIAUR Retail Market Monitoring and Quarterly Transparency reports.

(1) Total market size was 2,107 GWh for the twelve months ending March 31, 2017.

(2) Total market size was 2,835 GWh for the twelve months ending March 31, 2017.

(3) Total market size was 2,838 GWh for the twelve months ending March 31, 2017.

Since liberalization, the market share of Power NI across all customer classes has fallen, and it has ceded market share to its four main competitors, Energia Group, SSE Airtricity, Go Power and Electric Ireland. Competition has developed at a different pace across the segments. Power NI continues to lead the residential market, although the market is becoming more competitive with an increase in churn rates being observed, resulting in switching both away from Power NI to independent suppliers and between independent suppliers. Between 2010 and March

2017, Power NI's residential market share dropped from 100% to 59%, caused by market share gains by SSE Airtricity and Budget Energy. Go Power is the largest supplier in the LEU segment with 43% market share in the twelve months ended March 31, 2017 followed by SSE Airtricity, Electric Ireland and Energia Group with 20%, 18% and 13% respectively. In the SME segment, Power NI retains a 25% market share, with Go Power, Energia Group and Electric Ireland holding approximately 26%, 16% and 11%, respectively.

Natural gas supply

The NI natural gas market, which relies solely on imported natural gas, is currently divided into three district areas: the greater Belfast area, where natural gas distribution is conducted by Phoenix Natural gas, the Ten Towns area, which encompasses selected major towns outside Belfast, where Firmus Energy holds the distribution license and the "Gas to the West" area, which encompasses towns in the western portion of the province, where West Transmission Limited (part of the Mutual Energy Group) and SGN Natural Gas Limited have conveyance licenses.

Price controls

Due in part to limited levels of competition, the NIAUR continues to support the market through price regulation. Accordingly, while RoI electricity market prices have been fully deregulated since April 1, 2011, NI's residential market is still subject to regulation.

Power NI and PPB are subject to price controls, defined in formulae set out in Power NI Energy's electricity supply license, which limit the revenues they may earn and the prices they may charge. The principles of price regulation employed in the relevant license conditions reflect the general duties of the NIAUR and the DfE under the relevant legislation including the need to ensure that licensees are able to finance their authorized activities.

Power NI must supply electricity at regulated tariffs. The tariffs are currently based on an allowed revenue model, which allows Power NI to recover the NIAUR's forecast of its operating cost and residual depreciation plus a net margin. The regulatory model has an incentive mechanism by which Power NI is allowed to retain savings achieved through efficiency for at least the period of the price control. If the amount of revenue recovered in any one year exceeds or falls short of the amount allowed by the relevant price control formula, a correction factor (a "K factor") operates in the following year that requires either a repayment of any surplus with interest or a recovery of any deficit with interest, as appropriate. A surplus is referred to as an over-recovery and a deficit as an under-recovery. In the formulation of its regulated tariffs, Power NI is allowed to pass through to customers all underlying wholesale costs, subject to an economic purchasing obligation.

On November 17, 2016, the NIAUR published a paper setting out their final decision on a two year extension of the current price control, from April 1, 2017 to March 31, 2019; however, the scope of price controls was altered to remove the remaining price controls which applied to the non-residential sector, pertaining to SME customers with annual consumption of less than 50MWh. In connection with this, Power NI also agreed to share with customers the benefits of efficiency gains made during the price control period.

Power NI is required to submit a forecast of all its input costs for each tariff review, which is then subject to review with the NIAUR. The main tariff year runs from October each year. Following completion of the review, the new tariffs would apply from October 1, with the possibility that they could be changed at the beginning of each quarter if actual costs and revenues do not stay within tolerance (i.e., plus or minus 2.5%). On August 17, 2017 Power NI announced a 5.6% increase in its regulated electricity tariff, effective from October 1, 2017. The increase, agreed with the NIAUR, reflected an increase in expected wholesale energy costs.

PPB's price control mechanism provides an entitlement in respect of PPB's own costs through the receipt of an allowance (effectively a management fee), together with a further amount covering certain depreciation costs, return on PPB's assets and an allowance in respect of pension deficit costs. The price control also incentivizes PPB through a 'gain share' mechanism whereby PPB is entitled to retain a share of any surplus revenues from trading in the SEM or ancillary services payments which exceed the cost of procuring wholesale power under the Ballylumford contract. Under the 'gain share' PPB retains 20% of any surplus up to £10 million and 10% of any surplus in excess of £10 million.

Business

Overview

Viridian is a leading vertically integrated utility active in the energy market across NI and the RoI. The Group's principal activities are diversified across three broad areas: supply (both regulated and unregulated), power generation (renewable wind farms and gas-fired power plants), and renewable supported off-take contracts (primarily through renewable power purchase agreements, or PPAs).

Group activities

Supply

In NI, Viridian participates in the regulated supply of electricity to residential customers through Power NI (with 59% market share for the twelve months ended March 31, 2017) and in the competitive supply of electricity to business customers through Power NI (with a 25% market share among SMEs and a 6% market share among LEUs for the twelve months ended March 31, 2017), serving 513,000 business and residential sites as of June 30, 2017. Through Energia, Viridian also participates in the competitive supply of electricity to business customers in NI (with a 16% market share among SMEs and a 13% market share among LEUs for the twelve months ended March 31, 2017), serving 6,800 business sites as of June 30, 2017.

In the RoI, Viridian participates in the competitive supply of electricity and natural gas to both business and residential customers. For the twelve months ended March 31, 2017, the Group had the second and third largest share of the electricity supply market to SMEs and LEUs, respectively, and, as of June 30, 2017, served 46,600 business sites. For the twelve months ended March 31, 2017, the Group had the third largest share of the gas supply market to SMEs and, as of June 30, 2017, served 4,500 business sites. Furthermore, since the Group's entry into the RoI residential market segment in January 2014, it has steadily grown such that, as of June 30, 2017, its residential customer base was 151,700 sites, including single fuel (electricity or gas) and dual-fuel (electricity and gas) customers.

Power generation

The Group enjoys a balanced generation mix split between renewable wind farm generation and gas-fired thermal generation. Viridian's two Huntstown CCGT plants, which play a system-critical role in ensuring the security of supply to Dublin and the surrounding area, provide an aggregate generation capacity of 747MW. As of June 30, 2017, Viridian's operational owned wind farms had an aggregate generation capacity of 202MW, with plans ultimately to increase this to approximately 300MW through capacity under construction totaling 75MW and capacity in various stages of development totaling 34MW. In addition, the Group retains a minority interest, equivalent to 24MW, in a 104MW portfolio of wind generation assets which it previously developed and divested in 2012. The Group also expects additional project acquisition opportunities in the future above the 300MW portfolio target. The Group's operational owned wind farms are owned by Unrestricted Subsidiaries and are subject to project finance arrangements on a ring-fenced basis, without recourse to the rest of the business. The Group is also exploring opportunities in renewable anaerobic digestion and has recently acquired a 3.6MW development project in Belfast.

Renewable supported off-take contracts

The Group purchases renewable electricity through long-term PPAs with third-party wind farm operators, other generators of renewable energy and its own wind farms. As of June 30, 2017, the Group had PPAs in place in respect of 981MW through its Energia Renewables (PPA) business and 207MW through Power NI. PPAs generally last for a period of 15 years, with an average of approximately 9 years remaining across the Group's contracted portfolio. PPAs provide developers of renewable energy projects with off-take contracts that help them secure financing and bring their projects to completion. In addition, through its Power Procurement

Business, or PPB, Viridian manages a legacy 600MW capacity under contract with Ballylumford power plant, in return for a regulated management fee.

Leading diversified Irish utility active in the energy market across Northern Ireland and the RoI

Supply	Power generation	Offtake contracts
Northern Ireland *Power NI* • #1 regulated residential electricity supplier *Energia* • Competitive electricity supply to business customers	Wind farms (owned) • ~300MW capacity operational and under construction Unrestricted Subsidiaries	Wind Power Purchase Agreements (PPAs) • 1.2GW of offtake capacity • ~30% market share in Irish wind PPAs • Average remaining life of ~9 years
Republic of Ireland *Energia* • Competitive electricity and gas supply to business customers • Successful entry into residential market (dual fuel)	Gas-fired power plants (Huntstown 1 & 2) • Strategically located in the Dublin area • Ensures security of supply	Power Procurement Business (PPB) • Regulated management fee to manage the legacy 600MW Ballylumford contract Restricted Subsidiaries

For the twelve months ended June 30, 2017, Viridian had revenue, Adjusted EBITDA and Restricted Group Adjusted EBITDA of £1,345.6 million, £113.4 million and £105.6 million, respectively.

Group reporting segments

Largely for regulatory reasons, the Group's activities are organized into separate reporting segments aligned by brand: Energia Group (with Energia Renewables (Owned Assets) reporting financial results as a separate segment), Power NI and PPB. The following chart maps the Group's activities to its reporting segments and brands.

	Supply		Power Generation		Offtake contracts	
	Northern Ireland	Republic of Ireland	Renewables	Gas generation	PPAs	PPB
Brands	power ni energia SUPPLY	energia SUPPLY	energia RENEWABLES	energia GENERATION	energia RENEWABLES power ni	power ni

Energia group

Energia Group operates as a vertically integrated energy business with activities covering supply, generation and the purchase of renewable energy through off-take contracts. Through Energia Supply, it is active in the competitive supply of electricity to business and residential customers in the RoI, as well as business customers in Northern Ireland. Energia Supply also supplies natural gas to business and residential customers, principally in the RoI. Energia Group also has a generation portfolio comprising of wholly-owned wind generation assets and its two conventional gas-fired Huntstown CCGT plants. Energia Group's retail electricity supply business is supported by long-term PPA off-take contracts with third-party renewable generators and its own wind farm assets. For the twelve months ended June 30, 2017, Energia Group had revenue and Adjusted EBITDA of £906.5 million and £74.1 million, respectively.

Energia supply

Energia operates an unregulated retail supply business which supplies electricity and natural gas to residential and business customers in the RoI and business customers in NI. Business customers in both jurisdictions include LEU and SME customers. For the twelve months ended March 31, 2017, Energia Supply supplied electricity to 13% of the LEU market and 29% of the SME market and supplied natural gas to 11% of the LEU market and 23% of the SME market in the RoI. In NI, Energia Supply is the fourth largest business electricity supplier by volume with a 16% market share among SMEs and a 13% market share among LEUs for the twelve months ended March 31, 2017. Energia Supply has competed in the RoI residential supply market since January 2014, and since its entry, it has steadily grown to a 6% market share in the residential electricity market for the twelve months ended March 31, 2017.

Additionally, as part of its hedging strategy, Energia Supply undertakes wholesale electricity, natural gas and carbon procurement activities on behalf of Energia Generation and Energia Renewables.

Energia renewables

Energia Renewables benefits from a supportive regulatory regime that provides incentives, such as ROCs in Northern Ireland and REFIT in the RoI, for investments in renewable energy. Renewable energy continues to be a key priority in Northern Ireland and the RoI, with both jurisdictions targeting 40% of electricity generation from renewable sources by 2020. See "*Industry—Generation—Wind Generation—Support for renewable energy.*" Energia Renewables operates through two separate divisions: Energia Renewables (Owned Assets) and Energia Renewables (PPA).

The Energia Renewables (Owned Assets) business generates renewable electricity through wind farm operations, including 202MW of wholly owned operational wind farms, 109MW of wholly owned wind farms under construction or in development, and its 24MW-equivalent minority stake wind farms previously developed and divested in 2012.

The Energia Renewables (PPA) business purchases renewable electricity through PPAs covering 981MW of operating renewable capacity (with contracts in place for an additional 20MW of renewable capacity under construction) as of June 30, 2017. Energia was the first independent electricity supplier to offer off-take contracts to third parties, and its first renewable PPA was signed in 2002. As of June 30, 2017, it represented 25% of the Irish market for wind PPAs, as estimated by management. Energia Renewables (PPA) provides the Group with further access to regulated renewable support mechanisms, with minimal capital requirements and potential upside to the extent of future increases in wholesale power prices (in the case of REFIT, above floor levels) as well as positioning Energia as a "green" supplier and enhancing relationships and presence with key stakeholders within the sector.

Energia generation (Huntstown 1 and 2)

Energia Generation comprises two CCGT plants (Huntstown 1 and Huntstown 2). These have been highly reliable and are modern and efficient plants, and their strategic location in the Dublin area ensures at least one unit is running on most days of the year. Moreover, the Huntstown plants have the technical capacity to provide 13 of 14 system-critical ancillary services, the importance of which has been rising as the penetration of wind power (an intermittent and non-synchronous technology) in Ireland has been increasing. The Huntstown plants have a total combined generation capacity of 747MW, which is able to supply approximately 11% of peak demand on an all-island basis (based on estimated peak demand of approximately 6,700MW). As required by current market regulation, Energia Generation sells the electricity it generates into the all-island single electricity market, or SEM pool, for which it receives energy payments, which are based on the system marginal price, or SMP, as well as certain other payments, such as constraint payments, capacity payments, and payments associated with ancillary services.

Power NI

Power NI is the incumbent electricity supplier in Northern Ireland, supplying electricity primarily to residential customers. While the residential electricity supply market in NI is open to competition, with a 59% market share Power NI is still regarded as the dominant supplier and is therefore subject to regulation. As a regulated business, Power NI is subject to price control which permits it to recover an allowance calculated by reference to its forecasted operating costs at the time of the relevant price control, plus an allowed margin based on a percentage of forecasted regulated revenue. On November 17, 2016, NIAUR confirmed the extension of the existing price control with respect to residential customers to March 31, 2019. In addition, Power NI supplies electricity to certain business customers in the unregulated market, and secures additional revenues through off-take from certain contracted smaller scale renewable PPAs. For the twelve months ended June 30, 2017, Power NI had revenue and Adjusted EBITDA of £337.5 million and £33.7 million, respectively, in each case based on, or after taking into account the adjustments for over/under recovery against, its regulated entitlement.

PPB

Like Power NI, PPB is subject to price control, which entitles it to an allowance (effectively a management fee) for the administration and management of 600MW of contracted generation capacity (as of June 30, 2017) from the Ballylumford power plant in Northern Ireland, an arrangement which has been in place for over 20 years. The Ballylumford contract has been extended until September 2023. For the twelve months ended June 30, 2017, PPB had revenue and Adjusted EBITDA of £115.2 million and £4.4 million, respectively, in each case based on, or after taking into account the adjustments for over/under recovery against, its regulated entitlement.

Competitive strengths

Leading diversified, vertically integrated Irish utility, strategically well-positioned in each segment

Viridian is a leading vertically integrated utility active in the energy market across NI and the RoI, with no single business unit accounting for more than 35% of the Group's Adjusted EBITDA. Moreover, Viridian's vertically integrated structure (comprising supply activities as well as both renewable and thermal electricity generation) provides a natural hedge against volatility in wholesale electricity prices to the extent that the dispatch of the Huntstown plants and the expected generation of the renewable generation portfolio offsets exposure to retail supply contracts sold.

The Group enjoys strong strategic positioning in each of its business segments, with revenue generation in each underpinned by one or more of: regulatory support, pro-renewable energy policies, a contracted nature, or a comparative / structural advantage.

Leading diversified Irish utility strategically well-positioned in each segment

	Supply		Power generation		Offtake contracts	
	Northern Ireland	Republic of Ireland	Renewables	Gas generation	PPAs	PPB
Brands	power ni energia supply	energia supply	energia renewables	energia generation	power ni energia renewables	power ni Power Procurement Business
Market Context and Viridian's Positioning	Power NI **Regulated** • Price control due to market share (Incumbent No.1 in residential) • Well-positioned for regulatory developments in the market (efficient operations, strong brand) Energia Supply **Comparative / structural advantage** • Strong positions in deregulated (business) segment	**Comparative / structural advantage** • Strong positions in a liberalised & de-regulated market	**Renewable Supports** • Government target for renewables (40% of electricity by 2020) • Renewables support mechanisms in place (REFIT/ROC in RoI and NI, respectively) • 100% of owned renewables portfolio "grandfathered" (REFIT to 2032, ROC to 2037) Unrestricted Subsidiaries	**Comparative / structural advantage** • "Structural" support for CCGTs earnings based on location: – Proximity to Dublin, overall network constraints, plants frequently dispatched regardless of merit order – Locational constraints likely to ensure capacity payments support in the future – Ancillary services increasingly important in the context of wind penetration and ensuring security of supply	**Contracted** • Viridian has a 30% market share in all-island PPAs • 9yr average remaining life • Contracts underpinned by renewables support mechanisms (REFIT/ROC in RoI and NI, respectively)	**Contracted** • Regulated management fee • Contract recently extended to Sep-2023

Strong, sustainable supply business with market leading positions

Viridian has leading market positions in electricity and natural gas supply across Ireland. In Northern Ireland, for the twelve months ended March 31, 2017, Power NI had a 59% share of the residential supply market. In the NI business supply market, Viridian was the third largest supplier to the LEU market with a market share of 19%, when aggregating its Energia and Power NI businesses, and the largest supplier to the SME market with a market share of 41% when aggregating its Energia and Power NI businesses.

Although the market share of Power NI across all customer classes has fallen since liberalization, its EBITDA contribution has remained stable, underpinned by the form of Power NI's current price control, which runs to March 31, 2019, and fixes 70% of its regulated allowance with the remainder variable based on customer numbers, thus limiting the impact of customer attrition on Power NI's results. The Group believes Power NI is well-positioned for the future, irrespective of the continuation of its regulated status, as its efficient operations, strong brand awareness and excellent customer service represent significant competitive advantages vis-à-vis other players in the market. While the NI residential supply market has been open to competition since 2007, when Power NI held 100% of the market, Power NI has been able to maintain its competitive advantages and retain strong market shares into recent years, with 59%, 64% and 68% market share in the years ended March 31, 2017, 2016 and 2015, respectively. According to analysis produced for the Group in October 2015, Power NI's cost to serve per residential customer of £25 and per business customer of £127, is significantly lower than the average for the six largest suppliers in Great Britain at £75 and £300, respectively. In addition, according to a survey conducted by Millward Brown Ulster in July 2017, Power NI is perceived as the leading energy company in NI by 66% of respondents and the most trusted electricity supply company by 61% of respondents.

Power NI generates further revenues through its strong presence in the deregulated business customer segment of the market and through certain smaller scale contracted renewable PPAs, which have represented and, the Group believes, will continue to be an attractive avenue for further diversified growth.

In the RoI, for the twelve months ended March 31, 2017, Energia had 13% and 29% market shares, by volume of the LEU and SME business electricity supply segments, respectively, and

11% and 23% shares of the LEU and SME natural gas supply segments, respectively, making Energia the second largest electricity and gas supplier to business customers by volume. Energia has a diversified customer base, with a particular focus on single- and multi-site SMEs, which represent the most profitable market segment.

In January 2014, Energia entered the RoI residential supply market, and the Group believes it is positioned as the price-leading dual-fuel provider, in a strategy to utilize synergistically the low cost-to-serve billing and customer service platform of Power NI. Since its entry, Energia has observed a measured ramp-up of operations, with steady growth in every quarter, serving 151,700 residential sites as of June 30, 2017, including single fuel (electricity or gas) and dual-fuel (electricity and gas) customers. For the twelve months ended March 31, 2017, Energia held a 6% share of the RoI residential electricity market and 6% share of the residential gas supply market. The growth was executed in a profitable manner, achieving break-even during Fiscal Year 2016, with an Adjusted EBITDA of £4.4 million in Fiscal Year 2017.

System-critical gas generation with increasing locational value

Huntstown 1 and 2 are modern and flexible CCGT plants, benefitting from high efficiency and low CO_2 emissions, as well as a strategic location on the outskirts of Dublin. Dublin and the surrounding area represents the highest concentration of customer demand in Ireland, which is expected to grow significantly in the coming years in the context of general macroeconomic growth as well as the significant expansion in data centers that is projected for the Dublin region. The Dublin area is also presently characterized by a high level of electricity system constraints. Such system constraints include, for example, voltage control, in which generation is required in a particular area of the electrical system to support local voltage, or load flow control, in which generation is required to enable the efficient flow of electricity.

Viridian’s plants are critical to the security of energy supply and system stability in Dublin and the surrounding area due to existing electricity system constraints, and as such receive energy payments not only based on the SMP set on the basis of an “unconstrained” (“in merit”) dispatch (i.e., when no restriction is imposed by the system operator on the ability of a generator to dispatch electricity, or physical limitations on dispatching such electricity exist), but also constraint payments, designed to compensate the plants when they get dispatched “out of merit.” Viridian’s CCGTs are frequently dispatched “out of merit”, and at any time, at least one of the plants is typically running on a “constrained” basis to ensure system stability. See “*Industry—Generation—Network Infrastructure, Constraints and Curtailment.*”

The Huntstown plants also receive capacity payments under the Capacity Payment Mechanism, or CPM, based on the generation capacity it makes available to the SEM. The CPM was established by the regulatory authorities as part of the SEM design to provide an incentive to generators to invest in building and maintaining generation capacity. See “*Industry—The All-Island Single Electricity Market—The Existing Single Electricity Market—The Capacity Payment Mechanism*.” Historically, capacity payments have been based on a capacity pot fixed yearly by the regulator and split among generators based on their respective availability levels. Huntstown 1 and Huntstown 2 are modern CCGT plants and the Group believes are among the most reliable conventional plants in Ireland, as evidenced by their high availability levels since being commissioned, with Huntstown 1 achieving a historical average availability of approximately 95% between the 2003 and 2017 Fiscal Years and Huntstown 2 achieving a historical average availability of approximately 95% between the 2008 and 2017 Fiscal Years, each according to management estimates. Although the capacity remuneration mechanism is expected to change under the new electricity market design under I-SEM (see “*Industry—The All-Island Single Electricity Market—The Integrated Single Electricity Market—Capacity Remuneration Mechanism*”), the Group believes Huntstown 1 and 2 will continue to benefit from support under the new regime due to their system-critical role in alleviating the localized constraints in the Dublin area.

In addition, as flexible and responsive generators, Huntstown 1 and 2 receive certain payments in return for the provision to the system operator of ancillary services necessary for the secure operation and restoration of the electricity system. These services (including operating reserve, reactive power and black start) are becoming particularly important as wind penetration increases in the Irish energy market, with at least 5.2GW of wind generation capacity expected to be connected to the grid by 2020. Wind is an intermittent and non-synchronous technology, and power demand in Ireland varies throughout both the day and the year, giving rise to transmission system supply and frequency imbalances. To address system security arising from increasing wind penetration, the system operator has established a multi-year program called "Delivering a Secure, Sustainable Electricity System" ("DS3"), with an annual budget cap relating to ancillary services increasing from €75 million in 2016 to up to €235 million by 2020. Viridian's CCGTs have the technical capability to provide 13 of the 14 ancillary services required under DS3, meaning they are well-positioned to potentially benefit from the material increase in the annual budget cap relating to ancillary services.

Successfully executed build-out of wind portfolio, with substantial run-rate contribution

The island of Ireland enjoys some of the best wind resources in Europe. Both the RoI and NI have established a target of sourcing 40% of electricity from renewable sources by 2020. This, if achieved through wind, would be expected to require an increase in installed capacity from 3.3GW in 2016 (2.5GW and 0.8GW for RoI and NI, respectively) to at least 5.2GW by 2020 (3.9GW and 1.3GW for the RoI and NI, respectively).

In light of this, and as a strategy to diversify towards a more balanced and sustainable generation fuel mix, including gas and wind technologies, Viridian, through its Energia Renewables (Owned Assets) business, has accelerated the build-out of its wind farm portfolio. Its operational owned wind farm capacity has increased from 9MW as of March 31, 2014 to 202MW as of June 30, 2017, representing approximately 67% of the Group's target portfolio of approximately 300MW. The Group currently has 75MW of capacity under construction which has been substantially de-risked, with 21MW having achieved financial close as of June 30, 2017 and a further 36MW having achieved financial close in September 2017. The cumulative investment in wind farms made by Energia Renewables (Owned Assets) over the last three Fiscal Years amounts to £219.2 million. In addition, the Group has a strong presence in the renewables market as a PPA provider to third party wind farms, with 1.2GW of capacity contracted.

The EBITDA contribution of Energia Renewables (Owned Assets) was £4.9 million for Fiscal Year 2017. However, this does not reflect full year contribution from the capacity existing as of March 31, 2017, as 168MW of capacity only became operational between February and April 2017 and had the current fully operational portfolio of 202MW been in place for the full Fiscal Year 2017, EBITDA contribution would have been substantially higher. The Group expects such run-rate contributions, coupled with the relatively limited amount of remaining investment, to result in substantial distribution opportunities to the Restricted Group going forward.

Resilient earnings with very high levels of cash conversion

Notwithstanding volatile economic conditions and energy markets in recent years, the Group has been able to deliver stable earnings and strong cash flow generation, underpinned by the natural hedge of a vertically integrated utility, the diversified nature of the business and its regulated or quasi-regulated characteristics.

Over the last three Fiscal Years, Restricted Group Adjusted EBITDA has averaged £99.3 million, and due to the low maintenance capital expenditure requirements of the Restricted Group, the Restricted Group's cash conversion (defined as Restricted Group Adjusted EBITDA less capital expenditure, divided by Restricted Group Adjusted EBITDA), excluding capital expenditure on renewables (owned assets), has averaged 93%.

This strong performance has historically also benefitted from the low bad-debt levels in the supply businesses. For Fiscal Year 2017, bad debt to revenue ratio was 0.3% for Energia Supply and 0.4% for Power NI. This was achieved through proactive credit management, including a focus on creditworthiness at the time of customer acquisition, and the use of pre-paid keypads and direct debit plans. For Fiscal Year 2017, approximately 31% of Power NI's customers paid using pre-paid keypads and direct debit payment plans covered approximately 87% and 37% of Energia's and Power NI's customers, respectively. In addition, Energia further mitigates the effect of customers defaulting by using credit insurance in respect of certain customers.

Strong management team, with deep knowledge of the Irish energy market, and committed shareholders

The collective industry knowledge and leadership of the Group's management team combined with their record of accomplishment in responding to economic conditions and evolving market dynamics are key assets to the business. The members of the management team have an average of 21 years of experience with the Group and an average of 22 years of experience in the energy industry. The Group believes that the team is highly regarded throughout the industry, has excellent relationships with regulators and government departments, maintains active representation on several electricity and gas industry organizations in Ireland, enhancing insight into and influence on ongoing market consultations, and has been directly involved in the strategic development of the energy markets in which the Group operates.

The team has a proven track record of consistently delivering superior performance and successfully completing growth strategy projects, such as the substantially complete build-out of the Group's owned wind portfolio, including the securing of dedicated, commercially favorable project financing with an aggregate £232.4 million of indebtedness outstanding under project finance bank loan facilities as at June 30, 2017 for these ring-fenced assets, and the successful entry into the retail residential supply market in the RoI, delivering steady, profitable growth in line with expectations.

The Group also benefits from its ownership by I Squared Capital Funds, an investor focusing on infrastructure, including the energy and utility sectors. I Squared Capital has extensive experience and expertise in developing and operating energy and utility businesses across the globe, and provides the Group with management experience and technical support. I Squared Capital is committed to implementing sustainable operational improvements through optimization of cost structures, and providing management teams with the flexibility to prudently manage cash flows.

Strategy

The Group's strategy is to leverage its vertically integrated business model as a leading diversified Irish energy utility and to focus on maintaining and enhancing the quality of earnings from its generation and supply businesses while continuing to deliver sustainable growth.

Improve profitability and maintain stable cash flows

Management seeks to capture available margin and cash flows arising in all parts of the value chain in the Group's business, both regulated and unregulated. The Group intends to continue to ensure high cash conversion through the consistent delivery of earnings and the ongoing management of maintenance capital expenditure with the average cash conversion over the three years from April 1, 2014 to March 31, 2017 at 93%. The Group has renegotiated the original maintenance contracts for the Huntstown plants so that the associated costs for Huntstown 1 plant are aligned to outages based on operating hours and associated costs for Huntstown 2 plant are variable in relation to operating hours. This allows the maintenance costs to be recovered as a marginal cost of generation in the Irish electricity market.

Furthermore, the Group plans to extend its track record of synergistic deployment of resources across its businesses. For example, the Group benefits from operational synergies between gas and renewable generation, using engineering and management expertise from the established conventional generation business to oversee operations and maintenance in the growing renewable asset portfolio. This has enhanced performance in a cost-effective manner. Within the supply businesses, the Group leveraged Power NI's billing system and mass market operational expertise in the residential retail market when planning and executing its entry into the competitive RoI residential supply market, resulting in a low cost market entry and competitive cost to serve.

Finally, the Group plans to further optimize its naturally hedged position arising from its vertically integrated structure. Within the Energia Group, management intends to continue to optimize its wholesale portfolio and its complementary positions in supply and generation to ensure stability of earnings and improve profitability. For example, Energia's predictable gas demand from its retail customer base allows it to negotiate competitive contracts from gas suppliers supplying gas to the Huntstown plants. The customer base also allows the cost of capacity purchased on the gas transmission network to be optimized with the Huntstown plants making Energia's customer offerings more cost competitive.

Support the predictability of the Group's earnings through the diversity of contracted and structurally supported revenue streams

The Group aims to continue delivering excellent performance against price controls for Power NI and PPB for the mutual benefit of the regulated businesses and customers. For example, Power NI, having already achieved approximately £3 million of annual benefits stemming from operational cost efficiencies, will share the efficiency gains with customers through the period of its new price control from April 1, 2017 to March 31, 2019.

PPB is incentivized to maximize the benefit of the long term PPAs it manages for customers, with its contract at Ballylumford recently extended to 2023. PPB has returned £12.5 million to customers over the last three years under the gain sharing agreement set out in PPB's price control. This goes towards reducing the PSO levy charged to customers. See "*Risk Factors—Risks Related to Our Business—PPB's contracts may be terminated by the NIAUR, which may adversely affect our results*."

Having delivered a current operational portfolio of 202MW of renewable wind generation, the Group also expects to complete the delivery of additional windfarm projects, with a target portfolio of 300MW of wind capacity. This will enable the Group to avail of the valuable government-backed support mechanisms, such as ROCs and REFIT, which are provided to renewable energy generators. With the build out of the Group's own wind portfolio (outside the Restricted Group) and the closure of the ROC scheme accelerating renewable build out from third party developers, the Group expects an increased contribution from a growing long term PPA portfolio supported by ROCs and REFIT.

The Group expects to maintain high availability levels for the system-critical Huntstown CCGT plants located on the outskirts of Dublin. The Group has recently reduced the minimum stable generation of each plant, thereby increasing the operational range of the Huntstown plants. The Group believes that the high availability combined with a lower minimum generation increases the attractiveness of the Huntstown plants to the TSO, allowing it to use the plants to accommodate a broader range of variability in wind generation.

The Group will also seek new sources of contracted, supported and/or regulated revenues, such as enhanced earnings potential for ancillary services under DS3. The budget cap for ancillary services is expected to rise from €75 million per year in 2016 to €235 million by 2020, as grid stabilization becomes more pressing with the increasing penetration of wind power. The Group's Huntstown plants have the ability to supply 13 out of 14 DS3 ancillary services, which positions these plants favorably to participate in that revenue stream.

Focus on profitable customer retention, enhance product offerings and look for opportunities to diversify Viridian's customer base

Viridian seeks to sustain a robust and profitable market share through the entrenched position of its supply businesses. The Group acquires and retains profitable customers through the provision of complementary services, which also has the effect of increasing brand awareness, reducing churn and mitigating price competition. This is intended to allow the Group to compete other than on price alone, thus aiming to preserve Group margins. The Group offers additional products and services to residential customers, beyond core electricity and gas supply, in the areas of energy efficiency, boiler maintenance and insurance, which help differentiate the Group's offerings and, the Group believes, brings value and convenience to customers. The Group offers energy efficiency consulting services to business customers throughout Ireland, and operates a dedicated key account management service for large consumption customers and a sales agent channel for smaller customers.

In order to enhance offerings in the supply businesses, the Group supports and is actively participating in the plans for a smart meter roll out in the RoI and the development of the "connected home" which integrates smart meters with digital controls over home energy systems such as heating, lighting and major appliances. In Northern Ireland, the Group supplied 47% of overall residential keypad customers as at March 31, 2017 and offers a range of online billing and consumption monitoring services tailored to meet customer requirements. Furthermore, for customers who have installed micro-renewables, such as solar panels, on their own premises, the Group provides access to the market.

Going forward, the Group intends to continue to build its knowledge about its customers through customer interactions and data analytics, proactively retaining customers through product offerings and rewards. For example, the Power NI Perks program allows customers to access exclusive savings on a range of products through its energy online portal; while Energia has a similar scheme for its customer base through Energia Extra which allows customers to access savings on a range of products and allow Energia's business customers to market their products to Energia's customer base. The Group will also focus on maintaining its excellent customer service proposition to improve efficiency and in an effort to foster customer loyalty.

The Group will continue its focus on maintaining a low level of customer debt compared to industry peers. The figure for bad debts for all of the Group's supply businesses in aggregate for the year ended March 31, 2017 was less than 0.5% of turnover. This has been achieved through a thorough debt management process, including debt checking potential customers and by using prepayment meters as a debt management tool.

Build upon the Viridian platform to realize complementary growth opportunities accretive to earnings

Management's continued focus on consistently achieving a high conversion rate of earnings to cash both enables the Group to maintain a prudent capital structure and underpins the potential to capitalize on growth opportunities which are value enhancing through earnings accretion, enhancing the business risk profile, and/or which are otherwise complementary to current operations in supply and generation. Two particular areas of opportunity for near-term growth are expansion of renewables and growth in retail supply.

Continue to drive growth through expansion in renewables

Government targets continue to support Viridian's expansion in the renewables sector in Ireland and facilitate the Group's objective to achieve a balanced and sustainable generation mix with an increasing emphasis on clean energy. This offers the opportunity further to diversify the Group's asset base with investments backed by contracted, government-backed renewable support mechanisms.

The Group has a proven renewable energy development and operational platform, with 202MW of owned wind generation capacity, 75MW under construction and 34 MW in development, in each case as of June 30, 2017. The Group is well-positioned to reach its target of 300MW of wind generation capacity in the immediate future, and to take advantage of further medium-term growth opportunities in the broader Irish renewables market. These may include opportunistic acquisitions of development projects, facilitated by a strong presence in the market as a PPA provider with 1.2GW of capacity contracted, as well as by the Group's relationships with developers and its track record of successfully bringing projects into operation. Viridian also expects to deploy its development and operational expertise to target other onshore wind opportunities which arise, and pursue the development of other renewable technologies which are less mature in Ireland, such as anaerobic digestion.

Continue profitable growth in retail

Viridian will continue to pursue growth in the retail sector through which it can leverage the operational excellence of its existing retail businesses. The Group believes it can gain an advantage through its competitive cost to serve compared to the six largest suppliers in Great Britain.

Specifically, Viridian aims to continue growing its residential retail market presence in the RoI, based on a medium term target of signing up 250,000 retail customer sites, having signed up 151,700 by June 30, 2017 after entering the market in 2014. The Group will also seek to enhance its offerings in the deregulated business sector in Northern Ireland through the incumbent Power NI brand. Finally, the Group will investigate other opportunities which may become available to grow sustainably in retail in Ireland, and through targeted entry into the GB market in circumstances consistent with its objective to enhance the overall business risk profile.

Maintain active engagement with regulators and key lobby groups

Viridian will continue to engage actively with regulators, government departments and customer representatives in order to promote constructive outcomes which are positive both for the Group's businesses and for customers. The Group has longstanding relationships with regulatory bodies such as CER and NIAUR and their relevant sponsoring government departments, and engages with these bodies on matters of regulation, competition, price and service. The Group actively participates in the regulatory process with the goal of encouraging fair and practical measures.

Management will continue its very active engagement with and participation in the regulatory process to implement I-SEM in 2018 in an effort to help ensure the interests of the Group are protected. Objectives include: (i) the promotion of increased liquidity in the I-SEM; (ii) the participation of wind and the alignment with renewable support mechanisms within I-SEM; and (iii) the achievement of an appropriate remuneration for the Group's system-critical and locationally favored generation assets from the multiple income streams which will be available under I-SEM, including appropriate payments under the capacity remuneration mechanism, the targeted contract mechanism and enhanced ancillary services payments under DS3. See "*Industry—The All-Island Single Electricty Market—The Integrated Single Electricity Market*."

The Group's engagement in the regulatory process in connection with the new I-SEM market will be complemented by its transitional change program to ensure operational readiness for the evolution of the market. Viridian is on track to build the systems needed to enable participation in the new market and its trading teams will have the capability to proactively engage with the opportunities presented by the new market, for example through increased liquidity.

Viridian also maintains membership in key industry groups, including Confederation of British Industry, Irish Business and Employers Confederation, Irish Wind Energy Association, Economic Social Research Institute, Electricity Association of Ireland, and was a founding member of Energy Savings Trust. The Group uses its membership within industry groups to pursue renewable support schemes that benefit owners and customers alike, as well as to engage on other regulatory and market matters.

Energia Group

Energia Group operates as a vertically integrated energy business with activities covering supply, generation and the purchase of renewable energy through off-take contracts. Through Energia Supply, it is active in the competitive supply of electricity to business and residential customers in the RoI, as well as business customers in Northern Ireland. Energia Supply also supplies natural gas to business and residential customers, principally in the RoI. Energia Group also has a generation portfolio comprising of wholly-owned wind generation assets (which report financial results as a separate segment) and its two conventional gas-fired Huntstown CCGT plants. Energia Group's retail electricity supply business is supported by long-term PPAs with third-party renewable generators and its own wind farm assets. Energia Group revenue (excluding Energia Renewables (Owned Assets)) for Fiscal Year 2017 and First Three Months 2018 was £874.4 million and £208.3 million, respectively and Adjusted EBITDA was £65.1 million and £13.9 million, respectively. Revenue at Energia Renewables (Owned Assets) for Fiscal Year 2017 and First Three Months 2018 was £7.7 million and £6.4 million, respectively, and Adjusted EBITDA was £4.9 million and £4.5 million, respectively.

Energia Group (excluding Energia Renewables (Owned Assets)) comprises three business units: (i) Energia Supply, an electricity and natural gas supplier to businesses across NI and to both business and residential customers in the RoI; (ii) Energia Generation, which operates two electricity generators in Huntstown, outside of Dublin; and (iii) Energia Renewables, a unit that sources renewable power generation both from its own portfolio of wind farm assets and under PPAs with third-parties. Energia Group (excluding Energia Renewables (Owned Assets)) is considered a single unit for reporting purposes, and Energia Renewables (Owned Assets) is considered a separate unit for reporting purposes.

Energia Supply

Energia Supply is an unregulated retail supply business, which supplies electricity and natural gas to residential and business customers in the RoI and business customers in NI. Business customers in both jurisdictions include LEU and SME customers.

Additionally, as part of its hedging strategy, Energia Supply undertakes wholesale electricity, natural gas and carbon procurement activities on behalf of the Energia Group. Hedging activities include wholesale energy trading, including trading of baseload CfDs on the wholesale market and trading energy purchased from power in Great Britain via the Moyle Interconnector and the EWIC.

Energia Supply has offices in Belfast, Dublin and Cork. The majority of staff is based at the Belfast office, with the Dublin and Cork offices operating primarily as sales offices. See "—*Employees*."

Electricity supply

Energia Supply's electricity supply customer base is split into three specific segments, LEUs, SMEs and Residential. LEUs are mainly large industrial and commercial users while SMEs represent the middle and small business segments, and include the services sector, central and local government and small industrial premises. Residential covers residential electricity and natural gas consumers in the RoI.

For the twelve months ended March 31, 2017, Energia Supply supplied electricity to 13% of the LEU market and 29% of the SME market in the RoI. In NI, Energia Supply is the fourth largest business electricity supplier by volume with a 16% market share among SMEs and a 13% market share among LEUs for the twelve months ended March 31, 2017. Energia Supply has competed in the RoI residential supply market since January 2014, and since its entry, it has steadily grown to occupy a 6% market share in the residential electricity market for the twelve months ended March 31, 2017.

Competition in the LEU and SME segments in both the RoI and NI is relatively mature as both markets have been open to competition for a number of years and there are no regulated tariffs in these segments (the final regulated tariff in the NI business electricity supply market, for Power NI customers with an annual consumption of less than 50MWh, was removed effective April 1, 2017).

Competition in the RoI residential market is well established with the electricity market open since February 2005 and full deregulation since October 2010. Energia Group entered the RoI residential electricity markets in January 2014 with what the Company believes to be a price-leading dual fuel strategy and has established a position as one of the key players in the residential switching market. Key sales routes to market have been established and end to end mass market paperless registration systems have been implemented.

Energia Supply purchases the majority of its electricity from the SEM pool, with the remainder coming from generators with capacity of less than 10MW who are not required to sell through the SEM pool. Although Energia Supply does not directly purchase electricity from the Huntstown power plants, the fact that the Energia Group both supplies into, and purchases from, the SEM pool provides the Energia Group with a natural hedge against price spikes or when other generators are on outage or when wind output falls.

Natural gas supply

In 2005, Energia Supply entered the natural gas supply market as part of a dual fuel strategy to improve customer retention levels and capture a higher combined electricity and natural gas margin per customer. Energia Supply provides natural gas supply to its LEU and SME customers, including a number of leading multinational corporations and public sector entities in the RoI. It also supplies natural gas to the Huntstown 1 and Huntstown 2 plants at the market price.

Energia Supply sources the majority of its natural gas supply requirements from three major suppliers, pursuant to flexible purchasing agreements, with no minimum specified volumes. Prices under these agreements can be fixed, or natural gas can be purchased at spot prices, depending on Energia Group's hedging strategies and the requirements of its retail customers.

For the twelve months ended March 31, 2017, Energia Supply was, by volume, the second largest unregulated natural gas supplier to business customers, supplying 11% of the LEU market and 23% of the SME market. Furthermore since its entry to the RoI residential supply market in January 2014, Energia Supply has steadily grown to occupy a 6% market share in the residential gas market for the twelve months ended March 31, 2017.

Sales and marketing

The Energia Group sales team is organized to match customer segments rather than by geographic location. The team comprises a LEU customer team, a SME customer team, an independent team of approximately 30 sales agents focused on the SME segment, and a market support team with energy efficiency and marketing expertise. The LEU team has five key account managers dealing with all major sites in the RoI and NI, which, for the purposes of the LEU market, include the four regions of North, Dublin, Midlands and South.

The SME sales team is organized into separate customer segments to deal with multi-site accounts (such as retailers and governmental bodies) and comprises a core dedicated team, with an additional network of independent sales agents throughout the RoI who are paid on a commission only basis.

The residential sales team is organized to manage various sales channels to the mass consumer market. The key routes to market include independent sales agents, price comparison websites, direct website, affinity deals and telesales. A residential sales manager is responsible for managing a network of independent sales teams, which are controlled through Energia Supply's territory management system with automated registration handheld units for the team of approximately 65 sales staff. A marketing team of 13 has responsibility for product development and brand activity across all the routes to the residential and commercial market.

Certain key performance indicators

The table below sets out the electricity sales for Energia Supply for Fiscal Year 2015, Fiscal Year 2016, Fiscal Year 2017, First Three Months 2017 and First Three Months 2018.

	Fiscal Year			**First Three Months**	
	2015	**2016**	**2017**	**2017**	**2018**
			(TWh)		
Electricity sales					
NI	0.9	0.7	0.7	0.2	0.2
RoI	4.1	3.9	4.1	1.0	0.9
Total	**5.0**	**4.6**	**4.8**	**1.1**	**1.1**

The table below sets out RoI residential customer sites for Energia Supply as at March 31, 2015, 2016 and 2017, and June 30 2017.

	March 31,			**June 30**	
	2015	**2016**	**2017**	**2016**	**2017**
			('000)		
Energia residential customer sites					
Electricity	53	82	107	90	112
Gas	30	36	38	38	39
Total	**82**	**118**	**145**	**128**	**152**

The table below sets out the natural gas sales for Energia Supply for Fiscal Year 2015, Fiscal Year 2016, Fiscal Year 2017, First Three Months 2017 and First Three Months 2018.

	Fiscal Year			**First Three Months**	
	2015	**2016**	**2017**	**2017**	**2018**
			(million therms)		
Natural gas sales					
Total	**68**	**81**	**81**	**18**	**15**

Energia Supply's total electricity sales increased to 4.8TWh for Fiscal Year 2017 from 4.6TWh in Fiscal Year 2016, reflecting the increase in residential sites supplied to 106,900 from 81,700, partially offset by the decrease in the number of business customer sites supplied to 51,800 from 53,800 in the same periods. Total electricity sales were essentially flat at 1.1TWh for First Three Months 2018 compared to First Three Months 2017, while the number of residential site supplied rose to 112,400 from 90,100 and business customer sites supplied decreased to 53,400 from 53,700 in the same periods.

Energia Supply's natural gas supply sales in the RoI were flat at 81 million therms for Fiscal Year 2017 compared to Fiscal Year 2016, while the number of residential sites supplied increased to 38,400 from 35,900 and the number of business customer sites supplied decreased to 5,300 from 5,500 in the same periods. Natural gas supply sales decreased to 15 million therms for First Three Months 2018 from 18 million therms in First Three Months 2017, while the number of residential sites supplied increased to 39,300 from 37,700 and the number of business sites supplied decreased to 4,500 from 5,600 in the same periods.

Hedging

Energia Group's hedging activities, which it undertakes in connection with the Energia Group's operations, are not for speculative purposes. It hedges exposure to the level of fixed price elements of supply contracts sold by Energia Supply.

Energia Group's hedging activities are carried out by its trading team. While Energia Group's own thermal generation is often ranked low on the SEM merit order (referred to as being 'out of merit'), it continues to act as a hedge against price spikes or when other generators are on outage or when wind output falls. The trading team utilizes a variety of hedging tools, including financial and physical natural gas contracts, financial and physical power contracts, interconnector capacity purchases along with carbon and foreign exchange trades (which along with natural gas, are the primary drivers of variable generation costs in the SEM).

Energia Group's trading and hedging activities are governed by a risk governance framework approved by the Energia Group management board. Trading and hedging activities are monitored by an Energia Group risk management committee that meets weekly and the Energia Group management board that meets monthly.

The Energia Group trading team's role also includes the formulation and submission of SEM offers for generation from the Huntstown plants.

In addition to Energia Group's own thermal generation acting as a natural hedge against price spikes, other generators being on outage or a drop in wind output, Energia Group has developed a range of sophisticated retail products which act to reduce the amount of hedging and type of hedging required by the structure of the retail contracts offered (i.e., by passing the risk on to the customer) and to reduce its exposure to the SEM. The range of contracts of each type available include:

(a) SEM pass through contracts. These contracts pass through SEM market prices to customers with a margin retained by Energia Supply. This type of contract requires no hedging. For Fiscal Year 2017 this accounted for approximately 9% of Energia Group's sales volume.

(b) Variable contracts. These contracts link electricity contract prices to natural gas prices, carbon prices and exchange rates. Each month a customer's energy rate is calculated by reference to these commodities. Customers have the ability to hedge on a flexible basis (meaning that customers have the ability to determine the timing and quantum of the hedging to be incorporated within their contracts), although historically only a small proportion have done so. These type of contracts are offered to Energia Supply's LEU and SME customers. For Fiscal Year 2017, this accounted for approximately 40% of Energia Group's sales volume.

(c) Small SME customer contracts. These contracts are given a fixed rate but it is at Energia Group's discretion to alter those rates. Hedging is carried out for these customers on a six month rolling basis with the fall back that customer prices can be altered if underlying costs change. For Fiscal Year 2017, this accounted for approximately 14% of Energia Group's sales volume.

(d) Fixed price contracts for an agreed period of time. These contracts are offered to SME and residential customers and are hedged. For Fiscal Year 2017, these accounted for approximately 37% of Energia Group's sales volume.

Energia generation

Energia Generation comprises two CCGT plants, Huntstown 1 and Huntstown 2 plants, located on the outskirts of Dublin with a total combined generation capacity of 747MW, meeting approximately 11% of peak electricity demand on an all-island basis (based on estimated peak demand of approximately 6,700MW). Huntstown 1 and Huntstown 2 were commissioned in November 2002 and October 2007, respectively, and hold separate generation licenses issued by the CER. As required by current market regulation, Energia Generation sells the electricity it generates into the all-island SEM, or SEM pool, for which it receives the SMP (unless there is constraint, in which case output is sold at bid price) as well as certain other payments, such as constraint payments, capacity payments, and payments associated with ancillary services. The SMP is received by all generators who were scheduled to have run by the market operator and reflects the marginal cost of the last generating unit called to meet demand. The Huntstown plants are critical to the security of energy supply and system stability in the Dublin area, and as such plants receive energy payments not only based on the SMP set on the basis of an "unconstrained" ("in merit") dispatch (i.e., when no restriction is imposed by the system operator on the ability of a generator to dispatch electricity or physical limitations of dispatching such electricity exist), but also constraint payments, designed to compensate the plants when they get dispatched "out of merit." Viridian's CCGTs are frequently dispatched "out of merit", and at any time, at least one of the plants is typically running on a "constrained" basis to ensure system stability.

Capacity payments are based on the generation capacity made available to the market under the CPM, which was established by the regulatory authorities as part of the design of the SEM to provide an incentive payment to generators, such as Huntstown, to recognize the value of that capacity to the system and maintain availability levels. The current regulatory methodology used to calculate the CPM will remain in effect until I-SEM commencement, currently scheduled for May 23, 2018. Under I-SEM, the capacity remuneration mechanism will be based on market prices set through capacity auctions, with the potential for generators in constrained areas to be paid at the higher of the clearing price and their bid price, subject to certain regulatory caps on their bid prices. See "*Industry—The All-Island Single Electricity Market—The Integrated Single Electricity Market—Capacity Remuneration Mechanism*."

A number of payments and charges are paid/levied outside the SEM by the TSOs, EirGrid and SONI. These are ancillary services payments/levies for services necessary for the secure operation and restoration of the electricity system. These services include operating reserve, reactive power and black start, generator performance incentive charges and alternative fuel compensation payments. The current ancillary services arrangements will be replaced by the DS3 program in the coming years. See "*Industry—The All-Island Single Electricity Market—Ancillary Services—DS3*."

As the Huntstown plants sell all their output directly into the SEM pool, they do not have PPAs in place. The table below sets out certain information in respect of each of Huntstown 1 and Huntstown 2:

	Gross capacity (MW)	Design	Operating date
Huntstown 1 plant	343	Siemens gas turbine split shaft	November 2002
Huntstown 2 plant	404	Mitsubishi single shaft system	October 2007

Technical summary of the Huntstown plants

Huntstown 1 is a 343MW CCGT based on Siemens SGT5-4000F gas turbine technology. It consists of a split shaft design of one gas turbine and generator coupled with an unfired boiler raising steam for the other half of the unit that comprises a steam turbine and second generator. Cooling is provided by an air-cooled condenser wherein the condensed steam is returned to the plant to be recycled. Distillate oil is provided as a back-up fuel, and the station has on-site fuel storage and handling facilities with fire-fighting infrastructure.

Huntstown 2 is a 404MW CCGT based on Mitsubishi Heavy Industries 701F GT technology in single-shaft configuration. It comprises one gas turbine coupled with an unfired boiler raising steam for one steam turbine. Cooling is provided by an air-cooled condenser wherein the condensed steam is returned to the plant to be recycled. As is the case for Huntstown 1, distillate oil is provided as a back-up fuel, and the station has on-site fuel storage and handling facilities with firefighting infrastructure.

Operational performance of the Huntstown plants

Huntstown 1 and Huntstown 2 are modern CCGT plants and, in the Group's view, among the most reliable conventional plants in Ireland, as evidenced by their high availability levels since being commissioned, with both plants achieving consistently high availability levels of approximately 95%. Furthermore, thermal efficiency and output levels achieved at both plants have been in line with management's expectations. The Group has recently reduced the minimum stable generation of each plant, thereby increasing the operational range of the Huntstown plants. The Group believes that the high availability combined with a lower minimum generation increases the attractiveness of the Huntstown plants to the TSO, allowing it to use the plants to accommodate a broader range of variability in wind generation.

Unconstrained utilization levels at both Huntstown 1 and Huntstown 2 have remained at low levels until recently. Unconstrained utilization for Huntstown 1 increased to 8.1% for Fiscal Year 2017 from 1.0% for Fiscal Year 2016 and unconstrained utilization for Huntstown 2 increased to 29.0% for Fiscal Year 2017 from 2.9% for Fiscal Year 2016. Unconstrained utilization for Huntstown 1 increased to 40.3% for First Three Months 2018 from nil for First Three Months 2017, and unconstrained utilization for Huntstown 2 decreased to 11.7% for First Three Months 2018 from 42.9% for First Three Months 2017. Until recently, the unconstrained utilization rates at these plants reflected increased generation from renewables in recent years and the reduction in the cost of coal and carbon dioxide emissions allowances in comparison to natural gas. The reduction in the cost of coal (relative to natural gas) and carbon dioxide emissions allowances had improved the position in the Merit Order of Ireland's two coal generation plants relative to the Huntstown plants. More recently, gas prices have reduced relative to coal and, together with lower fixed gas transmission capacity costs in spring and summer months, has resulted in an increase in unconstrained utilization of the Huntstown plants which may, however, decline again over the winter months.

Due to a number of factors, the TSOs are not able to align the SEM unconstrained schedule with the plant needed to ensure demand and supply are met in real time across all portions of the grid. Sometimes there are general, system-wide reasons for this, such as an unexpected plant outage; however, often this is due to regional constraints faced by the Irish electricity grid. Some constraints on the Irish system include those governing power flows between the RoI and NI, the need for a minimum amount of units to be running in a particular area and the need to enforce limits on generation output to support voltage. The Huntstown plants are part of the Dublin constraint group, which requires keeping on two out of the five Dublin-area thermal generators at all times to manage voltage control. As a result, one of the Huntstown plants regularly is called upon to operate even if it is not in the SEM unconstrained schedule.

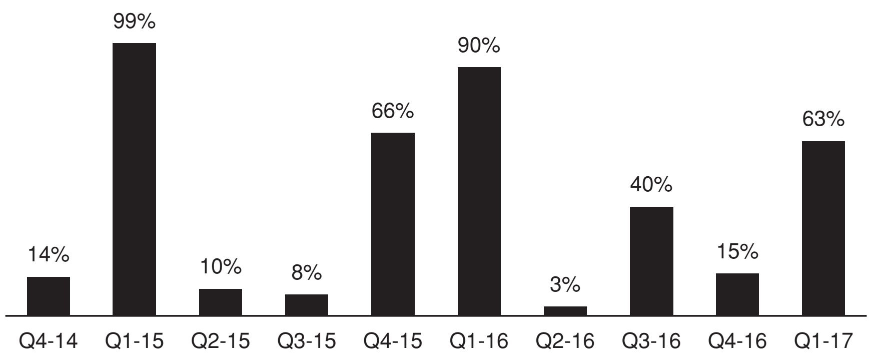
While thermal plant utilization rates have declined in the unconstrained SEM market, the Huntstown plants have seen significant constrained utilization to support the grid within the Dublin region. The incremental impact of constrained utilization for Huntstown 1 was an increase of 9.7% for Fiscal Year 2017 and 25.4% for Fiscal Year 2016, and for Huntstown 2 there was an increase of 13.2% for Fiscal Year 2017 and 30.1% for Fiscal Year 2016. The incremental impact of constrained utilization for Huntstown 1 was an increase of 26.2% for First Three Months 2018 and 2.6% for First Three Months 2017, and for Huntstown 2 there was an increase of 0.3% for First Three Months 2018 and 17.8% for First Three Months 2017.

The following table provides a summary of plant unconstrained utilization and the incremental impact of constrained utilization at the Huntstown plants for Fiscal Year 2015, Fiscal Year 2016, Fiscal Year 2017, First Three Months 2017 and First Three Months 2018:

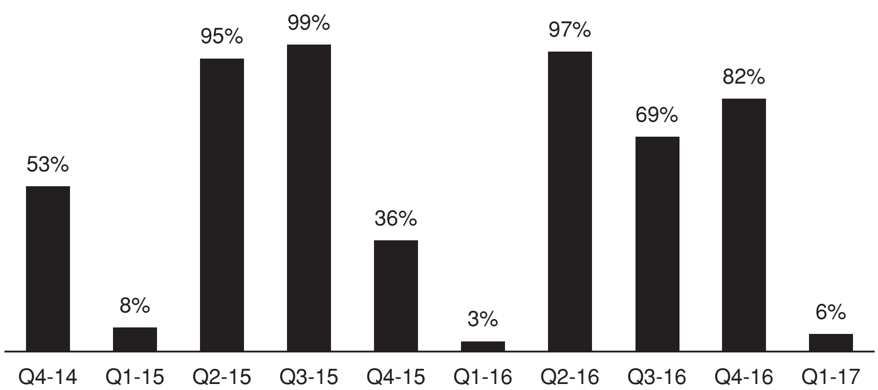
	Fiscal Year			First Three Months	
	2015	2016	2017	2017	2018
			(%)		
Unconstrained utilization					
Huntstown 1 plant	2.3	1.0	8.1	—	40.3
Huntstown 2 plant	24.8	2.9	29.0	42.9	11.7
Incremental impact of constrained utilization					
Huntstown 1 plant	15.8	25.4	9.7	2.6	26.2
Huntstown 2 plant	3.1	30.1	13.2	17.8	0.3

The following charts provide a quarter-by-quarter summary of the percentage of days in each quarter on which Huntstown 1 or Huntstown 2 was called upon to run for at least a portion of the time.

Huntstown 1



Huntstown 2



Maintenance

Huntstown 1

Huntstown 1 has a LTSA with Siemens for gas turbine and specialist maintenance services and parts relating to the station, for a period of the earlier of (i) thirteen events of planned maintenance (which is programmed to take place at approximately 108,333 equivalent operating hours ("EOH")) or (ii) 20 years from the commencement date which is 22nd November 2002. To date, eleven of the thirteen LTSA scheduled outages have been successfully completed.

The LTSA incorporates a performance incentive scheme in relation to the minimization of combined scheduled and forced outage days along with industry standard warranties on parts and services. A warranty as to output and efficiency performance level before and after servicing is also part of the agreement.

The plant operates a computerized maintenance management system to identify and control maintenance requirements. This product, Maximo, is well established, licensed and supported by IBM.

Huntstown 2

Huntstown 2 and Mitsubishi Hitachi Power Systems Europe Limited also have a LTSA for services including the provision of planned maintenance, spares, performance monitoring, parts management, support services and expert advice in relation to specifically described critical plant components within the plant over a period of up to the earlier of (i) twelve events of planned maintenance, (ii) 111,020 equivalent fired hours from initial firing or (iii) October 2, 2026. To date, eight of the twelve LTSA scheduled outages have been successfully completed.

The LTSA incorporates a performance incentive scheme in relation to the measurement of output and heat rate against a predetermined degradation curve. Performance tests are carried out after the completion of each event of planned maintenance and a deferred bonus payment or shortfall payment is made accordingly.

Certain key performance indicators

The Group believes the Huntstown plants have historically been among the most reliable in Ireland. However, planned outages for major repairs, regular maintenance and for other reasons are required, and unplanned outages may also occur from time to time.

With respect to major repairs, during Fiscal Year 2016, Huntstown 1 experienced a 13-day outage during which a rotor replacement was successfully completed to rectify a previously identified defect in the gas turbine. During Fiscal Year 2017, a 24-day scheduled outage on the Huntstown 1 was extended by seven days to complete additional work on the gas turbine and steam turbine. Also during Fiscal Year 2017, a 20-day outage on the Huntstown 2 was extended by nine days to complete additional work on the gas turbine. This outage also identified a necessary repair to the high pressure stop valve in the steam turbine, and this repair was successfully undertaken during a 23-day outage which commenced on June 14, 2017, with the plant returning to service on July 6, 2017.

The Group also plans for a certain number of outage days each year at the Huntstown plants for regular maintenance and other work. Planned outages vary each year based on the maintenance schedule agreed with Siemens in relation to Huntstown 1 and Mitsubishi in relation to Huntstown 2. Management expects availability going forward to remain high, taking into account scheduled outage time and an estimated 3% allowance for unplanned outage time based on historical performance.

The following table provides a summary of availability the Huntstown plants for Fiscal Year 2015, Fiscal Year 2016, Fiscal Year 2017, First Three Months 2017 and First Three Months 2018.

	Fiscal Year			First Three Months	
	2015	**2016**	**2017**	**2017**	**2018**
			(%)		
Availability					
Huntstown 1 plant	100.0	95.8	89.3	80.0	100.0
Huntstown 2 plant	97.3	97.5	91.1	96.3	79.0

Fuel supply

Both Huntstown 1 and Huntstown 2 use natural gas as their primary input, but under the terms of their respective licenses must be capable of storing and using distillate oil for a minimum continuous period of five days. The plants can switch to distillate oil if natural gas is unavailable or if the relative pricing levels of natural gas and distillate offer the Energia Group commercial advantage. While such a switch would reduce the efficiency of the plants, the Energia Group would only do so if it was commercially advantageous or if instructed to do so by the system operator. Energia Group supplies the plants with natural gas purchased under flexible purchasing agreements that do not have any minimum specified volumes. Prices under these agreements benefit from reduced transportation costs or are discounted to published market prices. Prices can be fixed, or natural gas can be purchased at spot prices, depending on Energia Group's hedging strategies and the requirements of its retail customers. Distillate oil is provided by various suppliers.

Natural gas capacity is required to move natural gas into (entry capacity) and out of (exit capacity) the Irish natural gas system. Energia Group's trading team, on behalf of the plants and the retail supply position, optimizes the capacity bookings required across the retail and generation position on an annual, monthly and daily basis. The tariffs for this capacity (sold by Gaslink) are regulated and set annually. Capacity requirements for the power plant are generally met through 'within day' capacity purchases or trades that allow Energia Group to closely match requirements with purchases. The cost of this capacity is fully recovered through payments from the SEM. Energia Group also trades entry capacity in a secondary market with a number of counterparties enabling the purchase of capacity at prices below the regulated tariffs and the sale of capacity during periods of excess (for instance during summer periods of low demand).

Permits and licenses

Huntstown 1 and Huntstown 2 hold separate licenses to generate electricity issued by the CER under Section 14(1)(a) of the Electricity Regulation Act, 1999. Huntstown 1 and Huntstown 2 both hold Integrated Pollution Prevention Control, or IPPC, licenses which are in line with industry standards and do not include any limits that are considered to impose unduly harsh restrictions on the plants' day-to-day operation.

Health and safety

The Group believes that, by industry standards, the health and safety record of the Huntstown site has been very good. Huntstown underwent a health and safety inspection under OHSAS 18001, an internationally recognized assessment specification for occupational health and safety management systems, in 2010 and was recertified to this standard in 2013. The site has experienced no major incidents or injuries and on average the rate of lost time accidents (over three days' absence) during operation, has been less than one per year and all relating to minor incidents. Safety responsibilities are managed through line management with a nominated safety engineer role within the plant management team and specialist support is made available through the Group supported by a qualified third-party. The function is subject to periodic internal and external reviews.

Environmental summary

Huntstown 1 and Huntstown 2 have an environmental management system in place that has been accredited to the internationally recognized ISO 14001 standard. The site has established a positive working relationship with the EPA in the RoI, which regulates the environmental performance of each station. Each station has its own IPPC license and both plants have operated within the imposed limits for emission to air, water and land. The plants comply with emission limits in full accordance with the EPA's limits specified for the plant. Environmental reports for both plants are filed annually with the EPA and are a matter of public record.

In 2016, the minimum generation requirements of both Huntstown plants was lowered to provide more flexibility to the TSO allowing it to use the plants to accommodate a broader range in variability in wind generation. In February 2017, the EPA requested information concerning the manner in which these changes were made and the impact that reductions in minimum generation in the Huntstown plants would have on concentrations of air pollution, especially when running under partial load. In April 2017, the EPA followed up with a more detailed request for information. The Group believes that it complies with the terms of the Huntstown plants' licenses in all material respects, however cannot guarantee that the EPA will not object, or take a view that running the Huntstown plants at part load violates the pollution control conditions of one of the licenses.

EU Emissions Trading Scheme

Under the EUETS, generators must monitor and annually report their CO_2 emissions. In addition, generators are required each year to surrender an amount of emissions allowances to the government that is equivalent to their independently verified CO_2 emissions in that year. Energia Trading hedge this requirement though the trading of CO_2 allowances ("EUAs") with a number of counterparties. Compliance has been maintained with the EUETS through the appointment of approved external verifiers and the timely surrender of EUAs to match the actual tons emitted.

Energia Renewables

Energia Renewables operates through two separate divisions: Energia Renewables (Owned Assets) and Energia Renewables (PPA).

Energia Renewables (Owned Assets)

Energia Renewables' owned portfolio includes a 202MW portfolio of ten operational wind farms across NI and RoI as listed below under "—*Wholly-Owned Wind Farms*." In addition, there are four wind farms totaling 75MW currently under construction in NI (Rathsherry, Cornavarrow, Slieveglass and Teiges). Energia Renewables also has a further 34MW in development, as well as holding a minority stake in ten operating wind farms (of which its stake represents 24MW equivalent capacity).

Wholly-Owned Wind Farms

The Group is targeting building an operational portfolio of approximately 300MW in the medium-term and expects additional opportunities for the acquisition of projects in the future over and above the 300MW portfolio target. The ten operational wind farm projects (201.6MW), details of which are set out in the table below, are project financed with lenders all of whom have previously provided project finance facilities to Energia Renewables' wind farms.

Wind Farm	CoD	MW Capacity	Turbine Manufacturer	Location	Finance Provider
Holyford	February 2014	9	Siemens	Co. Tipperary, RoI	BoI
Thornog	December 2014	20	Nordex	Co. Tyrone, NI	NordLB
Clondermot	May 2015	2.3	Enercon	Co. Derry, NI	BoI
Lisglass	February 2015	2.3	Enercon	Co. Antrim, NI	BoI
Long Mountain	April 2017	27.6	Enercon	Co. Antrim, NI	NordLB/BoI
Meenadreen Extension	March 2017	95.0	Nordex	Co. Donegal, RoI	NordLB/BoI
Glenbuck	April 2017	9.2	Enercon	Co. Antrim, NI	NordLB/BoI
Gortfinbar	February 2017	15.0	Siemens	Co. Tyrone, NI	NordLB/BoI
Eshmore	February 2017	7.1	Enercon	Co. Tyrone, NI	NordLB/BoI
Altamuskin	April 2017	14.1	Enercon	Co. Tyrone, NI	NordLB/BoI
Total		**201.6**			

On all of the projects undertaken to date, a multi-contract construction approach was adopted and managed by in house project managers supported by external contractors with specific expertise in the delivery of onshore wind projects. Construction contracts include turbine supply agreements with proven technology providers such as Enercon, Siemens and Nordex, electrical balance of plant contracts and civil construction contracts. All of the contracts ensure, to the greatest extent possible, that responsibility and delivery of the project on time and within budget lies with the relevant contractor.

During Fiscal Year 2017, the Group put in place ring-fenced non-recourse project finance facilities amounting to £7.9 million and £18.4 million in respect of the Eshmore and Altamuskin wind farms respectively. During Fiscal Year 2016, the Group put in place ring-fenced non-recourse project finance facilities amounting to €125.9 million in respect of the Meenadreen Extension wind farm and £64.1 million in respect of the Long Mountain, Gortfinbar and Glenbuck wind farms. During Fiscal Year 2015, the Group put in place ring-fenced non-recourse project finance facilities amounting to £7.2 million in respect of the Clondermot and Lisglass wind farms. It is intended that future wind farm projects will also be financed on a ring-fenced non-recourse basis.

As at June 30, 2017, Energia Renewables had four wind farm development projects, with a combined capacity of 75MW, under construction as set out in the table below, and which are expected to become operational over the next 18 months.

Wind Farm	**MW Capacity**	**Turbine Manufacturer**	**Location**	**Finance Provider**
Rathsherry	21.2	Enercon	Co. Antrim, NI	Ulster Bank
Cornavarrow	36.0	GE	Co. Tyrone, NI	Ulster Bank
Slieveglass	6.9	Enercon	Co. Tyrone, NI	Ulster Bank
Teiges	11.0	GE	Co. Fermanagh, NI	Ulster Bank
Total	**75.1**			

These projects have obtained all necessary consents and the main determinant of timing of commercial operation is delivery of the relevant connection infrastructure. The biggest project in this category is the 36MW Cornavarrow project in County Tyrone, which is expected to achieve commercial operation by the end of 2018. Project financing terms have been agreed with Ulster Bank for a portfolio financing facility covering the remaining 75MW of capacity in construction. During the First Three Months 2018, the Group achieved financial close for the Rathsherry project and put in place ring-fenced non-recourse project finance facilities in an amount of £28.4 million. In September 2017, the Group achieved financial close for the Cornavarrow project and put in place ring-fenced non-recourse project finance facilities in an amount of £56.7 million. The project finance for the other two projects is in the process of being put in place.

In addition to the above, Energia Renewables has four wind farms projects, as set out in the table below, which it either owns or has options over, totaling 34MW, which it is bringing through the planning and grid connection process.

Wind Farm	Ownership	MW Capacity	Planning	Location	Connection status
Corkermore Extension .	Owned	8	Yes	Co. Donegal, RoI	9.4MW Gate 3 Capacity
Crighshane Extension .	Option	21	Applied March 2011	Co Tyrone, NI	Subject to planning
Church Hill Extension .	Option	2.3	Applied July 2013	Co Tyrone, NI	Subject to planning
Eshmore Extension . . .	Owned	2.3	Yes	Co Tyrone, NI	To be applied for
Total		33.6			

As these projects are all extensions to existing assets, the probability of achieving the required planning consents is high. However, the availability of grid capacity in NI is limited and the timing of ultimate commercial operation and, accordingly, the availability of REFIT2 or other follow-on support mechanisms in the RoI and NI follow-on support mechanisms, is not certain.

By continuing to utilize its relationship with independent developers, the Group may also have the opportunity to add further early-stage consented development projects which are available for acquisition. Any such acquisitions will be subject to extensive due diligence and pre-set hurdle rates of return to determine acquisition prices paid to the developers.

Minority Owned Wind Farms

In June 2012, the Group sold a majority interest in a 104MW portfolio of wind farms in a competitive process to the Irish Infrastructure Fund ("IIF"). The portfolio comprises of 24MW of operational wind farms acquired in 2008 and five wind farms with a capacity of 80MW which the Group successfully financed, constructed and placed into commercial operation between 2010 and 2012. The Group continues to own a minority stake in these wind farms (a 24MW equivalent), retains the off-take for the wind farms and also continues to manage the wind farms and the financing arrangements through the provision of a management services agreement. In March 2016, the RoI assets were refinanced by NAB. As part of the management services agreement with the IIF, Energia Renewables also carries out the operation and maintenance activities associated with the wind farms through a dedicated team. Availability of this 104MW wind portfolio was 95.0% for Fiscal Year 2017 and 95.1% for Fiscal Year 2016.

Wind Farm Operation and Maintenance

Operation and maintenance agreements are in place for each of the wind farms with the original equipment manufacturers (Enercon, Nordex and Siemens) and are expected to be put in place for wind farms under construction and in development. The services include remote monitoring and specific performance incentives in relation to availability and scheduled maintenance activities. The balance of plant operations are managed by site supervisors and specialist electrical maintenance is conducted through electrical HV and LV contractors. Wind farm operation and maintenance procedures and policies are in place in accordance with original equipment manufacturers and processes are subject to continuous review and updating in light of wind farm operating experience and industry best practices. Operation and maintenance performance monitoring and policy development is overseen by a dedicated operations and maintenance manager who is supported by the overall generation operation and maintenance team based at Huntstown. This ensures a standard approach to health and safety, contracts management, planning and execution of work. Through this effective operation and maintenance model, high availabilities in line with best industry practice have been achieved. It is intended for this model to be replicated as the projects under construction and in the development pipeline reach commercial operation. With an exception of a fatal accident on the Meenadreen Extension wind farm construction site in December 2015 as described under "*Risk Factors—Our operations expose us to the risk of material health and safety liabilities, which leave us open to substantial liabilities, fines and penalties*," the health and safety record for the portfolio of wind farms has been good. Excluding third party contractors there were no reportable incidents or lost time incidents recorded at operational or in-construction wind farms during Fiscal Year 2017 (Fiscal Year 2016: nil). Including third party contractors there were 7 reportable incidents or lost time incidents recorded at operational or in-construction wind farms during Fiscal Year 2017 (Fiscal Year 2016: 4). Safety responsibilities are managed through line management within the operation and maintenance team and specialist support is made available through the Group supported by a qualified third-party. The function is subject to periodic internal and external reviews.

Certain key wind farm performance indicators

Availability for wholly-owned wind farms was 97.3% for both Fiscal Year 2017 and Fiscal Year 2016. The wind factor for wholly-owned wind farms was 25.9% for Fiscal Year 2017 and 32.2% for Fiscal Year 2016.

Energia Renewables (PPA)

Energia Renewables (PPA) business purchases renewable electricity through long-term PPAs with third-party wind farm operators, other generators of renewable energy and wind farms in which the Group has an equity interest. Electricity from generators with capacity greater than 10MW is purchased by Energia Renewables but is then required to be sold into the SEM, while electricity purchased from generators with capacity of less than 10MW may be sold directly by Energia Supply to customers without being sold into the SEM. The Energia Renewables (PPA) business provides independent wind farm developers with bankable and competitive PPAs, which are entered into with both third-party wind generators and wind farms owned and part-owned by the Energia Renewables business unit and generally remain in effect for 15 years, reflecting the financing period required for wind farm investments.

Since both of the RoI and NI regulatory regimes have been put in place, Energia Group has been offering PPAs to renewable generators and, based upon its market share, has built a reputation for being competitive and competent. PPAs are used by developers in their financing process and over the years Energia has assisted a large number of independent developers to finance their growing portfolio of wind farms. This has given Energia Group a strong position in the off-take market.

Energia Renewables (PPA) business generates a margin on the sale of energy produced by renewable generators without requiring the Energia Group to make an investment of capital or to use significant incremental resources for their administration. Margin generated by this business is broadly dependent on sales price (in particular the SMP), PPA wind farm capacity, PPA wind farm day-to-day productivity (or load factor) and PPA agreement terms. The RoI agreements have historically been based on a fixed price, whereas some of the newer PPAs include a variable price element. The NI PPA agreements are for the most part variably priced, often with a floor price. Load factors are highly variable due to their dependence on sufficient wind for operation.

The Energia Renewables (PPA) business has access to renewable support mechanisms (REFIT in the RoI and the ROC scheme in NI), in respect of 97.4% of its capacity at June 30, 2017, as set out below:

- **REFIT:** Under REFIT, suppliers are compensated if the SEM market price, including constraint payments achieved for electricity generated and capacity payments earned by a particular renewable generating unit in a calendar year, is below a base reference price. The reference price is indexed annually (upwards only) at the CPI, and in 2017 is set at a floor of €69.72/MWh for large scale wind generation and €72.167/MWh for smaller scale wind generators. Suppliers like Energia claim any shortfall between the market and the floor prices in any annual period from a PSO Levy pot of funds, funded by customers, set aside and administered by the CER. Suppliers are also compensated for the cost of balancing renewable generation at a fixed rate for large scale wind generation per MWh generated (being €10.458/MWh for 2017) for REFIT1 and €9.90/MWh for REFIT2 and REFIT3 (not indexed). REFIT1 closed to capacity operational after December 2013 and was replaced by REFIT2 (Onshore wind, hydro and biomass landfill gas) and REFIT3 (Biomass Technologies). REFIT2 and REFIT3 are, as of December 31, 2015, closed to new application.

- **NIRO regime:** NI has established the RO, which requires electricity suppliers to source a targeted percentage of supplied electricity from renewable sources, and any shortfall must be satisfied by either paying a buyout fee (£45.58/MWh in 2017/2018) or purchasing ROCs. Eligible renewable generators, such as Energia, are granted free ROCs, which can be traded across the UK independent of the electricity to which they relate.

Certain key PPA performance indicators

The table below sets out the renewable capacity in respect of which the Group has PPAs in place as at June 30, 2017:

	Operating	Under construction	Total
Renewable capacity (MW)			
RoI	565	20	585
NI	416	—	416
Total	**981**	**20**	**1,001**

At June 30, 2017, Energia Renewables (PPA) business had operational PPA agreements in respect of 981MW, of which 772MW were held with third-party wind farm generators, 7MW with other renewable generators and 202MW with wholly or partly-owned Group assets.

Over the course of First Three Months 2018, the Energia's operating capacity under contract in NI decreased to 416MW, compared to 454MW for Fiscal Year 2017, primarily due to operating capacity at June 30, 2017 excluding 54MW of contracted capacity which is in the process of being novated to Power NI. Energia's operating capacity under contract in NI was 338MW for Fiscal Year 2016 and 326MW for Fiscal Year 2015. Over the course of First Three Months 2018, Energia's operating capacity under contract in the RoI increased to 565MW, compared to 559MW for Fiscal Year 2017, 464MW for Fiscal Year 2016 and 452MW for Fiscal Year 2015, as new wind farms were commissioned. As at June 30, 2017, there were 20MW of contracted wind farm capacity in the RoI under construction. The wind farms under construction are expected to become operational over the next 18 months, and the Group intends to conclude further contracts with wind farm developers and other renewable source generators in both NI and the RoI in coming years.

In line with its strategy to drive growth through expansion in renewables, the Group completed the acquisition of Dargan Road Biogas Limited, a 3.6MW anaerobic digestion development project in Northern Ireland, on July 14, 2017.

Power NI

Power NI is the incumbent electricity supplier in Northern Ireland, supplying electricity primarily to residential customers. While the residential electricity supply market in NI is open to competition, with a 59% market share Power NI is still regarded as the dominant supplier and is therefore subject to regulation. As a regulated business, Power NI is subject to price control which permits it to recover an allowance calculated by reference to its forecasted operating costs at the time of the relevant price control, plus an allowed margin based on a percentage of forecasted regulated revenue. On November 17, 2016, NIAUR confirmed the extension of the existing price control with respect to residential customers to March 31, 2019. In addition, Power NI supplies electricity to certain business customers in the unregulated market, and secures additional revenues through off-take from certain contracted smaller scale renewable PPAs.

Power NI purchases the majority of its wholesale requirements from the SEM pool and hedges its exposure to pool price volatility through a combination of CfDs with generators and tariffs partially or fully indexed to the SMP for certain larger customers.

For Fiscal Year 2017 and First Three Months 2018, Power NI generated £335.0 million and £70.4 million, respectively in revenue and £32.2 million and £8.8 million, respectively in Adjusted EBITDA based on, or after taking into account the adjustments for over/under recovery against, its regulated entitlement. Power NI's deregulated activities consist of electricity sales to business customers and off-take from certain contracted smaller scale renewable PPAs being allocated to support deregulated sales.

Power NI has a natural gas supply license and the capability to enter the NI natural gas supply market should it choose to do so. If a decision is made to enter the natural gas supply market, Power NI propose to leverage its efficient cost base, strong track record for customer service and the natural gas retail systems currently supporting domestic natural gas retail operations in RoI. Natural gas retail margin headroom will be closely monitored together with developments in retail price regulation in the NI natural gas market (including the prospect of greater deregulation). The actual decision to enter the market will be underpinned by a robust business case.

Consideration is also being given to the potential for domestic retail expansion into the GB market. Whilst feasibility analysis is ongoing, Power NI's efficient cost base relative to GB suppliers has the potential to provide commercial advantage.

Certain key performance indicators

As at June 30, 2017, Power NI supplied electricity to approximately 479,000 residential customers (March 31, 2017: 483,000) and 34,000 business customers (March 31, 2017: 34,000). In the twelve months ended March 31, 2017, based on publicly available information, Power NI had a 59% market share in the residential segment in NI compared to 64% market share for Fiscal Year 2016. Power NI also had a 6% market share in the LEU segment (Fiscal Year 2016: 6%) and 25% market share in the SME segment (Fiscal Year 2016: 26%) in NI. As a result of the reductions in residential customer numbers, together with a reduction in average consumption, electricity sales at Power NI declined from 2.7TWh for Fiscal Year 2016 to 2.5TWh for Fiscal Year 2017.

Power NI's deregulated PPA portfolio consists of contracts with small to medium scale renewable generation sites primarily from wind, anaerobic digestion and biomass technologies. The contracted generation capacity in operation as at June 30, 2017 was 207MW (March 31, 2017: 127MW). The increase was primarily due to 54MW of contracted capacity in the process of being novated to Power NI from Energia Renewables (PPA) business.

Price controls

Power NI is subject to price controls and regulations administered by the NIAUR. From April 1, 2017 the price control only applies to residential customers.

Power NI's current price control runs from April 1, 2017 to March 31, 2019. The current price control is an extension of the previous price control, with Power NI agreeing to share with customers the benefits of efficiency gains made during the previous price control period and an amendment to the scope reflecting the removal of price controls for the non-residential sector (i.e., SME customers with annual consumption of less than 50MWh) on April 1, 2017.

Power NI is currently able to recover an allowance historically calculated by reference to its operating costs, plus an allowed margin of 2.2% based on a percentage of forecast regulated revenue. Furthermore, the form of Power NI's price control formula ensures 70% of its regulated allowance is fixed, with the remainder variable based on customer numbers, which has the effect of limiting the impact of customer attrition on Power NI's results. This regulatory model also includes an incentive mechanism by which Power NI is able to retain savings achieved through improved efficiency. In formulating its regulated tariffs, Power NI is able to pass through to its customers all underlying wholesale charges, including use of system costs, levies and renewable obligations costs, as well as costs associated with the economic procurement of generation capacity.

PPB

PPB administers and manages its contracted generation capacity from the Ballylumford power station in NI under legacy generating unit agreements ("GUAs"), which were established in 1992 when the NI electricity industry was restructured, and sells this wholesale electricity into the SEM pool. As at June 30, 2017, PPB held contracts for 600MW of generation capacity with Ballylumford. The NIAUR will keep the overall benefit of these contracts under review from a policy and economic perspective. See "*Risk Factors—Risks Related to Our Business—Our businesses are subject to complex governmental legislation and regulations that have affected, and may in the future affect, our business, financial condition and results of operations.*"

Adjusted EBITDA for Fiscal Year 2017 and First Three Months 2018 was £4.0 million and £0.9 million, respectively.

Price controls

PPB participates in the SEM as though it was a generator by selling the electricity it purchases under contract into the wholesale pool. PPB also offers CfDs to SEM participants and sells ancillary services, such as operational reserve and voltage support, to SONI. PPB is subject to price controls and regulations administered by the NIAUR. The applicable price control mechanism provides an entitlement in respect of PPB's own costs through the receipt of an allowance (effectively a management fee), together with a further amount covering certain depreciation costs, return on PPB's assets and an allowance in respect of pension deficit costs. The price control also incentivizes PPB through a 'gain share' mechanism whereby PPB is entitled to retain a share of any surplus revenues from trading in the SEM or ancillary services payments which exceed the cost of procuring wholesale power under the Ballylumford contract. Under the 'gain share' PPB retains 20% of any surplus up to £10 million and 10% of any surplus in excess of £10 million.

If the revenue that PPB receives from the SEM pool and through the sale of ancillary services is insufficient to cover its total costs incurred under the PPAs (e.g., availability payments and energy payments, among others), any shortfall can be recovered via PSO Levies collected by NIE from suppliers and passed on to customers. Conversely, PPB is also required to return any surplus revenue it receives. Electricity and natural gas price volatility is hedged through CfDs based on the SMP and through commodity hedging.

PPB's current price control runs to March 31, 2017 and discussions regarding an extension are ongoing with the NIAUR.

Employees

As at March 31, 2017, the Group had 627 employees comprising of 218 employees of Energia Group (excluding Energia Renewables (Owned Assets)), 13 of Energia Renewables (Owned Assets), 267 of Power NI, 12 of PPB and 117 of Corporate Services (inc Group Technology and Shared Services).

At the end of Fiscal Year 2017, approximately 13% of the Group's employees were represented by three labor unions: GMB, Prospect and United. The Group believes its businesses enjoy good relations with the relevant trade unions.

Health and safety

The Group is committed to ensuring a safe working environment. The risks arising from inadequate management of health and safety matters are the exposure of employees, contractors and third-parties to the risk of injury, potential liability and/or loss of reputation. The Group closely manages these risks through the promotion of a strong health and safety culture and well-defined health and safety policies. The Group's annual health, safety and risk plans set out detailed targets for the management of safety in line with other companies in the industry. There is a strong focus on the audit of work sites and the reporting and reviewing of near miss incidents.

Insurance

In line with its peers in the industry, the Group has in place a number of insurance policies covering certain operations and property, business interruption, and liability and terrorism. In addition, Energia Group maintains credit insurance against bad debt risk from its major supply customers. These insurance policies are maintained at a level of cover and on detailed terms that the Group believes are reasonable. The Group has not experienced any significant supply loss, interruption to its business or damage to its facilities due to fire or other causes. The policies are with major insurance companies and have been arranged by its two brokers, Marsh and AON.

Legal proceedings

The Group may be involved in a number of lawsuits in the ordinary course of business involving employment, commercial, intellectual property, environmental, and injuries and damages issues, among other matters.

There are no known material legal or arbitration proceedings, including those which are pending or known to be contemplated, to the best of the Group's knowledge and belief, having made all reasonable enquiries, which may have or which have had, in the last twelve months immediately preceding the date of this document, a material effect on the Group's financial condition or profitability.

Licensing and regulation

Regulation of the RoI and NI markets is conducted by the domestic authorities in those jurisdictions, with the exception of regulation relating to the functioning of the SEM (and, from 2018, the I-SEM), which is administered by the SEM Committee on an all-island basis.

Republic of Ireland

The principal legislative instruments governing the regulation of the energy sector in the RoI include the Gas Act 1976, the Electricity Regulation Act 1999 (the "1999 Act"), the European Communities (Internal Market in Electricity) Regulations 2000 and 2005, the Gas (Interim) (Regulation) Act 2002 (the "2002 Act") and the Electricity Regulation (Amendment) (Single Electricity Market) Act 2007 (the "2007 Act"). More recently, the 1999 Act has been amended to transpose aspects of the European Commission's energy "Third Package" suite of legislative measures promoting the internal market in energy (including SI 463 of 2011).

Government department(s) and regulators

Overall policy responsibility for the energy sector lies with the Minister for Communications, Climate Action and Environment (the "Minister"). In this capacity, the Minister is advised by the

DCCAE and other statutory bodies including the CER and the Sustainable Energy Authority of Ireland.

The CER was established as the regulator of the electricity sector by the 1999 Act and was subsequently vested with regulatory authority over the downstream natural gas sector by the 2002 Act.

Regulators' objectives and duties

The principal objective of the CER in carrying out its functions in relation to energy (other than in respect of SEM/I-SEM matters) is to protect the interests of energy consumers, wherever appropriate, by promoting effective competition between persons engaged in, or in commercial activities connected with, the generation, transmission or supply of electricity and the transportation and supply of natural gas. The CER has a duty to carry out its functions in a manner that does not discriminate between market participants.

The functions of the CER include advising the Minister, licensing market participants, the general supervision and enforcement of the licensing regime, the regulation of third-party access and network tariffs in both the electricity and natural gas sectors, the setting of electricity and natural gas market rules, setting residential natural gas tariffs and regulating safety in electricity and natural gas supply.

Licenses

There are nine types of electricity license: transmission system operation, transmission asset ownership, distribution system operation, distribution asset ownership, interconnector maintenance, SEM/I-SEM operation, supply, public electricity supply and generation and eight types of downstream natural gas license: ownership and operation of the transmission system, ownership and operation of the distribution system, supply, shipping and operation of LNG facilities and operation of storage. Licenses regulate the economic behavior of licensee, set a framework for competition in generation and supply, underpin the arrangements relating to security of supply, and protect the technical integrity of the system. Huntstown 1 and Huntstown 2 plants and the subsidiaries of Energia Renewables that own operational wind farms hold electricity generation licenses. Energia Supply holds electricity and natural gas supply licenses and a natural gas shipping license.

Energia Generation's generation licenses require Huntstown 1 and Huntstown 2 plants to, amongst other things:

- comply with specified industry codes;
- submit to central dispatch by the TSO in the RoI in providing energy and ancillary services to the electricity system;
- appoint a competent operator;
- comply with the rules governing the submission of commercial offers to the SEMO; and
- provide the CER with information and comply with regulatory requests.

The generation licenses held by the subsidiaries of Energia Renewables that own operational wind farms are similar to the two Huntstown plants' generation licenses.

Energia Supply's electricity supply license requires it to, amongst other things:

- comply with specified industry codes;
- comply with the relevant license conditions of energy generators (where acting as an intermediary for generators such as wind farms) in submitting commercial offers; and
- provide CER with information and comply with regulatory requests.

Energia Supply's natural gas supply and shipping licenses requires it to, amongst other things:

- comply with specified industry codes (the principal rules for shipping natural gas in the RoI are contained in the Gaslink Code of Operations); and
- provide CER with information and comply with regulatory requests.

Northern Ireland

The electricity industry in NI is governed principally by the 1992 Order and by the conditions of the licenses which have been granted under the 1992 Order. The 1992 Order has been amended by subsequent legislation, including the 2003 Order and, to facilitate the creation of the SEM, the Electricity Regulations (Northern Ireland) 2007 and the SEM Order (as amended by the Electricity (Single Wholesale Market) Order (Amendment) Regulations (Northern Ireland) 2016. More recently, the 1992 Order has been amended by The Gas and Electricity (Internal Markets) Regulations (Northern Ireland) 2011, The Gas and Electricity (Internal Markets) Regulations (Northern Ireland) 2013, The Gas and Electricity Licence Modification and Appeals Regulations (Northern Ireland) 2015 and the Electricity and Gas (Ownership Unbundling) Regulations (Northern Ireland) 2015 to comply with the requirements of the European Commission's energy "Third Package" suite of legislative measures comprising Directive 2009/72/EC, Directive 2009/73/EC, Regulation (EC) No. 713/2009, Regulation (EC) No. 714/2009 and Regulation (EC) No. 715/2009.

The gas industry in NI is governed principally by the Gas (Northern Ireland) Order 1996 (the "1996 Order") and its regulations, the conditions of the licenses which have been granted under the 1996 Order, the 2003 Order and the Energy Act (Northern Ireland) 2011. The 1996 Order has been amended by subsequent legislation, including The Gas and Electricity (Internal Markets) Regulations (Northern Ireland) 2011,The Gas and Electricity (Internal Markets) Regulations (Northern Ireland) 2013, The Gas and Electricity Licence Modification and Appeals Regulations (Northern Ireland) 2015 and the Electricity and Gas (Ownership Unbundling) Regulations (Northern Ireland) 2015 to comply with the requirements of the European Commission's energy "Third Package" suite of legislative measures comprising Directive 2009/72/EC, Directive 2009/73/EC, Regulation (EC) No. 713/2009, Regulation (EC) No. 714/2009 and Regulation (EC) No. 715/2009.

Government departments and other regulators

The DfE is responsible for overall energy policy in NI. Its functions include providing regulatory consent for new generating stations and overhead lines, ensuring fuel security, encouraging renewable generation and supervising other matters relating to the quality and safety of electricity supply.

The NIAUR is responsible for regulating NI's electricity, natural gas and water industries. The specific powers, duties and functions of NIAUR are derived from legislation. The functions of the NIAUR include licensing and the general supervision and enforcement of the NI licensing regime.

Regulators' objectives and duties

The NIAUR is charged with protecting the interests of consumers in the NI electricity market and promoting effective competition between enterprises engaged in the generation, transmission, distribution or supply of electricity, including the need to ensure that all reasonable customer demands are met and that electricity license holders are able to finance their authorized generation activities. In relation to the NI natural gas market, the NIAUR's principal objective is to promote the development and maintenance of an economically efficient natural gas industry in NI. The NIAUR also has statutory responsibility to consider the effect of the industry's activities on the environment and its role includes promoting energy efficiency.

The 2003 Order gives the NI Consumer Council responsibility for representing electricity consumers and addressing any complaints. The NI Consumer Council has the power to investigate matters relating to the interests of consumers regarding their electricity supply and to obtain information from electricity license holders.

Licenses

There are five types of electricity license available in NI, pertaining to participation in electricity transmission, distribution, supply, generation, and SEM/I-SEM operation, and four types of natural gas licenses, pertaining to participation in natural gas, conveyance, supply, storage and operation of a liquefaction of natural gas facility. The NI licensing regime is intended to establish a framework for competition in generation and supply, ensure the security of the natural gas and electricity supply, protect the technical integrity of the system and provide for certain types of customer services.

Energia Supply, Energia Group's competitive energy supply business, currently holds electricity and natural gas supply licenses.

Energia Supply's electricity supply license requires it to:

- comply with specified industry codes and agreements;
- maintain managerial and operational independence from Power NI and PPB;
- provide the NIAUR with certain information and comply with regulatory requests; and
- adhere to regulatory rules relating to trading in the SEM/I-SEM and governing the submission of commercial offers to the SEMO, when acting as an intermediary.

Power NI Energy holds an electricity supply license that covers the activities of both Power NI and PPB. In addition, PPB holds a natural gas supply license that is restricted to Ballylumford power station and Power NI Energy holds a natural gas supply licence although it is yet to become an active gas supplier in NI.

Power NI Energy's electricity supply license requires Power NI to:

- purchase wholesale supplies in an economically efficient manner (the economic purchasing obligation);
- act as supplier of last resort if directed to do so by the NIAUR, for example if another supplier were to fail;
- comply with specified industry codes and agreements;
- set its prices, with regard to the tariff methodology statement, which sets out the policy for calculating and setting its prices, as approved by the NIAUR;
- comply with codes of practice on payment of bills, services for vulnerable customers, the efficient use of electricity and complaint handling and services for customers with prepayment meters;
- maintain managerial and operational independence from Energia Group; and
- comply with various conditions governing supply to residential customers in the competitive market, including a prohibition of discrimination in supply where the licensee (together with its affiliates) is in a dominant position.

License conditions applicable to PPB require it to:

- contract for electricity at the best effective price reasonably obtainable, having regard for the sources available, and keep its commitments under review (PPB's economic purchasing obligation);

- enter into and comply with arrangements that facilitate PPB bidding into the SEM/I-SEM the capacity contracted to it under long-term generating contracts;
- comply with the regulatory rules for trading in the SEM/I-SEM and the rules governing the submission of commercial offers to the SEMO; and
- comply with the separate interface arrangements that govern PPB's relationships with SONI and NIE.

Power NI Energy's license requires it to establish, and at all times maintain, full managerial and operational independence between PPB and the other businesses within the Group. PPB's compliance plan sets out the practices, procedures, systems and rules of conduct to ensure compliance with this license condition.

License compliance, modification, termination and revocation

The NIAUR has statutory powers to enforce compliance with license conditions. The 2003 Order provides for the NIAUR to levy a financial penalty (up to 10% of the licensee's revenue) for breach of a relevant condition.

The NIAUR may modify the conditions of licenses, either in accordance with the terms of the licenses or the procedures set out in the relevant legislation. Modifications may introduce new conditions (relating to activities authorized by the license or to other activities) or may amend existing conditions. In addition, specific powers have been given to NIAUR in legislation to modify license conditions without the licensee's consent (e.g., to implement EU legislation).

Following the introduction of the Gas and Electricity Licence Modifications and Appeals Regulations (Northern Ireland) 2015, NIAUR modified existing electricity and gas licences, with effect from August 6, 2015, to provide that NIAUR can make license modifications without consent but subject to an appeals mechanism by affected licensees. Licenses may be terminated by not less than 25 years' notice given by the DfE or the NIAUR (depending on the terms of the relevant license) and are revocable (on 30 days or 24 hours' notice, depending on the event) in certain circumstances including where the licensee consents to revocation, where the licensee fails to comply with an enforcement order made by the NIAUR, or where specified insolvency procedures are initiated in respect of the licensee or its assets.

Environmental regulation

The Group faces a number of environmental responsibilities in the normal course of business. To the best of the Group's knowledge, the Group is materially in compliance with all relevant environmental laws and regulations. The Group undertakes environmental risk assessments ahead of major capital projects and carries out environmental studies and environmental risk mitigation programs to minimize any impact on the environment.

Management

Board of directors of Viridian Group Limited

Viridian Group Limited is a private limited company incorporated under the laws of Northern Ireland. The board of directors of Viridian Group Limited is effectively the operational board for the Viridian Group, although certain matters relating to the Viridian Group's business in the RoI are passed upon by the board of directors of the RoI Issuer. References in this document to the "Board" are to the board of directors of Viridian Group Limited. The following table sets out the names, ages and positions of the members of the board of directors of Viridian Group Limited, as at the Issue Date.

Name	Age	Position
Siobhan Bailey	46	Executive Director
Tom Gillen	46	Executive Director
Ian Thom	55	Executive Director
Gautam Bhandari	47	Non-executive Director
Mohamed El Gazzar	38	Non-executive Director
Ahmed Zaki	39	Non-executive Director
Damian Darragh	46	Non-executive Director
Jonson Cox	60	Non-executive Director
Mark Woodruff	59	Non-executive Director
Ronald Schweizer	44	Non-executive Director
Matthew Turner	53	Non-executive Director

The business address of the directors of Viridian Group Limited is Greenwood House, 64 Newforge Lane, Belfast BT9 5NF, Northern Ireland.

Siobhan Bailey

Ms. Bailey was appointed Group Finance Director in 2010. Ms. Bailey joined the Group in 1999 and has held a number of roles, including Energia Group Finance Director from 2006 to 2011 and Group Treasury Manager from 2003 to 2006. Ms. Bailey qualified as a Chartered Accountant with Ernst & Young. Ms. Bailey holds a Diploma in Accounting from Queens University, Belfast and BA (Hons) Degree in Accounting from the University of Ulster, Jordanstown.

Tom Gillen

Mr. Gillen was appointed Chief Operating Officer of Viridian Power and Energy from 2009 to 2011 and joined Viridian in 2000, serving as Trading Director (from 2000 to 2007), then as Managing Director of Energia Supply (from 2007 to 2009) and subsequently as Managing Director of Energia Group (from 2011 to present). Prior to this, Mr. Gillen worked at ESB from 1998 until 2000 to prepare ESB for the Irish competitive market and at Northern Electric from 1993 to 1998, where he held various positions within the company. Mr. Gillen holds a BA (Hons) in Economics and Politics and a MSc in Computer Science from the University of Newcastle upon Tyne.

Ian Thom

Mr. Thom was appointed Group Chief Executive in February 2011. He joined Viridian in September 2001 as Company Secretary and General Counsel. Mr. Thom was appointed to the Viridian Executive Committee in 2003, and he has had executive responsibility for Power NI and PPB since 2007. Prior to joining the Group, he served as the European Legal Director of OSI International Foods. Mr. Thom holds the degree of Master of Arts (law) from the University of Cambridge and is a member of the Northern Ireland Bar.

Gautam Bhandari

Mr. Bhandari is a Founding Partner of I Squared Capital. Prior to this, Mr. Bhandari spent 11 years at Morgan Stanley in New York and Asia. He started his career in finance in New York where he worked on debt restructurings, debt and equity financings as well as M&A for some of the firms larger and more complex clients such as General Motors, Tyco and Accenture. He joined Morgan Stanley Infrastructure Partners (MSIP), a $4 billion global infrastructure fund, in 2008. He was a voting member of the Investment Committee and served on several of the Review Committees for the global infrastructure fund, globally. At MSIP he was Managing Director and the Head of Morgan Stanley infrastructure fund in Asia.

Mr. Bhandari holds an M.B.A. in Finance from the Stern School of Business at New York University where he was an Amerada Hess Merit Scholar, a Ph.D. in Chemistry from the University of Delaware, where he was the University Merit Fellow and recipient of the Joel L. Silver Award for the best doctoral dissertation work and a B.Sc. (Honors) from St. Stephens College, Delhi University.

Mohamed El Gazzar

Mr. El Gazzar is a Managing Director of I Squared Capital Advisors and was appointed to the Viridian board of Directors in April 2016. Prior to joining I Squared Capital Advisors, Mr. El Gazzar was an executive director of Morgan Stanley Infrastructure and was involved in various deal including the acquisition of BRM and United Safety where he served on the board of BRM. Mr. El Gazzar holds a LL.B. (Hons) from Warwick University and is fluent in English and Arabic.

Ahmed Zaki

Mr. Zaki is a Principal at I Squared Capital Advisors and leads I Squared Capital's financing and capital markets solutions for both existing portfolio companies and prospective acquisitions. Prior to I Squared Capital Advisors Mr. Zaki worked in Morgan Stanley's investment banking division based out of London and focused on mergers and acquisitions in Europe and Middle East in the energy, utilities, and media & telecoms space. Mr. Zaki holds an M.B.A. from the Wharton School at the University of Pennsylvania which he received in 2006 and he also completed the CFA program in 2003.

Damian Darragh

Mr. Darragh joined Viridian Group as a Non-Executive Director in August 2016. Mr. Darragh has over 20 years' experience in private equity and infrastructure investment management. He currently is an advisor to I Squared Capital and has roles as a Non-Executive Director of Cory, a UK energy-from-waste business and as Executive Chairman of Conrad Energy, a UK power generation business. He was previously a Managing Director at Terra Firma Capital Partners where he managed the Energy & Infrastructure investment team, and was responsible for building three power companies—Infinis, a renewable energy business in the UK; RTR, a large solar power company in Italy; and Everpower, a wind energy business in the US. Mr. Darragh holds an Electronic Engineering Science M.Eng from Manchester University and Sloan Fellowship MSc. from London Business School.

Jonson Cox

Mr. Cox currently serves as Chairman of the water regulator Ofwat; he is a member of the Global Advisory Council of I Squared Capital Advisors and is Chairman of Cory Group, the London waste to energy business. Mr. Cox has a 35 year career in infrastructure and asset-based commercial businesses. Previously Mr. Cox has served as Managing Director of Yorkshire Water (1992 to 2000), Group CEO of Anglian Water Group (2004 to 2011) and Executive Chairman of UK Coal plc (2010 to 2012) where he led the transformation of the mining group to a brownfield property group, Harworth Group plc where he serves as non-executive Chairman from 2012 to 2018. Mr. Cox holds an MA (Hons) degree in Economics from University of Cambridge.

Mark Woodruff

Mr. Woodruff is currently a Managing Director of I Squared Capital Advisors specializing in global power and sits on the board of several of I Squared Capital Funds' portfolio companies. Prior to I Squared Capital, Mr. Woodruff was an Executive Vice President of AES Corporation and was President of the Asia and Middle East Region based in Singapore and served as Head of M&A and Business Development in North America. Mr. Woodruff's career has specialized in greenfield development, M&A and turnaround of power businesses around the world. Mr. Woodruff serves or has served as an independent director of Clean Energy Systems, Asian Genco, BW Ventures, Advect Group and Chairman of Roessler-Chadwick Foundation. Mr. Woodruff holds a B.S. degree in Mechanical Engineering from University of Delaware and an executive business degree from Stanford University.

Ronald Schweizer

Mr. Schweizer is Chief Financial Officer at I Squared Capital Advisors and joined the Board on April 29, 2016 following the acquisition of the Group by I Squared Capital Funds. Mr. Schweizer has over 16 years' experience in private equity and investment banking. Prior to I Squared Capital Advisors, he served as Senior Vice President & Head of Alternative Investment Finance at PineBridge Investments where he was responsible for the accounting and operations for PineBridge's alternative investments products and oversight of all investment valuations. Mr. Schweizer has also served as Controller at Strategic Value Partners where he was responsible for the financial, operational, treasury and valuation aspects of two private equity funds. Earlier in his career, Mr. Schweizer worked at J.P. Morgan Partners as a Vice President in Funds Management and at Morgan Stanley as a Manager. Mr. Schweizer began his career at Ernst & Young LLP where he spent six years in their Audit & Assurance group.

Matthew Turner

Mr. Turner, of Blenheim Capital, serves in senior leadership capacities for a number of companies. He has been operating in the financial, industrial and investment arenas for over 25 years. Mr. Turner has held number of significant positions including International Head of Global Private Equity at Bank of America Merrill Lynch, managing over $20 billion, designate CEO of Kaupthing Bank overseeing the successful restructuring post the financial collapse in Iceland and was also a senior director at Prudential. Mr. Turner has also served on the boards of a number of energy companies in both Europe and Asia. He is currently a director of a number of businesses including Viridian and Codere, a global gaming group where he is the chairman of the audit committee. In addition, he holds the chairmanship of Dsi, a global mining and construction service business. Mr. Turner has a BA in Law from Anglia University and qualified as a lawyer at the Guildford College of Law prior to practicing and specializing in commercial M&A and finance.

Board of directors of the Company

VGIL is an exempted company incorporated under the laws of the Cayman Islands with limited liability. The following table sets out the names, ages and positions of the members of the board of directors of the Company as at the Issue Date.

Name	Age	Position
Ronald Schweizer	44	Non-executive Director

The business address of the director of the Company is PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

Board of directors of the RoI Issuer

The RoI Issuer is a designated activity company incorporated under the laws of the Republic of Ireland with its registered office in Dublin. The RoI Issuer was originally incorporated as a limited company on August 1, 2007 and was subsequently converted to a designated activity company on August 31, 2017. The RoI Issuer is registered with the Companies Registration Office under the number 444149. The RoI Issuer's registered office address is Mill House, Ashtowngate, Navan Road, Dublin 15.

Name	Age	Position
Garrett Donnellan	46	Executive Director
Conor Keane	46	Executive Director
Gary Ryan	49	Executive Director
Patrick Timony	44	Executive Director
Tom Gillen	46	Executive Director
Ian Thom	55	Executive Director

Garrett Donnellan

Mr. Donnellan was appointed Head of Strategy and Corporate Development for the Group in July 2012. Prior to this appointment, Mr. Donnellan held various senior management positions within the Group, including Renewables Finance Director and Generation Finance Director. Mr. Donnellan qualified as a Chartered Accountant with PricewaterhouseCoopers. He holds a BSc (Hons) in Management from Trinity College Dublin, a M.Acc from University College Dublin and an MBS in Corporate Leadership from Dublin City University.

Conor Keane

Mr. Keane was appointed Asset Management Director of Energia in 2016 and joined Viridian in 2005, first as Maintenance Manager and subsequently as Plant Manager for the Huntstown plants. Prior to joining Viridian, Mr. Keane held a number of operational engineering roles including positions with Bristol-Myers Squibb and Akzo Nobel. Mr. Keane holds a BEng degree in Mechanical Engineering from University of Limerick (1992) and a MSc in Building Services Engineering Management from Brunel University London (2006).

Gary Ryan

Mr. Ryan was appointed Managing Director of Energia Supply in 2015 and joined Viridian in 2000, first as Head of Sales (Energia) and subsequently as Sales & Marketing Director (Energia). Mr. Ryan has over 25 years' experience in the energy sector having previously held senior finance, marketing and management consultancy roles at Tedcastle Oil Group and PriceWaterhouseCoopers. Mr Ryan is a fellow of Chartered Accountants Ireland and holds a MBA from the Smurfit Business School University College Dublin.

Patrick Timony

Mr. Timony was appointed Viridian Corporate Development Manager in August 2016. He joined Viridian in September 2004 as a Financial Accountant and in the intervening period has held various financial and commercial positions within the Energia Group. Prior to joining Viridian, he was employed by Siemens Ireland as an SAP Consultant. Mr. Timony holds a degree in Business Studies and Diploma in Corporate Finance, and is an associate Chartered Management Accountant.

Board of directors of the UK Issuer

The UK Issuer is a public limited company incorporated under the laws of Northern Ireland on August 14, 2017 for the purpose of issuing the Notes, with its registered office in Belfast. The

UK Issuer is registered with the Companies House under the number NI647432. The UK Issuer's registered office address is Greenwood House, 64 Newforge Lane, Belfast, BT9 5NF.

Name	Age	Position
Siobhan Bailey	46	Executive Director
Tom Gillen	46	Executive Director
Ian Thom	55	Executive Director

Senior management team

Our senior management team is as follows:

Name	Age	Position
Ian Thom	55	Chief Executive Officer
Siobhan Bailey	46	Group Finance Director
Tom Gillen	46	Managing Director, Energia Group
John Stephen McCully	57	Managing Director, Power NI
Roy Foreman	54	Managing Director, PPB
Garrett Donnellan	46	Head of Strategy and Corporate Development

John Stephen McCully

Mr. McCully was appointed Managing Director in April 2002. Prior to this appointment, Mr. McCully held various senior management positions in both NIE T&D and other supply businesses, in many instances leading group-wide initiatives focused on business change. Mr. McCully joined Power NI in 1985 as a Chartered Engineer from Murland and Partners—Consulting Engineers. Mr. McCully holds a BSc in Engineering from Northumbria University and a MSc in Corporate Leadership from Edinburgh Napier University.

Roy Foreman

Mr. Foreman was appointed General Manager of PPB in October 2002, after having joined Northern Ireland Electricity Service in 1986. Prior to his appointment, Mr. Foreman served as the Manager of Power Planning Economics (1992 to 2002) and had various positions with company prior to that. Mr. Foreman holds a BSc (Hons) in Computer Science from Queens' University Belfast, an MBA from Open University Business School and a MSc in Corporate Leadership from Edinburgh Napier University.

Committees of the Board

Audit and Risk Management Committees

The Audit Committee currently comprises of two directors of Viridian Group Limited who were appointed by the Board. The Audit Committee is required to take decisions by a simple majority. The Risk Management Committee is composed of the Group's Finance Director and a number of senior managers from across the Group and a representative from its internal auditors.

With respect to audit related matters, the primary function of the Audit and Risk Management Committees is to assist the Board in fulfilling its oversight responsibilities by reviewing the Group's:

- financial reports and other financial information provided to any governmental body or the public;
- system of internal control regarding finance, accounting, legal, compliance and ethics established by the Board of Directors and senior management; and

- auditing, accounting and financial reporting processes generally.

The Audit Committee's primary duties and responsibilities relating to this function are to:

- be an independent and objective party to monitor the Group's financial reporting process and internal controls system;
- approve the appointment and fees of the Group's independent auditors;
- obtain, at least once a year, a written statement from the Group's independent auditors to the effect that their independence has not been impaired;
- review and assess the performance of the Group's independent auditors and the internal auditors;
- provide an open avenue of communication among the Group's independent auditors, the internal finance department and senior management, the internal auditors, and the Board of Directors; and
- communicate the Audit and Risk Management Committee's duties and responsibilities to the appropriate levels of management within the Group.

With respect to risk management related matters, the primary function of the Risk Management Committee is to support the Board in fulfilling its corporate governance and oversight responsibilities by assisting with the monitoring and review of the Group's risk management process. In that regard, the Group's main responsibilities and duties are to assist the Board by developing recommendations regarding the following matters:

- oversight, development and implementation of a risk identification and management process and the review of this process in a consistent manner throughout the Group;
- review of the effectiveness of the Group's risk management framework, policies and process at the corporate and operating segment levels and the proposal of improvements, with the aim of ensuring that the Group's management is supported by an effective risk management system;
- promotion of constructive and open exchanges on risk identification and management among senior management, the Board of Directors, the legal department and other relevant departments of the Group;
- review of proposals to assess, define and review the level of risk tolerance to ensure that appropriate risk limits are in place;
- review of the Group's internal audit plans to ensure that they include a review of the major risks that the Group faces; and
- making recommendations to senior management and the Board of Directors regarding risk management.

In fulfilling its duties, the Audit and Risk Management Committees may seek the advice of outside experts. The Audit Committee meets four times each year, and the Risk Management Committee meets six times each year.

Remuneration Committee

The Remuneration Committee currently comprises of two directors of Viridian Group Limited who were appointed by the Board. The Remuneration Committee takes decisions by a simple majority.

The Board established the Remuneration Committee to:

- review and approve objectives relevant to the remuneration of the management board and to evaluate their performance in light of these and objectives;
- make recommendations to the Board of Directors with respect to incentive compensation plans;
- identify candidates qualified to serve as members of the Board of Directors and the management board;
- recommend candidates for appointment by the Board of Directors to fulfil interim Board of Directors vacancies;
- facilitate the evaluation of the Board of Directors; and
- review the succession plan and the executive development program for the management board. In fulfilling its duties, the Remuneration Committee may seek the advice of outside experts.

The Remuneration Committee is required to meet at least once a year.

Director and executive officer compensation

For Fiscal Year 2017 the aggregate annual compensation (including bonuses) payable to the senior management of the Group was £6.5 million.

Equity incentive awards

Following the completion of the Refinancing, the Group expects to adopt one or more equity incentive arrangements for directors, executives and other senior management employees. These arrangements will be designed to promote the Group's interests by providing eligible persons with the opportunity to acquire a proprietary interest in the Group's business, or that of one of its affiliates, as an incentive for them to remain in the Group's employment or service, as applicable. These arrangements may allow for the grant of profit sharing interests, restricted and phantom shares or other equity-based awards. These arrangements are intended to be documented in a shareholders' agreement to be executed with the members of the management that strive to align interests of management and I Squared Capital Funds. We expect such agreement will contain customary leaver provisions, drag-along and tag-along rights, exit provisions and transfer restrictions. The Group anticipates that the awards will vest over time. Generally, if an award holder's employment is terminated, the Group expects that he or she will forfeit any unvested awards at the time of termination. The total percentage of equity to be reserved for issuance under the equity arrangements has not yet been determined. The final equity arrangements may contain terms that sometimes require the Group or one of its affiliates to purchase equity following a termination of employment. See "*Principal Shareholders and Certain Relationships and Related Party Transactions*" for a summary of management's ownership of the Group.

Principal shareholders

I Squared Capital controls 89.7% of the voting rights attaching to the Company's shares pursuant to the terms of its co-investment agreement with, among others, Atrf Inf (Neb) Ltd., Pensionskassen for Sociålradgivere, Socialpædagoger og Kontorpersonale (The Danish Social Workers, Social Pedagogues and Office Staff Pension Fund) and Lancashire County Council.

The remaining equity interests are owned and controlled by a group of co-investors, which includes Arjun Infrastructure Partners IV Limited.

Certain relationships and related party transactions

The Group enters into transactions with the its shareholders and other entities owned by the Group's shareholders in the ordinary course of business. These transactions include, among others, financing agreements and the provision of professional, advisory, consulting and other corporate services.

During Fiscal Year 2017, the Group contributed £2.7 million (£3.6 million for Fiscal Year 2016; £2.8 million for Fiscal Year 2015) to the defined benefit and the defined contribution sections of the VGPS. During the First Three Months 2018, the Group contributed £0.4 million to the defined benefit and the defined contribution sections of the VGPS. During Fiscal Year 2017, the Group also incurred costs of £0.6 million (£0.5 million for Fiscal Year 2016; £0.4 million for Fiscal Year 2015) in respect of administrative services provided to the VGPS. During the First Three Months 2018, the Group incurred costs of £0.1 million in respect of administrative services provided to the VGPS.

Transactions with associates

On June 15, 2012 the Group and an affiliated entity completed the disposal of a 104MW portfolio of wind farm assets. As part of the series of transactions undertaken to complete the disposals, the Group has retained a £3.2 million loan payable to IIF Cyclone and loans receivable of £2.5 million and £4.3 million from IIF Cyclone and EWP, respectively. These loans remain outstanding at June 30, 2017. The contractual amount of the loan owed by EWP was £10.1 million at June 30, 2017, however the carrying value reflected in the Group's balance sheet reflects its expectations regarding the level of recovery with respect to this amount.

Description of other indebtedness

The following contains a summary of the material provisions of the Revolving Credit Facility Agreement, the Intercreditor Agreement, and certain other instruments or facilities.

Terms not otherwise defined in this section shall, unless the context otherwise requires, have the same meanings set out in the Notes, the Revolving Credit Facility Agreement and the Intercreditor Agreement, as the case may be, in each case as defined below.

Revolving Credit Facility Agreement

Revolving Credit Facility

The Revolving Credit Facility Agreement was entered into on September 13, 2017. The Revolving Credit Facility, which will be available to be drawn in Sterling or euro, is in a principal amount of £225,000,000. Any amounts drawn under the Revolving Credit Facility will be permitted to be used for the general corporate purposes and/or working capital purposes of the Group other than for payments in respect of any dividends or any repayment, prepayment, redemption, purchase, repurchase or defeasance of the Notes. The Revolving Credit Facility may be utilized by the drawing of cash advances, the issuance of LOCs and/or the establishment of ancillary facilities with lenders on a bi-lateral basis. There will be a separate sub-limit of £75 million for utilizations by way of loans (this sub-limit will not apply in respect of cash required for security deposits in lieu of LOCs).

The initial borrowers under the Revolving Credit Facility will be Viridian Group Limited and the RoI Issuer.

Interest rates and fees

The initial rate of interest on each utilization under the Revolving Credit Facility for each interest period will be the percentage rate *per annum* which is the aggregate of: (a) the applicable margin of 3.0% for loans and 2.0% for LOCs; and (b) LIBOR (or, where applicable to loans in euro, EURIBOR). The applicable margin will be subject to ratchet provisions calculated on the basis of a total net leverage test. The Borrower to which a loan has been made shall pay accrued interest on that loan on the last day of each interest period.

A commitment fee will be payable quarterly in arrears on the available but unused commitments under the Revolving Credit Facility at a rate of 30% of the applicable margin.

Maturity

The Revolving Credit Facility shall be repaid in full on the date that is the earlier of 72 months following the Issue Date and the date falling 6 months prior to the final maturity of the Notes.

Conditions to borrowing

Utilizations of the Revolving Credit Facility will be subject to customary conditions precedent.

Prepayment

The Revolving Credit Facility allows for voluntary prepayments (subject to minimum amounts). Subject to certain thresholds and other qualifications, mandatory prepayments of the Revolving Credit Facility will be required to be made upon the occurrence of certain events such as purchase or redemption of the Notes in certain circumstances.

The Revolving Credit Facility also permits each lender to require the mandatory prepayment of all amounts due to that lender under the Revolving Credit Facility upon a Change of Control. For purposes of the Revolving Credit Facility Agreement, the Company will have discretion as to whether or not to deem a Change of Control not to have occurred by reason of such Change of Control also being a Specified Change of Control. For purposes of the Revolving Credit Facility, using the Specified Change of Control provision is subject to certain conditions in addition to those set out in "*Description of the Notes—Certain Definitions—Specified Change of Control Event*," including compliance with a minimum EBITDA threshold and lenders' know-your-customer requirements.

Undertakings and covenants

The Revolving Credit Facility Agreement will contain certain negative covenants that are substantially similar to those in the Indenture governing the Notes. The Revolving Credit Facility Agreement will also contain customary additional negative covenants, subject to certain agreed exceptions, including, but not limited to, (i) restrictions on change of business, (ii) changing the holding company status of the Company, (iii) purchase or redemption of the Notes, and (iv) center of main interests.

The Revolving Credit Facility Agreement will also require each obligor to observe certain affirmative undertakings subject to materiality and other customary and agreed exceptions.

These affirmative undertakings will include, but will not be limited to, undertakings related to (i) compliance with relevant laws, rules and regulations (including environmental), (ii) payment of taxes, (iii) the delivery of audited consolidated annual financial statements, unaudited consolidated quarterly financial statements and annual budgets, (iv) notice of default and material litigation, (v) access to premises, books and records, and right to request information relating to the financial condition of the Group, (vi) insurance, (vii) the maintenance of and funding of pension schemes, (viii) maintenance of assets and (ix) compliance with and maintenance of material authorizations. There will also be an affirmative undertaking in relation to guarantor coverage (by reference to 80% of consolidated EBITDA and consolidated total assets of the Company and its Restricted Subsidiaries, subject to certain exceptions.

The Revolving Credit Facility Agreement will also require us to ensure compliance with a financial covenant relating to minimum EBITDA (calculated as the consolidated pro forma EBITDA in respect of each relevant period ending on a Quarter Date) not being less than £70 million. The financial covenant will be tested on any Quarter Date on which the aggregate outstanding amount of all loans and the face amount of all LOCs and utilisations under ancillary facilities which are in each case used to support indebtedness exceeds 30% of the loan sub-limit.

The Company will permitted to remedy any breach of the financial covenant by applying all or any part of amounts received by the Company in cash pursuant to any new equity or permitted subordinated debt investment (such amount being a cure amount) as if EBITDA were increased by such amount. No more than four cure amounts may be taken into account during the term of the Revolving Credit Facility.

Events of default

The Revolving Credit Facility Agreement will set out certain events of default in relation to the Revolving Credit Facility that are substantially similar to those in the Indenture governing the Notes. In addition, the Revolving Credit Facility Agreement will contain other customary events of default, subject to certain agreed exceptions, including (i) non-compliance with financial covenant, (ii) misrepresentation, and (iii) breach of the Intercreditor Agreement. The occurrence of an event of default will, subject to any applicable grace periods and cure rights, allow the lenders under the Revolving Credit Facility Agreement to accelerate all outstanding loans and terminate their commitments.

Security, guarantee and indemnity

It is intended that the Revolving Credit Facility will be secured by the same Collateral as for the Notes as set out under "*Description of the Notes—Security*."

Under the terms of the Intercreditor Agreement, the proceeds of any enforcement of the Collateral will be applied to repayment of the Revolving Credit Facility and certain priority hedging obligations (including interest rate, currency and commodity hedging) in priority to repayment of the Notes.

The provision and the terms of the Collateral will in all cases be subject to certain limitations and are at all times and in all cases subject to the requirements of applicable law and the other matters set out in the Revolving Credit Facility Agreement. Please see "*Limitations on Validity and Enforceability of Guarantees and Security.*"

The Revolving Credit Facility will be initially guaranteed by the Company, Viridian Group FundCo I Limited, Viridian Group FundCo II Limited, Viridian Group FundCo III Limited, EI Ventures Limited, Huntstown Power Company Limited, the RoI Issuer, the UK Issuer, Viridian Power Limited, Viridian Energy Limited, Power and Energy Holdings (RoI) Limited, Viridian Group Limited, VPEL, Viridian Energy Supply Limited and ElectricInvest (Lux) ROI S.à r.l., each a "Guarantor." Each Guarantor irrevocably and unconditionally jointly and severally:

(a) guarantees to each finance party punctual performance by each other obligor of all that obligor's obligations under the Revolving Credit Facility Agreement;

(b) undertakes with each finance party that whenever another obligor does not pay any amount when due under or in connection with any finance document relating to the Revolving Credit Facility Agreement, that Guarantor shall immediately on demand pay that amount as if it was the principal obligor; and

(c) indemnifies each finance party immediately on demand against any cost, loss or liability suffered by that finance party if any obligation guaranteed by it pursuant to the Revolving Credit Facility Agreement is or becomes unenforceable, invalid or illegal. The amount of the cost, loss or liability shall be equal to the amount which that finance party would otherwise have been entitled to recover.

Governing law

The Revolving Credit Facility Agreement is governed by and construed and enforced in accordance with English law, although the incurrence covenants and certain events of default contained therein, which largely replicate the relevant covenants and events of default from the Notes, shall be interpreted in accordance with the laws of the State of New York.

Intercreditor agreement

General

In connection with the issuance of the Notes (for purposes of this section, the "Senior Secured Notes") and the entering into the Revolving Credit Facility (for the purposes of this section only, the "RCF Facility," and "Credit Facility" means, on or prior to the date on which the RCF Facility is discharged (the "RCF Discharge Date"), the RCF Facility and thereafter, any Credit Facility as permitted under the Senior Secured Notes Documents (as defined below)), the Issuers, the Guarantors and certain other subsidiaries of the Issuer entered into an intercreditor agreement on September 13, 2017 to govern the relationships and relative priorities among: (i) The Bank of New York Mellon, London Branch acting as security agent for the secured parties (the "Security Agent"); (ii) Deutsche Bank AG, London Branch acting as Credit Facility agent (the "Credit Facility Agent"); (iii) the lenders under the Credit Facility (the "Credit Facility Lenders"); (iv) the Trustee on its behalf and on behalf of the holders of the Senior Secured Notes (the "Senior Secured Noteholders") (the "Senior Secured Notes Trustee"); (v) each Senior Secured Debt Representative on its own behalf and on behalf of the Senior Unsecured Creditors (each such term as defined below); (vi) each Second Lien Debt Representative on its own behalf and on behalf of the Second Lien Creditors (each such term as defined below); (vii) any persons that accede to the Intercreditor Agreement as counterparties to certain hedging arrangements (the "Hedging Agreements"), such persons being referred to in such capacity as the "Hedge Counterparties"); (viii) intra-group creditors and debtors; and (ix) the direct or indirect shareholders of the Issuer in respect of certain structural debt that the Issuer may incur in the future (including the holders of shareholder funding instruments).

The Issuer and each of its subsidiaries that incurs liabilities above a prescribed limit or provides any guarantee under the Credit Facility or the Indenture are each referred to in this description as a "Debtor" and are referred to collectively as the "Debtors."

The Intercreditor Agreement sets out:

- the relative ranking of certain indebtedness of the Debtors;
- the relative ranking of certain security granted by the Debtors;
- when payments can be made in respect of certain indebtedness of the Debtors;
- when enforcement actions can be taken in respect of that indebtedness;
- provisions in respect of control of the enforcement process (if undertaken);
- the terms pursuant to which that indebtedness will be subordinated upon the occurrence of certain insolvency events;
- turnover provisions; and
- when security and guarantees will be released to permit a sale of any assets subject to transaction security (the "Collateral").

The Intercreditor Agreement contains provisions relating to future indebtedness that may be incurred by the Issuer and the Guarantors that is permitted by the Intercreditor Agreement, any Finance Document under and as described in the Credit Facility Agreement (the "Credit Facility Documents"), the documentation required to implement the issuance of the Senior Secured Notes (the "Senior Secured Notes Documents"), the Hedging Agreements, the documentation required to implement the Second Lien Debt (as defined below) (the "Second Lien Debt Documents," the documentation required to implement the issuance of Senior Unsecured Debt (as defined below) (the "Senior Unsecured Debt Documents"), the documentation required to implement the issuance of any Pari Passu Debt (as defined below) (the "Pari Passu Debt Documents"), the Security Documents (as defined below) and any agreement evidencing the terms of any Intra-Group Liabilities as well as any document designated as such by the Security Agent and the Issuer (together the "Debt Documents") to rank *pari passu* with the liabilities under the Credit Facility Documents and be secured by the Collateral, subject to the terms of the Intercreditor Agreement.

The Intercreditor Agreement contains provisions relating to future indebtedness that may be incurred by the Issuer and the Guarantors that is permitted by the Debt Documents to rank *pari passu* with the liabilities under the Senior Secured Notes Documents (the "Senior Secured Notes Liabilities") and be secured by the Collateral, subject to the terms of the Intercreditor Agreement.

The Intercreditor Agreement contains provisions relating to future indebtedness that may be incurred by the Issuer and the Guarantors that is permitted by the Debt Documents to rank *pari passu* with the liabilities under the Senior Unsecured Debt Documents and be secured by the Collateral, subject to the terms of the Intercreditor Agreement.

The Intercreditor Agreement contains provisions relating to future indebtedness that may be incurred by the Issuer and the Guarantors that is permitted by the Debt Documents that are not subordinated in right of payment to any Super Senior Liabilities or Senior Secured Notes Liabilities (each as defined below) (the "Pari Passu Debt") and be secured by the Collateral, subject to the terms of the Intercreditor Agreement.

The Intercreditor Agreement contains provisions empowering the Security Agent to appoint a delegate or co-security agent to perform its obligations under the Intercreditor Agreement.

The Intercreditor Agreement contains provisions relating to Second Lien Debt (as defined below) that may be incurred by the Debtors, subject to the terms of the Intercreditor Agreement.

Unless expressly stated otherwise in the Intercreditor Agreement, the provisions of the Intercreditor Agreement override anything in the Credit Facility Documents, the Senior Secured Notes Documents, any Senior Unsecured Debt Documents or any Second Lien Debt Documents. By accepting a Senior Secured Note, holders of the Senior Secured Notes shall be deemed to have agreed to, and accepted the terms and conditions of, the Intercreditor Agreement and to have authorized the Senior Secured Notes Trustee to enter into the Intercreditor Agreement on their behalf.

The following description is a summary of certain provisions, among others, contained in the Intercreditor Agreement. It does not restate the Intercreditor Agreement in its entirety, and the Group urges you to read that document because it, and not the description that follows, defines your rights as holders of the Senior Secured Notes.

Ranking and priority

Subject to the terms of the Intercreditor Agreement, the liabilities owed by Debtors to the Credit Facility Lenders, the counterparties under the Hedging Agreements (the "Hedge Counterparties"), the Security Agent, the Senior Secured Noteholders, the Second Lien Creditors, the Senior Unsecured Creditors, the Pari Passu Creditors, the Shareholder Creditors and the Intra-Group Lenders Liabilities shall rank in right and priority of payment in the following order:

(a) *first*, the liabilities owed by the Company or its successor (for purposes of this section, the "Parent") or any Debtor to or in respect of: (i) the Credit Facility Lenders (the "Credit Facility Lender Liabilities"), (ii) the Creditor Representatives (the "Creditor Representative Liabilities"), (iii) the Senior Secured Notes Documents, (iv) its liabilities as an issuer under the Senior Unsecured Debt Documents (the "Senior Unsecured Debt Issuer Liabilities"), (v) the Pari Passu Debt, (vi) the costs and expenses of the Senior Secured Notes Trustee and the Senior Unsecured Debt Representative (the "Senior Secured Notes Debt Representative Amounts" and the "Senior Unsecured Debt Representative Amounts" respectively), (vii) the Hedging Liabilities and (viii) the Security Agent Liabilities *pari passu* and without any preference between them;

(b) *second*, the liabilities owed by each member of the Group that is a guarantor or provides an indemnity to any Senior Unsecured Creditors under or in connection with the Senior Unsecured Debt Documents (the "Senior Unsecured Debt Guarantee Liabilities") and the liabilities owed by any Debtor in respect of the Second Lien Debt *pari passu* and without any preference between them;

(c) *third*, the liabilities owed by any member of the Group to any of the Intra Group Lenders (the "Intra Group Liabilities"), *pari passu* between themselves and without any preference between them; and

(d) *fourth*, the liabilities owed by any Debtor to any Shareholder Creditor (the "Shareholder Liabilities").

Any Senior Unsecured Debt Issuer Liabilities will be senior obligations of the Senior Unsecured Debt Issuer. Notwithstanding this, the Senior Unsecured Creditors may not, until the latest to occur of the date on which the Credit Facility Lender Liabilities have been fully and finally discharged, the Hedging Liabilities have been fully and finally discharged, the Senior Secured Notes have been fully and finally discharged, the Pari Passu Debt has been fully and finally discharged or the Second Lien Debt has been fully and finally discharged (the "Secured Debt Discharge Date"), take any steps to appropriate the assets of the Senior Unsecured Debt Issuer subject to the documents creating and evidencing the transaction security (the "Transaction Security Documents") in connection with any enforcement action other than as expressly permitted by the Intercreditor Agreement.

"Creditor Representative" means:

(a) in relation to the RCF Lenders, the RCF Agent;

(b) in relation to the Credit Facility Lenders under any other Credit Facility, the facility agent (or equivalent) in respect of that Credit Facility;

(c) in relation to the Senior Secured Noteholders, the Senior Secured Notes Trustee;

(d) in relation to any Senior Unsecured Creditors, the Senior Unsecured Notes Debt Representative;

(e) in relation to any Pari Passu Creditors, the Pari Passu Debt Representative for such Pari Passu Creditors;

(f) in relation to any Second Lien Creditor, the Second Lien Debt Representative for such Second Lien Creditor; and

(g) in relation to any Hedge Counterparty, each Hedge Counterparty shall be its own Creditor Representative

"Second Lien Creditors" means the lenders or creditors in respect of any Second Lien Debt and each of their Creditor Representatives.

"Second Lien Debt" means the liabilities owed by the Debtors in respect of any loan, credit or guarantee facility, notes, indenture or security which are permitted or not prohibited (or have otherwise been approved) under the terms of the Senior Secured Notes Documents, the Senior Unsecured Debt Documents, the Credit Facility Documents, the Pari Passu Debt Documents and any existing Second Lien Debt Documents (if applicable) or with the consent of the relevant Creditor Representatives under each such document (acting on the instructions of the requisite level of creditors under such documents) to share in the Transaction Security with the rights and obligations of Second Lien Creditors as provided for in the Intercreditor Agreement.

"Second Lien Debt Representative" means each creditor representative for the Second Lien Creditors.

"Senior Unsecured Creditors" means the lenders or creditors in respect of any Senior Unsecured Debt and each of their Creditor Representatives.

"Senior Unsecured Debt" means the liabilities owed by the Debtors in respect of any loan, credit or guarantee facility, notes, indenture or security which are permitted or not prohibited (or have otherwise been approved) under the terms of the Senior Secured Notes Documents, the Credit Facility Documents, the Pari Passu Debt Documents and any existing Senior Unsecured Debt Documents (if applicable) or with the consent of the relevant Creditor Representatives under each such document (acting on the instructions of the requisite level of creditors under such documents) to share in the Transaction Security with the rights and obligations of Senior Unsecured Creditors as provided for in the Intercreditor Agreement.

"Senior Unsecured Debt Representative" means each creditor representative for the Senior Unsecured Creditors.

Transaction Security

The parties to the Intercreditor Agreement will agree in the Intercreditor Agreement that the security provided by the Debtors and the other parties (other than the Shared Transaction

Security, as defined below) for the Credit Facility Lender Liabilities and the Super Senior Hedging Liabilities (together, the “Super Senior Liabilities”), the Senior Secured Notes Liabilities, the Trustee Liabilities, the Pari Passu Liabilities, any other Hedging Liabilities, the Creditor Representative Liabilities and the Security Agent Liabilities and the Second Lien Debt (together the “Secured Liabilities”) will rank and secure all such liabilities in the following order:

(a) *first*, the Credit Facility Lender Liabilities, Creditor Representative Liabilities, Senior Secured Notes Liabilities, Pari Passu Liabilities and Hedging Liabilities *pari passu* and without any preference between them; and

(b) *second*, the Second Lien Debt *pari passu* and without preference between them.

The pledge over the shares of any issuer of Senior Unsecured Debt and over any loan, bond or other instrument whereby any proceeds of any Senior Unsecured Debt are lent by the issuer thereof to any other member of the Group (the “Shared Transaction Security”) shall secure the following liabilities in the following order:

(a) *first*, the Credit Facility Lender Liabilities, the Creditor Representative Liabilities, the Senior Secured Notes Liabilities, the Pari Passu Debt and Hedging Liabilities, pari passu and without preference between them; and

(b) *second*, the Second Lien Debt and the Senior Unsecured Debt pari passu and without any preference between them.

Permitted payments

Payment of Credit Facility Lender Liabilities, Senior Secured Notes Liabilities and Pari Passu Debt Liabilities

The Intercreditor Agreement permits the Debtors to make payments in respect of the Credit Facility Lender Liabilities, the Senior Secured Notes Liabilities and the Pari Passu Debt at any time in accordance with the terms of the Credit Facility Documents if at the time of payment no acceleration event has occurred and is continuing. The Intercreditor Agreement will permit these payments as set out in “*—Application of Proceeds*” below.

Permitted Senior Unsecured Debt Payments

The Intercreditor Agreement permits payments to be made (a) prior to the Secured Debt Discharge Date, in respect of the Senior Unsecured Debt, in each case then due in accordance with the Senior Unsecured Debt Documents (i) if (A) the payment is of any of the principal amount or capitalized interest of the Senior Unsecured Debt which is (x) not prohibited from being paid by the Credit Facility Documents, the Senior Secured Notes Documents, any Second Lien Debt Document and any Pari Passu Debt Document or (y) paid on or after the final originally scheduled maturity date of such Senior Unsecured Debt (provided that such maturity date is a date not earlier than one year after the latest originally scheduled maturity date of the Senior Secured Notes and the Termination Date (as defined in the Revolving Credit Facility Agreement (for purposes of this section, the “RCF Facility Agreement”)) at the time of issuance of such Senior Unsecured Debt); or (B) any other amount which is not an amount of principal or capitalized interest if: (I) no Senior Unsecured Payment Stop Notice (as defined below) is outstanding; and (II) no Senior Payment Default (as defined below) has occurred and is continuing; or (ii) if the Majority Super Senior Creditors (as defined below) and the Senior Secured Notes Trustee and the Pari Passu Debt Representative of each tranche of Pari Passu Debt give prior consent to that payment being made; or (iii) if the Payment is by the Senior Unsecured Debt Issuer of Senior Unsecured Debt then due from it and is not financed by another member of the Group through a payment that was prohibited under the Credit Facility Documents, the indenture governing the Senior Secured Notes (the “Senior Secured Notes Indenture”), the Pari Passu Debt Documents or the Second Lien Debt Documents; or (iv) if the payment is of Senior Unsecured Debt Representative Amounts; or (v) if the payment is for the administrative and maintenance costs, fees, expenses and taxes of the Senior Unsecured Debt

Issuer (in acting as the issuer of the Senior Unsecured Debt) including reporting or listing requirements, as permitted under the terms of the RCF Facility Agreement or, after the RCF Discharge Date, any Credit Facility Document; or (vi) if the payment is of costs, consent fees, commissions, underwriter or lead manager fees (including original issue discount), taxes, premiums and any expenses incurred in respect of (or reasonably incidental to) any financing or refinancing of the Senior Unsecured Debt in compliance with the Intercreditor Agreement and the Credit Facility Documents, the Senior Secured Notes Documents and the Pari Passu Debt Documents; and (b) on or after the Secured Debt Discharge Date, make payments to the Senior Unsecured Creditors in respect of the Senior Unsecured Debt in accordance with the Senior Unsecured Debt Documents.

A "Senior Payment Default" means an event of default arising (a) by reason of non-payment under the RCF Facility Agreement or the comparable provision of any other Credit Facility Document or (b) by reason of any non-payment under the Super Senior Hedging Liabilities (as defined below), a Senior Secured Notes Document, Senior Unsecured Debt Document, Second Lien Debt Document or Pari Passu Debt Document other than in respect of an amount not (i) constituting principal, interest or fees and (ii) not exceeding £100,000 (or its equivalent in other currencies).

Permitted Payments: Hedging Liabilities

(a) The Intercreditor Agreement permits the Debtors and any other member of the Group may make payments to any Hedge Counterparty in respect of the Hedging Liabilities then due to that Hedge Counterparty under any Hedging Agreement in accordance with the terms of that Hedging Agreement: (i) if the payment is a scheduled payment arising under the relevant Hedging Agreement; (ii) to the extent that the relevant Debtor's obligation to make the payment arises as a result of the operation of: (A) any of sections 2(d) (Deduction or Withholding for Tax) (and any provision requiring the payment of any tax credit related to Section 2(d)), 2(e) (Default Interest; Other Amounts), 8(a) (payment in the Contractual Currency), 8(b) (Judgments) and 11 (Expenses) of the 1992 ISDA Master Agreement (if the Hedging Agreement is based on a 1992 ISDA Master Agreement); (B) any of sections 2(d) (Deduction or Withholding for Tax), (and any provision requiring the payment of any tax credit related to Sections 2(d)), 8(a) (payment in the Contractual Currency), 8 (b) (Judgments), 9(h)(i) (Prior to Early Termination) and 11 (Expenses) of the 2002 ISDA Master Agreement (if the Hedging Agreement is based on a 2002 ISDA Master Agreement); or (C) any provision of a Hedging Agreement which is similar in meaning and effect to any provision listed in sub-paragraphs (A) or (B) above (if the Hedging Agreement is not based on an ISDA Master Agreement); (iii) to the extent that the relevant Debtor's obligation to make the payment arises from a Non-Credit Related Close-Out; (iv) to the extent that: (A) the relevant Debtor's obligation to make the payment arises from (a) a Credit Related Close-Out or (b) a Consensual Close-Out in relation to that Hedging Agreement; and (B) no Secured Debt Default is continuing at the time of that payment; (v) if the Majority Super Senior Creditors (excluding the Hedge Counterparties), the Senior Secured Notes Required Holders, the Second Lien Debt Required Holders and the Pari Passu Debt Required Holders (excluding any tranche of Pari Passu Debt which relates to Hedging Liabilities) give prior written consent to the payment being made; or (vi) to the extent that the relevant Debtor's obligation to make the payment arises out of a reduction in the hedged amount.

(b) No payment may be made to a Hedge Counterparty under (a) above if any scheduled payment due from that Hedge Counterparty to a Debtor under a Hedging Agreement to which they are both party is due and unpaid provided that, but subject to the provisions of the Intercreditor Agreement, no payment will be due and unpaid from a Hedge Counterparty to a Debtor if such Hedge Counterparty is entitled to withhold any payment under the relevant Hedging Agreement.

(c) Failure by a Debtor to make a payment to a Hedge Counterparty which results solely from the operation of (b) above shall not result in a default (however described) in respect of that Debtor under that Hedging Agreement.

"Required Holders" means, in respect of any direction, approval, consent or waiver, the Creditor Representative holders of the aggregate principal amount of the relevant Debt which is not less than the principal amount of Senior Secured Notes, Pari Passu Debt or Second Lien Debt (as applicable) required under the terms of the relevant Indenture or Debt Document to vote in favor of such direction, approval, consent or waiver or, if the required amount is not specified, the holders holding at least a majority of the principal amount of the then outstanding relevant Debt. Senior Secured Notes, Pari Passu Debt and Second Lien Debt owned by any Debtor, or by any Person directly or indirectly controlling or controlled by or under direct or indirect common control with any Debtor, will be considered as though not outstanding.

Permitted Payments: Second Lien Debt

The Intercreditor Agreement permits Debtors to (a) prior to Secured Debt Discharge Date, make Payments to the Second Lien Creditors in respect of the Second Lien Debt with respect to the Second Lien Debt Documents (i) if: (A) the Payment is of: (I) any of the principal amount or capitalized interest of the Second Lien Debt which is either (1) not prohibited from being paid by the Credit Facility Documents, the Senior Secured Notes Documents, the Senior Unsecured Debt Documents or the Pari Passu Debt Documents or (2) paid on or after the final maturity date of the Second Lien Debt (provided that such maturity date is a date not earlier than the latest maturity date as contained in the Senior Secured Notes Documents, Credit Facility Documents or Pari Passu Debt Documents); or (II) any other amount which is not an amount of principal or capitalized interest; (B) no Second Lien Payment Stop Notice is outstanding; and (C) no Senior Payment Default has occurred and is continuing; or (ii) if the Majority Super Senior Creditors, the Senior Secured Notes Trustee and the Pari Passu Debt Representative of each tranche of Pari Passu Debt gives prior consent to that Payment being made; or (iii) if the Payment is of Second Lien Debt Representative Amounts; or (iv) if the Payment is for the administrative and maintenance costs, fees, expenses and taxes of the Second Lien Debt Issuer (in acting as the issuer of the Second Lien Debt) including reporting or listing requirements, as permitted under the terms of the RCF Facility Agreement or, after the RCF Discharge Date, any Credit Facility Document; or (v) if the Payment is of costs, consent fees, commissions, underwriter or lead manager fees (including original issue discount), taxes, premiums and any expenses incurred in respect of (or reasonably incidental to) any financing or refinancing of the Second Lien Debt in compliance with the Intercreditor Agreement and the Credit Facility Documents, the Senior Secured Notes Documents, the Pari Passu Debt Documents and the Senior Unsecured Debt Documents; and (b) on or after the Secured Debt Discharge Date, make Payments to the Second Lien Creditors in respect of the Second Lien Debt in accordance with the Second Lien Debt Documents.

Permitted Payments: Intra-Group Liabilities

The Intercreditor Agreement permits payments from time to time of the Intra Group Liabilities if at the time of payment no acceleration event has occurred in respect of the Debt Documents unless: (i) prior to the Secured Debt Discharge Date, the Instructing Group (as defined below) consents to that payment being made; or (ii) that payment is made to facilitate payment of Credit Facility Lender Liabilities, the Creditor Representative Liabilities, the Senior Unsecured Debt, the Pari Passu Debt and the Hedging Liabilities.

Permitted payments: Shareholder Liabilities

The Intercreditor Agreement permits payments in respect of the Shareholder Liabilities (whether of principal, interest or otherwise) from time to time when due only if: (a) the payment is expressly permitted by the Credit Facility Documents, the Senior Secured Notes Documents, the Senior Unsecured Debt Documents and (if any) the Pari Passu Debt Documents and Second Lien Debt Documents; or (b) prior to the Secured Debt Discharge Date, the Instructing Group give written consent to the Payment being made or (c) on or after the Senior Secured Discharge Date but prior to the Second Lien Debt Discharge Date, the Creditor Representatives for the Second Lien Debt gives written consent to the Payment being made; or (d) on or after the Secured Debt Discharge Date, the Senior Unsecured Debt Representative gives written consent to the Payment being made.

Restrictions on enforcement and permitted enforcement

Restrictions on enforcement by senior unsecured creditors

The Intercreditor Agreement provides that, until the Senior Secured Debt Discharge Date, except with the prior consent of or as required by the Instructing Group, (a) no Senior Unsecured Creditor or Senior Unsecured Debt Representative shall take any enforcement action in relation to the Senior Unsecured Debt Guarantee Liabilities; and (b) no Senior Unsecured Creditor or Senior Unsecured Debt Representative shall direct the Security Agent to enforce any Shared Transaction Security except as permitted under "*—Permitted Senior Unsecured Debt Enforcement*."

Permitted senior unsecured debt enforcement

The restrictions on enforcement set out in "*—Restrictions on Enforcement by Senior Unsecured Creditors*" will not apply in respect of the Senior Unsecured Debt Guarantee Liabilities or the Shared Transaction Security, if (i) a Senior Unsecured Debt Default (the "Relevant Senior Unsecured Default") is continuing (ii) the Credit Facility Agent, the Senior Secured Notes Trustee, the Second Lien Debt Representative(s) and the Pari Passu Debt Representative(s) have received a notice of the Relevant Senior Unsecured Default specifying the Relevant Senior Unsecured Default from the Senior Unsecured Debt Representative; (iii) a Senior Unsecured Standstill Period (as defined below) has elapsed; and (iv) the Relevant Senior Unsecured Default is continuing at the end of the relevant Senior Unsecured Standstill Period.

Restrictions on enforcement: Ancillary Lenders and Issuing Banks

Save as set out below, so long as any of the Super Senior Liabilities (other than any liabilities owed to the lenders who make an ancillary facility available pursuant to the terms of a Credit Agreement (the "Ancillary Lenders") or Issuing Banks) are or may be outstanding, none of the Ancillary Lenders and the Issuing Banks shall be entitled to take any enforcement action in respect of any of the liabilities owed to it in such a capacity.

Permitted enforcement: Ancillary Lenders and Issuing Banks

The Ancillary Lenders and the Issuing Banks may take enforcement action if (i) at the same time as that action, enforcement action has been taken in respect of the Credit Facility Lender Liabilities in which case the Ancillary Lenders and the Issuing Banks may take the same enforcement action; (ii) on or prior to the RCF Discharge Date, that action is contemplated by the RCF Facility Agreement or the terms of the Intercreditor Agreement. (iii) after the RCF Discharge Date, that action is contemplated by, and can be taken by the Ancillary Lenders and Issuing Banks under, the Credit Facility Documents or the terms of the Intercreditor Agreement, if applicable; (iv) that enforcement action is taken in respect of cash cover which has been provided in accordance with the relevant Credit Facility Documents; (v) at the same time as or prior to that action, the consent of the Majority Super Senior Creditors to that enforcement action is obtained; or (vi) an insolvency event has occurred in relation to any member of the Group, in which case each Ancillary Lender and each Issuing Bank shall be entitled to exercise any right it may otherwise have in respect of that member of the Group to: (A) accelerate any of that member of the Group's Credit Facility Lender Liabilities or declare them prematurely due and payable on demand; (B) make a demand under any guarantee, indemnity or other assurance against loss given by that member of the Group in respect of any Credit Facility Lender Liabilities; (C) exercise any right of set-off or take or receive any Payment in respect of any Credit Facility Lender Liabilities of that member of the Group; or (D) file claims or claim and prove in the liquidation of that member of the Group for the Credit Facility Lender Liabilities owing to it.

Restrictions on enforcement: Hedge Counterparties

Save as set out below in "—*Permitted Enforcement: Hedge Counterparties*," the Hedge Counterparties shall not take any enforcement action in respect of any of the Hedging Liabilities or any of the hedging transactions under any of the Hedging Agreements at any time.

Permitted enforcement: Hedge Counterparties

The Intercreditor Agreement provides that, to the extent it is able to do so under the relevant Hedging Agreement, a Hedge Counterparty may terminate, reduce or close-out in whole or in part any hedging transaction under that Hedging Agreement prior to its stated maturity: (i) if a Distress Event has occurred; (ii) if a hedging force majeure has occurred; (iii) if an insolvency related Event of Default has occurred and is continuing under a Credit Facility agreement, the Senior Secured Notes Indenture, or the equivalent provisions of any Pari Passu Debt Document in relation to a Debtor which is party to that Hedging Agreement; (iv) if the Majority Super Senior Creditors (excluding the Hedge Counterparties), the Senior Secured Notes Required Holders, the Second Lien Debt Required Holders (excluding any tranche of Second Lien Debt which relate to any Hedging Liabilities and the Pari Passu Debt Required Holders (excluding any tranche of Pari Passu Debt which relates to any Hedging Liabilities) give prior written consent to that termination or close-out being made; (v) if the Hedge Counterparty and the relevant Debtor consensually agree to terminate, reduce or close-out in whole or in part a transaction under a Hedging Agreement and no Default is continuing under any Credit Facility Document, Senior Secured Notes Document or Pari Passu Debt Document; (vi) if the Hedge Counterparties cease to be secured under the Transaction Security Documents without their consent; or (vii) in respect of an interest rate related Hedging Agreement only, to the extent that the Financial Indebtedness to which such interest rate related Hedging Agreement relates is refinanced or repaid or prepaid in full.

If a Debtor has defaulted on any Payment due under a Hedging Agreement and the default has continued unwaived or unremedied for more than ten days (or such longer notice or grace period as the relevant Hedging Agreement allows) after notice of that default has been given to the relevant Debtor under that Hedging Agreement, with a copy to the Security Agent, the relevant Hedge Counterparty may terminate or close-out in whole or in part any hedging transaction under that Hedging Agreement; and until such time as the Security Agent has given notice to that Hedge Counterparty that the Transaction Security is being enforced, shall be entitled to exercise any right it might otherwise have to commence or join legal proceedings against any Debtor to recover any Hedging Liabilities due under that Hedging Agreement.

After the occurrence of an Insolvency Event in relation to any member of the Group, each Hedge Counterparty shall be entitled to exercise any right it may otherwise have in respect of that member of the Group to:

(a) prematurely close-out or terminate any Hedging Liabilities with that member of the Group;

(b) make a demand under any guarantee, indemnity or other assurance against loss given by that member of the Group in respect of any Hedging Liabilities owing to it;

(c) exercise any right of set-off or take or receive any payment in respect of any Hedging Liabilities of that member of the Group; or

(d) claim and prove in the liquidation of that member of the Group for the Hedging Liabilities owing to it.

Required enforcement: Hedge Counterparties

The Intercreditor Agreement provides that, save in circumstances where a Secured Debt Acceleration Event has occurred as a result of an arrangement between any Debtor and any Senior Creditor to bring it about, a Hedge Counterparty shall promptly terminate or close-out in full any transaction under all or any of the Hedging Agreements to which it is party prior to their stated maturity, following: (i) the occurrence of a Secured Debt Acceleration Event and delivery to it of a notice from the Security Agent that a Secured Debt Acceleration Event has occurred; and (ii) delivery to it of a subsequent notice from the Security Agent (acting on the instructions of an Instructing Group) instructing it to do so.

If a Hedge Counterparty is entitled to terminate or close-out any transaction as described in "*—Permitted Enforcement: Hedge Counterparties*" above, (or would have been able to if that Hedge Counterparty had given the notice referred to in that section) but has not terminated or closed out each such transaction, that Hedge Counterparty shall promptly terminate or close-out in full each such transaction following a request by the Security Agent (acting on the instructions of an Instructing Group) instructing it to do so.

Restrictions on Enforcement: Second Lien Creditors

Save as set out below in "*—Permitted Enforcement: Second Lien Creditors*" and except with the prior consent of the Instructing Group, the Second Lien Creditors shall not take any enforcement action in relation to the Second Lien Debt prior to the Secured Debt Discharge Date.

Permitted Enforcement: Second Lien Creditors

A Second Lien Creditor may take an enforcement action if (i) an event of default under the Second Lien Debt Documents (the "Relevant Second Lien Default") is continuing; (ii) the Credit Facility Agent, the Senior Secured Notes Trustee and the Pari Passu Debt Representative have received a notice of the Relevant Second Lien Default specifying the event or circumstance in relation to the Relevant Second Lien Default from the relevant Second Lien Debt Representative; (iii) a Second Lien Standstill Period (as defined below) has elapsed; and (iv) the Relevant Second Lien Default is continuing at the end of the relevant Second Lien Standstill Period.

Restrictions on Enforcement: Intra-Group Lenders

Save as set out below in "*—Permitted Enforcement: Intra Group Lenders*" no Intra Group Lender shall be entitled to take any enforcement action (other than rights of set-off to the extent required to enable Permitted Intra-Group Payments) in respect of any of the Intra Group Liabilities at any time prior to the Final Discharge Date provided that, prior to the occurrence of a Default which is continuing, an Intra-Group Lender may make a demand for the payment of liabilities that are payable on demand but shall not take any other enforcement action.

Permitted Enforcement: Intra-Group Lenders

Prior to the Final Discharge Date and after the occurrence of an Insolvency Event in relation to any member of the Group or grantor of Transaction Security, each Intra Group Lender may only (unless otherwise directed by the Security Agent), exercise any right it may otherwise have against that member of the Group to: (a) accelerate any of that member of the Group's Intra Group Liabilities or declare them prematurely due and payable or payable on demand; (b) make a demand under any guarantee, indemnity or other assurance against loss given by that member of the Group in respect of any Intra Group Liabilities; (c) exercise any right of set off or take or receive any Payment in respect of any Intra Group Liabilities of that member of the Group; or (d) file claims or claim and prove in the liquidation of that member of the Group for the Intra Group Liabilities owing to it, but shall not take any other enforcement action.

Restrictions on Enforcement: Shareholder Creditors

Save as set out below in "*—Permitted Enforcement: Shareholder Creditors*," none of the Shareholder Creditors shall be entitled to take any enforcement action in respect of any of the Shareholder Liabilities at any time prior to the Final Discharge Date.

Permitted Enforcement: Shareholder Creditors

Prior to the Final Discharge Date and after the occurrence of an Insolvency Event in relation to any member of the Group or grantor of Transaction Security, each Shareholder Creditor may only (unless otherwise directed by the Security Agent), exercise any right it may otherwise have against that member of the Group to: (a) accelerate any of that member of the Group's Shareholder Liabilities or declare them prematurely due and payable or payable on demand; (b) make a demand under any guarantee, indemnity or other assurance against loss given by that member of the Group in respect of any Shareholder Liabilities; (c) exercise any right of set off or take or receive any Payment in respect of any Shareholder Liabilities of that member of the Group; or (d) claim and prove in the liquidation of that member of the Group for the Shareholder Liabilities owing to it, but shall not take any other enforcement action.

Enforcement of Transaction Security

Enforcement instructions

The Intercreditor Agreement provides that the Security Agent may refrain from enforcing the Transaction Security or taking any other enforcement action unless instructed otherwise by either the Majority Super Senior Creditors or the Majority Senior Secured Creditors whichever at the relevant time is entitled to give instructions (the "Senior Secured Instructing Group") or, the Second Lien Debt Representative acting on the instructions of the Second Lien Required Holders (each an "Instructing Group").

Subject to the Transaction Security having become enforceable in accordance with its terms and (i) subject to "*—Enforcement Decisions*" below, (A) a Senior Secured Instructing Group; (B) to the extent permitted to enforce or to require the enforcement of the Transaction Security prior to the later of the Super Senior Discharge Date, the Senior Secured Notes Discharge Date and the Pari Passu Debt Discharge Date as set out in "*—Permitted Enforcement: Second Lien Creditors*," the Second Lien Debt Representative (acting on the instructions of the Second Lien Required Holders); or (C) upon the later of the Super Senior Discharge Date, the Senior Secured Notes Discharge Date and the Pari Passu Debt Discharge Date, the Second Lien Debt Representative (acting on the instructions of the Second Lien Required Holders), may give or refrain from giving instructions to the Security Agent to enforce or refrain from enforcing the Transaction Security as they see fit provided that the instructions as to Enforcement given by the Instructing Group are consistent with the Security Enforcement Principles or (ii) to the extent permitted to enforce of the Shared Transaction Security prior to the Senior Unsecured Debt Discharge Date under "*—Permitted Senior Unsecured Debt Enforcement*" and subject to as set out below, the Senior Unsecured Debt Representative(s) (acting on the instruction of the Senior Unsecured Debt Required Holders) may give instructions to the Security Agent as to the enforcement of the Senior Notes Shared Security as they see fit provided such instructions are consistent with the Security Enforcement Principles.

Prior to the later of the Super Senior Discharge Date, the Senior Secured Notes Discharge Date and the Pari Passu Debt Discharge Date: (i) if the Senior Secured Instructing Group has instructed the Security Agent not to enforce or to cease enforcing the Transaction Security; or (ii) in the absence of instructions from the Senior Secured Instructing Group, and, in each case, the Senior Secured Instructing Group has not required any Debtor to make a Distressed Disposal, the Security Agent shall give effect to any instructions to enforce the Transaction

Security which the Second Lien Debt Representative (acting on the instructions of the Second Lien Required Holders) is then entitled to give to the Security Agent as set out in "—Permitted Enforcement: Second Lien Creditors" above.

Notwithstanding the preceding paragraph, if at any time the Creditor Representative for the Credit Facility Lenders, the Senior Secured Notes Trustee or the Pari Passu Debt Representative are then entitled to give the Security Agent instructions to enforce the Transaction Security and the Second Lien Debt Representative either gives such instruction or indicates any intention to give such instruction, then any of the Creditor Representative for the Credit Facility Lenders, the Senior Secured Notes Trustee or the Pari Passu Debt Representative may give instructions to the Security Agent to enforce the Transaction Security as the Creditor Representative for the Credit Facility Lenders, the Senior Secured Notes Trustee or the Pari Passu Debt Representative see fit in lieu of any instructions to enforce given by the Second Lien Debt Representative as set out in "*—Permitted Enforcement: Second Lien Creditors*" above respectively and the Security Agent shall act on the instructions received from such of the Creditor Representative for the Credit Facility Lenders, the Senior Secured Notes Trustee or the Pari Passu Debt Representative as is then entitled to give instructions as set out in "*—Enforcement Decisions*" below provided that such instructions are consistent with the Security Enforcement Principles.

Prior to the Secured Debt Discharge Date (i) if the Instructing Group has instructed the Security Agent not to enforce or to cease enforcing the Transaction Security; or (ii) in the absence of instructions from the Instructing Group, and, in each case, the Instructing Group has not required any Debtor to make a Distressed Disposal (as defined below), the Security Agent shall give effect to any instructions to enforce the Shared Transaction Security which the Senior Unsecured Debt Representative(s) (acting on the instructions of the Senior Unsecured Debt Required Holders) are then entitled to give to the Security Agent under "*—Permitted Senior Unsecured Debt Enforcement*" provided that such instructions are consistent with the Security Enforcement Principles.

Notwithstanding the above, if at any time the Senior Unsecured Debt Representative(s) are then entitled to give the Security Agent instructions to enforce the Shared Transaction Security and the Senior Unsecured Debt Representative(s) either gives such instruction or indicates any intention to give such instruction, then: (i) the Senior Secured Instructing Group may give instructions to the Security Agent to enforce the Shared Transaction Security as the Senior Secured Instructing Group sees fit in lieu of any instructions to enforce given by the Senior Unsecured Debt Representative(s) under "*—Permitted Senior Unsecured Debt Enforcement*" above; and (ii) if the Instructing Group gives any instructions to enforce any Transaction Security over shares in a Holding Company of any member of the Group whose shares are subject to Transaction Security with respect to which any such enforcement instructions by a Senior Unsecured Debt Representative(s) have been given, the Security Agent may not act on such enforcement instructions from any Senior Unsecured Debt Representative(s) unless instructed to do so by the Instructing Group.

"Majority Super Senior Creditors" means such of the Credit Facility Lenders and the Hedge Counterparties whose Super Senior Credit Participations at that time aggregate more than 66⅔% of the total Super Senior Credit Participations at that time.

"Majority Senior Secured Creditors" means such of the Senior Secured Notes Creditors (excluding any Hedge Counterparties in respect of its hedging liabilities) and the Pari Passu Creditors, whose Senior Secured Credit Participations at that time aggregate more than 50% of the total Senior Secured Credit Participations at that time.

"Senior Unsecured Debt Required Holders" means, in respect of any direction, approval, consent or waiver to be granted by a tranche of the Senior Unsecured Debt, the Senior Unsecured Creditors holding in aggregate a principal amount of Senior Unsecured Debt which is not less than the principal amount of the relevant tranche of Senior Unsecured Debt required to vote in favor of such direction, consent or waiver under the terms of the relevant

Senior Unsecured Debt Documents or, if the required amount is not specified, the holders holding at least the majority of the principal amount of the then outstanding relevant tranche of Senior Unsecured Debt, in accordance with the relevant Senior Unsecured Debt Documents. For the avoidance of doubt, in determining whether the Senior Unsecured Creditors holding in aggregate a principal amount of Senior Unsecured Debt which is not less than the principal amount of the relevant tranche of Senior Unsecured Debt have concurred in any direction, waiver or consent, relevant Senior Unsecured Debt owned by any Debtor, or by any Person directly or indirectly controlling or controlled by or under direct or indirect common control with any Debtor, will be considered as though not outstanding, except that for the purpose of determining whether the relevant Senior Unsecured Debt Representative will be protected in relying on any such direction, approval, waiver or consent, only Senior Unsecured Debt that the relevant Senior Unsecured Debt Representative knows are so owned will be disregarded.

"Super Senior Hedging Liabilities" means commodity hedging liabilities and hedging liabilities in respect of currency related hedging, and interest related hedging.

Manner of enforcement

If the Transaction Security is being enforced as set out in "*—Enforcement Instructions*" above, the Security Agent shall enforce the Transaction Security in such manner (including, without limitation, the selection of any administrator of any Debtor to be appointed by the Security Agent) as: (a) a Senior Secured Instructing Group; (b) prior to the Super Senior Discharge Date, the Senior Secured Notes Discharge Date and the Pari Passu Debt Discharge Date, if: (i) the Security Agent has, pursuant to "*—Enforcement Instructions*" above, received instructions given by the Second Lien Required Holders to enforce the Transaction Security; and (ii) the Senior Secured Instructing Group (or other Senior Secured Creditors pursuant "*—Enforcement Instructions*" above has not given instructions as to the manner of the enforcement of the Transaction Security, the Second Lien Required Holders; or (c) in the circumstances contemplated by "*—Enforcement Instructions*" the Senior Unsecured Debt Representative(s), shall instruct or, in the absence of any such instructions, as the Security Agent sees fit, in each case, so far as is consistent with the Security Enforcement Principles. For the avoidance of doubt, in the absence of instructions from an Instructing Group, the Security Agent will not be required to take any action.

Enforcement decisions

Prior to the later to occur of the of the Super Senior Discharge Date, the Senior Secured Notes Discharge Date, the Senior Unsecured Debt Discharge Date, the Pari Passu Debt Discharge Date, the Second Lien Discharge Date and the Non Super Senior Hedging Discharge Date (the "Final Discharge Date") and save as set out below, before the giving of any instructions to the Security Agent to enforce the Transaction Security pursuant to "*—Enforcement Instructions*" (and before either the Majority Super Senior Creditors or the Majority Senior Secured Creditors shall be considered the Instructing Group), a Credit Facility Agent or Representative for each of the Senior Secured Creditors shall deliver a copy of its proposed enforcement instructions to the other Creditor Representatives and the Security Agent (which shall, for the avoidance of doubt, include instructions not to enforce) (the "Proposed Enforcement Instructions"). The Security Agent shall, as soon as reasonably practicable, notify each of the Creditor Representatives of the Super Senior Creditors and the Senior Secured Creditors upon receipt of such Proposed Enforcement Instructions.

Prior to the Secured Debt Discharge Date and save as set out below, if the Security Agent has received any Proposed Enforcement Instruction, it shall either enforce or refrain from enforcing the Transaction Security in accordance with the instructions of the Majority Senior Secured Creditors (and the Majority Senior Secured Creditors shall be the Instructing Group for the purposes of "*—Enforcement Instructions*" and in each case, acting through their respective Creditor Representative), provided that such instructions are consistent with the Security

Enforcement Principles and failure to give instructions will be deemed to be an instruction not to take Enforcement steps.

In the event that (i) from the date that is three months after the first Proposed Enforcement Instructions (including such instructions not to take Enforcement steps) are delivered to the Security Agent, the Security Agent (acting on the instructions of the Majority Senior Secured Creditors) has not commenced the enforcement action or Relevant Enforcement Action (as defined below) of the Transaction Security; or (ii) the Super Senior Liabilities have not been fully discharged in cash within six months of the date the first Proposed Enforcement Instructions (including such instructions not to take enforcement steps) were delivered to the Security Agent, then (with effect from the date of the earlier to occur of such events), the Majority Super Senior Creditors shall become the Instructing Group as set out in "*—Enforcement Instructions*" above.

If at any time the Security Agent has not taken any Relevant Enforcement Action of the Transaction Security notwithstanding the Transaction Security having become enforceable in accordance with its terms, a Creditor Representative acting on behalf of the Majority Super Senior Creditors or the Majority Senior Secured Creditors, as the case may be, may at any time provide immediate instructions as to Enforcement to the Security Agent notwithstanding any instructions given as set out above, if the Majority Super Senior Creditors or the Majority Senior Secured Creditors determine in good faith (and notify the Creditor Representatives of the other Super Senior Creditors and the Senior Secured Notes Creditors and the Pari Passu Creditors and the Security Agent) the delay in taking enforcement action of the Transaction Security could reasonably be expected to have a material adverse effect on: (i) the Security Agent's ability to enforce the Transaction Security; or (ii) the realization proceeds of any enforcement of the Transaction Security, and the Security Agent shall act only with respect to the relevant asset or Debtor that is the subject of the determination set out above, in accordance with the first such notice of determination and instructions as to Enforcement received by the Security Agent (provided in each case that such instructions are consistent with the Security Enforcement Principles).

If at any time an Insolvency Event has occurred with respect to any Debtor (other than an Insolvency Event which is the direct result of any action taken by the Security Agent acting on the instructions of the Majority Super Senior Creditors or the Majority Senior Secured Creditors), the Security Agent shall act, to the extent the Majority Super Senior Creditors have provided such instructions, in accordance with such instructions, provided that in the event the Security Agent has previously received Proposed Enforcement Instructions from the Creditor Representative for the Majority Senior Secured Creditors and has commenced Relevant Enforcement Action pursuant to such instructions, the Security Agent shall continue to act in accordance with the instructions of the Creditor Representative for the Majority Senior Secured Creditors until such time as the Creditor Representatives for Majority Super Senior Creditors issue enforcement instructions to the Security Agent and such instructions shall override and supersede any such prior instructions given by the Creditor Representative for the Majority Senior Secured Creditors.

Other than as set out above, if, prior to the Super Senior Discharge Date, the Majority Super Senior Creditors, the Majority Senior Secured Creditors or the Second Lien Required Holders (in each case acting reasonably) consider that the Security Agent is enforcing the Security in a manner which is not consistent with the Security Enforcement Principles, the Creditor Representatives for the Super Senior Creditors, the Pari Passu Debt Representatives, the Second Lien Debt Representatives or the Senior Secured Notes Trustee shall give notice to the Creditor Representatives for the other Super Senior Creditors, the Pari Passu Debt Representatives, the Second Lien Debt Representatives and the Senior Secured Notes Trustee (as appropriate) after which the Creditor Representatives for the other Super Senior Creditors, Pari Passu Debt Representatives, the Second Lien Debt Representatives and the Senior Secured Notes Trustee shall consult with the Security Agent for a period of 15 days (or such lesser period as the relevant Creditor Representatives may agree) with a view to agreeing the manner of Enforcement provided that such Creditor Representatives shall not be obliged to consult under this section more than once in relation to each enforcement action.

After the Super Senior Discharge Date, the Security Agent shall either enforce or refrain from enforcing the Transaction Security in accordance with the instructions provided by the Majority Senior Secured Creditors.

For the purposes of this section, "Relevant Enforcement Action" means either (i) the determination by the Instructing Group of the method of enforcement of Transaction Security or (ii) the appointment of a Financial Advisor (as defined below) by the Instructing Group to assist in such determination.

Security Enforcement Principles

The Instructing Group may only give enforcement instructions that are consistent with certain security enforcement principles (the "Security Enforcement Principles"), including that:

(a) it shall be the primary and overriding aim of any enforcement of the Collateral to achieve the Security Enforcement Objective (being to maximize, so far as is consistent with prompt and expeditious realization of value from enforcement of the Collateral, the recovery by the Super Senior Creditors, the Noteholders, the Pari Passu Creditors the Hedge Counterparties (to the extent not a Super Senior Creditor), the Creditor Representatives, the arrangers of any Credit Facility, the Security Agent, the delegates of the Security Agent and any receiver (together, the "Secured Parties");

(b) the Collateral will be enforced and other enforcement action will be taken such that either:

   (i) all proceeds or enforcement are received by the Security Agent in cash for distribution in accordance with the Intercreditor Agreement (please see "*—Application of Proceeds*") below: or

   (ii) sufficient proceeds from enforcement will be received by the Security Agent in cash to ensure that when the proceeds are applied in accordance with the Intercreditor Agreement (please see "*—Application of Proceeds*" below), the Super Senior Liabilities are repaid and discharged in full (unless the Majority Super Senior Creditors agree otherwise);

(c) the enforcement actions are prompt and expeditious it being acknowledged that, subject to the other provisions of the Intercreditor Agreement, the time frame for the realization of value from the enforcement of the Collateral or distressed disposal pursuant to enforcement will be determined by the Instructing Group (please see "*—Manner of Enforcement*" above) provided that it is consistent with the Security Enforcement Objective;

(d) to the extent that the Collateral that is the subject of the proposed enforcement action is:

   (i) over assets other than shares in a member of the Group where the aggregate book value of such assets exceeds £5,000,000 (or its equivalent in any other currency or currencies) ("Material Collateral"); or

   (ii) over some or all of the shares in a member of the Group,

   then the Security Agent shall, if requested by the Majority Super Senior Creditors or the Majority Senior Secured Creditors and at the expense of the Parent, (to the extent that financial advisers have not adopted a general policy of not providing such opinions) appoint a Financial Advisor to opine as expert on:

   1. that the proceeds received from any such enforcement is fair from a financial point of view after taking into account all relevant circumstances; and

2. the optimal method of enforcing the Collateral so as to achieve the Security Enforcement Principles and maximize the recovery of any such enforcement action;

3. that such sale is otherwise in accordance with the Security Enforcement Objective,

(the ("Financial Advisor's Opinion") provided that, if the Security Agent is unable to obtain an opinion from a Financial Advisor covering the matters set out under paragraphs (2) and (3) above (and after considering making such modifications to the Enforcement process as may be reasonably available and consistent with the Security Enforcement Principles to obtain such opinion), then an opinion covering paragraph (i) above shall be sufficient to constitute a Financial Advisor's Opinion for the purposes of these Security Enforcement Principles;

(e) the Security Agent shall be under no obligation to appoint a Financial Advisor or to seek the advice of a Financial Advisor, unless expressly required to do so by any provision of the Intercreditor Agreement and prior to making any appointment of a Financial Advisor, the Security Agent is entitled to ensure that cost cover (at a level it is satisfied with, acting reasonably) has been provided;

(f) the Financial Advisor's Opinion (or any equivalent opinion obtained by the Security Agent in relation to any other enforcement of the Collateral that such action is fair from a financial point of view after taking into account all relevant circumstances) will be conclusive evidence that the Security Enforcement Objective has been met;

(g) in the event that an enforcement of the Collateral is over Material Collateral and such enforcement is conducted by way of public auction, any equity investors of the Group shall be entitled to participate in such auction, but this shall not require enforcement of Collateral to take place by way of public auction;

(h) in the absence of written notice from a creditor or group of creditors entitled to issue enforcement instructions that are not part of the relevant Instructing Group (please see "*—Manner of Enforcement*" above) that such creditor(s) object to any enforcement of the Collateral on the grounds that such enforcement action does not aim to achieve the Security Enforcement Objective (an "Objection"), the Security Agent is entitled to assume that such enforcement of the Collateral is in accordance with the Security Enforcement Objective;

(i) if the Security Agent is unable to obtain a Financial Advisor's Opinion after attempting to do so (and after considering making such modifications to the Enforcement process as may be reasonably available and consistent with the Security Enforcement Principles to obtain such opinion) because such opinions are not generally available in the market in such circumstances it shall notify the Credit Facility Agent and each Representative in respect of the Senior Secured Notes Liabilities, Second Lien Debt or Pari Passu Debt and may proceed to enforce the Transaction Security without needing to demonstrate (by way of a Financial Advisor's Opinion or otherwise) that such Enforcement is aiming to achieve the Security Enforcement Objective;

(j) if Enforcement of any Transaction Security is conducted by way of a public auction, no Financial Advisor shall be required to be appointed, and no Financial Advisor's Opinion shall be required, in relation to such Enforcement provided that the Security Agent shall be entitled (but not obliged) to appoint a Financial Advisor to provide such advice as the Security Agent deems appropriate in relation to such Enforcement by way of public auction; and

(k) the Security Enforcement Principles may be amended, varied or waived with the prior written consent of the Majority Super Senior Creditors, the Notes Required Holders, the Pari Passu Debt Required Holders and the Security Agent.

Senior Unsecured Payment Stop Notice

The Intercreditor Agreement provides that, until the Secured Debt Discharge Date, except with the prior consent of the Credit Facility Agent, the Senior Secured Notes Trustee, the Second Lien Debt Representative and the Pari Passu Debt Representative(s), and subject to the provisions of the Intercreditor Agreement, no member of the Group shall make, and no Senior Unsecured Creditor or Senior Unsecured Debt Representative may receive from any member of the Group other than the Senior Notes Issuer (to the extent not financed by a payment from another member of the Group made after any of the following apply), any Permitted Senior Unsecured Debt Payment (other than Senior Unsecured Debt Representative Amounts and any permitted Senior Notes payments) if: (i) a Senior Payment Default has occurred and is continuing; or (ii) an event of default under a Credit Facility, the Senior Secured Notes Indenture or any Pari Passu Debt Documents (a "Secured Debt Event of Default") other than a Senior Payment Default has occurred and is continuing, from the date on which the Credit Facility Agent or the Senior Secured Notes Trustee or the Pari Passu Debt Representative or the Second Lien Debt Representative (as the case may be) (the "Relevant Representative") delivers a notice (a "Senior Unsecured Payment Stop Notice") specifying the event or circumstance in relation to that Secured Debt Event of Default to the Senior Unsecured Debt Issuer, the Security Agent and the Senior Unsecured Debt Representative until the earliest of: (A) the date falling 179 days after delivery of that Senior Unsecured Payment Stop Notice; (B) the date on which a Senior Unsecured Debt Default occurs for failure to pay principal at the original final stated scheduled maturity of the Senior Unsecured Debt; (C) in relation to payments of Senior Unsecured Debt, if a Senior Unsecured Standstill Period is in effect at any time after delivery of that Senior Unsecured Payment Stop Notice, the date on which that Senior Unsecured Standstill Period expires; (D) the date on which the relevant Secured Debt Event of Default is no longer continuing and, if the relevant Secured Liabilities have been accelerated, such acceleration has been rescinded or withdrawn (provided that at such time no Event of Default is continuing under the Secured Debt Documents of the Credit Facility Representative, the Senior Secured Notes Trustee or the Pari Passu Debt Representative or the Second Lien Debt Representative (as the case may be) that did not issue the Senior Unsecured Payment Stop Notice); (E) the date on which the relevant representative delivers a notice to the Senior Unsecured Debt Issuer, the Security Agent and the Senior Unsecured Debt Representative cancelling the Senior Unsecured Payment Stop Notice; (F) the Secured Debt Discharge Date; and (G) the date on which the Senior Unsecured Debt Representative takes any enforcement action that it is permitted to take as set out in "*—Permitted Senior Unsecured Debt Enforcement*" and "*—Senior Unsecured Standstill Period*" below.

Unless the Senior Unsecured Debt Representative waives this requirement: (i) a new Senior Unsecured Payment Stop Notice may not be delivered unless and until 360 days have elapsed since the delivery of the immediately prior Senior Unsecured Payment Stop Notice; and (ii) no Senior Unsecured Payment Stop Notice may be delivered in reliance on a Secured Debt Event of Default more than 60 days after the date the Credit Facility Agent, the Senior Secured Notes Trustee, Second Lien Debt Representative and the Pari Passu Debt Representative (as applicable) received notice of that Secured Debt Event of Default.

Cure of Senior Unsecured Payment Stop Notice

If: (a) at any time following the issue of a Senior Unsecured Payment Stop Notice or the occurrence of a Senior Payment Default, that Senior Unsecured Payment Stop Notice ceases to have effect and/or the Senior Payment Default ceases to be continuing; and (b) the relevant Debtor then promptly pays to the Senior Unsecured Creditors an amount equal to any payments which had accrued under the Senior Unsecured Debt Documents which would have been permitted Senior Unsecured Debt payments but for that Senior Unsecured Payment Stop Notice or Senior Payment Default then any Event of Default which may have occurred as a result of that suspension of payments shall be waived and any Senior Unsecured Enforcement Notice which may have been issued as a result of that Event of Default shall be waived.

Senior Unsecured Standstill Period

In relation to a Relevant Senior Unsecured Default, a Senior Unsecured Standstill Period means the period beginning on the date (the "Senior Unsecured Standstill Start Date") the Senior Unsecured Debt Representative serves a Senior Unsecured Enforcement Notice on the Credit Facility Agent, the Senior Secured Notes Trustee, the Pari Passu Debt Representative(s) and, if the Senior Secured Discharge Date has not yet occurred, the Second Lien Debt Representative(s) in respect of such Relevant Senior Unsecured Default and ending on the earlier to occur of: (a) the date falling 179 days after the Senior Unsecured Standstill Start Date (the "Senior Unsecured Standstill Period"); (b) the date the Secured Parties take any enforcement action in relation to a Debtor, provided however, that: (i) if a Senior Unsecured Standstill Period ends pursuant to this paragraph (b), the Senior Unsecured Creditors may only take the same enforcement action in relation to the Debtor as the enforcement action taken by the Secured Parties against such Debtor and not against any other member of the Group; and (ii) enforcement action for the purpose of this paragraph (b) shall not include action solely taken to preserve or protect any Security as opposed to realize it; (c) the date of an Insolvency Event in relation to a Guarantor of the Senior Unsecured Debt against whom Enforcement Action is to be taken; (d) the date on which a Senior Unsecured Debt Default occurs for failure to pay principal at the original scheduled maturity of the Senior Unsecured Debt; (e) the date on which the Credit Facility Agent, Senior Secured Notes Trustee, the Pari Passu Debt Representative(s) and, if the Senior Secured Discharge Date has not yet occurred, the Second Lien Debt Representative(s) (as applicable) consent to an enforcement in respect of the Relevant Senior Unsecured Debt Default by the relevant Senior Unsecured Creditor; and (f) the expiry of any other Senior Unsecured Standstill Period outstanding at the date such first mentioned Senior Unsecured Standstill Period commenced (unless that expiry occurs as a result of a cure, waiver or other permitted remedy).

Option to purchase: Senior Unsecured Creditors

The Senior Unsecured Creditors (the "Purchasing Senior Unsecured Creditors") may, following any of any of: (a) a Secured Debt Acceleration Event; or (b) the enforcement of any Transaction Security (a "Distress Event"), by giving not less than ten days' notice to the Credit Facility Agent, the Hedge Counterparties, the Senior Secured Notes Trustee, the Creditor Representatives of the Second Lien Creditors and the Creditor Representatives of the Pari Passu Creditors, acquire or procure the acquisition of all (but not part only) of the rights and obligations of the Super Senior Creditors and Senior Secured Creditors in connection with the Credit Facility Lender Liabilities under the Credit Facility Documents, the Hedging Liabilities under the Hedging Agreements, the Senior Secured Notes Liabilities under the Senior Secured Notes Documents, the Second Lien Creditors under the Second Lien Debt Documents and the Pari Passu Creditors under the Pari Passu Debt Documents (the "Senior Secured Acquisition Debt").

If more than one Purchasing Senior Unsecured Creditor wishes to exercise the option to purchase the Senior Secured Acquisition Debt, each such Purchasing Senior Unsecured Creditor shall acquire the Senior Secured Acquisition Debt pro rata, in the proportion that its Senior Unsecured Credit Participation bears to the aggregate Senior Unsecured Credit Participations of all the Purchasing Senior Unsecured Creditors.

Second lien debt stop notice

The Intercreditor Agreement provides that, until the Secured Debt Discharge Date, (except with the prior consent of the Credit Facility Agent, the Senior Secured Notes Trustee and the Pari Passu Debt Representative), and subject to the terms of the Intercreditor Agreement, no member of the Group shall make, and no Second Lien Creditor may receive from any member of the Group, any Permitted Second Lien Payment (other than Second Lien Debt Representative Amounts) if: (i) a Senior Payment Default has occurred and is continuing; or (ii) a Secured Debt Event of Default (other than a Senior Payment Default) has occurred and is continuing, from the date on which the Credit Facility Agent, the Senior Secured Notes Trustee or the Pari Passu

Debt Representative (as the case may be) (the "Relevant Representative") delivers a notice (a "Second Lien Payment Stop Notice") specifying the event or circumstance in relation to that Secured Debt Event of Default to the Security Agent and the Second Lien Debt Representative until the earliest of: (A) the date falling 179 days after delivery of that Second Lien Payment Stop Notice; (B) the date on which a Second Lien Debt Default occurs for failure to pay principal at the original scheduled maturity of the Second Lien Debt; (C) in relation to payments of Second Lien Debt, if a Second Lien Standstill Period is in effect at any time after delivery of that Second Lien Payment Stop Notice, the date on which that Second Lien Standstill Period expires; (D) the date on which the relevant Secured Debt Event of Default is no longer continuing and, if the relevant Liabilities have been accelerated, such acceleration has been rescinded; (E) the date on which the Relevant Representative delivers a notice to the Security Agent and the Second Lien Debt Representative cancelling the Second Lien Payment Stop Notice; (F) the later of the Super Senior Discharge Date and the Senior Secured Notes Discharge Date; and (G) the date on which the Second Lien Debt Representative takes any enforcement action that it is permitted to take under the Intercreditor Agreement.

Unless the Second Lien Debt Representative waives this requirement: (i) a new Second Lien Payment Stop Notice may not be delivered unless and until 360 days have elapsed since the delivery of the immediately prior Second Lien Payment Stop Notice; and (ii) no Second Lien Payment Stop Notice may be delivered in reliance on a Secured Debt Event of Default more than 60 days after the date the Credit Facility Agent, Pari Passu Debt Representative or the Senior Secured Notes Trustee (as applicable) received notice of that Secured Debt Event of Default.

The Credit Facility Agent, the Pari Passu Debt Representative and the Senior Secured Notes Trustee may serve only one Second Lien Payment Stop Notice with respect to the same event or set of circumstances. Subject to the provisions set out above, this shall not affect the right of the Credit Facility Agent, the Pari Passu Debt Representative or the Senior Secured Notes Trustee to issue a Second Lien Payment Stop Notice in respect of any other event or set of circumstances.

No Second Lien Payment Stop Notice may be served by the Credit Facility Agent, the Senior Secured Notes Trustee or the Pari Passu Debt Representative in respect of a Secured Debt Event of Default which had been notified to each of them at the time at which an earlier Second Lien Payment Stop Notice was issued.

Cure of Second Lien Stop Notice

The Intercreditor Agreement provides that if: (a) at any time following the issue of a Second Lien Payment Stop Notice or the occurrence of a Senior Payment Default, that Second Lien Payment Stop Notice ceases to be outstanding and/or (as the case may be) the Senior Payment Default ceases to be continuing; and (b) the relevant Debtor then promptly pays to the Second Lien Creditors an amount equal to any Payments which had accrued under the Second Lien Debt Documents and which would have been Permitted Second Lien Payments but for that Second Lien Payment Stop Notice or Senior Payment Default, then any Event of Default which may have occurred as a result of that suspension of payments shall be waived and any Second Lien Enforcement Notice which may have been issued as a result of that Event of Default shall be waived, in each case without any further action being required on the part of the Second Lien Creditors.

Second Lien Standstill Period

In relation to a relation to a Relevant Second Lien Default, a Second Lien Standstill Period shall mean the period beginning on the date (the "Second Lien Standstill Start Date") the Second Lien Debt Representative serves a Second Lien Enforcement Notice on the Credit Facility Agent, the Senior Secured Notes Trustee and Pari Passu Debt Representative in respect of such Relevant Second Lien Default and ending on the earlier to occur of: the date falling 179 days after the Second Lien Standstill Start Date (the "Second Lien Standstill Period"); the date the Secured Parties take any enforcement action in relation to a Guarantor, provided however, that: if a Second Lien Standstill Period ends pursuant to this paragraph (b), the Second Lien Creditors may only take the same enforcement action in relation to the Guarantor as the enforcement action taken by the Secured Parties against such Guarantor and not against any other member of the Group; and Enforcement Action for the purpose of this paragraph (b) shall not include action taken to preserve or protect any Security as opposed to realize it; the date of an insolvency event in relation to a Guarantor against whom enforcement action is to be taken; the date on which a Second Lien Debt Default occurs for failure to pay principal at the original scheduled maturity of the Second Lien Debt; the date on which the Credit Facility Agent, Senior Secured Notes Trustee and the Pari Passu Debt Representative(s) (as applicable) consent to an enforcement in respect of the Relevant Second Lien Default by the relevant Second Lien Creditor; and the expiry of any other Second Lien Standstill Period outstanding at the date such first mentioned Second Lien Standstill Period commenced (unless that expiry occurs as a result of a cure, waiver or other permitted remedy

The Second Lien Creditors may take enforcement action as described above even if, at the end of any relevant Second Lien Standstill Period or at any later time, a further Second Lien Standstill Period has begun as a result of any other Relevant Second Lien Default.

If the Security Agent has notified the relevant Second Lien Debt Representative that it is enforcing Security created pursuant to any Transaction Security Document over shares of a Guarantor, no Second Lien Creditor may take any action referred to above against that Guarantor while the Security Agent is taking steps to enforce that Security in accordance with the instructions of the Instructing Group where such action might be reasonably likely to adversely affect such enforcement or the amount of proceeds to be derived therefrom.

Option to Purchase: Second Lien Debt Holders

The Intercreditor Agreement provides that the Second Lien Creditors (the "Purchasing Second Lien Creditors") may, following an acceleration event under a Credit Facility, the Senior Secured Notes, the Pari Passu Debt Documents, the Senior Unsecured Debt or the Second Lien Debt Documents or an enforcement of the Transaction Security, by giving not less than ten days' notice to the Credit Facility Agent, the Hedge Counterparties, the Pari Passu Debt Representative and the Senior Secured Notes Trustee, acquire or procure the acquisition of all (but not part only) of the rights and obligations of the Super Senior Creditors, the Senior Secured Notes Creditors and Pari Passu Creditors in connection with the Senior Revolving Facility Lender Liabilities under the Credit Facility Documents, the Hedging Liabilities under the Hedging Agreements, the Senior Secured Notes Liabilities under the Senior Secured Notes Documents and the Pari Passu Liabilities under the Pari Passu Debt Documents

Release of the Guarantees and Security

Non-Distressed Disposals

The Intercreditor Agreement provides that, in the case of a Non-Distressed Disposal (as defined below) the Security Agent is irrevocably authorized (A) to release the Transaction Security or any other claim (relating to a Debt Document) over that asset; (B) where that asset consists of shares in the capital of a Debtor, to release the Transaction Security or any other claim (relating to a Debt Document) over the assets of that Debtor and the shares in and assets of any of its Subsidiaries; and (C) to execute and deliver or enter into any release of the Transaction Security or any claim described in sub-paragraphs (A) and (B) above and issue any certificates of non-crystallization of any floating charge or any consent to dealing that may, in the discretion of the Security Agent, be considered necessary or desirable provided that, in the case of a disposal which is not a Distressed Disposal made within the Group, (1) the release of the Transaction Security is permitted under the terms of the RCF Facility Agreement, the terms of the Senior Secured Notes Indenture, the Senior Unsecured Debt Indenture and any relevant Pari Passu Debt Document (if any) and (2) to the extent that replacement Transaction Security is required from the transferee under the terms of the Debt Documents, such Transaction Security will (subject to any requirements relating to the release, retaking, amendment or extension of the Transaction Security under the Debt Documents) be granted at the same time as (or before) the relevant disposal is effected.

The Intercreditor Agreement provides that, in respect of a disposal of an asset by a Debtor which is subject to the Transaction Security to a person or persons other than a Debtor which has provided Transaction Security, which disposal (i) is permitted under the Credit Facility Documents; (ii) is permitted under the Senior Secured Notes Indenture; (iii) is permitted under the Senior Unsecured Debt Indenture; (iv) is permitted under the Pari Passu Debt Documents; (v) is permitted under the Second Lien Debt Documents and (vi) is not a Distressed Disposal, the Security Agent is irrevocably authorized: (A) to release the Transaction Security or any other claim (relating to a Debt Document) over that asset; (B) where that asset consists of shares in the capital of a Debtor, to release the Transaction Security or any other claim (relating to a Debt Document) over the assets of that Debtor and the shares in and assets of any of its Subsidiaries; and (C) to execute and deliver or enter into any release of the Transaction Security or any claim described in (A) and (B) above and issue any certificates of non-crystallization of any floating charge or any consent to dealing that may, in the discretion of the Security Agent, be considered necessary or desirable.

If a release of Transaction Security is required (i) to effect a resignation of a Guarantor under the RCF Facility Agreement (or, after the RCF Discharge Date, a resignation of a Guarantor in accordance with the Senior Secured Notes Documents); (ii) to facilitate a debt pushdown pursuant to the group pushdown provisions of the Intercreditor Agreement (which are substantially consistent with the equivalent provisions in the Senior Secured Notes Indenture); (iii) to facilitate a receivables financing that is permitted or not prohibited under the Credit Facility Documents, the Senior Secured Notes Indenture, the Senior Unsecured Debt Documents, the Second Lien Debt Documents and the Pari Passu Debt Documents; (iv) to facilitate a merger, consolidation, conveyance or transfer that is permitted or not prohibited under the Credit Facility Documents, the Senior Secured Notes Indenture, the Senior Unsecured Debt Documents, the Second Lien Debt Documents and the Pari Passu Debt Documents; or (iv) in connection with the solvent winding up, liquidation or reorganisation of any Subsidiary that is permitted or not prohibited under the Credit Facility Documents, the Senior Secured Notes Indenture, the Senior Unsecured Debt Documents, the Second Lien Debt Documents and the Pari Passu Debt Documents, and the Parent certifies for the benefit of the Security Agent that release or resignation is permitted under or pursuant to the Debt Documents, the Security Agent is irrevocably authorized to: (i) release the Transaction Security to the extent required to facilitate such resignation or transaction; and (ii) execute and deliver or enter into any release of the Transaction Security or any claim described in (i) above and issue any certificates of non-crystallization of any floating charge or any consent to dealing that may, in the discretion of the Security Agent, be considered necessary or desirable or that is requested by the Parent (acting reasonably).

In the event of a Non-Distressed Disposal, a resignation of a guarantor under the RCF Facility Agreement, each release of Transaction Security or any claim described above shall be contingent upon that Non-Distressed Disposal or resignation being effected or the fulfilment of such conditions (as relevant), and in the event that such Non-Distressed Disposal or resignation is not effected or the conditions for such release are not fulfilled (as relevant), the Transaction

Security or claim subject to that release shall continue in full force and effect as if that release had not been effected.

A "Non-Distressed Disposal" is a disposal of an asset by a Debtor which is subject to the Transaction Security to another Debtor which is at such time providing Transaction Security, which disposal (i) is permitted under the Credit Facility Documents; (ii) is permitted under the Senior Secured Notes Indenture; (iii) is permitted under the Senior Unsecured Debt Indenture; (iv) is permitted under the Pari Passu Debt Documents; (v) is permitted under the Second Lien Debt Documents and (vi) is not a Distressed Disposal.

Distressed Disposals

The Intercreditor Agreement provides that, in circumstances where a disposal by a member of the Group of an asset subject to the Transaction Security which is being effected: (a) at the request of the Instructing Group in circumstances where the Transaction Security has become enforceable; (b) by enforcement of the Transaction Security; or (c) after the occurrence of a Distress Event, by a Debtor to a person or persons which is not a member of the Group (a "Distressed Disposal") the Security Agent is irrevocably authorized:

(a) to release the Transaction Security, or any other claim over that asset and execute and deliver or enter into any release of that Transaction Security, or claim and issue any letters of non crystallization of any floating charge or any consent to dealing that may, in the discretion of the Security Agent, be considered necessary or desirable;

(b) if the asset which is disposed of consists of shares in the capital of a Debtor, to release (or instruct to release): (1) that Debtor and any Subsidiary of that Debtor from all or any part of its borrower, guarantor or other liabilities; (2) any Transaction Security granted by that Debtor or any Subsidiary of that Debtor over any of its assets; and (3) any other claim of an Intra-Group Lender, or another Debtor over that Debtor's assets or over the assets of any Subsidiary of that Debtor, on behalf of the relevant Creditors and Debtors;

(c) if the asset which is disposed of consists of shares in the capital of any Holding Company of a Debtor, to release (or instruct to release): (1) that Holding Company and any Subsidiary of that Holding Company from all or any part of borrower, guarantor or other liabilities; (2) any Transaction Security granted by any Subsidiary of that Holding Company over any of its assets; and (3) any other claim of an Intra-Group Lender or another Debtor over the assets of any Subsidiary of that Holding Company, on behalf of the relevant Creditors and Debtor; and

(d) to provide for the disposal of liabilities in the event of a Distressed Disposal.

If before the Senior Unsecured Debt Discharge Date, a Distressed Disposal is being effected such that any Senior Unsecured Debt Guarantees or Shared Transaction Security will be released under the terms of this paragraph, consequent on a sale or disposal, it is a further condition to the release that the Senior Unsecured Debt Representative has approved the release on the instructions of the Senior Unsecured Debt Required Holders; or (i) the proceeds of such sale or disposal are in cash or, if the proceeds of such sale are not in cash, the requirements of C(II) below are met; (ii) all present and future obligations owed to the Secured Parties under the Credit Facility Documents, Hedging Agreements, the Senior Secured Notes Documents, the Pari Passu Debt Documents and the Second Lien Debt Documents by a member of the Group, all of whose shares are pledged in favor of the Secured Parties are sold or disposed of pursuant to such Enforcement Action, are unconditionally released and discharged or sold or disposed of concurrently with such sale (and are not assumed by the purchaser or one of its Affiliates), and all Security under the Transaction Security Documents in respect of the assets that are sold or disposed of is simultaneously and unconditionally released and discharged concurrently with such sale, provided that in the event of a sale or disposal of any such claim (instead of a release or discharge); (A) the RCF Agent, Senior Secured Notes Trustee and Pari Passu Debt Representative determine acting reasonably and in good faith that the Credit Facility Lenders, the Creditors and, the Pari Passu Creditors (respectively) will recover more than if such claim was released or discharged; and (B) the RCF Agent, Senior Secured Notes Trustee and Pari Passu Debt Representative serve a notice on the Security Agent notifying the Security Agent of the same, in which case the Security Agent shall be entitled immediately to sell and transfer such claim to such purchaser (or an Affiliate of such purchaser); and (C) such sale or disposal (including any sale or disposal of any claim) is made: (I) pursuant to a public auction; or (II) where a Financial Advisor confirms that the sale, disposal or transfer price is fair from a financial point of view after taking into account all relevant circumstances, although there shall be no obligation to postpone any such sale, disposal or transfer in order to achieve a higher price.

If before the Second Lien Debt Discharge Date, a Distressed Disposal is being effected such that any Second Lien Notes Guarantees or Transaction Security will be released under the terms of this paragraph, it is a further condition to the release that the Second Lien Debt Representative has approved the release on the instructions of the Second Lien Required Holders; or (i) the proceeds of such sale or disposal are in cash or, if the proceeds of such sale are not in cash, the requirements of (C)(II) below are satisfied; (ii) all present and future obligations owed to the Secured Parties under the Credit Facility Documents, Hedging Agreements, the Senior Secured Notes Documents and the Pari Passu Debt Documents by a member of the Group, all of whose shares are pledged in favor of the Secured Parties are sold or disposed of pursuant to such Enforcement Action, are unconditionally released and discharged or sold or disposed of concurrently with such sale (and are not assumed by the purchaser or one of its Affiliates), and all Security under the Transaction Security Documents in respect of the assets that are sold or disposed of is simultaneously and unconditionally released and discharged concurrently with such sale, provided that in the event of a sale or disposal of any such claim (instead of a release or discharge): (A) the RCF Agent, Senior Secured Notes Trustee and Pari Passu Debt Representative determine acting reasonably and in good faith that the Credit Facility Lenders, Creditors and Pari Passu Creditors (respectively) will recover more than if such claim was released or discharged; and (B) the RCF Agent Senior Secured Notes Trustee and Pari Passu Debt Representatives serve a notice on the Security Agent notifying the Security Agent of the same, in which case the Security Agent shall be entitled immediately to sell and transfer such claim to such purchaser (or an Affiliate of such purchaser); and (C) such sale or disposal (including any sale or disposal of any claim) is made: (i) pursuant to a public auction; or (ii) where a Financial Advisor confirms that the sale, disposal or transfer price is fair from a financial point of view after taking into account all relevant circumstances, although there shall be no obligation to postpone any such sale, disposal or transfer in order to achieve a higher price.

Agreed Security Principles

The Agreed Security Principles embody recognition by all parties that there may be certain legal and practical difficulties in obtaining security and guarantees and from all Guarantors in every jurisdiction in which Guarantors are incorporated. In particular general statutory limitations, capital maintenance rules, financial assistance, corporate benefit, fraudulent preference, "thin capitalization" rules, retention of title claims and similar principles may limit the ability of a member of the Group to provide a guarantee or security or may require that the guarantee be limited in amount or scope or otherwise. The Parent will use reasonable endeavors to assist in demonstrating that adequate corporate benefit accrues to each Guarantor and to overcome any such other limitations to the extent reasonably practicable (including by procuring the completion of all necessary 'summary approval procedures' under section 82 of the Companies Act 2014 of Ireland).

Application of Proceeds

Subject to the terms of the Intercreditor Agreement, all amounts from time to time received or recovered by either of the Security Agent in connection with the realization or enforcement of all or any part of the Transaction Security or a Distressed Disposal or otherwise paid to the

Security Agent (for the purposes of this paragraph, the "Recoveries") shall be held by the Security Agent on trust to apply them at any time as the Security Agent (in its discretion) sees fit, to the extent permitted by applicable law, in the following order of priority:

(a) *first*, in payment of the following amounts in the following order: (i) *pari passu* and pro rata any sums owing to the Security Agent, any Receiver or any Delegate and any Senior Secured Notes Trustee Amounts payable to the Senior Secured Notes Trustee, as the case may be; and then (ii) *pari passu* and pro rata to each Creditor Representative (to the extent not included in (i) above and excluding any Hedge Counterparty in its capacity as its own Creditor Representative) of the unpaid fees, costs, expenses and liabilities (and all interest thereon as provided in the relevant Secured Debt Documents) of each such Creditor Representative and any receiver, attorney or agent appointed by such Creditor Representative under any Transaction Security Document or the Intercreditor Agreement (to the extent that such Security has been given in favor of such obligations);

(b) *second*, *pari passu* and pro rata, in or towards payment of all costs and expenses incurred by the Super Senior Creditors in connection with any realization or enforcement of the Transaction Security taken in accordance with the terms of the Intercreditor Agreement or any action taken at the request of the Security Agent;

(c) *third*, in or towards payment to:

(i) the RCF Agent on its own behalf and on behalf of the RCF Finance Parties and on behalf of the Arrangers under the RCF Facility (or following the RCF Discharge Date, each Creditor Representative(s) in respect of a Credit Facility on its own behalf and on behalf of the Arrangers and Credit Facility Lenders under that Credit Facility); and

(ii) the relevant Hedge Counterparties,

for application towards the discharge of:

(1) the RCF Agent Liabilities and the Credit Facility Lender Liabilities and related Arranger Liabilities (or following the RCF Discharge Date, the Creditor Representative Liabilities owed to the Creditor Representatives in respect of each Credit Facility, the Credit Facility Lender Liabilities and the related Arranger Liabilities) in accordance with the terms of the Credit Facility Documents; and

(2) the Super Senior Hedging Liabilities,

on a pro rata basis as between (A) and (B) above;

(d) *fourth*, *pari passu* and pro rata in or towards payment to the Senior Secured Notes Trustee on behalf of the Senior Secured Noteholders, to the Hedge Counterparties and to the relevant Pari Passu Debt Representative on behalf of the Pari Passu Creditors for application towards any unpaid costs and expenses incurred by or on behalf of any Senior Secured Noteholders, the Hedge Counterparties or Pari Passu Creditors in connection with any realization or enforcement of the Transaction Security taken in accordance with the terms of the Transaction Security Documents and the Intercreditor Agreement or any action taken at the request of the Security Agent;

(e) *fifth*, to the Senior Secured Notes Trustee on behalf of the Senior Secured Noteholders for application towards the discharge of the Senior Secured Notes Liabilities (in accordance with the Senior Secured Notes Indenture), to the relevant Pari Passu Debt Representative on behalf of the Pari Passu Creditors for application towards the discharge of the Pari Passu Debt (in accordance with the Pari Passu Debt Documents) and to the Hedge Counterparties towards the discharge of any Hedging Liabilities (other than the Super Senior Hedging Liabilities);

(g) *sixth* (only with respect to proceeds of the realization or enforcement of the Shared Transaction Security) in or towards payment to:

(i) each Second Lien Debt Representative on behalf of the Second Lien Creditors or, if there is no Second Lien Debt Representative acting on behalf of the relevant Second Lien Creditors, such Second Lien Creditors; and

(ii) each Senior Unsecured Debt Representative on behalf of the Senior Unsecured Creditors or, if there is no Senior Unsecured Debt Representative acting on behalf of the relevant Senior Unsecured Creditors, such Senior Unsecured Creditors,

for application towards the discharge of:

(A) the Second Lien Debt owed to the Second Lien Creditors; and

(B) the Senior Unsecured Debt owed to the Senior Unsecured Creditors,

on a pro rata basis between (A) and (B) above;

(f) *seventh*, in payment to each Second Lien Debt Representative on behalf of the Second Lien Creditors or, if there is no Second Lien Debt Representative acting on behalf of the relevant Second Lien Creditors, such Second Lien Creditors for application towards discharge of the Second Lien Debt owed to the Second Lien Creditors (in accordance with the terms of the Second Lien Debt Documents) on a pro rata and *pari passu* basis;

(h) *eighth*, if none of the Debtors is under any further actual or contingent liability under any Credit Facility Document, Hedging Agreement, Senior Secured Notes Document, Pari Passu Debt Document, Second Lien Debt Document or (only with respect to the realization of enforcement of the Shared Transaction Security) Senior Unsecured Debt Document, in payment to any person to whom the Security Agent is obliged to pay in priority to any Debtor; and

(i) *ninth*, after the Final Discharge Date, in payment of the surplus (if any) to the relevant Debtor or other person entitled to it,

provided that if at any time amounts that are being applied by the Security Agent under this paragraph represent (i) proceeds of realization or enforcement of Shared Transaction Security and (ii) other amounts, such amounts (as between (i) and (ii)) shall be applied to the relevant Liabilities in the order of the above paragraphs on a pro-rata basis (as between (i) and (ii)) for purposes of determining whether any proceeds of realization or enforcement of Shared Transaction Security remain for purposes of being applied under paragraph "sixth."

Turnover of receipts

Turnover by the Primary Creditors

Subject to the terms of the Intercreditor Agreement, if at any time prior to the Final Discharge Date any of the Super Senior Creditors, the Senior Secured Notes Creditors, the Senior Unsecured Creditors, the Hedge Counterparties and Pari Passu Creditors (together, the "Primary Creditors") recovers the proceeds of any enforcement of any Transaction Security except as set out in "—*Application of Proceeds*" above, that Primary Creditor will:

(a) in relation to receipts and recoveries not received or recovered by way of set-off:

(i) hold an amount of that receipt or recovery equal to the Relevant Liabilities (or if less, the amount received or recovered) on trust for the Security Agent and separate from other assets, property or funds and promptly pay that amount to the Security Agent for application in accordance with the terms of the Intercreditor Agreement; and

(ii) promptly pay an amount equal to the amount (if any) by which the receipt or recovery exceeds the Relevant Liabilities to the Security Agent for application in accordance with the terms of the Intercreditor Agreement; and

(b) in relation to receipts and recoveries received or recovered by way of set-off, promptly pay an amount equal to that recovery to the applicable Security Agent for application in accordance with the terms of the Intercreditor Agreement.

"Relevant Liabilities" means:

(a) in the case of a Creditor:

(i) the liabilities owed to an arranger under the RCF Facility ranking (in accordance with the terms of the Intercreditor Agreement) *pari passu* with or in priority to that Creditor;

(ii) the Liabilities owed to Creditors ranking (in accordance with the terms of the Intercreditor Agreement) *pari passu* with or in priority to that Creditor together with all Creditor Representative Liabilities owed to the respective Creditor Representative; and

(iii) all Liabilities of the Debtors to the Security Agent; and

(b) in the case of a Debtor, the Liabilities owed to the Creditors together with the Creditor Representative Liabilities owed to the Creditor Representative of those Creditors, the Arranger Liabilities and all Liabilities of the Debtors to the Security Agent.

Turnover by the Senior Unsecured Creditors, Second Lien Creditors and Subordinated Creditors

Subject to the terms of the Intercreditor Agreement, if at any time prior to the Final Discharge Date, any Subordinated Creditors, Second Lien Creditors or Senior Unsecured Creditor receives or recovers:

(a) any Payment or distribution of, or on account of or in relation to, any of the Liabilities which is not either: (i) a permitted under the Intercreditor Agreement; or (ii) made as set out in "*—Application of Proceeds*" above;

(b) other than by way of set-off permitted under the Intercreditor Agreement, any amount by way of set-off in respect of any of the Liabilities owed to it which does not give effect to a Permitted Payment;

(c) notwithstanding paragraphs (a) and (b) above, and other than as set out in the Intercreditor Agreement, any amount:

(i) on account of, or in relation to, any of the Liabilities:

(1) after the occurrence of a Distress Event; or

(2) as a result of any other litigation or proceedings against a Debtor or a member of the Group where the Intra-Group Lender has provided Transaction Security in respect of Intra-Group Liabilities owed by that member of the Group (other than after the occurrence of an Insolvency Event in respect of that Debtor or that member of the Group); or

(ii) by way of set-off in respect of any of the Liabilities owed to it after the occurrence of a Distress Event; or

(d) other than by way of set-off permitted under the Intercreditor Agreement, any distribution in cash or in kind or Payment of, or on account of or in relation to, any of the Liabilities owed by any Debtor which is not as set out in "*—Application of Proceeds*" and which is made as a result of, or after, the occurrence of an Insolvency Event in respect of that Debtor,

that Subordinated Creditor, Second Lien Creditor or Senior Unsecured Creditor (as applicable) will:

(i) in relation to receipts and recoveries not received or recovered by way of set-off:

(3) hold an amount of that receipt or recovery equal to the Relevant Liabilities (or if less, the amount received or recovered) on trust for the Security Agent and separate from other assets, property or funds and promptly pay that amount to the Security Agent for application in accordance with the terms of the Intercreditor Agreement; and

(4) promptly pay an amount equal to the amount (if any) by which the receipt or recovery exceeds the Relevant Liabilities to the Security Agent for application in accordance with the terms of the Intercreditor Agreement; and

(ii) in relation to receipts and recoveries received or recovered by way of set-off, promptly pay an amount equal to that recovery to the Security Agent for application in accordance with the terms of the Intercreditor Agreement.

Governing law

The Intercreditor Agreement and any non-contractual obligations arising out of or in connection with it are governed by English law.

Non-recourse project finance facilities

The Group's project finance debt comprises certain separate ring-fenced and non-recourse facilities, each secured by certain of its wind farm assets, as follows:

(a) a euro-denominated project finance facility (the "Holyford Facility") available to fund the 9MW Holyford wind farm asset;

(b) a euro-denominated project finance facility (the "Meenadreen Extension Facility") available to fund the 95MW Meenadreen Extension wind farm asset;

(c) a sterling-denominated project finance facility (the "Thornog Facility") available to fund the 20MW Thornog wind farm asset;

(d) a sterling-denominated project finance facility (the "Clondermot Facility") available to fund the Clondermot/Lisglass wind farm assets totaling 4.6MW;

(e) a sterling-denominated project finance facility (the "NI5 Facility") available to fund the Long Mountain, Glenbuck, Gortfinbar, Eshmore and Altamuskin wind farm assets totaling 73MW; and

(f) a sterling-denominated project finance facility (the "Viridian 4 Facility") intended to cover the remaining four projects (Rathsherry, Cornavarrow, Slieveglass and Teiges) totaling 75MW currently in construction. During the First Three Months of 2018, the Group achieved financial close for the Rathsherry project and put in place ring-fenced non-recourse project finance facilities in an amount of £28.4 million. In September 2017, the Group achieved financial close for the Cornavarrow project and put in place ring-fenced non-recourse project finance facilities in an amount of £56.7 million. The project finance for the other two projects is in the process of being put in place (together the "Project Finance Facilities").

While the Project Finance Facilities are non-recourse, other companies within the Group have entered into contracts under which they are required to purchase energy from the Group's wind farm assets. With the exception of the Viridian 4 Facility, these purchasers are guaranteed by the RoI Issuer. The purchaser in respect of the Viridian 4 Facility is guaranteed by Viridian Group Limited.

Each of the Project Finance Facilities is secured through a first ranking fixed and floating charge on the wind farm assets and the shares of the special purpose vehicle to which it relates. The Project Finance Facilities are repayable on an amortizing six monthly profile with installments due on March 31 and September 30. While interest is payable on a variable rate basis based on EURIBOR and LIBOR, the interest payable on at least 75% of the Holyford and Clondermot facilities, at least 80% of the Thornog facility, at least 90% of the Meenadreen Extension facility, at least 85% of the NI5 facility and at least 85% of the Viridian 4 facility is fixed through interest rate swaps. The final term loan repayment dates of the Holyford, Meenadreen Extension, Thornog, Clondermot, NI5 and Viridian 4 facilities are December 31, 2027, January 31, 2032, December 31, 2031, December 31, 2029, January 31, 2034 and March 31 2035 respectively. At the end of the Project Finance Facilities' respective terms, assuming all outstanding amounts of principal, interest, fees, costs and expenses have been paid to the relevant finance provider, the security in place over the wind farms will be released.

Once the wind farm has been commissioned within budget and the first scheduled loan installment has been made, distributions can be made twice a year provided that (i) there are no defaults that are continuing or would result from the distribution; (ii) the debt service cover ratios have been met through submission of a compliance statement and model forecast; (iii) the debt service reserve and other reserve accounts (as applicable) are fully funded and there is no funding shortfall; and (iv) all applicable construction warranties and guarantees remain in place (save that this condition (iv) does not apply to the Thornog Facility).

The level of distribution is limited to the excess cash generated by each wind farm after the payment of (i) eligible wind farm operating costs; (ii) interest, loans and other fees payable under the project loan facility; (iii) any transfers required to the debt service or other reserve account to meet their required levels; and (iv) anticipated operating costs or working capital requirements.

The level of distributions from excess cash generated as calculated above is unrestricted in the Thornog Facility for the first seven years of operation following commissioning but is restricted to 55% of the excess cash generated thereafter. The level of distributions from excess cash generated as calculated above is unrestricted for the life of the Holyford, Meenadreen Extension, Clondermot, NI5 and Viridian 4 Facilities.

Charges

Charges have been granted over certain of the Restricted Group's assets in the ordinary course of business. On March 2, 2016 a charge was granted in favor of the National Australia Bank Limited over the RoI Issuer's minority shareholding in Eco Wind Power Limited. On June 28, 2013 a charge was granted in favor of The Governer and Company of the Bank of Ireland over Viridian Renewables ROI Limited's shareholding in Holyford Windfarm Limited. On April 27, 2015 a charge was granted in favor of Norddeutsche Landesbank Girozentrale over Viridian Renewables ROI Limited's shareholding in Windgeneration Ireland Limited (Meenadreen Extension). On December 18, 2013 a charge was granted in favor of Norddeutsche Landesbank Girozentral over Viridian Renewables Company 1 Limited's shareholding in Thornog Windfarm Ltd. On May 8, 2014 a charge was granted in favor of the Governor and Company of the Bank of Ireland over Viridian Renewables Company 1 Limited's shareholding in Clondermot Wind Limited. On December 22, 2015 a limited recourse charge on shares was granted in favor of Norddeutsche Landesbank Girozentrale (as security agent) over Viridian Renewables Company 1 Limited's shareholding in Viridian Renewables Company 3 Limited (N15). On June 26, 2017 a charge was granted in favor of Ulster Bank Ireland Designated Activity

Company over Viridian Renewables Company 1 Limited's shareholding in Viridian Renewables Company 4 Limited (Rathsherry and Cornavarrow).

On January 27, 2017 and October 25, 2007 charges were granted in favor of Eirgrid PLC and SONI Limited in respect of account security required under the SEM by Huntstown Power Company Limited. On February 15, 2017, January 17, 2017 and October 31, 2008 charges were granted in favor of Eirgrid PLC and SONI Limited in respect of account security required under SEM by Power NI Energy Limited. On January 17, 2017 and October 25, 2007 charges were granted in favor of Eirgrid PLC and SONI Limited in respect of account security required under SEM by Viridian Energy Limited. On January 17, 2017 a charge was granted in favor of Eirgrid PLC and SONI Limited in respect of account security required under SEM by Viridian Energy Supply Limited. On January 17, 2017 and October 25, 2007 charges were granted in favor of Eirgrid PLC and SONI Limited in respect of account security required under SEM by Viridian Power Limited. On May 5, 2000 a charge was granted in favor of the Governor and Company of the Bank of Ireland in respect of an account by Viridian Group Limited.

Description of the Notes

You will find definitions of certain capitalized terms used in this "*Description of the Notes*" under the heading "*—Certain Definitions*". The Notes will be jointly and severally issued by Viridian Group FinanceCo PLC ("*UK Issuer*") and Viridian Power and Energy Holdings DAC (the "*RoI Issuer*" and, together with the UK Issuer, the "*Issuers*").

The Issuers will issue €600 million (equivalent) aggregate principal amount of Senior Secured Notes, comprising of: the £225 million aggregate principal amount of 4.75% Senior Secured Notes due 2024 (the "Sterling Notes") and €350 million aggregate principal amount of 4.00% Senior Secured Notes due 2025 (the "*Euro Notes*" and, together with the Sterling Notes, the "*Notes*") under an indenture to be dated as of the Issue Date (the "*Indenture*"), among, *inter alios*, the Issuers, BNY Mellon Corporate Trustee Services Limited, as trustee (the "*Trustee*"), The Bank of New York Mellon, London Branch, as security agent (the "*Security Agent*"), The Bank of New York Mellon, London Branch, as paying agent (the "*Paying Agent*") and as transfer agent (the "*Transfer Agent*"), and The Bank of New York Mellon SA/NV, Luxembourg Branch, as registrar (the "*Registrar*"), in a private transaction that is not subject to the registration requirements of the U.S. Securities Act. Each series of Notes will be jointly issued by both of the Issuers; accordingly, the Notes will be joint and several obligations of the Issuers. The UK Issuer will receive the net proceeds of the offering of the Sterling Notes and the RoI Issuer will receive the net proceeds of the Euro Notes. As a result, without limiting the joint and several liability of the Issuers to make payments on the Notes, for accounting purposes the UK Issuer will be considered to be the primary obligor on the Sterling Notes and the RoI Issuer will be considered to be the primary obligor on the Euro Notes. The Indenture will not be qualified under, or be subject to, the U.S. Trust Indenture Act of 1939, as amended.

The following description is a summary of the material provisions of the Indenture and the Notes and refers to the Security Documents and the Intercreditor Agreement. It does not restate those agreements in their entirety. The Issuers urge you to read the Indenture, the Notes, the Intercreditor Agreement and the Security Documents, because they, and not this description, define your rights as Holders of the Notes. Copies of the Indenture, the forms of the Notes, the Security Documents and the Intercreditor Agreement are available as set forth in this Offering Memorandum under the caption "*Available Information*".

The proceeds of the offering of the Notes sold on the Issue Date will be used by the Group, together with amounts received in relation to the settlement of certain forward foreign exchange contracts and cash on hand, (i) to redeem €540,000,000 7½% Senior Secured Notes due 2020 (including the applicable redemption premium and accrued but unpaid interest) issued by Viridian Group Fundco II Limited on February 13, 2015, (ii) to pay a dividend to Viridian Topco Limited and (iii) to pay costs, expenses and fees (legal, accounting or otherwise) in connection with the foregoing, as set forth in this Offering Memorandum under the caption "*Use of Proceeds*".

Although application will be made to The Channel Islands Securities Exchange Authority Limited (trading as The International Stock Exchange Authority) (the "Exchange") for the listing of and permission to deal in the Notes on the Official List of the Exchange, there can be no assurances that the Notes will be listed on the Official List of the Exchange and that such permission to deal in the Notes will be granted or that such listing will be maintained. Although no assurance is made as to the liquidity of the Notes as a result of the listing, failure to be approved for listing or the delisting (whether or not for an alternative admission to listing on another stock exchange) of the Notes, as applicable, from the Official List of the Exchange may have a material effect on a holder's ability to resell the Notes, as applicable, in the secondary market.

The Indenture will allow us to issue additional notes in the future which could adversely impact the liquidity of the Notes. Unless the context otherwise requires, in this "*Description of the Notes*", references to the "Notes" include any Additional Notes that are actually issued.

The Indenture will be subject to the terms of the Intercreditor Agreement and any Additional Intercreditor Agreements. The terms of the Intercreditor Agreement are important to understanding the relative ranking of Indebtedness and security, the ability to make payments in respect of the Indebtedness, the procedures for undertaking enforcement action, the subordination of certain Indebtedness, turnover obligations, release of security and guarantees and the payment waterfall for amounts received by the Security Agent. See "*Description of Other Indebtedness—Intercreditor Agreement*" for a description of certain terms of the Intercreditor Agreement.

The registered Holder of a Note will be treated as the owner of it for all purposes. Only registered Holders will have rights under the Indenture.

Brief description of the notes and the note guarantees

The notes

The Notes will:

- be senior obligations of each Issuer;
- rank *pari passu* in right of payment with each Issuer's existing and future obligations that are not expressly subordinated in right of payment to the Notes, including Indebtedness Incurred under the Revolving Credit Facility Agreement and certain Hedging Obligations;
- be senior in right of payment to each Issuer's existing and future obligations that are expressly subordinated in right of payment to the Notes;
- be secured by the Collateral on or about the Issue Date but in any event no later than within 10 days of the Issue Date;
- be effectively subordinated to each Issuer's existing and future obligations that are secured by property or assets that do not secure the Notes, to the extent of the value of the property and assets securing such obligations; and
- be structurally subordinated to all existing and future obligations of the non-Guarantor Subsidiaries of the Company.

The Notes will be represented by one or more registered Notes in global registered form, but in certain circumstances may be represented by Definitive Registered Notes. See "*Book-Entry; Delivery and Form*".

Under the terms of the Intercreditor Agreement, in the event of an enforcement of the Collateral, the Holders of the Notes will receive proceeds from the enforcement of the Collateral only after (i) the lenders under the Revolving Credit Facility Agreement (or lenders under any Indebtedness that refinances the Revolving Credit Facility Agreement and is entitled to rank senior to the Notes with respect to the proceeds of an enforcement of the Collateral), (ii) counterparties to certain Hedging Obligations, (iii) lenders or creditors under certain other Indebtedness, if any, permitted to be Incurred on a super priority basis under the Indenture and (iv) certain amounts owing to the Security Agent, any receiver and certain creditor representatives have been repaid in full.

The note guarantees

The Notes will be guaranteed by the Guarantors on the Issue Date. In addition, if required by the covenant described under "*—Certain Covenants—Additional Note Guarantees*", certain other Restricted Subsidiaries may provide a Note Guarantee in the future.

The Note Guarantee of each Guarantor will be a general, joint and several, senior obligation of that Guarantor and will:

- rank *pari passu* in right of payment with all existing and future obligations of that Guarantor that is not expressly subordinated in right of payment to such Note Guarantee, including Indebtedness Incurred under the Revolving Credit Facility Agreement and certain Hedging Obligations;
- rank senior in right of payment to all existing and future obligations of such Guarantor that are expressly subordinated in right of payment to such Note Guarantee;
- be secured by the Collateral; and
- be effectively subordinated to all existing and future obligations of such Guarantor that are secured by property or assets that do not secure such Note Guarantee, to the extent of the value of the property and assets securing such obligations.

The obligations of the Guarantors under the Note Guarantees and the Security Interests it has granted to secure its Note Guarantee, if any, will be contractually limited to reflect limitations under applicable law with respect to maintenance of share capital, corporate benefit, fraudulent conveyance, financial assistance and other legal restrictions applicable to the Guarantors and their respective shareholders, directors and general partners. For a description of such contractual limitations, see "*Limitations on Validity and Enforceability of Guarantees and Security*". By virtue of these limitations, a Guarantor's obligation under its Note Guarantee and its Security Interests, if any, could be significantly less than amounts payable with respect to the Notes. See also "*Risk Factors—Risks Related to Our Structure—Laws relating to fraudulent preference, fraudulent conveyance and corporate benefit may adversely affect the validity and enforceability of payments under the Notes*".

General

Under the circumstances described below under the definition of "*Unrestricted Subsidiaries*," the Company will be permitted to designate certain of its Subsidiaries as "Unrestricted Subsidiaries." Unrestricted Subsidiaries of the Company will not be subject to any of the restrictive covenants in the Indenture. Further, Unrestricted Subsidiaries of the Company will not guarantee the Notes.

Certain of the Company's Subsidiaries holding renewable energy assets will be deemed to be Unrestricted Subsidiaries as of the Issue Date for purposes of the Indenture. For a full list of Unrestricted Subsidiaries as of the Issue Date, see clause (1) under the heading "*—Certain Definitions—Unrestricted Subsidiaries*". These Unrestricted Subsidiaries held 35% of the Group's consolidated total assets (excluding Consolidation Adjustments (as defined in this Offering Memorandum)) as of June 30, 2017 and had £232.4 million of indebtedness outstanding under project finance bank loan facilities as of June 30, 2017. All of the other Subsidiaries of the Company will be Restricted Subsidiaries as of the Issue Date.

In this "*Description of the Notes*," the "Issuers" refer only to Viridian Group FinanceCo PLC and Viridian Power and Energy Holdings DAC, and any successor obligor to the Issuers of the Notes, and not to any of their subsidiaries or to their parents, including the Company. The UK Issuer is a finance subsidiary that was formed in order to offer and issue debt securities. The UK Issuer conducts no business operations of its own, and has not engaged in, and will not engage in, any activities other than those relating to its finance activities. The UK Issuer will be dependent upon payments from other members of the Group to meet its obligations, including its obligations under the Notes. See "*Risk Factors—Risks Related to Our Structure—The UK Issuer is a finance subsidiary that has no revenue generating operations of its own and depends on cash received under its intercompany loan in order to be able to make payments on the Notes.*" All of the operations of the Company will be conducted through the Company's Subsidiaries and, therefore, the Company will depend on the cash flow of its Subsidiaries to meet its obligations, including its obligations under the Note Guarantees.

Not all of the Company's Subsidiaries will guarantee the Notes. In particular, Power NI Energy Limited, is not permitted to guarantee the Notes for regulatory reasons. Additionally, certain other Restricted Subsidiaries, which include, among others, Viridian Capital Limited, Viridian Enterprises Limited, Viridian Properties Limited, Viridian Insurance Limited, ElectricInvest Acquisitions Limited, ElectricInvest Holding Company Limited, Gensys Power Limited and Viridian Renewables Development Limited, will not guarantee the Notes. Any right of the Issuers or any Guarantor to receive assets of any of its non-guarantor Subsidiaries upon that non-guarantor Subsidiary's bankruptcy, liquidation or reorganization (and the consequent right of the Holders of Notes to participate in those assets) will be structurally subordinated to that non-guarantor Subsidiary's Indebtedness and other obligations (including trade payables, preference shares and lease obligations, if any), except to the extent that the Issuers or such Guarantor is itself recognized as a creditor of the non-guarantor Subsidiary, in which case the claims of the Issuers or such Guarantor, as the case may be, would still be effectively subordinated to any obligations secured over the assets of the non-guarantor Subsidiary and subordinated in right of payment to any Indebtedness of the non-guarantor Subsidiary that is senior to the claims held by the Issuers or such Guarantor. See *"Risk Factors—Risks Related to our Structure—The Notes will be structurally subordinated to the liabilities of non-Guarantor members of the Group."*

For the twelve months ended June 30, 2017, the Issuers and the Guarantors generated 55% of the Group's consolidated Adjusted EBITDA (excluding all intragroup items except the allocations of inter-company costs from the Huntstown plants and the inter-company PPA revenue from the Unrestricted Subsidiaries) and as at June 30, 2017 held 54% of the Group's consolidated total assets (excluding Consolidation Adjustments). For the twelve months ended June 30, 2017, excluding Unrestricted Subsidiaries, the Guarantors generated 60% of the Group's Adjusted EBITDA (excluding all intra-group items except the allocations of inter-company costs from the Huntstown plants and the inter-company PPA revenue from the Unrestricted Subsidiaries), and as at June 30, 2017 held 83% of its consolidated total assets (excluding Consolidation Adjustments). For the twelve months ended June 30, 2017, excluding Unrestricted Subsidiaries and Power NI (which is not permitted to guarantee the Notes for regulatory reasons), the Guarantors generated 99% of the Group's Adjusted EBITDA (excluding all intra-group items except the allocations of intercompany costs from the Huntstown plants and the inter-company PPA revenue from the Unrestricted Subsidiaries), and as at June 30, 2017 held 98% of its consolidated total assets (excluding Consolidation Adjustments).

As of June 30, 2017, after giving *pro forma* effect to the Transactions as if they had occurred on that date, the Company and its Restricted Subsidiaries would have had £526.8 million of Senior Secured Indebtedness outstanding, which is represented by the Notes.

Principal and maturity

The Issuers will issue £225 million in aggregate principal amount of Sterling Notes on the Issue Date and €350 million in aggregate principal amount of Euro Notes on the Issue Date. The Sterling Notes will mature on September 15, 2024. The Euro Notes will mature on September 15, 2025. The Sterling Notes will be issued in minimum denominations of £100,000 and in integral multiples of £1,000 in excess thereof. The Euro Notes will be issued in minimum denominations of €100,000 and integral multiples of €1,000 in excess thereof.

Interest

Interest on the Sterling Notes will accrue at a rate of 4.75% per annum and interest on the Euro Notes will accrue at a rate of 4.00% per annum and, in each case, will:

- be payable in cash semi-annually in arrears on March 15 and September 15 of each year, commencing on March 15, 2018; and
- be payable to the Holder of record of such Notes on March 1 or September 1 of each year, immediately preceding the related interest payment date.

Interest on the Notes will accrue from the most recent date to which interest has been paid or, if no interest has been paid, from the date of original issuance. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months. Each interest period shall end on (but not include) the relevant interest payment date. If a particular interest payment date is not a Business Day, then the payment date will move to the next Business Day.

The interest amount will be calculated by applying the applicable rate to the aggregate principal amount outstanding on the Notes.

Additional notes

From time to time, subject to the Issuers' compliance with the covenants described under the headings "*—Certain Covenants—Limitation on Indebtedness*" and "*—Certain Covenants—Limitation on Liens*," the Issuers are permitted to issue additional Notes, which shall have terms substantially identical to the Sterling Notes or the Euro Notes, as applicable, except in respect of any of the following terms which shall be set forth in an Officer's Certificate delivered by the Issuers to the Trustee ("Additional Notes"):

(1) the title of such Additional Notes;

(2) the aggregate principal amount of such Additional Notes;

(3) the date or dates on which such Additional Notes will be issued;

(4) the rate or rates (which may be fixed or floating) at which such Additional Notes shall bear interest and, if applicable, the interest rate basis, formula or other method of determining such interest rate or rates, the date or dates from which such interest shall accrue, the interest payment dates on which such interest shall be payable or the method by which such dates will be determined, the record dates for the determination of holders thereof to whom such interest is payable and the basis upon which such interest will be calculated;

(5) the currency or currencies in which such Additional Notes shall be denominated and the currency in which cash or government obligations in connection with such series of Additional Notes may be payable;

(6) the date or dates and price or prices at which, the period or periods within which, and the terms and conditions upon which, such Additional Notes may be redeemed, in whole or in part;

(7) if other than denominations of (x) £100,000 and in integral multiples of £1,000 in excess thereof in relation to Sterling-denominated Additional Notes and (y) €100,000 and in integral multiples of €1,000 in excess thereof in relation to euro-denominated Additional Notes, the denominations in which such Additional Notes shall be issued and redeemed; and

(8) the ISIN, Common Code, CUSIP or other securities identification numbers with respect to such Additional Notes.

Such Additional Notes will be treated, along with all other series of Notes, as a single class for the purposes of the Indenture with respect to waivers, amendments and all other matters which are not specifically distinguished for such series. Unless the context otherwise requires, for all purposes of the Indenture and this "Description of the Notes," references to "Notes" shall be deemed to include references to the Notes initially issued on the Issue Date as well as any Additional Notes.

Additional Notes may also be designated as "Additional Sterling Notes" or "Additional Euro Notes," but only if having terms substantially identical in all material respects to the initial Sterling Notes or initial Euro Notes, respectively. The initial Sterling Notes and any Additional Sterling Notes shall be deemed to form one series and references to the "Sterling Notes" shall be deemed to refer to the Sterling Notes initially issued on the Issue Date as well as any Additional Sterling Notes. The initial Euro Notes and any Additional Euro Notes shall be deemed to form one series and references to the "Euro Notes" shall be deemed to include the Euro Notes initially issued on the Issue Date as well as any Additional Euro Notes.

In order for any Additional Sterling Notes or Additional Euro Notes to have the same ISIN, CUSIP or common code, as applicable, as the initial Sterling Notes or initial Euro Notes, as applicable, such Additional Sterling Notes or Additional Euro Notes, as the case may be, must be fungible with the Notes for U.S. federal income tax purposes.

Methods of receiving payments on the notes

Principal, interest and premium and Additional Amounts, if any, on the Global Notes will be payable by one or more Paying Agents by wire transfer of immediately available funds to the account specified by the registered Holder thereof (being the common depositary for Euroclear and Clearstream or its nominee).

Principal, interest and premium and Additional Amounts, if any, on any certificated securities ("*Definitive Registered Notes*") will be payable at the specified office or agency of the applicable Paying Agent maintained for such purposes in the City of London. In addition, interest on the Definitive Registered Notes may be paid, at the option of the Issuers, by check mailed to the address of the Holder entitled thereto as shown on the register of Holders of Notes for the Definitive Registered Notes. See "*—Paying Agent and Registrar for the Notes*".

Paying agent and registrar for the notes

The Issuers will maintain one or more paying agents (each, a "Paying Agent") for the Notes for so long as the Notes are held in registered form. The initial Paying Agent will be The Bank of New York Mellon, London Branch.

The initial Registrar will be The Bank of New York Mellon SA/NV, Luxembourg Branch and the initial Transfer Agent will be The Bank of New York Mellon, London Branch. The Registrar, the Paying Agent and Transfer Agent, as applicable, will maintain a register reflecting ownership of the Notes outstanding from time to time, if any, and will make payments on and facilitate transfers of the Notes on behalf of the Issuers.

The Issuers may change any Paying Agent, Registrar or Transfer Agent for the Notes without prior notice to the Holders. However, for so long as the Notes are listed on the Official List of The Channel Islands Securities Exchange Authority Limited (the "Exchange"), and if and to the extent that the rules of the Exchange so require, the Issuers will notify the Exchange of any change of Paying Agent, Registrar or Transfer Agent. The Company or any of its Subsidiaries may act as Paying Agent or Registrar in respect of the Notes.

Transfer and exchange

The Notes will be issued in global registered form without interest coupons, as follows:

- Notes sold within the United States to qualified institutional buyers pursuant to Rule 144A under the U.S. Securities Act will initially be represented by one or more global notes in registered form without interest coupons attached (the "*144A Global Notes*"). The 144A Global Notes will, on the Issue Date, be deposited with and registered in the name of the nominee of the common depositary for the accounts of Euroclear and Clearstream; and

- Notes sold outside the United States pursuant to Regulation S under the U.S. Securities Act will initially be represented by one or more global notes in registered form without interest coupons attached (the "*Regulation S Global Notes*" and, together with the 144A Global Notes, the "*Global Notes*"). The Regulation S Global Notes will, on the Issue Date, be deposited with and registered in the name of the nominee of the common depositary for the accounts of Euroclear and Clearstream.

Ownership of interests in the Global Notes ("*Book-Entry Interests*") will be limited to Persons that have accounts with Euroclear or Clearstream or Persons that may hold interests through such participants.

Ownership of interests in the Book-Entry Interests and transfers thereof will be subject to the restrictions on transfer and certification requirements summarized below and described more fully under "*Notice to Investors*". In addition, transfers of Book-Entry Interests between participants in Euroclear or participants in Clearstream will be effected by Euroclear and Clearstream pursuant to customary procedures and subject to the applicable rules and procedures established by Euroclear or Clearstream and their respective participants.

Book-Entry Interests in the 144A Global Notes (the "*144A Book-Entry Interests*") may be transferred to a person who takes delivery in the form of Book-Entry Interests in the Regulation S Global Notes (the "*Regulation S Book-Entry Interests*") only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made in accordance with Regulation S under the U.S. Securities Act.

During the 40-day distribution compliance period (as such term is defined in Rule 902 of Regulation S), Regulation S Book-Entry Interests may be transferred to a person who takes delivery in the form of 144A Book-Entry Interests only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made to a person who the transferor reasonably believes is a "qualified institutional buyer" within the meaning of Rule 144A under the U.S. Securities Act in a transaction meeting the requirements of Rule 144A or otherwise in accordance with the transfer restrictions described under "*Notice to Investors*" and in accordance with any applicable securities law of any other jurisdiction.

Any Book-Entry Interest that is transferred as described in the immediately preceding paragraphs will, upon transfer, cease to be a Book-Entry Interest in the Global Note from which it was transferred and will become a Book-Entry Interest in the Global Note to which it was transferred. Accordingly, from and after such transfer, it will become subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in the Global Note to which it was transferred.

If any Definitive Registered Note issued in exchange for a Book-Entry Interest in the Global Notes are issued, they will be issued only in minimum denominations of (x) £100,000 aggregate principal amount and integral multiples of £1,000 in excess thereof in relation to Sterling Notes and (y) €100,000 aggregate principal amount and integral multiples of €1,000 in excess thereof in relation to Euro Notes, in each case upon receipt by the Registrar of instructions relating thereto and any certificates, opinions and other documentation required by the Indenture. It is expected that such instructions will be based upon directions received by Euroclear or

Clearstream, as applicable, from the participant which owns the Book-Entry Interests. Definitive Registered Notes issued in exchange for a Book-Entry Interest will, except as set forth in the Indenture or as otherwise determined by the Issuers in compliance with applicable law, be subject to, and will have a legend with respect to, the restrictions on transfer summarized below and described more fully under "*Notice to Investors*".

Subject to the restrictions on transfer referred to above, Notes issued as Definitive Registered Notes may be transferred or exchanged, in whole or in part, in minimum denominations of (x) £100,000 in aggregate principal amount and integral multiples of £1,000 in excess thereof in relation to Sterling Notes and (y) €100,000 aggregate principal amount and integral multiples of €1,000 in excess thereof in relation to Euro Notes. In connection with any such transfer or exchange, the Indenture will require the transferring or exchanging Holder to, among other things, furnish appropriate endorsements and transfer documents, to furnish information regarding the account of the transferee at Euroclear or Clearstream, where appropriate, to furnish certain certificates and opinions, and to pay any Taxes in connection with such transfer or exchange. Any such transfer or exchange will be made without charge to the Holder, other than any Taxes payable in connection with such transfer.

Notwithstanding the foregoing, the Registrar and the Transfer Agent are not required to register the transfer or exchange of any Notes:

(1) for a period of 15 days prior to any date fixed for the redemption of the Notes;

(2) for a period of 15 days prior to the date fixed for selection of the Notes to be redeemed in part;

(3) for a period of 15 days prior to the record date with respect to any interest payment date with respect to such Notes; or

(4) which the holder has tendered (and not withdrawn) for repurchase in connection with a Change of Control Offer or an Asset Disposition Offer (each, as defined below).

The Issuers, the Trustee, the Paying Agent, the Transfer Agent, the Security Agent and the Registrar will be entitled to treat the registered Holders of the Notes as the owners thereof for all purposes.

Note guarantees

General

The Notes will be guaranteed by the Guarantors on the Issue Date. The Guarantors and their respective jurisdictions of organization will be as follows:

Guarantor:	Jurisdiction:
Viridian Group Investments Limited	Cayman
Viridian Group FundCo I Limited	Cayman
Viridian Group FundCo II Limited	Cayman
Viridian Group FundCo III Limited	Cayman
EI Ventures Limited	England
Huntstown Power Company Limited	Ireland
Viridian Power Limited	Ireland
Viridian Energy Limited	Ireland
Power and Energy Holdings (ROI) Limited	Ireland
Viridian Group Limited	Northern Ireland
Viridian Power and Energy Limited	Northern Ireland
Viridian Energy Supply Limited	Northern Ireland
ElectricInvest (Lux) ROI S.à r.l.	Luxembourg

The Note Guarantees of each of the initial Guarantors will be subject to certain limitations.

In addition, as described below under "*—Certain Covenants—Additional Note Guarantees*" and subject to the Intercreditor Agreement and the Agreed Security Principles, each Restricted Subsidiary of the Company that guarantees the Revolving Credit Agreement, Public Debt or certain other indebtedness shall also enter into a supplemental indenture as a Guarantor of the Notes and accede to the Intercreditor Agreement, which Note Guarantee will be senior obligations of such Restricted Subsidiary.

The Agreed Security Principles apply to the granting of guarantees and security in favor of obligations under the Notes. The Agreed Security Principles include restrictions on the granting of guarantees where, among other things, such grant would be restricted by general statutory or regulatory limitations, financial assistance, corporate benefit, capital maintenance rules, fraudulent preference, "thin capitalization" rules, tax restrictions, retention of title claims and similar principles. Each Note Guarantee will be limited to the maximum amount that would not render the Guarantor's obligations subject to avoidance under applicable fraudulent conveyance provisions of the United States Bankruptcy Code or any comparable provision of foreign or state law, or as otherwise required under the Agreed Security Principles to comply with corporate benefit, financial assistance and other laws. By virtue of this limitation, a Guarantor's obligation under its Note Guarantee could be significantly less than amounts payable with respect to the Notes, or a Guarantor may have effectively no obligation under its Note Guarantee. See "*Risk Factors—Risks Related to Our Structure—Laws relating to fraudulent preference, fraudulent conveyance and corporate benefit may adversely affect the validity and enforceability of payments under the Notes*" and "*Risk Factors—Risks Related to Our Structure—Northern Ireland, Republic of Ireland and Cayman Islands insolvency laws and other jurisdictions may provide you with less protection than U.S. bankruptcy law.*"

Releases of note guarantees

The Note Guarantee of any Subsidiary Guarantor will be released:

- upon a sale or other disposition (including by way of consolidation or merger) of the Capital Stock of the relevant Subsidiary Guarantor (whether by direct sale or sale of a holding company) or the sale or disposition of all or substantially all the assets of the Subsidiary Guarantor, if the sale or other disposition does not violate the covenant described below "*—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*" and the Subsidiary Guarantor ceases to be a Restricted Subsidiary of the Company as a result of the sale or other disposition;

- upon the designation in accordance with the Indenture of the Subsidiary Guarantor as an Unrestricted Subsidiary;

- upon legal defeasance, covenant defeasance or satisfaction and discharge of the Indenture, as provided in "*—Defeasance*" and "*—Satisfaction and Discharge*";

- in accordance with the Intercreditor Agreement or any Additional Intercreditor Agreement, including upon an enforcement action;

- as described under "*—Amendments and Waivers*";

- as described in the covenant described below under "*—Certain Covenants—Additional Note Guarantees*";

- as a result of any transaction permitted by "*—Certain Covenants—Merger and Consolidation*"; or

- so long as no Event of Default has occurred and is continuing, in connection with the solvent winding up, liquidation or reorganization of any Guarantor that is an Immaterial Subsidiary (as defined under "*—Certain Definitions*"), *provided* that substantially all of the assets of such

Guarantor that are distributed pursuant to such solvent winding up, liquidation or reorganization are distributed to other Guarantors.

The Note Guarantee of the Company will be released:

- upon legal defeasance, covenant defeasance or satisfaction and discharge of the Indenture, as provided in "*—Defeasance*" and "*—Satisfaction and Discharge*";
- in accordance with the Intercreditor Agreement or any Additional Intercreditor Agreement, including upon an enforcement action;
- as described under "*—Amendments and Waivers*"; or
- as a result of any transaction permitted by "*—Certain Covenants—Merger and Consolidation*".

The Trustee and the Security Agent shall take all necessary actions, if any, including the granting of releases or waivers under the Intercreditor Agreement or any Additional Intercreditor Agreement, reasonably requested by the Issuers to effectuate any release of a Note Guarantee in accordance with these provisions, subject to customary protections and indemnifications. Each of the releases set forth above shall be effected by Trustee without the consent of the Holders or any other action or consent on the part of the Trustee.

Security

General

On or about the Issue Date but in any event no later than within 10 days of the Issue Date, the Notes will be secured by the following:

- pledges over the shares of the Issuers, Viridian Group FundCo I Limited, Viridian Group FundCo II Limited, Viridian Group FundCo III Limited, EI Ventures Limited, ElectricInvest (Lux) ROI S.à r.l., Power and Energy Holdings (RoI) Limited, Viridian Group Limited, Power NI Energy Limited, Viridian Capital Limited, Viridian Energy Limited, Viridian Power Limited, Huntstown Power Company Limited, Viridian Power and Energy Limited and Viridian Energy Supply Limited;
- fixed and floating charges over all or substantially all of the assets (including bank accounts) of the Company, the Issuers, Viridian Group FundCo I Limited, Viridian Group FundCo II Limited, Viridian Group FundCo III Limited, EI Ventures Limited, Viridian Group Limited, Viridian Energy Limited, Viridian Power Limited, Huntstown Power Company Limited, Viridian Energy Supply Limited, Power and Energy Holdings (ROI) Limited and Viridian Power and Energy Limited (subject to certain carveouts and excluding the shares in unrestricted subsidiaries and assets pledged in connection with the Single Electricity Market Trading and Settlement Code); and
- pledges over the receivables and bank accounts of ElectricInvest (Lux) ROI S.à r.l.

The Collateral will be pledged pursuant to the Security Documents to the Security Agent on behalf of the Holders of the Notes and holders of the other secured obligations that are secured by the Collateral (including obligations under the Revolving Credit Facility Agreement and certain Hedging Obligations). Any additional security interests that may in the future be pledged to secure obligations under the Notes and the Note Guarantees would also constitute Collateral.

Subject to certain conditions, including compliance with the covenants described under "*—Certain Covenants—Impairment of Security Interest*" and "*—Certain Covenants—Limitation on Liens*", the Company and its Restricted Subsidiaries will be permitted to grant security over the Collateral in connection with certain future issuances of Indebtedness of the Company or its Restricted Subsidiaries, including any Additional Notes, in each case, as permitted under the Indenture and the Intercreditor Agreement.

The Liens on the Collateral will be limited as necessary to recognize certain limitations arising under or imposed by local law and defenses generally available to providers of Collateral (including those that relate to fraudulent conveyance or transfer, voidable preference, financial assistance, corporate purpose or benefit, capital maintenance or similar laws, regulations or defenses affecting the rights of creditors generally) or other considerations under applicable law. For a brief description of such limitations, see "*Limitations on Validity and Enforceability of Guarantees and Security*".

The proceeds from the sale of the Collateral may not be sufficient to satisfy the obligations owed to the Holders of Notes and the creditors of other obligations secured thereby. No appraisals of any Collateral have been prepared by or on behalf of the Issuers, the Security Agent or the Trustee in connection with the offering of the Notes. By its nature, some or all of the Collateral will be illiquid and may have no readily ascertainable market value. Accordingly, the Collateral may not be able to be sold in a short period of time, or at all. See "*Risk Factors—Risks Related to the Notes—The Collateral may not be sufficient to secure the obligations under the Notes*".

Agreed security principles

All Collateral shall be subject to the operation of the Agreed Security Principles and any Permitted Collateral Liens.

Notwithstanding the foregoing, certain assets will not be pledged as collateral (or the Liens not perfected) in accordance with the Agreed Security Principles, including:

- if providing such security would be prohibited or limited by general statutory limitations, capital maintenance rules, financial assistance, corporate benefit, fraudulent preference, "thin capitalization" rules, retention of title claims or similar principles then the relevant guarantee and/or grant of security may be excluded, or be limited in amount or scope or otherwise; provided, that the Company will use reasonable endeavors to assist in demonstrating that adequate corporate benefit accrues to each Guarantor and to overcome any such other limitations to the extent reasonably practicable (including by procuring the completion of all necessary 'whitewash procedures' under section 60 of the Companies Act 1963 of Ireland (as amended));

- if the cost of providing security is not proportionate to the benefit accruing to the Holders;

- if an asset that would otherwise be provided as security is subject to permitted third party arrangements which would prevent such assets from being granted as security, such asset may be excluded from security, provided that reasonable endeavors to obtain third party consent shall be made if the relevant asset is material;

- if in certain jurisdictions it may be either impossible or impractical to create security over certain categories of assets, security will not be taken over such assets;

- if the grant of a guarantee or security interest would conflict with the fiduciary duties of the directors of a Guarantor, or contravene any legal prohibition or result in a risk of personal or criminal liability on the part of any officer; *provided*, that the Company and its Restricted Subsidiaires shall use reasonable endeavors to overcome any such obstacle (including by procuring the completion of all necessary 'whitewash procedures' under section 60 of the Companies Act 1963 (Ireland) as amended);

- if perfecting such security would have a material adverse effect on the ability of such Guarantor to conduct its operations and business in the ordinary course as otherwise permitted by the Indenture, then such perfection shall not be required;

- no Regulated Entity shall be required to give any security or grant any guarantees other than in relation to its own financial indebtedness under the Notes;
- no security or guarantees shall be given which would prejudice or trigger a default under (i) any license issued under Article 10 of the Electricity (Northern Ireland) Order 1992, (ii) any license issued under Section 14 of the Electricity Regulation Act, 1999 (as amended), (iii) any license issued under Section 16 of the Gas (Interim) (Regulation) Act 2002 (as amended) and (iv) any license issued under the Gas (Northern Ireland) Order 1996, in any case whether or not contained in a single document;
- there shall be no rights of cross-default or enforcement in relation to a Regulated Entity in respect of any default by another member of the Company and its Restricted Subsidiary;
- unless otherwise required by applicable law, all security (other than security over a Guarantor's subsidiaries) shall be governed by the law of, and secure assets located in, the jurisdiction of incorporation of that Guarantor;
- in the case of bank accounts, fixed assets, intellectual property, intercompany receivables and trade receivables over which security is granted, the security grantor shall be free to deal with such accounts in the ordinary course of its business until the Notes are accelerated;
- in the case of intellectual property, no security shall be granted over any intellectual property which cannot be secured under the terms of the relevant licensing agreement, and notification of security will only be provided to any third party from whom intellectual property is licensed after the Notes are accelerated;
- in the case of trade receivables: no notice of security may be prepared or served until the Notes are accelerated and no security will be granted over any trade receivables which cannot be secured under the terms of the relevant contract;
- in the case of shares or partnership interests: the security document will governed by the law of the person whose shares or partnership interests are being secured, not by the law of the person granting the security, and until the Notes are accelerated the person granting the security will be permitted to retain and to exercise voting rights in such shares or partnership interests in a manner which does not adversely affect the validity or enforceability of the security or cause a default to occur; and
- in the case of real estate, security shall be granted over any parcel or real estate whose value is equal to or greater than €2,500,000, the relevant Guarantor shall use reasonable endeavors to obtain any landlord consent necessary to grant such security, but shall not be obligated to investigate title, provide surveys or other insurance or environmental due diligence, or register any legal mortgage or make an filings in any land registry in respect of land in the Republic of Ireland and Northern Ireland.

The Agreed Security Principles with respect to the Notes will be as interpreted and applied in good faith by the Company.

The Collateral will also secure the liabilities under the Revolving Credit Facility Agreement on a super priority basis and may secure the liabilities under certain Hedging Obligations on a super priority basis or other senior indebtedness on a first-priority basis.

Priority

The relative priority with regard to the security interests in the Collateral that are created by the Security Documents (the "*Security Interests*") as between (a) the lenders under the Revolving Credit Facility Agreement, (b) the counterparties under certain Hedging Obligations, (c) certain other Indebtedness entitled to be secured by the Collateral, including Indebtedness entitled to priority on enforcement and (d) the Trustee, certain other creditor representatives, the Security Agent and the Holders of the Notes, respectively, is established by the terms of the

Intercreditor Agreement, which provides, among other things, that the obligations under the Revolving Credit Facility Agreement, certain Hedging Obligations and the Notes are secured on a *pari passu* basis by first-priority Security Interests; *provided, however*, that the Holders of the Notes will receive proceeds from the enforcement of the Collateral after the lenders under the Revolving Credit Facility Agreement, counterparties to certain Hedging Obligations, lenders or creditors under certain other Indebtedness, if any, permitted to be Incurred on a super priority basis under the Indenture and certain amounts owing to the Security Agent, any receiver and certain creditor representatives have been repaid in full. See "*Description of Other Indebtedness—Intercreditor Agreement*".

Security documents

Under the Security Documents, the Issuers and the Guarantors will grant security over the Collateral to secure the payment when due of, among others, the Issuers' and the Guarantors' payment obligations under the Notes, the Note Guarantees and the Indenture. The Security Documents have been or will be entered into by the relevant security provider and the Security Agent as agent for the secured parties. When entering into the Security Documents, the Security Agent will act in its own name, but for the benefit of the secured parties (including the Trustee and the Holders of Notes from time to time). Under the Intercreditor Agreement, the Security Agent will also act as agent of the lenders under the Revolving Credit Facility Agreement and the counterparties under certain Hedging Obligations in relation to the Security Interests created in favor of such parties.

The Indenture will provide that, subject to the terms thereof and of the Security Documents and the Intercreditor Agreement, the Notes and the Note Guarantees, as applicable, will be secured by the Security Interests in the Collateral. However, the Security Interests with respect to the Notes and the Note Guarantees may be released under certain circumstances as provided under "*—Release of Liens*" below. See "*Risk Factors—Risks Related to the Notes—Creditors under the Revolving Credit Facility, any credit facility that refinances or replaces the Revolving Credit Facility and certain hedging obligations are entitled to be repaid with the proceeds of the Collateral sold in any enforcement sale in priority to the Notes. Holders of the Notes will not control decisions regarding the Collateral in certain circumstances*.". The validity and enforceability of the Security Interests will be subject to, *inter alias*, the limitations described in "*Limitations on Validity and Enforceability of Guarantees and Security*".

Holders of the Notes may not, individually or collectively, take any direct action to enforce any rights in their favor under the applicable Security Documents. The Holders of the Notes may only act through the Security Agent in accordance with the terms of the Indenture, the Intercreditor Agreement and any Additional Intercreditor Agreement. In certain jurisdictions, due to the laws and other jurisprudence governing the creation and perfection of security interests, the relevant Security Documents will provide for the creation of "parallel debt" obligations in favor of the Security Agent, and the Security Interests in such jurisdictions will secure the parallel debt (and not the Indebtedness under the Notes, the Note Guarantees and the other secured obligations). The parallel debt construct has not been fully tested under law in certain of these jurisdictions. See "*Risk Factors—Risks Related to the Notes—The security interests in the Collateral will be granted to the Security Agent rather than directly to the Holders of the Notes. The ability of the Security Agent to enforce certain of the Collateral may be restricted by local law*".

In the event that the Guarantors, the Company or its Subsidiaries enter into insolvency, bankruptcy or similar proceedings, the Security Interests created under the Security Documents or the rights and obligations enumerated in the Intercreditor Agreement could be subject to potential challenges. If any challenge to the validity of the Security Interests or the terms of the Intercreditor Agreement were successful, the Holders of Notes might not be able to recover any amounts under the Security Documents. See "*Risk Factors—Risks Related to the Notes—The Collateral may not be sufficient to secure the obligations under the Notes*".

Subject to the terms of the Indenture, the relevant Security Documents, the Intercreditor Agreement and any Additional Intercreditor Agreement, the Issuers and the Guarantors will have the right to remain in possession and retain exclusive control of the Collateral securing the Notes, to freely operate the property and assets constituting Collateral and to collect, invest and dispose of any income therefrom (including any and all dividends, distributions or similar cash and non-cash payments in respect of Capital Stock of the Guarantors that is part of the Collateral).

Intercreditor agreement; additional intercreditor agreements; security documents; agreement to be bound

The Indenture will provide that each Holder of the Notes, by accepting such Note, will be deemed to have:

(1) consented and agreed to the terms of the Security Documents, the Intercreditor Agreement and any Additional Intercreditor Agreement entered into in compliance with the covenant described under "*—Certain Covenants—Additional Intercreditor Agreements*" (including, without limitation, the provisions providing for foreclosure and release of the Note Guarantees and the Collateral, including upon an enforcement, and authorizing the Security Agent to enter into the Security Documents on its behalf), as the same may be in effect or may be amended from time to time in accordance with its terms;

(2) authorized the Trustee and the Security Agent, as applicable, to enter into the Security Documents and the Intercreditor Agreement and to be bound thereby and to perform their respective obligations and exercise their respective rights thereunder in accordance therewith; and

(3) have appointed and authorized the Security Agent and the Trustee to give effect to the provisions in the Intercreditor Agreement and any Additional Intercreditor Agreement.

Please see the section entitled "*Description of Other Indebtedness—Intercreditor Agreement*".

Similar provisions to those described above may be included in any Additional Intercreditor Agreement entered into in compliance with the covenant described under "*—Certain Covenants—Additional Intercreditor Agreements*".

Release of liens

The Security Agent will take any action required to effectuate any release of Collateral required by a Security Document:

(1) in connection with any sale or other disposition of Collateral to (a) a Person that is not the Company or a Restricted Subsidiary (but excluding any transaction subject to "*—Certain Covenants—Merger and Consolidation*"), if such sale or other disposition does not violate the covenant described below under "*—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*" or (b) any Restricted Subsidiary that is not a Guarantor;

(2) in the case of a Guarantor that is released from its Note Guarantee pursuant to the terms of the Indenture, the release of the property and assets, and Capital Stock, of such Guarantor;

(3) as described under "*—Amendments and Waivers*";

(4) upon payment in full of principal, interest and all other obligations on the Notes or legal defeasance, covenant defeasance or satisfaction and discharge of the Notes, as provided in "*—Defeasance*" and "*—Satisfaction and Discharge*";

(5) if the Company designates any Restricted Subsidiary to be an Unrestricted Subsidiary in accordance with the applicable provisions of the Indenture, the release of the property and assets, and Capital Stock, of such Unrestricted Subsidiary;

(6) in accordance with the Intercreditor Agreement or any Additional Intercreditor Agreement;

(7) in connection with the granting of Liens on such property or assets, which may include Collateral, or the sale of such property or assets, which may include Collateral, pursuant to a Qualified Receivables Transaction;

(8) as permitted by the covenant described under "*—Certain Covenants—Impairment of Security Interest*";

(9) in order to effectuate a merger, consolidation, conveyance or transfer conducted in compliance with the covenant described under "*—Certain Covenants—Merger and Consolidation*";

(10) in connection with an IPO Pushdown, as specified in the Indenture;

(11) as otherwise permitted in accordance with the Indenture; or

(12) so long as no Event of Default has occurred and is continuing, in connection with the solvent winding up, liquidation or reorganization of any Subsidiary that is an Immaterial Subsidiary (as defined under "*—Certain Definitions*"), any assets of or Capital Stock of such Subsidiary may be released from the Collateral; *provided* that substantially all of the assets of such Subsidiary that are distributed pursuant to such solvent winding up, liquidation or reorganization are distributed to other Guarantors.

The Company will be entitled to release the Security Interests in respect of the Collateral owned by it under the circumstances described in clauses (2), (3), (4), (6), (8) and (9) of the preceding paragraph.

Each of these releases shall be effected by the Security Agent and, to the extent required or necessary, the Trustee, without the consent of the Holders.

The Security Agent and the Trustee (to the extent action is required by it in order to effectuate such release) will take all necessary action reasonably requested by the Issuers to effectuate any release of Collateral securing the Notes and the related Note Guarantees, in accordance with the provisions of the Indenture, the Intercreditor Agreement or any Additional Intercreditor Agreement and the relevant Security Document.

The Company and its Restricted Subsidiaries may also, among other things, without any release or consent by the Trustee or the Security Agent, conduct ordinary course activities with respect to Collateral, including, without limitation, (i) selling or otherwise disposing of, in any transaction or series of related transactions, any property subject to the Lien under the Security Documents which has become worn out, defective or obsolete or not used or useful in the business; (ii) selling, transferring, paying off or using up or otherwise disposing of its assets or intercompany receivables in the ordinary course of business; and (iii) any other action permitted by the Security Documents or the Intercreditor Agreement.

IPO pushdown

(a) On, in contemplation of, or following an IPO Event, the Company shall be entitled to require (by written notice to the Trustee and the Security Agent (a "Pushdown Notice")) that the terms of the Indenture and the Intercreditor Agreement shall operate (with effect from the date specified in the relevant Pushdown Notice (the "Pushdown Date")) on the basis that: (i) references to the Company and Restricted Subsidiaries (and all related provisions) shall apply only to the IPO Entity and its Restricted Subsidiaries from time to time; (ii) all financial ratio, basket calculations and financial definitions shall exclude any Holding Company of the IPO Entity and all reporting obligations shall be assumed at the level of the IPO Entity (or the Company, if so elected); (iii) each reference in the Indenture to the "Company" and/or each reference in the Intercreditor Agreement to the "Parent" shall be deemed to be a reference to the IPO Entity (to the extent applicable and unless the context requires otherwise, and *provided further* that nothing in this paragraph (a), including the deeming construct contemplated by this sub-paragraph (iii) and any action taken by the IPO Entity prior to it being deemed to be the Company, shall, or shall be deemed to, directly or indirectly constitute or result in a breach of any covenant or other term in the Indenture or a Default or an Event of Default); (iv) none of the representations, warranties, undertakings, covenants or Events of Default in the Indenture, the Intercreditor Agreement or the Security Documents shall apply to any entity of which the IPO Entity is Subsidiary (whether in its capacity as a Guarantor or otherwise); (v) no event, matter or circumstance relating to any Holding Company of the IPO Entity (whether in its capacity as a Guarantor or otherwise) shall, or shall be deemed to, directly or indirectly constitute or result in a breach of any covenant or other term in the Indenture or a Default or an Event of Default; (vi) each Holding Company of the IPO Entity shall be irrevocably and unconditionally released from all obligations under the Indenture, the Intercreditor Agreement and any security granted by any such Holding Company; (vii) to the extent that the IPO Entity is a Restricted Subsidiary of the Company, such IPO Entity shall adopt by means of supplemental indenture all of the obligations of the Company under the Notes (and the Company shall be relieved of such obligations thereby); and (viii) unless otherwise notified by the Company: (A) each person which is party to the Intercreditor Agreement as a "Shareholder Creditor" shall be irrevocably and unconditionally released from the Intercreditor Agreement and all obligations and restrictions under the Intercreditor Agreement (and from the date specified by the Company that person shall cease to be party to the Intercreditor Agreement as an "Shareholder Creditor" and shall have no further rights or obligations under the Intercreditor Agreement as an "Shareholder Creditor"); and (B) there shall be no obligation or requirement for any person to become party to the Intercreditor Agreement as an "Shareholder Creditor"; and (viii) in the event that any person is released from or does not become party to the Intercreditor Agreement as an "Shareholder Creditor" as a consequence of this paragraph (a), any term of the Indenture and/or the Intercreditor Agreement which requires or assumes that any person be an Shareholder Creditor or that any liabilities or obligations to such person be subject to the Intercreditor Agreement or otherwise subordinated shall cease to apply. An IPO Pushdown Notice may not be delivered if a Default or Event of Default has occurred and is continuing (disregarding any Default or Event of Default that could be deemed to arise in connection with the transactions contemplated by this provision).

(b) The Trustee and the Security Agent shall be required to enter into any amendment to the Indenture or amendment to or replacement of the Intercreditor Agreement or the Security Documents required by the Company and/or take such other action as is required by the Company in order to facilitate or reflect any of the matters contemplated by paragraph (a) above (the "IPO Pushdown"); *provided* that such amendment replacement or other document or instrument does not impose any personal obligations on the Trustee or the Security Agent or in the opinion of the Trustee or Security Agent (as applicable) adversely affect the personal rights, duties, liabilities, indemnification or immunities of the Trustee or the Security Agent (as applicable) under the Indenture or the Intercreditor Agreement. In connection with the foregoing, the Company shall furnish to the Trustee or the Security Agent (as applicable) such documentation in relation thereto as the Trustee or the Security Agent (as applicable) may reasonably require. As used herein, a reference to the Intercreditor Agreement will also include any Additional Intercreditor Agreement. The Trustee and the Security Agent are each irrevocably authorized and instructed by the Holders of the Notes (without any consent by the Holders of the Notes) to execute any such amended or replacement documents and/or take other such action on behalf of the Holders (and shall do so on the request of and at the cost of the Company).

(c) For the purpose of this covenant, (i) the "IPO Entity" shall be any Restricted Subsidiary of the Company notified to the Trustee by the Company in writing as the person to be treated as the IPO Entity in relation to the relevant IPO Event; *provided* that the IPO Entity shall be a Restricted Subsidiary which will issue shares, or whose shares are to be sold, pursuant to that IPO Event (or a Holding Company of such member of the Group) and that, directly or indirectly, owns the Issuers (including, in each case, any successor entity) and (ii) the entities that cease to be members of the Group on the Pushdown Date do not hold any assets that are material to the Group as a whole, excluding goodwill and Capital Stock in the IPO Entity or any Holding Company.

(d) If the Company delivers a Pushdown Notice to the Trustee and the Security Agent pursuant to paragraph (a) above in relation to a contemplated IPO Event, it shall be entitled to revoke that Pushdown Notice at any time prior to the occurrence of the relevant IPO Event by written notice to the Trustee and the Security Agent. In the event that any Pushdown Notice is revoked in accordance with this paragraph (d): (i) the provisions of sub-paragraphs (a)(i) to (a)(vii) above shall cease to apply in relation to that Pushdown Notice; (ii) if any security has been released pursuant to paragraph (a) above in reliance on that Pushdown Notice subject to the Agreed Security Principles, the Company or the relevant Restricted Subsidiary shall as soon as reasonably practicable execute a replacement Security Document in respect of that security; and (iii) if any person party to the Intercreditor Agreement as a "Shareholder Creditor" has been released from the Intercreditor Agreement pursuant to sub-paragraph (a)(vii) above in reliance on that Pushdown Notice, if required by the Trustee by prior written notice to the Company and that person, that person shall as soon as reasonably practicable accede to the Intercreditor Agreement as an "Shareholder Creditor".

For the avoidance of doubt: (A) nothing in paragraph (d) above shall prohibit or otherwise restrict the Company from delivering a further Pushdown Notice in relation to any actual or contemplated IPO Event; and (B) revocation of a Pushdown Notice shall not, and shall not be deemed to, directly or indirectly constitute or result in a breach of any representation, warranty, undertaking or other term in the Indenture or the Intercreditor Agreement or a Default or an Event of Default (whether by reason of any action or step taken by any person, or any matter or circumstance arising or committed, while that Pushdown Notice was effective or otherwise).

Optional redemption

Optional redemption of the Sterling Notes

Except as described below and except as described under "*—Redemption for Taxation Reasons*", the Sterling Notes are not redeemable until September 15, 2020.

At any time and from time to time prior to September 15, 2020, the Issuers may redeem Sterling Notes (i) with the net cash proceeds received by the Issuers from any Equity Offering upon not less than 10 nor more than 60 days' notice at a redemption price equal to 104.750% plus accrued and unpaid interest to the redemption date, in an aggregate principal amount for all such redemptions not to exceed 40% of the original aggregate principal amount of the Sterling Notes (including Additional Sterling Notes), plus (ii) accrued and unpaid interest; *provided* that:

(1) in each case the redemption takes place not later than 180 days after the closing of the related Equity Offering; and

(2) not less than 50% of the original aggregate principal amount of the Sterling Notes being redeemed (not including the principal amount of any Additional Sterling Notes) remain outstanding immediately thereafter.

Notice of any redemption upon any Equity Offering may be given prior to the completion thereof.

At any time prior to September 15, 2020, the Issuers may on any one or more occasions redeem during any twelve month period up to 10% of the original principal amount of the Sterling Notes originally issued under the Indenture (including the original principal amount of any Additional Sterling Notes), upon not less than 10 nor more than 60 days' notice, at a redemption price of 103% of the principal amount of the Sterling Notes so redeemed, plus accrued and unpaid interest and Additional Amounts, if any, to, but not including, the redemption date, subject to the right of Holders on the relevant record date to receive interest due on the relevant interest payment date.

At any time prior to September 15, 2020, the Issuers may redeem all or, from time to time, part of the Sterling Notes upon not less than 10 nor more than 60 days' notice at a redemption price equal to 100% of the principal amount of the Sterling Notes, plus the Sterling Applicable Premium plus accrued and unpaid interest and Additional Amounts, if any, to, but not including, the redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date).

On and after September 15, 2020, the Issuers may redeem all or, from time to time, part of the Sterling Notes upon not less than 10 nor more than 60 days' notice, at the following redemption prices (expressed as a percentage of principal amount) plus accrued and unpaid interest and Additional Amounts, if any, to, but not including, the redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date), if redeemed during the twelve-month period beginning on September 15 of the years indicated below:

Year	Redemption price
2020	102.3750%
2021	101.1875%
2022 and thereafter	100.0000%

Optional redemption of the Euro Notes

Except as described below and except as described under "—*Redemption for Taxation Reasons*", the Euro Notes are not redeemable until September 15, 2020.

At any time and from time to time prior to September 15, 2020, the Issuers may redeem Euro Notes (i) with the net cash proceeds received by the Issuers from any Equity Offering upon not less than 10 nor more than 60 days' notice at a redemption price equal to 104.000% plus accrued and unpaid interest to the redemption date, in an aggregate principal amount for all such redemptions not to exceed 40% of the original aggregate principal amount of the Euro Notes (including Additional Euro Notes), plus (ii) accrued and unpaid interest; *provided* that:

(1) in each case the redemption takes place not later than 180 days after the closing of the related Equity Offering; and

(2) not less than 50% of the original aggregate principal amount of the Euro Notes being redeemed (not including the principal amount of any Additional Euro Notes) remain outstanding immediately thereafter.

Notice of any redemption upon any Equity Offering may be given prior to the completion thereof.

At any time prior to September 15, 2020, the Issuers may on any one or more occasions redeem during any twelve month period up to 10% of the original principal amount of the Euro Notes originally issued under the Indenture (including the original principal amount of any Additional Euro Notes), upon not less than 10 nor more than 60 days' notice, at a redemption price of 103% of the principal amount of the Euro Notes so redeemed, plus accrued and unpaid interest and Additional Amounts, if any, to, but not including, the redemption date, subject to the right of Holders on the relevant record date to receive interest due on the relevant interest payment date.

At any time prior to September 15, 2020, the Issuers may redeem all or, from time to time, part of the Euro Notes upon not less than 10 nor more than 60 days' notice at a redemption price equal to 100% of the principal amount of the Euro Notes, plus the Euro Applicable Premium plus accrued and unpaid interest and Additional Amounts, if any, to, but not including, the redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date).

On and after September 15, 2020, the Issuers may redeem all or, from time to time, part of the Euro Notes upon not less than 10 nor more than 60 days' notice, at the following redemption prices (expressed as a percentage of principal amount) plus accrued and unpaid interest and Additional Amounts, if any, to, but not including, the redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date), if redeemed during the twelve-month period beginning on September 15 of the years indicated below:

Year	Redemption price
2020	102.000%
2021	101.000%
2022 and thereafter	100.000%

General

Subject to the provisions of the Intercreditor Agreement or any Additional Intercreditor Agreement, the Issuers may repurchase Notes at any time and from time to time in the open market or otherwise.

Any notice of redemption will be provided as set forth under "—*Selection and Notice*" below.

If the Issuers effects an optional redemption of the Notes, they will, if and for so long as the Notes are listed on the Official List of the Exchange, if and to the extent the rules of the Exchange so require, inform the Exchange of such optional redemption and confirm the aggregate principal amount of the Notes that will remain outstanding immediately after such redemption.

Any redemption and notice of redemption may, at the Issuers' discretion, be subject to the satisfaction of one or more conditions precedent (including, in the case of a redemption related to an Equity Offering, the consummation of such Equity Offering). In addition, if such redemption or notice is subject to satisfaction of one or more conditions precedent, such notice may state that, at the Issuers' discretion, the redemption date may be delayed until such time as any or all such conditions shall be satisfied, or such redemption may not occur and such notice may be rescinded in the event that any or all such conditions shall not have been satisfied by the redemption date, or by the redemption date so delayed; *provided* that in no case shall the notice have been delivered less than 10 days or more than 60 days prior to the date on which such redemption (if any) occurs.

If the optional redemption date is on or after an interest record date and on or before the related interest payment date, the accrued and unpaid interest will be paid to the Person in whose name the Note is registered at the close of business on such record date, and no additional interest will be payable to Holders whose Notes will be subject to redemption by the Issuers.

Unless the Issuers default in the payment of the redemption price, interest will cease to accrue on the Notes or portions thereof called for redemption on the redemption date. If the optional redemption date is on or after an interest record date and on or before the related interest payment date, the accrued and unpaid interest will be paid to the Person in whose name the Note is registered at the close of business on such record date, and no additional interest will be payable to Holders whose Notes are subject to redemption by the Issuers.

Sinking fund

The Issuers are not required to make mandatory redemption payments or sinking fund payments with respect to the Notes.

Selection and notice

If less than all of the Notes of a series are to be redeemed at any time, the Paying Agent or the Registrar will select the Notes for redemption in compliance with the requirements of the principal securities exchange, if any, on which such Notes are listed, and in compliance with the requirements of Euroclear and Clearstream, or if such Notes are not so listed or such exchange prescribes no method of selection and such Notes are not held through Euroclear or Clearstream, or Euroclear or Clearstream prescribes no method of selection, on a *pro rata* basis (or, in the case of Notes issued in global form as discussed under "*Book-Entry*; *Delivery and Form*", based on a method that most nearly approximates a *pro rata* selection); *provided, however*, that no such partial redemption shall reduce the outstanding aggregate principal amount of any Note not redeemed to less than £100,000 or €100,000, as the case may be. None of the Paying Agent, the Registrar or the Trustee will be liable for any selections made in accordance with this paragraph.

If and for so long as the Notes are listed on the Official List of the Exchange, and if and to the extent the rules of the Exchange so require, the Issuers shall notify the Exchange of such redemption. In addition to such publication, if such Notes are in definitive certificated form, not less than 10 nor more than 60 days prior to the redemption date, the Issuers will mail such notice to Holders by first-class mail, postage prepaid, at their respective addresses as they appear on the registration books of the Registrar.

If any Note is to be redeemed in part only, the notice of redemption that relates to that Note shall state the portion of the principal amount thereof to be redeemed. In the case of a Definitive Registered Note, a new Definitive Registered Note in principal amount equal to the unredeemed portion of any Definitive Registered Note redeemed in part will be issued in the name of the Holder thereof upon cancellation of the original Definitive Registered Note. In the case of a Global Note, an appropriate notation will be made on such Global Note to decrease the principal amount thereof to an amount equal to the unredeemed portion thereof. Subject to the terms of the redemption notice, Notes called for redemption become due on the date fixed for redemption. On and after the redemption date, interest ceases to accrue on Notes or portions of Notes called for redemption.

If the due date for any redemption payment in respect of the Notes is not a Business Day, payment shall be made on the next succeeding day that is a Business Day and no interest shall accrue for the intervening period. If a regular record date is not a Business Day, the record date shall not be affected.

Redemption for taxation reasons

The Issuers may redeem the Notes in whole, but not in part, at any time upon giving not less than 10 nor more than 60 days' prior notice to the Holders of the Notes (which notice will be irrevocable) at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest, if any, to the date fixed for redemption (a "*Tax Redemption Date*") (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date) and all Additional Amounts (as defined below under "—*Withholding Taxes*"), if any, then due and which will become due on the Tax Redemption Date as a result of the redemption or otherwise, if any, if the Issuers determine in good faith that, as a result of:

(1) any change in, or amendment to, the law or treaties (or any regulations or rulings promulgated thereunder) of a Relevant Taxing Jurisdiction (as defined below) affecting taxation; or

(2) any amendment to, or change in an official application, administration or interpretation of such laws, treaties, regulations or rulings (including a holding, judgment or order by a court of competent jurisdiction or a change in published practice or revenue guidance) (each of the foregoing in clauses (1) and (2), a "*Change in Tax Law*"),

a Payor (as defined below) is, or on the next interest payment date in respect of the Notes would be, required to pay Additional Amounts with respect to the Notes (but, in the case of a Guarantor, only if the payment giving rise to such requirement cannot be made by the Issuers or another Guarantor who can make such payment without the obligation to pay Additional Amounts), and such obligation cannot be avoided by taking reasonable measures available to the Payor (including, for the avoidance of doubt, the appointment of a new Paying Agent where this would be reasonable). Such Change in Tax Law must be formally announced and become effective on or after the Issue Date (or if the applicable Relevant Taxing Jurisdiction became a Relevant Taxing Jurisdiction on a date after the Issue Date, such later date). The foregoing provisions shall apply (a) to a Guarantor only after such time as such Guarantor is obligated to make at least one payment on the Notes and (b) *mutatis mutandis* to any successor Person, after such successor Person becomes a party to the Indenture, with respect to a change or amendments occurring after the time such successor Person becomes a party to the Indenture.

Notice of redemption for taxation reasons will be published in accordance with the procedures described under "—*Selection and Notice*". Notwithstanding the foregoing, no such notice of redemption will be given earlier than 60 days prior to the earliest date on which the Payor would be obligated to make such payment of Additional Amounts. Prior to the publication or mailing of any notice of redemption of any Notes pursuant to the foregoing, the Issuers will deliver to the Trustee (a) an Officer's Certificate stating that it is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to its right so to redeem have been satisfied that the Issuers or relevant Guarantor cannot avoid its obligation to pay Additional Amounts by taking reasonable measures available to it and (b) a written opinion of an independent tax counsel of recognized standing qualified under the laws of the Relevant Taxing Jurisdiction and reasonably satisfactory to the Trustee to the effect that the Payor has been or will become obligated to pay Additional Amounts as a result of a Change in Tax Law. The Trustee will accept and shall be entitled to rely on such Officer's Certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent described above, without further inquiry, in which event it will be conclusive and binding on the Holders.

Withholding taxes

All payments made by or on behalf of the Issuers or any Guarantor (including, in each case, any successor entity) (each, a "*Payor*") in respect of the Notes or with respect to any Note Guarantee, as applicable, will be made free and clear of and without withholding or deduction for, or on account of, any Taxes unless the withholding or deduction of such Taxes is then required by law. If any deduction or withholding for, or on account of, any Taxes imposed or levied by or on behalf of:

(1) any jurisdiction from or through which payment on any such Note is made, or any political subdivision or governmental authority thereof or therein having the power to tax, by or on behalf of any Payor or the Paying Agent; or

(2) any other jurisdiction in which a Payor is organized, engaged in business for tax purposes, or otherwise considered to be a resident for tax purposes, or any political subdivision or governmental authority thereof or therein having the power to tax (each of clause (1) and (2), a "*Relevant Taxing Jurisdiction*"),

will at any time be required by law to be made from any payments made by or on behalf of the Payor or the Paying Agent with respect to any Note or Note Guarantee, including payments of principal, redemption price, interest or premium, if any, the Payor will pay (together with such payments) such additional amounts (the "*Additional Amounts*") as may be necessary in order that the net amounts received by each Holder in respect of such payments, after such withholding, or deduction (including any such deduction or withholding from such Additional Amounts), will not be less than the amounts which would have been received by each Holder in respect of such payments on any such Note or Note Guarantee in the absence of such withholding or deduction; *provided*, *however*, that no such Additional Amounts will be payable for or on account of:

(1) any Taxes that would not have been so imposed but for the existence of any present or former connection between the relevant Holder (or between a fiduciary, settlor, beneficiary, member, partner or shareholder of, or possessor of power over the relevant Holder, if the relevant Holder is an estate, nominee, trust, partnership, limited liability company or corporation) and the Relevant Taxing Jurisdiction (including, without limitation, being resident for tax purposes, or being a citizen or resident or national of, or carrying on a business or maintaining a permanent establishment in, or being physically present in, the Relevant Taxing Jurisdiction) but excluding, in each case, any connection arising solely from the acquisition, ownership or holding of such Note or the receipt of any payment or the exercise or enforcement of rights under such Note, the Indenture or a Note Guarantee;

(2) any Tax that is imposed or withheld by reason of the failure by the Holder or the beneficial owner of the Note to comply with a written request of the Payor addressed to the Holder, after reasonable notice (at least 30 days before any such withholding or deduction would be made), to provide certification, information, documents or other evidence concerning the nationality, residence or identity of the Holder or such beneficial owner or to make any declaration or similar claim or satisfy any other reporting requirement relating to such matters, which is required by a statute, treaty, regulation or administrative practice of the Relevant Taxing Jurisdiction as a precondition to exemption from all or part of such Tax but, only to the extent the Holder or beneficial owner is legally entitled to provide such certification or documentation;

(3) any Taxes, to the extent that such Taxes were imposed as a result of the presentation of the Note for payment (where the Notes are in the form of Definitive Registered Notes and presentation is required) more than 30 days after the relevant payment is first made available for payment to the Holder;

(4) any Taxes that are payable otherwise than by deduction or withholding from a payment on or with respect to the Notes or any Note Guarantee;

(5) any estate, inheritance, gift, sales, transfer, personal property or similar tax, assessment or other governmental charge;

(6) any Taxes that are required to be deducted or withheld on a payment to or for the benefit of an individual pursuant to the Directive or any law implementing, or complying with, or introduced in order to conform to, the Directive;

(7) any Taxes imposed in connection with a Note presented for payment by or on behalf of a Holder or beneficial owner who would have been able to avoid such Tax by presenting the relevant Note to, or otherwise accepting payment from, another Paying Agent in a member state of the European Union;

(8) where such withholding or deduction is required pursuant to section 1471(b) of the U.S. Internal Revenue Code (or any amended or successor version that is substantively comparable) or otherwise imposed pursuant to sections 1471 through 1474 of the U.S. Internal Revenue Code (or any amended or successor version that is substantively comparable), any regulations or agreements thereunder, official interpretations thereof, or any law implementing an intergovernmental agreement relating thereto; or

(9) any combination of the items (1) through (8) above.

In addition, no Additional Amounts shall be paid with respect to a Holder who is a fiduciary or a partnership or any person other than the beneficial owner of the Notes, to the extent that the beneficiary or settler with respect to such fiduciary, the member of such partnership or the beneficial owner would not have been entitled to Additional Amounts had such beneficiary, settler, member or beneficial owner held such Notes directly.

The Payor will (i) make any required withholding or deduction and (ii) remit the full amount deducted or withheld to the relevant taxing authority in the Relevant Taxing Jurisdiction in accordance with applicable law. The Payor will use all reasonable efforts to obtain certified copies of tax receipts evidencing the payment of any Taxes so deducted or withheld from each Relevant Taxing Jurisdiction imposing such Taxes and will provide such certified copies, or if, notwithstanding the Payor's reasonable efforts to obtain such tax receipts, such tax receipts are not available, certified copies of other reasonable evidence of such payments as soon as reasonably practicable to the Trustee. Such copies shall be made available to the Holders upon reasonable request and will be made available at the offices of the Paying Agent. The Payor will attach to each certified copy a certificate or other reasonable evidence stating that the amount of withholding Taxes evidenced by the certified copy was paid in connection with payments in respect of the principal amount of Notes then outstanding.

If any Payor is obligated to pay Additional Amounts under or with respect to any payment made on any Note or any Note Guarantee, at least 30 days prior to the date of such payment, the Payor will deliver to the Trustee an Officer's Certificate stating the fact that Additional Amounts will be payable and the amount estimated to be so payable and such other information necessary to enable the Paying Agent to pay Additional Amounts to Holders on the relevant payment date (unless such obligation to pay Additional Amounts arises less than 45 days prior to the relevant payment date, in which case the Payor may deliver such Officer's Certificate as promptly as practicable after the date that is 30 days prior to the payment date). The Trustee shall be entitled to rely solely, without further inquiry, on such Officer's Certificate as conclusive proof that such payments are necessary.

Wherever in the Indenture, the Notes or this "*Description of the Notes*" there is mentioned, in any context:

(1) the payment of principal;

(2) purchase prices in connection with a purchase of Notes;

(3) interest; or

(4) any other amount payable on or with respect to any of the Notes or any Note Guarantee,

such reference shall be deemed to include payment of Additional Amounts to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

The Payor will pay and reimburse the Holder or beneficial owners, the Trustee and the Paying Agent for any present or future stamp, issue, registration, court or documentary taxes, or similar charges or levies (including any related interest or penalties with respect thereto) or any other excise, property or similar taxes or similar charges or levies (including any related interest or penalties with respect thereto) that arise in a Relevant Taxing Jurisdiction from the execution, delivery, registration or enforcement of, or receipt of payments with respect to, any Notes, any Note Guarantee, the Indenture, or any other document or instrument in relation thereto (other than in each case, in connection with a transfer of the Notes after this offering and limited, solely to the extent of such taxes or similar charges or levies that arise from the receipt of any payments of principal or interest on the Notes, to any such taxes or similar charges or levies that are not excluded under clauses (1) through (3) and (5) through (8)).

The foregoing obligations will survive any termination, defeasance or discharge of the Indenture, transfer by a Holder or a beneficial owner, and will apply *mutatis mutandis* to any jurisdiction in which any successor to a Payor is organized engaged in business for tax purposes or otherwise resident for tax purposes, or any jurisdiction from or through which any payment under, or with respect to the Notes or the Note Guarantees is made by or on behalf of such Payor, or any political subdivision or taxing authority or agency thereof or therein.

Change of control

If a Change of Control occurs, subject to the terms of the covenant described under this heading "*Change of Control*", each Holder will have the right to require the Issuers to repurchase all (equal to (x) £100,000 aggregate principal amount and integral multiples of £1,000 in excess thereof in relation to Sterling Notes and (y) €100,000 aggregate principal amount and integral multiples of €1,000 in excess thereof in relation to Euro Notes) of such Holder's Notes at a purchase price in cash equal to 101% of the principal amount of the Notes repurchased, plus accrued and unpaid interest and Additional Amounts, if any, to the date of purchase (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date); *provided*, *however*, that the Issuers shall not be obligated to repurchase any Notes as described under this heading "*Change of Control*", in the event and to the extent that they have unconditionally exercised their right to redeem all of the Notes and given notice of redemption as described under "*—Optional Redemption*" and that all conditions to such redemption have been satisfied or waived.

The definition of "Change of Control" provides that a Change of Control shall not be deemed to have occurred if such Change of Control is also a Specified Change of Control Event.

Unless the Issuers have unconditionally exercised their right to redeem all the Notes of each series and given notice of redemption as described under "*—Optional Redemption*" and all conditions to such redemption have been satisfied or waived, no later than the date that is 60 days after any Change of Control, the Issuers will send a notice (the "*Change of Control Offer*") to the Paying Agent (with a copy to the Trustee) who will send such notice to each Holder of any Notes:

(1) stating that a Change of Control has occurred or may occur and that such Holder has the right to require the Issuers to purchase all of such Holder's Notes at a purchase price in cash equal to 101% of the principal amount of such Notes plus accrued and unpaid interest and Additional Amounts, if any, to, but not including, the date of purchase (subject to the right of Holders of record on a record date to receive interest on the relevant interest payment date) (the "*Change of Control Payment*");

(2) stating the repurchase date (which shall be no earlier than 30 days nor later than 60 days from the date such notice is mailed) (the "*Change of Control Payment Date*");

(3) stating that any Note accepted for payment pursuant to the Change of Control Offer will cease to accrue interest on the Change of Control Payment Date unless the Change of Control Payment is not paid, and that any Notes or part thereof not tendered will continue to accrue interest;

(4) describing the circumstances and relevant facts regarding the transaction or transactions that constitute the Change of Control;

(5) describing the procedures determined by the Issuers, consistent with the Indenture, that a Holder must follow in order to have its Notes repurchased (including that Holders will be entitled to withdraw their election if the Paying Agent receives, not later than the close of business on the second Business Day preceding the Change of Control Payment Date, a facsimile or electronic transmission or letter setting forth the name of the Holder, the principal amount of Notes delivered for purchase, and a statement that such Holder is withdrawing his election to have such Notes purchased); and

(6) if such notice is mailed prior to the occurrence of a Change of Control, stating that the Change of Control Offer is conditional on the occurrence of such Change of Control.

On the Change of Control Payment Date, if the Change of Control shall have occurred, the Issuers will, to the extent lawful:

(1) accept for payment all Notes or portion thereof properly tendered pursuant to the Change of Control Offer;

(2) deposit with the Paying Agent an amount equal to the Change of Control Payment in respect of all Notes so tendered;

(3) deliver or cause to be delivered to the Trustee an Officer's Certificate stating the aggregate principal amount of Notes or portions of the Notes being purchased by the Issuers in the Change of Control Offer;

(4) in the case of Global Notes, deliver, or cause to be delivered, to the Trustee (or an authenticating agent) the Global Notes in order to reflect thereon the portion of such Notes or portions thereof that have been tendered to and purchased by the Issuers; and

(5) in the case of Definitive Registered Notes, deliver, or cause to be delivered, to the Registrar for cancellation all Definitive Registered Notes accepted for purchase by the Issuers.

If any Definitive Registered Notes of a series have been issued, the Paying Agent will promptly mail to each Holder of Definitive Registered Notes so tendered the Change of Control Payment for such Notes, and the Trustee (or an authenticating agent) will, at the cost of the Issuers, promptly authenticate and mail (or cause to be transferred by book-entry) to each Holder of Definitive Registered Notes a new Definitive Registered Note equal in principal amount to the unpurchased portion of the Notes surrendered, if any; *provided* that each such new Note will be in a principal amount that is at least (x) £100,000 and integral multiples of £1,000 in excess thereof in relation to Sterling Notes and (y) €100,000 and integral multiples of €1,000 in excess thereof in relation to Euro Notes.

If and for so long as the Notes of a series are listed on the Official List of the Exchange, if and to the extent that the rules of the Exchange so require, the Issuers will notify the Exchange of any Change of Control Offer.

Except as described above with respect to a Change of Control, the Indenture does not contain provisions that permit the Holders to require that the Issuers repurchase or redeem the Notes in the event of a takeover, recapitalization or similar transaction. The existence of a Holder's right to require the Issuers to repurchase such Holder's Notes upon the occurrence of a Change of Control may deter a third party from seeking to acquire the Company or its Subsidiaries in a transaction that would constitute a Change of Control. In addition, the definition of "Change of Control" and "Permitted Holders" expressly permit a third party to obtain control of the Issuers in a transaction which is a Specified Change of Control Event without any obligation to make a Change of Control Offer.

The Issuers will not be required to make a Change of Control Offer with respect to the Notes upon a Change of Control if a third party makes the Change of Control Offer for such Notes in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by the Issuers and purchases all Notes validly tendered and not withdrawn under such Change of Control Offer. Notwithstanding anything to the contrary contained herein, a Change of Control Offer with respect to any Notes may be made in advance of a Change of Control, conditioned upon the consummation of such Change of Control, if a Definitive Agreement is in place providing for the Change of Control at the time the Change of Control Offer for the Notes is made.

If Holders of not less than 90% in aggregate principal amount of the outstanding Notes validly tender and do not withdraw such Notes in a Change of Control Offer and the Issuers, or any third- party making a Change of Control Offer in lieu of the Issuers as described above, purchases all of the Notes validly tendered and not withdrawn by such Holders, the Issuers or such third-party will have the right, upon not less than 10 nor more than 60 days' prior notice, given not more than 30 days following such purchase pursuant to the Change of Control Offer described above, to redeem all Notes that remain outstanding following such purchase at a price in cash equal to 101% of the aggregate principal amount of such Notes, plus accrued and unpaid interest on the Notes that remain outstanding to, but not including, the date of redemption (subject to the right of Holders of record on the relevant record date to receive interest due on an interest payment date that is on or prior to the redemption date). In determining whether the Holders of at least 90% of the aggregate principal amount of the then outstanding Notes have validly tendered and not withdrawn Notes in a Change of Control Offer for all of the Notes, Notes owned by an affiliate of the Issuers or by funds controlled or managed by any affiliate of the Issuers, or any successor thereof, shall be deemed to be outstanding for the purposes of such tender offer or other offer, as applicable.

The Issuers will comply, to the extent applicable, with the requirements of Section 14(e) of the U.S. Exchange Act and any other securities laws or regulations in connection with the repurchase of Notes pursuant to this covenant. To the extent that the provisions of any securities laws or regulations conflict with provisions of the Indenture, the Issuers will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Change of Control provisions of the Indenture by virtue of such compliance.

The Issuers' ability to repurchase Notes pursuant to a Change of Control Offer may be limited by a number of factors. The occurrence of certain events that constitute a Change of Control would require a mandatory prepayment of Indebtedness under the Revolving Credit Facility Agreement. In addition, certain events that may constitute a change of control under the Revolving Credit Facility Agreement and require a mandatory prepayment of Indebtedness under such agreement may not constitute a Change of Control under the Indenture. Future Indebtedness of the Company or its Subsidiaries may also contain prohibitions of certain events that would constitute a change of control or require such Indebtedness to be repurchased upon a change of control. Moreover, the exercise by the Holders of their right to require the Issuers to repurchase the Notes could cause a default under, or require a repurchase of, such Indebtedness, even if the Change of Control itself does not, due to the financial effect of such repurchase on the Issuers. Finally, the Issuers' ability to pay cash to the Holders upon a repurchase may be limited by the Issuers' then existing financial resources, including the financial resources of its Restricted Subsidiaries. There can be no assurance that sufficient funds will be available when necessary to make any required repurchases. See "*Risk Factors—Risks Related to Our Structure—We may not be able to obtain the funds required to repurchase the Notes upon a change of control.*"

The definition of "Change of Control" includes a disposition, in one or a series of related transactions, of all or substantially all of the assets of the Company and its Restricted Subsidiaries taken as a whole or the Company and its Restricted Subsidiaries taken as a whole to specified other Persons. Although there is a limited body of case law interpreting the phrase "substantially all" there is no precise established definition of the phrase "substantially all" under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve a disposition of "all or substantially all" of the property or assets of the Company and its Restricted Subsidiaries taken as a whole. As a result, it may be unclear as to whether a Change of Control has occurred and whether a Holder may require the Issuers to make an offer to repurchase the Notes as described above.

The provisions of the Indenture relating to the Issuers' obligation to make an offer to repurchase the Notes as a result of a Change of Control may be waived or modified with the written consent of Holders of a majority in outstanding principal amount of such Notes.

Certain covenants

Limitation on indebtedness

The Company will not, and will not permit any of its Restricted Subsidiaries to, Incur any Indebtedness (including Acquired Indebtedness); *provided, however*, that the Company and any Restricted Subsidiary may Incur Indebtedness (including Acquired Indebtedness) if on the date of such Incurrence, after giving *pro forma* effect to the Incurrence of such Indebtedness (including *pro forma* application of the proceeds thereof), (1) for the most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date on which such Indebtedness is Incurred, the Fixed Charge Coverage Ratio for the Company and its Restricted Subsidiaries would have been at least 2.0 to 1.0; and (2) to the extent that the Indebtedness is Senior Secured Indebtedness, on the date of such Incurrence the Consolidated Net Senior Secured Leverage Ratio for the Company and its Restricted Subsidiaries would have been no greater than 4.0 to 1.0. Notwithstanding the foregoing, the aggregate principal amount of Indebtedness that is permitted to be Incurred by Restricted Subsidiaries that are not Guarantors or the Issuers pursuant to this first paragraph shall not exceed £30 million outstanding at any one time.

The first paragraph of this covenant will not prohibit the Incurrence of the following Indebtedness ("*Permitted Debt*"):

(1) Indebtedness Incurred pursuant to any Credit Facility (including in respect of letters of credit or bankers' acceptances issued or created thereunder), and any Refinancing Indebtedness in respect thereof and Guarantees in respect of such Indebtedness in a maximum aggregate principal amount at any time outstanding not exceeding (i) £225 million plus (ii) the greater of £50 million and 4.2% of Total Assets for Indebtedness under letters of credit or any similar guarantee, indemnity or other instrument, *plus* (iii) in the case of any refinancing of any Indebtedness permitted under this clause (1) or any portion thereof, the aggregate amount of fees, underwriting discounts, premiums and other costs and expenses Incurred in connection with such refinancing;

(2) (a) Guarantees by the Company or any Restricted Subsidiary of Indebtedness of the Company or any Restricted Subsidiary, so long as the Incurrence of such Indebtedness is permitted to be Incurred by another provision of this covenant; or

(b) without limiting the covenant described under "—*Limitation on Liens*", Indebtedness arising by reason of any Lien granted by or applicable to such Person securing Indebtedness of the Company or any Restricted Subsidiary so long as the Incurrence of such Indebtedness is permitted under the terms of the Indenture;

(3) Indebtedness of the Company owing to and held by any Restricted Subsidiary or Indebtedness of a Restricted Subsidiary owing to and held by the Company or any Restricted Subsidiary; *provided*, *however*, that:

   (a) if the Issuers or a Guarantor is the obligor on any such Indebtedness and the lender is not either of the Issuers or a Guarantor, such Indebtedness is unsecured and ((i) except in respect of the intercompany current liabilities incurred in the ordinary course of business in connection with the cash management operations of the Company and the Restricted Subsidiaries and (ii) only to the extent legally permitted (the Company and the Restricted Subsidiaries having completed all procedures required in the reasonable judgment of directors of officers of the obligee or obligor to protect such Persons from any penalty or civil or criminal liability in connection with the subordination of such Indebtedness)) expressly subordinated to the prior payment in full in cash of all obligations with respect to the Notes, in the case of the Issuers, or the applicable Note Guarantee, in the case of a Guarantor; and

   (b) (x) any subsequent issuance or transfer of Capital Stock or any other event which results in any such Indebtedness being beneficially held by a Person other than the Company or a Restricted Subsidiary of the Company and (y) any sale or other transfer of any such Indebtedness to a Person other than the Company or a Restricted Subsidiary of the Company, shall be deemed, in each case, to constitute an Incurrence of such Indebtedness not permitted by this clause (3) by the Company or such Restricted Subsidiary, as the case may be;

(4) (a) Indebtedness represented by the Notes (other than any Additional Notes) and the related Note Guarantees (including any future Note Guarantees) and any related "parallel debt" obligations under the Intercreditor Agreement and the Security Documents, (b) any Indebtedness of the Company or any Restricted Subsidiary (other than Indebtedness Incurred under the Revolving Credit Facility Agreement or Indebtedness described in clause (3) of this paragraph) outstanding on the Issue Date; (c) Refinancing Indebtedness Incurred in respect of any Indebtedness described in clauses (4)(a), (4)(b), (4)(c) and (5) of this paragraph or Incurred pursuant to the first paragraph of this covenant, (d) Management Advances; (e) any loan or other instrument contributing the proceeds of the Notes; and (f) any loan or other instrument contributing the proceeds of any Indebtedness Incurred in accordance with the Indenture;

(5) Indebtedness of any Person (i) outstanding on the date on which such Person becomes a Restricted Subsidiary of the Company or any Restricted Subsidiary or is merged, consolidated, amalgamated or otherwise combined with (including pursuant to any acquisition of assets and assumption of related liabilities) the Company or any Restricted Subsidiary or (ii) Incurred to provide all or a portion of the funds utilized to consummate the transaction or series of related transactions pursuant to which any Person became a Restricted Subsidiary or was otherwise acquired by the Company or a Restricted Subsidiary; *provided* that, with respect to this clause (5), that at the time of such acquisition or other transaction, either (x) the Company would have been able to Incur £1.00 of additional Indebtedness pursuant to the first paragraph of this covenant after giving *pro forma* effect to the relevant acquisition and the Incurrence of such Indebtedness pursuant to this clause (5) or (y) the Fixed Charge Coverage Ratio for the Company and its Restricted Subsidiaries for the most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding such date would not be less than it was immediately prior to giving effect to such acquisition or other transaction and related Incurrence of Indebtedness;

(6) Indebtedness under Currency Agreements, Interest Rate Agreements and Commodity Hedging Agreements not for speculative purposes (as determined in good faith by an Officer of the Company);

(7) Indebtedness consisting of (a) Capitalized Lease Obligations, mortgage financings, Purchase Money Obligations or other financings, Incurred for the purpose of financing all or any part of the purchase price or cost of construction or improvement of property, plant or equipment used in a Similar Business or (b) Indebtedness otherwise Incurred to finance the purchase, lease, rental or cost of design, construction, installation or improvement of property (real or personal) or equipment that is used or useful in a Similar Business, whether through the direct purchase of assets or the Capital Stock of any Person owning such assets, and any Indebtedness which refinances, replaces or refunds such Indebtedness, in an aggregate outstanding principal amount which, when taken together with the principal amount of all other Indebtedness Incurred pursuant to this clause (7) and then outstanding, will not exceed at any time outstanding the greater of £30 million and 2.5% of Total Assets, so long as the Indebtedness exists on the date of such purchase, lease, rental or improvement or is created within 180 days thereafter;

(8) Indebtedness in respect of (a) workers' compensation claims, self-insurance obligations, performance, indemnity, surety, judgment, appeal, advance payment, customs, VAT or other tax or other guarantees or other similar bonds, instruments or obligations and completion guarantees and warranties provided by the Company or a Restricted Subsidiary or relating to liabilities, obligations or guarantees Incurred in the ordinary course of business or in respect of any governmental requirement, (b) letters of credit, bankers' acceptances, guarantees or other similar instruments or obligations issued or relating to liabilities or obligations Incurred in the ordinary course of business or in respect of any governmental requirement, provided, however, that upon the drawing of such letters of credit or other similar instruments, the obligations are reimbursed within 30 days following such drawing, (c) the financing of insurance premiums in the ordinary course of business and (d) any customary cash management, cash pooling or netting or setting off arrangements, including customary credit card facilities, in the ordinary course of business;

(9) Indebtedness arising from agreements providing for customary guarantees, indemnification, obligations in respect of earnouts or other adjustments of purchase price or, in each case, similar obligations, in each case, Incurred or assumed in connection with the acquisition or disposition of any business or assets or Person or any Capital Stock of a Subsidiary (other than Guarantees of Indebtedness Incurred by any Person acquiring or disposing of such business or assets or such Subsidiary for the purpose of financing such acquisition or disposition); *provided* that the maximum liability of the Company and its Restricted Subsidiaries in respect of all such Indebtedness shall at no time exceed the gross proceeds, including the fair market value of non-cash proceeds (measured at the time received and without giving effect to any subsequent changes in value), actually received by the Company and its Restricted Subsidiaries in connection with such disposition;

(10) (a) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds in the ordinary course of business; *provided*, *however*, that such Indebtedness is extinguished within 30 Business Days of Incurrence;

(b) customer deposits and advance payments received in the ordinary course of business from customers for goods or services purchased in the ordinary course of business;

(c) Indebtedness owed on a short-term basis of no longer than 30 days to banks and other financial institutions Incurred in the ordinary course of business of the Company and its Restricted Subsidiaries with such banks or financial institutions that arises in connection with ordinary banking arrangements to manage cash balances of the Company and its Restricted Subsidiaries; and

(d) Indebtedness Incurred by a Restricted Subsidiary in connection with bankers acceptances, discounted bills of exchange or the discounting or factoring of receivables for credit management of bad debt purposes, in each case Incurred or undertaken in the ordinary course of business;

(11) Indebtedness Incurred by a Receivables Subsidiary in a Qualified Receivables Financing;

(12) Indebtedness of the Issuers and the Guarantors in an aggregate outstanding principal amount which, when taken together with any Refinancing Indebtedness in respect thereof and the principal amount of all other Indebtedness Incurred pursuant to this clause (12) and then outstanding, will not exceed 100% of the Net Cash Proceeds received by the Company from the issuance or sale (other than to a Restricted Subsidiary) of its Subordinated Shareholder Funding or Capital Stock (other than Disqualified Stock, Designated Preference Shares, an Excluded Contribution or Excluded Amounts) or otherwise contributed to the equity (other than through the issuance of Disqualified Stock, Designated Preference Shares, an Excluded Contribution or Excluded Amounts) of the Company, in each case, subsequent to the Issue Date; *provided, however*, that (i) any such Net Cash Proceeds that are so received or contributed shall be excluded for purposes of making Restricted Payments under the first paragraph and clauses (1), (6) and (10) of the third paragraph of the covenant described below under "*—Limitation on Restricted Payments*" to the extent the Company and its Restricted Subsidiaries Incur Indebtedness in reliance thereon and (ii) any Net Cash Proceeds that are so received or contributed shall be excluded for purposes of Incurring Indebtedness pursuant to this clause (12) to the extent the Company or any of its Restricted Subsidiaries makes a Restricted Payment under the first paragraph and clauses (1), (6) and (10) of the third paragraph of the covenant described below under "*—Limitation on Restricted Payments*" in reliance thereon;

(13) Indebtedness in an aggregate outstanding principal amount which, when taken together with any Refinancing Indebtedness in respect thereof and the principal amount of all other Indebtedness Incurred pursuant to this clause (13) and then outstanding, will not exceed the greater of and £60 million and 5.0% of Total Assets;

(14) Indebtedness arising from guarantees by the Company or any Restricted Subsidiary granted to any trustee of any management equity plan or stock option plan or any other management or employee benefit or incentive plan or unit trust scheme approved by the Board of Directors of the Company, so long as the proceeds of the Indebtedness so guaranteed are used to purchase Capital Stock of the Company (other than Disqualified Stock); *provided* that the amount of any net cash proceeds from the sale of such Capital Stock of the Company will be excluded from clauses (c)(ii) and (c)(iii) of the first paragraph of the covenant described below under the caption "*—Limitation on Restricted Payments*" and will not be considered to be net cash proceeds from an Equity Offering for purposes of the "Optional Redemption" provisions of the Indenture; and

(15) Renewable Asset Indebtedness in an amount not to exceed £25 million.

For purposes of determining compliance with, and the outstanding principal amount of any particular Indebtedness Incurred pursuant to and in compliance with, this covenant:

(1) in the event that Indebtedness meets the criteria of more than one of the types of Indebtedness described in the first and second paragraphs of this covenant, the Company, in its sole discretion, will classify, and may from time to time reclassify, such item of Indebtedness and only be required to include the amount and type of such Indebtedness in one (or more, if applicable) of the clauses of the second paragraph or the first paragraph of this covenant;

(2) all Indebtedness outstanding on the Issue Date under the Revolving Credit Facility Agreement shall be deemed initially Incurred under clause (1) of the second paragraph of this covenant and may not be reclassified;

(3) Guarantees of, or obligations in respect of letters of credit, bankers' acceptances or other similar instruments relating to, or Liens securing, Indebtedness that is otherwise included in the determination of a particular amount of Indebtedness shall not be included;

(4) if obligations in respect of letters of credit, bankers' acceptances or other similar instruments are Incurred pursuant to any Credit Facility and are being treated as Incurred pursuant to clause (1), (7), (12), (13) or (15) of the second paragraph above or the first paragraph above and the letters of credit, bankers' acceptances or other similar instruments relate to other Indebtedness, then such other Indebtedness shall not be included;

(5) the principal amount of any Disqualified Stock of the Company or a Restricted Subsidiary, or Preferred Stock of a Restricted Subsidiary, will be equal to the greater of the maximum mandatory redemption or repurchase price (not including, in either case, any redemption or repurchase premium) or the liquidation preference thereof; and

(6) Indebtedness permitted by this covenant need not be permitted solely by reference to one provision permitting such Indebtedness but may be permitted in part by one such provision and in part by one or more other provisions of this covenant permitting such Indebtedness.

Accrual of interest, accrual of dividends, the accretion of accreted value, the accretion or amortization of original issue discount, the payment of interest in the form of additional Indebtedness, the payment of dividends in the form of additional shares of Preferred Stock or Disqualified Stock or the reclassification of commitments or obligations not treated as Indebtedness due to a change in IFRS will not be deemed to be an Incurrence of Indebtedness for purposes of this covenant. The amount of any Indebtedness outstanding as of any date shall be calculated as specified under the definition of "Indebtedness."

If at any time an Unrestricted Subsidiary becomes a Restricted Subsidiary, any Indebtedness of such Subsidiary shall be deemed to be Incurred by a Restricted Subsidiary of the Company as of such date.

For purposes of determining compliance with any sterling-denominated restriction on the Incurrence of Indebtedness, the Sterling Equivalent of the principal amount of Indebtedness denominated in another currency shall be calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was Incurred, in the case of term Indebtedness, or, at the option of the Issuers, first committed, in the case of Indebtedness Incurred under a revolving credit facility; *provided* that (a) if such Indebtedness is Incurred to refinance other Indebtedness denominated in a currency other than sterling, and such refinancing would cause the applicable sterling-denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such sterling-denominated restriction shall be deemed not to have been exceeded so long as the principal amount of such Refinancing Indebtedness does not exceed the amount set forth in clause (2) of the definition of Refinancing Indebtedness; (b) the Sterling Equivalent of the principal amount of any such Indebtedness outstanding on the Issue Date shall be calculated based on the relevant currency exchange rate in effect on the Issue Date; and (c) if and for so long as any such Indebtedness is subject to a Currency Agreement with respect to the currency in which such Indebtedness is denominated covering principal and interest on such Indebtedness, the amount of such Indebtedness, if denominated in sterling, will be the amount of the principal payment required to be made under such Currency Agreement and, otherwise, the Sterling Equivalent of such amount plus the Sterling Equivalent of any premium which is at such time due and payable but is not covered by such Currency Agreement.

Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that the Company or a Restricted Subsidiary may Incur pursuant to this covenant shall not be deemed to be exceeded solely as a result of fluctuations in the exchange rate of currencies. The principal amount of any Indebtedness Incurred to refinance other Indebtedness, if Incurred in a different currency from the Indebtedness being refinanced, shall be calculated based on the currency exchange rate applicable to the currencies in which such Refinancing Indebtedness is denominated that is in effect on the date of such refinancing.

Limitation on restricted payments

The Company will not, and will not permit any of its Restricted Subsidiaries, directly or indirectly, to:

(1) declare or pay any dividend or make any other payment or distribution on or in respect of the Company's or any Restricted Subsidiary's Capital Stock (including any payment in connection with any merger or consolidation involving the Company or any of its Restricted Subsidiaries) except:

  (a) dividends or distributions payable in Capital Stock of the Company (other than Disqualified Stock) or in options, warrants or other rights to purchase such Capital Stock of the Company or in Subordinated Shareholder Funding; and

  (b) dividends or distributions payable to the Company or a Restricted Subsidiary (and, in the case of any such Restricted Subsidiary making such dividend or distribution, to holders of its Capital Stock other than the Company or another Restricted Subsidiary on no more than a *pro rata* basis, measured by value);

(2) purchase, redeem, retire or otherwise acquire for value any Capital Stock of the Company or any direct or indirect Parent Entity of the Company held by Persons other than the Company or a Restricted Subsidiary of the Company (other than in exchange for Capital Stock of the Company (other than Disqualified Stock));

(3) make any principal payment on, or purchase, repurchase, redeem, defease or otherwise acquire or retire for value, prior to scheduled maturity, scheduled repayment or scheduled sinking fund payment, any Subordinated Indebtedness (other than (a) any such payment, purchase, repurchase, redemption, defeasance or other acquisition or retirement or in anticipation of satisfying a sinking fund obligation, principal installment or final maturity, in each case, due within one year of the date of payment, purchase, repurchase, redemption, defeasance or other acquisition or retirement and (b) any Indebtedness Incurred pursuant to clause (3) of the second paragraph of the covenant described under "*—Limitation on Indebtedness*");

(4) make any payment (whether of principal, interest or other amounts) on, or purchase, repurchase, redeem, defease or otherwise acquire or retire for value any Subordinated Shareholder Funding (other than any payment of interest thereon in the form of additional Subordinated Shareholder Funding); or

(5) make any Restricted Investment in any Person,

(each such dividend, distribution, payment, purchase, redemption, repurchase, defeasance, other acquisition, retirement or Restricted Investment referred to in clauses (1) through (5) is referred to herein as a "*Restricted Payment*"), if at the time the Company or such Restricted Subsidiary makes such Restricted Payment:

  (a) a Default shall have occurred and be continuing (or would result immediately thereafter therefrom);

  (b) the Company is not able to Incur an additional £1.00 of Indebtedness pursuant to the Fixed Charge Coverage Ratio test in the first paragraph of the covenant described under "*—Limitation on Indebtedness*" after giving effect, on a pro forma basis, to such Restricted Payment; or

  (c) the aggregate amount of such Restricted Payment and all other Restricted Payments made subsequent to the Issue Date (and not returned or rescinded) (including

Permitted Payments permitted below by clauses (5), (10) and (16) of the second succeeding paragraph, but excluding all other Restricted Payments permitted by the second succeeding paragraph) would exceed the sum of (without duplication):

(i) 50% of Consolidated Net Income for the period (treated as one accounting period) from the first day of the fiscal quarter commencing immediately prior to the Issue Date to the end of the most recent fiscal quarter ending prior to the date of such Restricted Payment for which internal consolidated financial statements of the Company are available (or, in the case such Consolidated Net Income is a deficit, minus 100% of such deficit);

(ii) 100% of the aggregate Net Cash Proceeds, and the fair market value (as determined in accordance with the next succeeding paragraph) of property or assets or marketable securities, received by the Company from the issue or sale of its Capital Stock (other than Disqualified Stock or Designated Preference Shares) or Subordinated Shareholder Funding subsequent to the Issue Date or otherwise contributed to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares) of the Company subsequent to the Issue Date (other than (v) Subordinated Shareholder Funding or Capital Stock in each case sold to a Subsidiary of the Company, (w) Net Cash Proceeds or property or assets or marketable securities received from an issuance or sale of such Capital Stock to a Restricted Subsidiary or an employee stock ownership plan or trust established by the Company or any Subsidiary of the Company for the benefit of its employees to the extent funded by the Company or any Restricted Subsidiary, (x) Net Cash Proceeds or property or assets or marketable securities to the extent that any Restricted Payment has been made from such proceeds in reliance on clause (1) or (6) of the second succeeding paragraph, (y) Excluded Contributions and (z) Net Cash Proceeds used to Incur Indebtedness pursuant to clause (12) of the covenant described under "*—Limitation on Indebtedness*");

(iii) 100% of the aggregate Net Cash Proceeds, and the fair market value (as determined in accordance with the next succeeding paragraph) of property or assets or marketable securities, received by the Company or any Restricted Subsidiary from the issuance or sale (other than to the Company or a Restricted Subsidiary of the Company or an employee stock ownership plan or trust established by the Company or any Subsidiary of the Company for the benefit of its employees to the extent funded by the Company or any Restricted Subsidiary) by the Company or any Restricted Subsidiary subsequent to the Issue Date of any Indebtedness that has been converted into or exchanged for Capital Stock of the Company (other than Disqualified Stock or Designated Preference Shares) or Subordinated Shareholder Funding (plus the amount of any cash, and the fair market value (as determined in accordance with the next succeeding paragraph) of property or assets or marketable securities, received by the Company or any Restricted Subsidiary upon such conversion or exchange) but excluding (w) Disqualified Stock or Indebtedness issued or sold to a Subsidiary of the Company, (x) Net Cash Proceeds to the extent that any Restricted Payment has been made from such proceeds in reliance on clause (1) or (6) of the second succeeding paragraph and (y) Excluded Contributions;

(iv) 100% of the aggregate Net Cash Proceeds, and the fair market value (as determined in accordance with the next succeeding paragraph) of property or assets or marketable securities, received by the Company or any Restricted Subsidiary from the disposition of any Investment in any Unrestricted Subsidiary or the disposition or repayment of any Investment constituting a Restricted Payment made after the Issue Date (other than a disposition to the Company or a Restricted Subsidiary of the Company or an employee stock ownership plan or trust established by the Company or any Restricted Subsidiary of the Company for the benefit of its employees to the extent funded by the Company or any Restricted Subsidiary) (except in the case of the disposition of any Investment in any Unrestricted Subsidiary that is an Existing Wind Farm Asset or the disposition or repayment of any Investment constituting a Restricted Payment to an Unrestricted Subsidiary that is an Existing Wind Farm Asset made after the Issue Date, in which case 50% of such aggregate Net Cash Proceeds received by the Company or any Restricted Subsidiary shall be added under this paragraph (c)(iv));

(v) in the event that an Unrestricted Subsidiary (designated as such subsequent to the Issue Date) is redesignated as a Restricted Subsidiary, all of the assets of such Unrestricted Subsidiary are transferred to the Company or a Restricted Subsidiary or such Unrestricted Subsidiary is merged or consolidated into the Issuers or a Restricted Subsidiary, 100% of the amount received in cash and the fair market value of any property or marketable securities received by the Company or any Restricted Subsidiary in respect of such redesignation, merger, consolidation or transfer of assets, excluding the amount of any Investment in such Unrestricted Subsidiary that constituted a Permitted Investment made pursuant to clause (11) of the definition of "Permitted Investment"; and

(vi) 100% of any dividends or distributions received by the Company or a Restricted Subsidiary after the Issue Date from an Unrestricted Subsidiary (except in the case of any dividends or distributions received by the Company or a Restricted Subsidiary after the Issue Date from an Unrestricted Subsidiary that is an Existing Wind Farm Asset, in which case 50% of any such dividends or distributions received by the Company or a Restricted Subsidiary shall be added under this paragraph (c)(vi)),

provided, *however*, that no amount will be included in Consolidated Net Income for purposes of the preceding clause (i) to the extent that it is (at the Company's option) included in the foregoing clause (iv), (v) or (vi). Notwithstanding the foregoing, any amounts (such amounts, the "*Excluded Amounts*") that would otherwise be included in the calculation of the amount available for Restricted Payments pursuant to sub-clauses (ii) or (iii) of the preceding clause (c) will be excluded to the extent (1) such amounts result from the receipt of Net Cash Proceeds, property or assets or marketable securities received in contemplation of, or in connection with, an event that would otherwise constitute a Change of Control pursuant to the definition thereof were it not a Specified Change of Control Event, (2) the purpose of, or the effect of, the receipt of such Net Cash Proceeds, property or assets or marketable securities was to reduce the Consolidated Net Leverage Ratio of the Company and its Restricted Subsidiaries so that there would be an occurrence of a Specified Change of Control Event that would not have been achieved without the receipt of such Net Cash Proceeds, property or assets or marketable securities and (3) no Change of Control Offer is made in connection with such event in accordance with the requirements of the Indenture.

The fair market value of property or assets other than cash covered by the preceding sentence shall be the fair market value thereof as determined in good faith by an Officer of the Company.

The foregoing provisions will not prohibit any of the following (collectively, "*Permitted Payments*"):

(1) any Restricted Payment made in exchange (including any such exchange pursuant to the exercise of a conversion right or privilege in connection with which cash is paid in lieu of the issuance of fractional shares) for, or out of the proceeds of the substantially concurrent sale (other than to a Subsidiary of the Company) of, Capital Stock of the Company (other than Disqualified Stock, Designated Preference Shares or Excluded Amounts), Subordinated Shareholder Funding or a substantially concurrent contribution to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares or through an

Excluded Contribution or Excluded Amounts) of the Company; *provided*, *however*, that to the extent so applied, the Net Cash Proceeds, or fair market value (as determined in accordance with the preceding sentence) of property or assets or of marketable securities, from such sale of Capital Stock or Subordinated Shareholder Funding or such contribution will be excluded from clauses (c)(ii) and (c)(iii) of the first paragraph of this covenant;

(2) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Subordinated Indebtedness made in exchange for, or out of the proceeds of the substantially concurrent sale of, Refinancing Indebtedness permitted to be Incurred pursuant to the covenant described under "*—Limitation on Indebtedness*" above;

(3) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Preferred Stock of the Company or a Restricted Subsidiary made in exchange for or out of the proceeds of the substantially concurrent sale of Preferred Stock of the Company or a Restricted Subsidiary, as the case may be, that, in each case, is permitted to be Incurred pursuant to the covenant described under "*—Limitation on Indebtedness*" above, and that in each case, constitutes Refinancing Indebtedness;

(4) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Subordinated Indebtedness:

(a) from Net Available Cash to the extent permitted under "*—Limitation on Sales of Assets and Subsidiary Stock*" below, but only (i) if the Company shall have first complied with the terms described under "*—Limitation on Sales of Assets and Subsidiary Stock*" and purchased all Notes validly tendered pursuant to any offer to repurchase all the Notes required thereby, prior to purchasing, repurchasing, redeeming, defeasing or otherwise acquiring or retiring such Subordinated Indebtedness and (ii) at a purchase price not greater than 100% of the principal amount of such Subordinated Indebtedness plus accrued and unpaid interest;

(b) following the occurrence of a Change of Control (or other similar event described therein as a "change of control"), but only (i) if the Company shall have first complied with the terms described under "*—Change of Control*" and purchased all Notes validly tendered pursuant to the offer to repurchase all the Notes required thereby, prior to purchasing, repurchasing, redeeming, defeasing or otherwise acquiring or retiring such Subordinated Indebtedness and (ii) at a purchase price not greater than 101% of the principal amount of such Subordinated Indebtedness plus accrued and unpaid interest; or

(c) (i) consisting of Acquired Indebtedness (other than Indebtedness Incurred (A) to provide all or any portion of the funds utilized to consummate the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was otherwise acquired by the Company or a Restricted Subsidiary or (B) otherwise in connection with or contemplation of such transaction or series of transactions) and (ii) at a purchase price not greater than 100% of the principal amount of such Subordinated Indebtedness plus accrued and unpaid interest and any premium required by the terms of such Acquired Indebtedness;

(5) any dividends paid or the consummation of any redemption within 60 days after the date of declaration or giving of the redemption notice, as the case may be, if at such date of declaration such dividend, or at such date of giving of the redemption notice such redemption payment, would have complied with this covenant;

(6) the purchase, repurchase, redemption, defeasance or other acquisition, cancellation or retirement for value of Capital Stock of the Company, any Restricted Subsidiary or any Parent Entity (including any options, warrants or other rights in respect thereof) and loans, advances, dividends or distributions by the Company to any Parent Entity to permit any

Parent Entity to purchase, repurchase, redeem, defease or otherwise acquire, cancel or retire for value Capital Stock of the Company, any Restricted Subsidiary or any Parent Entity (including any options, warrants or other rights in respect thereof), or payments to purchase, repurchase, redeem, defease or otherwise acquire, cancel or retire for value Capital Stock of the Company, any Restricted Subsidiary or any Parent Entity (including any options, warrants or other rights in respect thereof), in each case from any current or former officer, director, employee or consultant of the Company, any Restricted Subsidiary or any Parent Entity; *provided* that such payments, loans, advances, dividends or distributions do not exceed an amount (net of repayments of any such loans or advances) equal to (1) £7.5 million, plus £3.5 million multiplied by the number of calendar years that have commenced since the Issue Date, plus (2) the Net Cash Proceeds received by the Company or its Restricted Subsidiaries since the Issue Date (including through receipt of proceeds from the issuance or sale of its Capital Stock or Subordinated Shareholder Funding to a Parent Entity), or as a contribution to the equity (in each case under this clause (6), other than through the issuance of Disqualified Stock or Designated Preference Shares) of the Company from, the issuance or sale to any current or former officer, director, employee or consultant of the Company, any Restricted Subsidiary or any Parent Entity of Capital Stock (including any options, warrants or other rights in respect thereof), to the extent such Net Cash Proceeds are not included in any calculation under clause (c)(ii) or (c)(iii) of the first paragraph of this covenant and are not Excluded Contributions;

(7) the declaration and payment of dividends to holders of any class or series of Disqualified Stock, or of any Preferred Stock of a Restricted Subsidiary, Incurred in accordance with the terms of the covenant described under "*—Limitation on Indebtedness*";

(8) purchases, repurchases, redemptions, defeasances or other acquisitions or retirements of Capital Stock deemed to occur upon the exercise of stock options, warrants or other rights in respect thereof if such Capital Stock represents a portion of the exercise price thereof;

(9) dividends, loans, advances or distributions to any Parent Entity or other payments by the Company or any Restricted Subsidiary in amounts equal to (without duplication):

   (a) the amounts required for any Parent Entity, without duplication, to pay any Parent Expenses or any Related Taxes; or

   (b) (i) amounts constituting or to be used for purposes of making payments of fees, expenses, principal, interest or other amounts in connection with the Transactions and as disclosed in this Offering Memorandum or (ii) amounts constituting or to be used for purposes of making payments of fees and expenses to the extent specified in clauses (2), (3), (5), (7) and (11) of the second paragraph under "*—Limitation on Affiliate Transactions*";

(10) so long as no Default or Event of Default has occurred and is continuing (or would result therefrom), the declaration and payment by the Company of, or loans, advances, dividends or distributions to any Parent Entity to pay, dividends on the common stock or common equity interests of the Company or any Parent Entity following a Public Offering of such common stock or common equity interests, in an amount not to exceed in any fiscal year the greater of (a) 7% of the Net Cash Proceeds received by the Company from such Public Offering or contributed to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares or through an Excluded Contribution or Excluded Amounts) of the Company or contributed as Subordinated Shareholder Funding to the Company and (b) following the Initial Public Offering, an amount equal to the greater of (i) the greater of (A) 7% of the Market Capitalization and (B) 7% of the IPO Market Capitalization; *provided* that in the case of this clause (i) after giving *pro forma* effect to such loans, advances, dividends or distributions, the Consolidated Net Leverage Ratio shall be equal to or less than 4.5 to 1.0 and (ii) the greater of (A) 5% of the Market Capitalization and (B) 5% of the IPO Market Capitalization; *provided* that in the case of

this clause (ii) after giving *pro forma* effect to such loans, advances, dividends and distributions, the Consolidated Net Leverage Ratio shall be equal to or less than 5.0 to 1.0;

(11) payments by the Company, or loans, advances, dividends or distributions to any Parent Entity to make payments, to holders of Capital Stock of the Company or any Parent Entity in lieu of the issuance of fractional shares of such Capital Stock; *provided*, *however*, that any such payment, loan, advance, dividend or distribution shall not be for the purpose of evading any limitation of this covenant or otherwise to facilitate any dividend or other return of capital to the holders of such Capital Stock (as determined in good faith by an Officer of the Company);

(12) Restricted Payments in an aggregate amount outstanding at any time not to exceed the aggregate cash amount of Excluded Contributions, or consisting of non-cash Excluded Contributions, or Investments in exchange for or using as consideration Investments previously made under this clause (12);

(13) payment of any Receivables Fees and purchases of Receivables Assets pursuant to a Receivables Repurchase Obligation in connection with a Qualified Receivables Financing;

(14) (i) the declaration and payment of dividends to holders of any class or series of Designated Preference Shares of the Company issued after the Issue Date; and (ii) the declaration and payment of dividends to any Parent Entity or any Affiliate thereof, the proceeds of which will be used to fund the payment of dividends to holders of any class or series of Designated Preference Shares of such Parent Entity or Affiliate issued after the Issue Date, *provided*, *however*, that, in the case of clauses (i) and (ii), the amount of all dividends declared or paid pursuant to this clause (14) shall not exceed the Net Cash Proceeds received by the Company or the aggregate amount contributed in cash to the equity (other than through the issuance of Disqualified Stock, an Excluded Contribution or Excluded Amounts or, in the case of Designated Preference Shares by Parent Entity or an Affiliate the issuance of Designated Preference Shares) of the Company or contributed as Subordinated Shareholder Funding to the Company, as applicable, from the issuance or sale of such Designated Preference Shares;

(15) dividends or other distributions of Capital Stock, Indebtedness or other securities of Unrestricted Subsidiaries (except Unrestricted Subsidiaries that are Existing Wind Farms);

(16) so long as no Default or Event of Default has occurred and is continuing (or would result therefrom), any dividend, distribution, loan or other payment to any Parent Entity; *provided* that, on the date of any such dividend, distribution, loan or other payment, the Consolidated Net Leverage Ratio for the Company and its Restricted Subsidiaries does not exceed 4.0 to 1.0 on a *pro forma* basis after giving effect thereto; and

(17) so long as no Default or Event of Default has occurred and is continuing (or would result from), Restricted Payments in an aggregate amount outstanding at any time not to exceed the greater of £40 million and 3.3% of Total Assets.

The amount of all Restricted Payments (other than cash) shall be the fair market value on the date of such Restricted Payment of the assets or securities proposed to be paid, transferred or issued by the Company or such Restricted Subsidiary, as the case may be, pursuant to such Restricted Payment. The fair market value of any cash Restricted Payment shall be its face amount, and the fair market value of any non-cash Restricted Payment shall be determined conclusively by the Board of Directors of the Company acting in good faith.

Limitation on liens

The Company will not, and will not permit any Restricted Subsidiary to, directly or indirectly, create, Incur or suffer to exist any Lien upon any of its property or assets (including Capital Stock of a Restricted Subsidiary of the Company), whether owned on the Issue Date or acquired after that date, or any interest therein or any income or profits therefrom, which Lien is securing any Indebtedness (such Lien, the "*Initial Lien*"), except (a) in the case of any property or asset that does not constitute Collateral, (1) Permitted Liens or (2) Liens on property or assets that are not Permitted Liens if the Notes and the Indenture are directly secured equally and ratably with, or prior to, in the case of Liens with respect to Subordinated Indebtedness, the Indebtedness secured by such Initial Lien for so long as such Indebtedness is so secured, and (b) in the case of any property or asset that constitutes Collateral, Permitted Collateral Liens.

Any such Lien created in favor of the Notes pursuant to clause (a)(2) above will be automatically and unconditionally released and discharged upon (i) the release and discharge of the Initial Lien to which it relates, and (ii) otherwise as set forth under "*—Security—Release of Liens*".

Limitation on restrictions on distributions from restricted subsidiaries

The Company will not, and will not permit any Restricted Subsidiary to, create or otherwise cause or permit to exist or become effective any consensual encumbrance or consensual restriction on the ability of any Restricted Subsidiary to:

(A) pay dividends or make any other distributions in cash or otherwise on its Capital Stock or pay any Indebtedness or other obligations owed to the Company or any Restricted Subsidiary, or with respect to any other interest or participation in, or measured by, its profits, or pay any Indebtedness owed to the Company or any other Restricted Subsidiary;

(B) make any loans or advances to the Company or any Restricted Subsidiary; or

(C) sell, lease or transfer any of its property or assets to the Company or any Restricted Subsidiary,

provided that (x) the priority of any Preferred Stock in receiving dividends or liquidating distributions prior to dividends or liquidating distributions being paid on common stock and (y) the subordination of (including the application of any standstill requirements to) loans or advances made to the Company or any Restricted Subsidiary to other Indebtedness Incurred by the Company or any Restricted Subsidiary shall not be deemed to constitute such an encumbrance or restriction.

The provisions of the preceding paragraph will not prohibit:

(1) any encumbrance or restriction pursuant to (a) any Credit Facility (including the Revolving Credit Facility Agreement) or (b) any other agreement or instrument, in each case, in effect at or entered into on the Issue Date;

(2) any encumbrance or restriction pursuant to an agreement or instrument of a Person or relating to any Capital Stock or Indebtedness of a Person, entered into on or before the date on which such Person was acquired by or merged, consolidated or otherwise combined with or into the Company or any Restricted Subsidiary, or on which such agreement or instrument is assumed by the Company or any Restricted Subsidiary in connection with an acquisition of assets (other than Capital Stock or Indebtedness Incurred as consideration in, or to provide all or any portion of the funds utilized to consummate, the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was acquired by the Company or was merged, consolidated or otherwise combined with or into the Company or any Restricted Subsidiary entered into or in connection with such transaction) and outstanding on such date; *provided* that, for the

purposes of this clause (2), if another Person is the surviving entity or the resulting, surviving or transferee Person following the acquisition by or merger, consolidation or combination with or into the Company or any Restricted Subsidiary (the "*Successor Company*"), any Subsidiary thereof or agreement or instrument of such Person or any such Subsidiary shall be deemed acquired or assumed by the Company or any Restricted Subsidiary when such Person becomes the Successor Company; *provided further*, that, in the case of Indebtedness, such Indebtedness was permitted to be Incurred under the Indenture;

(3) any encumbrance or restriction pursuant to an agreement or instrument effecting a refinancing of Indebtedness Incurred pursuant to, or that otherwise refinances, an agreement or instrument referred to in clause (1) or (2) of this paragraph or this clause (3) (an "*Initial Agreement*") or contained in any amendment, supplement or other modification to an agreement referred to in clause (1) or (2) of this paragraph or this clause (3); *provided*, *however*, that the encumbrances and restrictions with respect to such Restricted Subsidiary contained in any such agreement or instrument are no less favorable in any material respect to the Holders taken as a whole than the encumbrances and restrictions contained in the Initial Agreement or Initial Agreements to which such refinancing or amendment, supplement or other modification relates (as determined in good faith by an Officer of the Company);

(4) any encumbrance or restriction:

    (a) that restricts in a customary manner the subletting, assignment or transfer of any property or asset that is subject to a lease, license or similar contract, or the assignment or transfer of any lease, license or other contract;

    (b) contained in mortgages, charges, pledges or other security agreements permitted under the Indenture or securing Indebtedness of the Company or a Restricted Subsidiary permitted under the Indenture to the extent such encumbrances or restrictions restrict the transfer of the property or assets subject to such mortgages, charges, pledges or other security agreements; or

    (c) pursuant to customary provisions restricting dispositions of real property interests set forth in any reciprocal easement agreements of the Company or any Restricted Subsidiary;

(5) any encumbrance or restriction pursuant to Purchase Money Obligations and Capitalized Lease Obligations permitted under the Indenture, in each case, that impose encumbrances or restrictions on the property so acquired in the nature of those described in clause (c) of the preceding paragraph, or any encumbrance or restriction pursuant to a joint venture agreement that imposes restrictions on the distribution or transfer of the assets or Capital Stock of the joint venture;

(6) any encumbrance or restriction with respect to a Restricted Subsidiary (or any of its property or assets) imposed pursuant to an agreement entered into for the direct or indirect sale or disposition to a Person of all or substantially all the Capital Stock or assets of such Restricted Subsidiary (or the property or assets that are subject to such restriction) pending the closing of such sale or disposition;

(7) customary provisions in leases, licenses, joint venture agreements and other similar agreements and instruments entered into in the ordinary course of business;

(8) encumbrances or restrictions arising or existing by reason of applicable law or any applicable rule, regulation or order, or required by any regulatory authority;

(9) any encumbrance or restriction on cash or other deposits or net worth imposed by customers under agreements entered into in the ordinary course of business;

(10) any encumbrance or restriction pursuant to Currency Agreements, Interest Rate Agreements or Commodity Hedging Agreements;

(11) any encumbrance or restriction arising pursuant to an agreement or instrument (a) relating to any Indebtedness permitted to be Incurred subsequent to the Issue Date pursuant to the provisions of the covenant described under "*—Limitation on Indebtedness*" if the encumbrances and restrictions contained in any such agreement or instrument taken as a whole are not materially less favorable to the Holders of the Notes than (i) the encumbrances and restrictions contained in the Revolving Credit Facility Agreement, together with the security documents associated therewith, and the Intercreditor Agreement, in each case, as in effect on the Issue Date or (ii) as is customary in comparable financings (as determined in good faith by an Officer of the Company) or (b) constituting an Additional Intercreditor Agreement;

(12) restrictions effected in connection with a Qualified Receivables Financing that, in the good faith determination of an Officer of the Company, are necessary or advisable to effect such Qualified Receivables Financing; or

(13) any encumbrance or restriction existing by reason of any Lien permitted under "*—Limitation on Liens*".

Limitation on sales of assets and subsidiary stock

The Company will not, and will not permit any Restricted Subsidiary to, consummate any Asset Disposition unless:

(1) the consideration the Company or such Restricted Subsidiary receives for such Asset Disposition is not less than the fair market value of the assets sold (as determined by an Officer of the Company); and

(2) at least 75% of the consideration the Company or such Restricted Subsidiary receives in respect of such Asset Disposition consists of:

  (i) cash (including any Net Cash Proceeds received from the conversion within 180 days of such Asset Disposition of securities, notes or other obligations received in consideration of such Asset Disposition);

  (ii) Cash Equivalents;

  (iii) the assumption by the purchaser of (x) any liabilities recorded on the Company's or such Restricted Subsidiary's balance sheet or the notes thereto (or, if Incurred since the date of the latest balance sheet, that would be recorded on the next balance sheet) (other than Subordinated Indebtedness), as a result of which neither the Company nor any of the Restricted Subsidiaries remains obligated in respect of such liabilities or (y) Indebtedness of a Restricted Subsidiary that is no longer a Restricted Subsidiary as a result of such Asset Disposition, if the Company and each other Restricted Subsidiary is released from any guarantee of such Indebtedness as a result of such Asset Disposition;

  (iv) Replacement Assets;

  (v) any Capital Stock or assets of the kind referred to in clause (4) or (6) in the second paragraph of this covenant;

  (vi) consideration consisting of Indebtedness of the Issuers or any Guarantor received from Persons who are not the Company or any Restricted Subsidiary, but only to the extent that such Indebtedness (i) has been extinguished by the Company or the applicable Guarantor and (ii) is not Subordinated Indebtedness of the Company or such Guarantor;

(vii) any Designated Non-Cash Consideration received by the Company or any Restricted Subsidiary, having an aggregate fair market value, taken together with all other Designated Non-Cash Consideration received pursuant to this covenant that is at any one time outstanding, not to exceed the greater of £30 million and 2.5% of Total Assets (with the fair market value of each issue of Designated Non-Cash Consideration being measured at the time received and without giving effect to subsequent changes in value); or

(viii) a combination of the consideration specified in clauses (i) through (vii) of this clause (2).

If the Company or any Restricted Subsidiary consummates an Asset Disposition, the Net Cash Proceeds of the Asset Disposition, within 365 days (or 545 days in the circumstances described in clause (8) below) of the later of (i) the date of the consummation of such Asset Disposition and (ii) the receipt of such Net Cash Proceeds, may be used by the Company or such Restricted Subsidiary to:

(1) (i) prepay, repay, purchase or redeem any Indebtedness Incurred under clause (1) of the second paragraph of the covenant described under "*—Limitation on Indebtedness*" or any Refinancing Indebtedness in respect thereof; *provided*, *however*, that, in connection with any prepayment, repayment, purchase or redemption of Indebtedness pursuant to this clause (1), the Company or such Restricted Subsidiary will retire such Indebtedness and will cause the related commitment (if any) (except in the case of any revolving Indebtedness) to be permanently reduced in an amount equal to the principal amount so prepaid, repaid, purchase or redeemed; (ii) to prepay, repay or purchase Pari Passu Indebtedness at a price of no more than 100% of the principal amount of such Pari Passu Indebtedness plus accrued and unpaid interest to the date of such prepayment, repayment or purchase; *provided* that the Company shall redeem, repay or repurchase Pari Passu Indebtedness that is Public Debt pursuant to this clause (ii) only if the Company either (A) reduces the aggregate principal amount of the Notes on an equal or ratable basis with any such Pari Passu Indebtedness repaid pursuant to this clause (ii) by, at its option, (x) redeeming Notes as provided under "*—Optional Redemption*" and/or (y) purchasing Notes through open-market purchases or in privately negotiated transactions at market prices at a price equal to or higher than 100% of the principal amount thereof and/or (B) makes (at such time or subsequently in compliance with this covenant) an offer to the Holders of the Notes to purchase their Notes in accordance with the provisions set forth below for an Asset Disposition Offer on an equal or ratable basis with any such Pari Passu Indebtedness repaid pursuant to this clause (ii) (which offer shall be deemed to be an Asset Disposition Offer for purposes hereof); (iii) to purchase Notes through open market purchases or in privately negotiated transactions at market prices at a price equal to or higher than 100% of the principal amount thereof; (iv) to make (at such time or subsequently in compliance with this covenant) an offer to the Holders of the Notes to purchase their Notes in accordance with the provisions set forth below for an Asset Disposition Offer (which offer shall be deemed to be an Asset Disposition Offer for purposes hereof) or (v) to redeem any series of Notes as described under "*—Optional Redemption*"; or

(2) purchase Notes pursuant to an offer to all Holders of each series of the Notes at a purchase price in cash equal to at least 100% of the principal amount thereof, plus accrued and unpaid interest and Additional Amounts, if any, to, but not including, the date of purchase (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date);

(3) invest in any Replacement Assets;

(4) acquire all or substantially all of the assets of, or any Capital Stock of, another Similar Business, if, after giving effect to any such acquisition of Capital Stock, the Similar Business is or becomes a Restricted Subsidiary;

(5) make a capital expenditure;

(6) acquire other assets (other than Capital Stock and cash or Cash Equivalents) that are used or useful in a Similar Business;

(7) consummate any combination of the foregoing; or

(8) enter into a binding commitment to apply the Net Cash Proceeds pursuant to clause (1), (3), (4), (5) or (6) of this paragraph or a combination thereof, *provided* that, a binding commitment shall be treated as a permitted application of the Net Cash Proceeds from the date of such commitment until the earlier of (x) the date on which such investment is consummated and (y) the 180th day following the expiration of the aforementioned 365-day period, if the investment has not been consummated by that date,

provided, *however*, if the assets disposed of constitute Collateral or constitute all or substantially all of the assets of a Restricted Subsidiary whose Capital Stock has been pledged as Collateral, subject to the Agreed Security Principles, the Company shall pledge or shall cause the applicable Restricted Subsidiary to pledge any acquired Capital Stock or assets (to the extent such assets were of a category of assets included in the Collateral as of the Issue Date) referred to in this covenant in favor of Holders of Notes (or the Security Agent on their behalf) on a first-priority basis.

The amount of such Net Cash Proceeds not so used as set forth in this paragraph constitutes "*Excess Proceeds*". Pending the final application of any such Net Cash Proceeds, the Company may temporarily reduce revolving credit borrowings or otherwise invest such Net Cash Proceeds in any manner that is not prohibited by the terms of the Indenture.

On the 366th day after an Asset Disposition (or the 546th day if a binding commitment as described in clause (8) above has been entered into), if the aggregate amount of Excess Proceeds exceeds the greater of £30 million and 2.5% of Total Assets, the Issuers will be required within 10 Business Days thereof to make an offer ("*Asset Disposition Offer*") to all Holders of the Notes of each series and, to the extent the Issuers elect, to all holders of other outstanding Pari Passu Indebtedness, to purchase the maximum principal amount of Notes of each series and any such Pari Passu Indebtedness to which the Asset Disposition Offer applies that may be purchased out of the Excess Proceeds, at an offer price in respect of the Notes of a series in an amount equal to (and, in the case of any Pari Passu Indebtedness, an offer price of no more than) 100% of the principal amount of such Notes and 100% of the principal amount of Pari Passu Indebtedness, in each case, plus accrued and unpaid interest, if any, to, but not including, the date of purchase, in accordance with the procedures set forth in the Indenture or the agreements governing the Pari Passu Indebtedness, as applicable, in minimum denominations of (x) £100,000 and integral multiples of £1,000 in excess thereof in relation to Sterling Notes and (y) €100,000 and integral multiples of €1,000 in excess thereof in relation to Euro Notes.

To the extent that the aggregate amount of Notes and Pari Passu Indebtedness so validly tendered and not properly withdrawn pursuant to an Asset Disposition Offer is less than the Excess Proceeds, the Company or the relevant Restricted Subsidiary may use any remaining Excess Proceeds for general corporate purposes, subject to other covenants contained in the Indenture. If the aggregate principal amount of the Notes of all series surrendered in any Asset Disposition Offer by Holders and other Pari Passu Indebtedness surrendered by holders or lenders, collectively, exceeds the amount of Excess Proceeds, the Excess Proceeds shall be allocated among the Notes and Pari Passu Indebtedness to be repaid or purchased on a *pro rata* basis on the basis of the aggregate principal amount of tendered Notes and Pari Passu Indebtedness. For the purposes of calculating the principal amount of any such Indebtedness not denominated in sterling, such Indebtedness shall be calculated by converting any such principal amounts into their Sterling Equivalent determined as of a date selected by the Company or the Issuers that are within the Asset Disposition Offer Period (as defined below).

Upon completion of any Asset Disposition Offer, the amount of Excess Proceeds shall be reset at zero.

Any Net Available Cash payable in respect of the Notes pursuant to this covenant will be allocated between the Sterling Notes and Euro Notes in proportion to the respective aggregate principal amounts of such Sterling Notes and Euro Notes validly tendered and not withdrawn, based upon the Sterling Equivalent of the aggregate principal amount of such Euro Notes determined as of a date selected by the Company that is within the Asset Disposition Offer Period.

To the extent that any portion of Net Available Cash payable in respect of the Notes is denominated in a currency other than the currency in which the Notes are denominated, the amount thereof payable in respect of such Notes shall not exceed the net amount of funds in the currency in which such Notes are denominated that is actually received by the Company or the Issuers upon converting such portion of the Net Available Cash into such currency.

The Asset Disposition Offer, insofar as it relates to the Notes, will remain open for a period of not less than 20 Business Days following its commencement (the "*Asset Disposition Offer Period*"). No later than five Business Days after the termination of the Asset Disposition Offer Period (the "*Asset Disposition Purchase Date*"), the Issuers will repay the principal amount of Notes and, to the extent it elects, Pari Passu Indebtedness required to be repaid or purchased by it pursuant to this covenant (the "*Asset Disposition Offer Amount*") or, if less than the Asset Disposition Offer Amount has been so validly tendered, all Notes and Pari Passu Indebtedness validly tendered in response to the Asset Disposition Offer.

On or before the Asset Disposition Purchase Date, the Issuers will, to the extent lawful, accept for payment, on a pro rata basis to the extent necessary, the Asset Disposition Offer Amount of Notes and Pari Passu Indebtedness or portions of Notes and Pari Passu Indebtedness so validly tendered and not properly withdrawn pursuant to the Asset Disposition Offer, or if less than the Asset Disposition Offer Amount has been validly tendered and not properly withdrawn, all Notes and Pari Passu Indebtedness so validly tendered and not properly withdrawn and in minimum denominations of (x) £100,000 and integral multiples of £1,000 in excess thereof in relation to Sterling Notes and (y) €100,000 and integral multiples of €1,000 in excess thereof in relation to Euro Notes. The Issuers will deliver to the Trustee an Officer's Certificate stating that such Notes or portions thereof were accepted for payment by the Issuers in accordance with the terms of this covenant. The Issuers or the Paying Agent, as the case may be, will promptly (but in any case not later than five Business Days after termination of the Asset Disposition Offer Period) mail or deliver to each tendering Holder an amount equal to the purchase price of the Notes so validly tendered and not properly withdrawn by such Holder, and accepted by the Issuers for purchase, and the Issuers will promptly issue a new Note (or amend the Global Note), and the Trustee (or an authenticating agent), upon delivery of an Officer's Certificate from the Issuers, will authenticate and mail or deliver (or cause to be transferred by book entry) such new Note to such Holder, in a principal amount equal to any unpurchased portion of the Note surrendered; provided that each such new Note will be in a principal amount with a minimum denomination of £100,000 or €100,000, as the case may be. Any Note not so accepted will be promptly mailed or delivered (or transferred by book entry) by the Issuers to the Holder thereof.

The Issuers will comply, to the extent applicable, with the requirements of Section 14(e) of the U.S. Exchange Act and any other securities laws or regulations in connection with the repurchase of Notes pursuant to the Indenture. To the extent that the provisions of any securities laws or regulations conflict with provisions of this covenant, the Issuers will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Indenture by virtue of such compliance.

Renewable assets

For so long as any Notes are outstanding the Company will cause any joint venture or Unrestricted Subsidiary that constitutes an Existing Wind Farm Asset to distribute all Renewable Asset Sale Proceeds to the Company and its Restricted Subsidiaries concurrently with any sale, lease, conveyance or other disposition of any Renewable Asset by such Unrestricted Subsidiary or joint venture.

Limitation on affiliate transactions

The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, enter into or conduct any transaction or series of related transactions (including the purchase, sale, lease or exchange of any property or the rendering of any service) with any Affiliate of the Company (any such transaction or series of related transactions being an "*Affiliate Transaction*") involving aggregate value in excess of £10 million unless:

(1) the terms of such Affiliate Transaction taken as a whole are not materially less favorable to the Company or such Restricted Subsidiary, as the case may be, than those that could be obtained in a comparable transaction at the time of such transaction or the execution of the agreement providing for such transaction in arm's-length dealings with a Person who is not such an Affiliate; and

(2) in the event such Affiliate Transaction involves an aggregate value in excess of £25 million, the terms of such transaction or series of related transactions have been approved by a resolution of the majority of the disinterested members of the Board of Directors of the Company resolving that such transaction complies with clause (1) above.

The provisions of the preceding paragraph will not apply to:

(1) any Restricted Payment permitted to be made pursuant to the covenant described under "*—Limitation on Restricted Payments*", any Permitted Payments (other than pursuant to clause (9)(b)(ii) of the third paragraph of the covenant described under "*—Limitation on Restricted Payments*") or any Permitted Investment (other than Permitted Investments as defined in paragraphs (1)(b) and (2) of the definition thereof);

(2) any issuance or sale of Capital Stock, options, other equity-related interests or other securities, or other payments, awards or grants in cash, securities or otherwise pursuant to, or the funding of, or entering into, or maintenance of, any employment, consulting, collective bargaining or benefit plan, program, agreement or arrangement, related trust or other similar agreement and other compensation arrangements, options, warrants or other rights to purchase Capital Stock of the Company, any Restricted Subsidiary or any Parent Entity, restricted stock plans, long-term incentive plans, stock appreciation rights plans, participation plans or similar employee benefits or consultants' plans (including valuation, health, insurance, deferred compensation, severance, retirement, savings or similar plans, programs or arrangements) or indemnities provided on behalf of officers, employees, directors or consultants approved by the Board of Directors of the Company, in each case in the ordinary course of business;

(3) any Management Advances and any waiver or transaction with respect thereto;

(4) any transaction between or among the Company and any Restricted Subsidiary (or entity that becomes a Restricted Subsidiary as a result of such transaction), or between or among Restricted Subsidiaries or any Receivables Subsidiary;

(5) the payment of reasonable fees and reimbursement of expenses to, and customary indemnities and employee benefit and pension expenses provided on behalf of, directors, officers, consultants or employees of the Company, any Restricted Subsidiary of the Company or any Parent Entity (whether directly or indirectly and including through any Person owned or controlled by any of such directors, officers or employees);

(6) (i) the Transactions, (ii) the entry into and performance of obligations of the Company or any of its Restricted Subsidiaries under the terms of any transaction pursuant to or contemplated by, and any payments pursuant to or for purposes of funding, any agreement or instrument in effect as of or on the Issue Date or described in "*Certain Relationships and Related Party Transactions*" in this Offering Memorandum, as these agreements and instruments may be amended, modified, supplemented, extended, renewed, replaced or refinanced from time to time in accordance with the other terms of this covenant or to the extent not more disadvantageous to the Holders in any material respect, and (iii) the entry into and performance of any registration rights or other listing agreement;

(7) without duplication, the execution, delivery and performance of any Tax Sharing Agreement or any arrangement or payment pursuant to which the Company or any Affiliate of the Company or any Restricted Subsidiary is required or permitted to file a consolidated or combined tax return, or the formation and maintenance of any consolidated group for tax, accounting or cash pooling or management purposes in the ordinary course of business;

(8) transactions with customers, clients, suppliers or purchasers or sellers of goods or services, in each case in the ordinary course of business, which are fair to the Company or the relevant Restricted Subsidiary in the reasonable determination of the Board of Directors or an officer of the Company or the relevant Restricted Subsidiary, or are on terms no less favorable than those that could reasonably have been obtained at such time from an unaffiliated party;

(9) any transaction in the ordinary course of business between or among the Company or any Restricted Subsidiary and any Affiliate of the Company or an Associate or similar entity that would constitute an Affiliate Transaction solely because the Company or a Restricted Subsidiary or any Affiliate of the Company or a Restricted Subsidiary or any Affiliate of any Permitted Holder owns an equity interest in or otherwise controls such Affiliate, Associate or similar entity;

(10) (a) issuances or sales of Capital Stock (other than Disqualified Stock or Designated Preference Shares) of the Company or options, warrants or other rights to acquire such Capital Stock or Subordinated Shareholder Funding; *provided* that the interest rate and other financial terms of such Subordinated Shareholder Funding are approved by a majority of the members of the Board of Directors of the Company in their reasonable determination and (b) any amendment, waiver or other transaction with respect to any Subordinated Shareholder Funding in compliance with the other provisions of the Indenture, the Intercreditor Agreement or any Additional Intercreditor Agreement, as applicable;

(11) (a) payments by the Company or any Restricted Subsidiary to any Permitted Holder (whether directly or indirectly, including through any Parent Entity) of annual management, consulting, monitoring or advisory fees and related expenses in an aggregate amount not to exceed £3 million per year and (b) customary payments by the Company or any Restricted Subsidiary to any Permitted Holder (whether directly or indirectly, including through any Parent Entity) for financial advisory, financing, underwriting or placement services or in respect of other investment banking activities, including in connection with loans, capital market transactions, acquisitions or divestitures, which payments (or agreements providing for such payments) in respect of this clause (11) are approved by a majority of the Board of Directors of the Company in good faith;

(12) any transactions for which the Company or a Restricted Subsidiary delivers to the Trustee a letter from an Independent Financial Advisor stating that such transaction is (i) fair to the Company or such Restricted Subsidiary from a financial point of view or (ii) on terms not

less favorable that might have been obtained in a comparable transaction at such time on an arm's length basis from a Person who is not an Affiliate;

(13) investments by any of the Initial Investors in securities of any of the Company's Restricted Subsidiaries (and the payment of reasonable out-of-pocket expenses of the Initial Investors in connection therewith) so long as (i) the investment complies with clause (1) of the preceding paragraph, (ii) the investment is being offered generally to other investors on the same or more favorable terms and (iii) the investment constitutes less than 5% of the issue amount of such securities;

(14) pledges of Capital Stock of Unrestricted Subsidiaries;

(15) any (i) power purchase or management services agreements between the Company or a Restricted Subsidiary and an Unrestricted Subsidiary, (ii) guarantee provided by the Company or a Restricted Subsidiary under or in connection with a power purchase or management services agreement with an Unrestricted Subsidiary, or (iii) direct agreement between the Company or a Restricted Subsidiary and a lender or creditor of an Unrestricted Subsidiary in connection with either of the foregoing clauses (i) or (ii), in each case, so long as such transactions are on terms that are no less favorable to the Company or the relevant Restricted Subsidiary than those that would have been obtained in a comparable transaction by the Company or such Restricted Subsidiary with an unrelated Person (as determined in good faith by the Company); and

(16) any transaction effected as part of a Qualified Receivables Financing.

Maintenance of listing

The Issuers will use their commercially reasonable efforts to maintain the listing of the Notes on a "recognised stock exchange" as defined in Section 1005 of the Income Tax Act 2007 of the United Kingdom.

Reports

So long as any Notes are outstanding, the Issuers will furnish to the Trustee the following reports:

(1) within 120 days following the end of the fiscal year ending March 31, 2018 and the end of each fiscal year of the Company thereafter, annual reports containing: (i) the audited consolidated balance sheet of the Company as at the end of the most recent fiscal year which shall include comparative balance sheet information as at the end of the prior fiscal year and audited consolidated income statements and statements of cash flow of the Company for the most recent two fiscal years which shall include comparative income statement and cash flow statement information for the applicable prior fiscal year, including appropriate footnotes to such financial statements, for and as at the end of such fiscal years and the report of the independent auditors on the financial statements; (ii) unaudited *pro forma* income statement and balance sheet information of the Company (which, for the avoidance of doubt, shall not include the provision of a full income statement or balance sheet to the extent not reasonably available), together with explanatory footnotes, for any material acquisitions, dispositions or recapitalizations that have occurred since the beginning of the most recently completed fiscal year as to which such annual report relates (unless such *pro forma* information has been provided in a previous report pursuant to clause (2) or (3) below); *provided* that such *pro forma* financial information will be provided only to the extent available without unreasonable expense; (iii) an operating and financial review of the audited financial statements, including a discussion of the results of operations, financial condition, and liquidity and capital resources of the Company, (iv) a description of the management and business of the Company and all material affiliate transactions and a description of all material debt instruments; and (v) a description of material risk factors and material subsequent events;

provided that the information described in clauses (iv) and (v) may be provided in the footnotes to the audited financial statements;

(2) within 75 days following the end of the first three fiscal quarters in each fiscal year of the Company beginning with the quarter ending September 30, 2017, interim financial statements containing the following information: (i) the Company's unaudited condensed consolidated balance sheet as at the end of such period and unaudited condensed statements of income and cash flow for the most recent quarterly and year-to-date periods ending on the unaudited condensed balance sheet date and the comparable prior periods, together with condensed footnote disclosure; (ii) unaudited *pro forma* income statement and balance sheet information of the Company (which, for the avoidance of doubt, shall not include the provision of a full income statement or balance sheet to the extent not reasonably available), together with explanatory footnotes, for any material acquisitions, dispositions or recapitalizations that have occurred since the beginning of the most recently completed fiscal year as to which such annual report relates; *provided* that such *pro forma* financial information will be provided only to the extent available without unreasonable expense; (iii) an operating and financial review of the unaudited financial statements; and (iv) material subsequent events; *provided* that the information described in clause (iv) may be provided in the footnotes to the unaudited financial statements; and

(3) promptly after the occurrence of a material event that the Issuers announce publicly or any acquisition, disposition or restructuring, merger or similar transaction that is material to the Company and the Restricted Subsidiaries, taken as a whole, or a change in chief executive officer or chief financial officer of the Company, a report containing a description of such event.

In addition, the Issuers will furnish to the Holders and to prospective investors, upon the request of such parties, any information required to be delivered pursuant to Rule 144A(d)(4) under the U.S. Securities Act for so long as the Notes are not freely transferable under the U.S. Exchange Act by persons who are not "affiliates" under the U.S. Securities Act.

The Issuers will also make available copies of all reports required by clauses (1) through (3) of the first paragraph of this covenant, if and so long as the Notes are listed on the Official List of the Exchange and if and for so long as the rules of the Exchange so require, to the extent and in the manner permitted by such rules.

All financial statement and *pro forma* financial information shall be prepared in accordance with IFRS as in effect on the date of such report or financial statement (or otherwise on the basis of IFRS as then in effect) and on a consistent basis for the periods presented; *provided, however*, that the reports set forth in clauses (1), (2) and (3) above may, in the event of a change in applicable IFRS, present earlier periods on a basis that applied to such periods. At the Issuers' election, any such report may also include financial statements of a UK Holding Company or a Parent Entity in lieu of those for the Company; *provided* that if such financial statements are included in such report, a reasonably detailed description of material differences between the financial statements of the Company on one hand, and a UK Holding Company or the Parent Entity, on the other hand, shall be included for any period after the Issue Date. Following an Initial Public Offering of the Capital Stock of the Company or any parent thereof and/or the listing of such Capital Stock on a recognized UK or European stock exchange, the requirements of this covenant shall be considered to have been fulfilled if the IPO Entity complies with the reporting requirements of such stock exchange. Except as provided for above, no report need include separate financial statements for any Subsidiaries of the Company.

For purposes of this covenant, an acquisition or disposition shall only be deemed to be material if the entity or business acquired or disposed of represents greater than 20% of the Company's (a) total consolidated revenue or Consolidated EBITDA for the most recent four quarters for which annual or quarterly financial reports have been delivered to the Trustee or (b) consolidated assets as of the last day of the most recent quarter for which annual or quarterly financial reports have been delivered to the Trustee.

At any time that any of the Company's Subsidiaries are Unrestricted Subsidiaries under the Indenture and any such Unrestricted Subsidiary or a group of Unrestricted Subsidiaries, taken as a whole, would (if it were restricted) constitute a Significant Subsidiary of the Company, then the quarterly and annual financial information required by the first paragraph of this "*Reports*" covenant will include a reasonably detailed description of the material differences between the results of operations of the Unrestricted Subsidiaries of the Company and the Company and its Restricted Subsidiaries.

In addition, so long as the Notes remain outstanding and during any period during which the Issuers are not subject to Section 13 or 15(d) of the Exchange Act nor exempt therefrom pursuant to Rule 12g3-2(b), the Issuers shall furnish to the Holders and, upon their request, prospective purchasers of the Notes, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

All reports provided pursuant to this covenant will be made in English.

Merger and consolidation

The Company will not, directly or indirectly: (1) consolidate or merge with or into another Person (whether or not the Company is the surviving corporation) or (2) sell, assign, transfer, convey or otherwise dispose of all or substantially all of the properties or assets of the Company and its Restricted Subsidiaries taken as a whole, in either case, in one or more related transactions, to another Person, unless:

(1) either: (a) the Company is the surviving Person; or (b) the Person formed by or surviving any such consolidation or merger (if other than the Company) or to which such sale, assignment, transfer, conveyance or other disposition has been made is an entity organized or existing under the laws of any member state of the European Union, Switzerland, Norway, Canada, any state of the United States or the District of Columbia;

(2) the Person formed by or surviving any such consolidation or merger with the Company (if other than the Company), or the Person to which such sale, assignment, transfer, conveyance or other disposition has been made assumes all the obligations of the Company under the Indenture, the Intercreditor Agreement, any Additional Intercreditor Agreement and the Security Documents to which the Company is a party;

(3) immediately after giving *pro forma* effect to such transaction or transactions (and treating any Indebtedness which becomes an obligation of the surviving Person as a result of such transaction as having been incurred by the surviving Person at the time of such transaction or transactions), no Default or Event of Default exists;

(4) the Company or the Person formed by or surviving any such consolidation or merger (if other than the Company), or to which such sale, assignment, transfer, conveyance or other disposition has been made would, on the date of such transaction after giving pro forma effect thereto and any related financing transactions as if the same had occurred at the beginning of the applicable four-quarter period (i) be permitted to incur at least £1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in clause (1) of the first paragraph of the covenant described above under the caption "*—Limitation on Indebtedness*" or (ii) have a Fixed Charge Coverage Ratio not less than it was immediately prior to giving effect to such transaction; and

(5) the Company delivers to the Trustee, in form and substance reasonably satisfactory to the Trustee, an Officer's Certificate, stating that such consolidation, merger or transfer and such supplemental indenture (if any) comply with this covenant and that all conditions precedent in the Indenture relating to such transaction have been satisfied and that the Indenture constitutes the legal, valid and binding obligation of the Company or the Person formed by or surviving any such consolidation or merger (as applicable) enforceable in accordance with its terms.

In the event of any transaction described in and complying with the conditions listed in the immediately preceding paragraph in which the Company is not the continuing Person, the successor Person formed or remaining or to which such transfer is made shall succeed to, and be substituted for, and may exercise every right and power of the Company and the Company will be discharged from all obligations and covenants under the Indenture.

The Issuers and the Subsidiary Guarantors (other than a Guarantor whose Note Guarantee is to be released in accordance with the terms of the Note Guarantee and the Indenture as described under "*—Note Guarantees*") will not, directly or indirectly: (i) consolidate or merge with or into another Person (whether or not such Issuer or such Subsidiary Guarantor, as applicable, is the surviving corporation) or (ii) sell, assign, transfer, convey or otherwise dispose of all or substantially all of the properties or assets of such Issuer or such Subsidiary Guarantor, as applicable, and its Subsidiaries that are Restricted Subsidiaries taken as a whole, in one or more related transactions, to another Person, unless:

(1) either (a) such Issuer or such Subsidiary Guarantor, as applicable, is the surviving Person; or (b) the Person formed by or surviving any such consolidation or merger (if other than such Issuer or such Subsidiary Guarantor, as applicable) or the Person to which such sale, assignment, transfer, conveyance or other disposition has been made assumes all the obligations such Issuer or of such Subsidiary Guarantor, as applicable, under the Notes (in the case of an Issuer), its Note Guarantee (in the case of a Guarantor), the Indenture, the Intercreditor Agreement, any Additional Intercreditor Agreement and the Security Documents to which it is a party;

(2) immediately after giving pro forma effect to such transaction or transactions (and treating any Indebtedness which becomes an obligation of the surviving corporation as a result of such transaction as having been incurred by the surviving corporation at the time of such transaction or transactions), no Default or Event of Default exists; and

(3) the Company delivers to the Trustee an Officer's Certificate, stating that such consolidation, merger or transfer and such supplemental indenture (if any) comply with this covenant and that all conditions precedent in the Indenture relating to such transaction have been satisfied and that the Indenture, the Notes (in the case of an Issuer), and the Note Guarantee (in the case of a Guarantor) constitute legal, valid and binding obligations of the Issuers, the Subsidiary Guarantor or the Person formed by or surviving any such consolidation and merger (as applicable) enforceable in accordance with their terms.

In addition, neither the Company, the Issuers nor any Subsidiary Guarantor will, directly or indirectly, lease all or substantially all of the properties and assets of it and its Subsidiaries which are Restricted Subsidiaries taken as a whole, in one or more related transactions, to any other Person.

This "*Merger and Consolidation*" covenant will not apply to (a) any consolidation or merger of any Restricted Subsidiary of the Company that is not a Guarantor into the Company, the Issuers or a Guarantor, (b) any consolidation or merger among Guarantors, (c) any consolidation or merger among Restricted Subsidiaries of the Company that are not Guarantors or the Issuers, and (d) any consolidation or merger among an Issuer and any Guarantor; *provided* that, if an Issuer is not the surviving entity of such merger or consolidation, the relevant Guarantor is an entity organized or existing under the laws of any member state of the European Union, Switzerland, Norway, Canada, any state of the United States or the District of Columbia and such Guarantor shall assume all of the obligations of the Issuers under the Notes, the Intercreditor Agreement, any Additional Intercreditor Agreement and the Security Documents to which the relevant Issuer is a party and, to the extent applicable, clauses (2) and (5) of the first paragraph of this covenant and clauses (1) and (3) of the third paragraph of this covenant will be complied with. Clauses (3) and (4) of the first paragraph of this covenant and clause (2) of the third paragraph of this covenant will not apply to any merger or consolidation of an Issuer or any Guarantor with or into an Affiliate solely for the purpose of reincorporating such

Issuer or such Guarantor in another jurisdiction, to change its domicile or to change its legal form. This "*Merger and Consolidation*" covenant will not apply to an IPO Pushdown, *provided* that such IPO Pushdown complies with the covenant described under "*—IPO Pushdown*".

Suspension of covenants on achievement of investment grade status

If on any date following the Issue Date, the Notes have achieved Investment Grade Status and no Default or Event of Default has occurred and is continuing (a "*Suspension Event*"), then, beginning on that day and continuing until such time, if any, at which such Notes cease to have Investment Grade Status (the "*Reversion Date*"), the provisions of the Indenture summarized under the following captions will not apply to such Notes:

(1) "*—Limitation on Indebtedness*";

(2) "*—Limitation on Restricted Payments*";

(3) "*—Limitation on Restrictions on Distributions from Restricted Subsidiaries*";

(4) "*—Limitation on Affiliate Transactions*";

(5) "*—Limitation on Sales of Assets and Subsidiary Stock*";

(6) "*—Additional Note Guarantees*"; and

(7) the provisions of clause (4) of the first paragraph of the covenant described under "*—Merger and Consolidation*",

and, in each case, any related default provision of the Indenture will cease to be effective and will not be applicable to the Company and its Restricted Subsidiaries.

Such covenants and any related default provisions will again apply according to their terms from the first day on which a Suspension Event ceases to be in effect. Such covenants will not, however, be of any effect with regard to actions of the Company properly taken during the continuance of the Suspension Event, and no action taken prior to the Reversion Date will constitute a Default or Event of Default. The "*Limitation on Restricted Payments*" covenant will be interpreted as if it has been in effect since the date of the Indenture but not during the continuance of the Suspension Event. On the Reversion Date, all Indebtedness Incurred during the continuance of the Suspension Event will be deemed to have been outstanding on the Issue Date, so that it is classified as permitted under clause (4)(b) of the second paragraph of the covenant described under "*—Limitation on Indebtedness*". In addition, the Indenture will also permit, without causing a Default or Event of Default, the Company or any of the Restricted Subsidiaries to honor any contractual commitments or take actions in the future after any date on which such Notes cease to have an Investment Grade Status as long as the contractual commitments were entered into during the Suspension Event and not in anticipation of such Notes no longer having an Investment Grade Status. The Issuers shall notify the Trustee that the conditions set forth in the first paragraph under this caption have been satisfied, *provided* that, no such notification shall be a condition for the suspension of the covenants described under this caption to be effective. There can be no assurance that such Notes will ever achieve or maintain an Investment Grade Status.

Limited condition acquisition and irrevocable repayment

In connection with any action being taken in connection with a Limited Condition Acquisition or Irrevocable Repayment, for purposes of determining compliance with any provision of the Indenture which requires that no Default or Event of Default, as applicable, has occurred, is continuing or would result from any such action, as applicable, such condition shall, at the option of the Company, be deemed satisfied, so long as no Default or Event of Default, as applicable, exists on the date the Definitive Agreements for such Limited Condition Acquisition or Irrevocable Repayment is entered into after giving pro forma effect to the applicable Limited Condition Acquisition or Irrevocable Repayment. For the avoidance of doubt, if the

Company has exercised its option under the first sentence of this paragraph, and any Default or Event of Default occurs following the date the Definitive Agreement for the applicable Limited Condition Acquisition or Irrevocable Repayment was entered into and prior to the consummation of such Limited Condition Acquisition or Irrevocable Repayment, any such Default or Event of Default shall be deemed to not have occurred or be continuing for purposes of determining whether any action being taken in connection with such Limited Condition Acquisition or Irrevocable Repayment is permitted hereunder.

In connection with any action being taken in connection with a Limited Condition Acquisition or Irrevocable Repayment for purposes of:

(1) determining compliance with any provision of the Indenture which requires the calculation of the Consolidated Net Leverage Ratio, the Consolidated Net Senior Secured Leverage Ratio or the Fixed Charge Coverage Ratio; or

(2) testing baskets set forth in the Indenture;

in each case, at the option of the Company (the Company's election to exercise such option in connection with any Limited Condition Acquisition or Irrevocable Repayment, an "LCA Election"), the date of determination of whether any such action is permitted hereunder, may be deemed to be the date the Definitive Agreement for such Limited Condition Acquisition or Irrevocable Repayment is entered into (the "LCA Test Date"). If, after giving pro forma effect to the Limited Condition Acquisition or Irrevocable Repayment and the other transactions to be entered into in connection therewith (including any Incurrence of Indebtedness and the use of proceeds thereof) as if they had occurred at the beginning of the most recent four consecutive fiscal quarters ending prior to the LCA Test Date for which consolidated financial statements of the Company are available, the Company could have taken such action on the relevant LCA Test Date in compliance with such ratio or basket, such ratio or basket shall be deemed to have been complied with.

If the Company has made an LCA Election, then in connection with any subsequent calculation of any ratio or basket availability with respect to the Incurrence of Indebtedness or Liens, or the making of Asset Dispositions, mergers, the conveyance, lease or other transfer of all or substantially all of the assets of the Company or the designation of an Unrestricted Subsidiary on or following the relevant LCA Test Date and prior to the earlier of the date on which such Limited Condition Acquisition or Irrevocable Repayment is consummated or the Definitive Agreement for such Limited Condition Acquisition or Irrevocable Repayment is terminated or expires without consummation of such Limited Condition Acquisition or Irrevocable Repayment, any such ratio or basket shall be calculated on a pro forma basis assuming such Limited Condition Acquisition or Irrevocable Repayment and other transactions in connection therewith (including any Incurrence of Indebtedness and the use of proceeds thereof) have been consummated. If the Company has made an LCA Election and any of the ratios or baskets for which compliance was determined or tested as of the LCA Test Date are exceeded as a result of fluctuations in any such ratio or basket, including due to fluctuations in Consolidated EBITDA of the Company or the Person subject to such Limited Condition Acquisition or Irrevocable Repayment, at or prior to the consummation of the relevant transaction or action, such baskets or ratios will not be deemed to have been exceeded as a result of such fluctuations.

Impairment of security interest

The Company shall not, and shall not permit any Restricted Subsidiary to, take or knowingly or negligently omit to take any action that would have the result of materially impairing the Security Interest with respect to the Collateral (it being understood, subject to the proviso below, that the Incurrence of Permitted Collateral Liens shall under no circumstances be deemed to materially impair the Security Interest with respect to the Collateral) for the benefit of the Trustee and the Holders of Notes, and the Company shall not, and shall not permit any Restricted Subsidiary to, grant to any Person other than the Security Agent, for the benefit of the Trustee and the Holders of Notes and the other beneficiaries described in the Security Documents and the Intercreditor Agreement or any Additional Intercreditor Agreement, any interest whatsoever in any of the Collateral, except that (i) the Company and its Restricted Subsidiaries may Incur Permitted Collateral Liens and the Collateral may be discharged and released in accordance with the Indenture (including in connection with an IPO Pushdown), the applicable Security Documents or the Intercreditor Agreement or any Additional Intercreditor Agreement and (ii) the applicable Security Documents may be amended from time to time to cure any ambiguity, mistake, omission, defect or inconsistency therein; *provided*, *however*, that in the case of clause (i) above, except with respect to any discharge or release in accordance with the Indenture or the Intercreditor Agreement or any Additional Intercreditor Agreement, the Incurrence of Permitted Collateral Liens or any action expressly permitted by the Indenture or the Intercreditor Agreement or any Additional Intercreditor Agreement, the Security Documents may not be amended, extended, renewed, restated, supplemented, released or otherwise modified or replaced, unless contemporaneously with any such action, the Company delivers to the Trustee, either (1) a solvency opinion, in form and substance reasonably satisfactory to the Trustee from an Independent Financial Advisor confirming the solvency of the relevant Person and its Subsidiaries, taken as a whole, after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, release, modification or replacement, (2) a certificate from the Board of Directors of the relevant Person which confirms the solvency of the person granting such Security Interest after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, release, modification or replacement, (3) an Opinion of Counsel, in form and substance reasonably satisfactory to the Trustee, confirming that, after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, release, modification or replacement, the Lien or Liens created under the Security Documents, so amended, extended, renewed, restated, release, supplemented, modified or replaced are valid Liens not otherwise subject to any limitation, imperfection or new hardening period, in equity or at law, that such Lien or Liens were not otherwise subject to immediately prior to such amendment, extension, renewal, restatement, supplement, release, modification or replacement or (4) in connection with an IPO Pushdown, an Officer's Certificate of the relevant Person which confirms that an IPO Pushdown has occurred. In the event that the Company or the relevant Restricted Subsidiary complies with the requirements of this covenant, the Trustee and the Security Agent shall (subject to customary protections and indemnifications) consent to such amendments without the need for instructions from the Holders of Notes.

Additional note guarantees

The Company will not cause or permit any Restricted Subsidiary that is not a Guarantor or the Issuers to Guarantee the Indebtedness outstanding under the Revolving Credit Facility Agreement (or other Indebtedness that is Incurred under clause (1) of the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*") or any other Public Debt, in each case exceeding £10 million in principal amount, in whole or in part unless, in each case unless such Restricted Subsidiary becomes a Guarantor on the date on which the Guarantee is Incurred and executes and delivers to the Trustee a supplemental indenture providing for a Note Guarantee of such Restricted Subsidiary, which Note Guarantee will be senior to or *pari passu* with such Restricted Subsidiary's Guarantee of such other Indebtedness; *provided*, *however*, that such Restricted Subsidiary shall not be obligated to become such a Guarantor to the extent and for so long as the Incurrence of such Note Guarantee could give rise to or result in: (1) any breach or violation of general statutory limitations, financial assistance, capital maintenance, corporate benefit, fraudulent preference or thin capitalization rules, retention of title claims or the laws, rules or regulations (or analogous restriction) of any applicable jurisdiction; (2) any risk or liability for the officers, directors or (except in the case of a Restricted Subsidiary that is a partnership) shareholders of such Restricted Subsidiary (or, in the case of a Restricted Subsidiary that is a partnership, directors or shareholders of the partners of such partnership); or (3) any cost, expense, liability or obligation (including with respect to any Taxes) other than reasonable out of pocket expenses and other than reasonable expenses incurred in connection with any governmental or regulatory filings required as a result of, or any measures pursuant to clause (1) of this paragraph undertaken in connection with, such Note Guarantee, which in any case under any of clauses (1), (2) and (3) of this paragraph cannot be avoided through measures reasonably available to the Company or a Restricted Subsidiary; or (4) an inconsistency with the Intercreditor Agreement or the Agreed Security Principles. At the option of the Company, any Note Guarantee may contain limitations on Guarantor liability to the extent reasonably necessary to recognize certain defenses generally available to guarantors or other considerations under applicable law or regulation.

Each additional Note Guarantee will be limited as necessary to recognize certain defenses generally available to guarantors (including those that relate to fraudulent conveyance or transfer, voidable preference, financial assistance, corporate purpose, thin capitalization, distributable reserves, capital maintenance or similar laws, regulations or defenses affecting the rights of creditors generally) or other considerations under applicable law.

Note Guarantees granted pursuant to this provision shall be released as set forth under "*—Note Guarantees—Releases of Note Guarantees*". A Note Guarantee of a future Guarantor may also be released at the option of the Company if at the date of such release there is no Indebtedness of such Guarantor outstanding which was Incurred after the Issue Date and which could not have been Incurred in compliance with the Indenture as at the date of such release if such Guarantor were not designated as a Guarantor as at that date. The Trustee and the Security Agent shall each take all necessary actions, including the granting of releases or waivers under the Intercreditor Agreement or any Additional Intercreditor Agreement, to effectuate any release of a Note Guarantee in accordance with these provisions, subject to customary protections and indemnifications.

The validity and enforceability of the Note Guarantees and the Security Interests and the liability of each Guarantor will be subject to the limitations as described and set out in "*Risk Factors*".

Additional intercreditor agreements

The Indenture will provide that, at the request of the Issuers, in connection with the Incurrence by the Company or its Restricted Subsidiaries of any (1) Indebtedness permitted pursuant to the first paragraph of the covenant described under "*—Limitation on Indebtedness*" or clause (1), (4), (5), (6), (7) (other than with respect to Capitalized Lease Obligations), (12) or (13) of the second paragraph of the covenant described under "*—Limitation on Indebtedness*" and (2) any Refinancing Indebtedness in respect of Indebtedness referred to in the foregoing clause (1), the Company, the Issuers, the relevant Restricted Subsidiaries, the Trustee and the Security Agent shall enter into with the holders of such Indebtedness (or their duly authorized Representatives) an intercreditor agreement (an "*Additional Intercreditor Agreement*") or a restatement, amendment or other modification of the existing Intercreditor Agreement on substantially the same terms as the Intercreditor Agreement (or terms not materially less favorable to the Holders), including containing substantially the same terms with respect to release of Note Guarantees and priority and release of the applicable Security Interests; *provided* that such Additional Intercreditor Agreement will not impose any personal obligations on the Trustee or the Security Agent or, in the opinion of the Trustee or Security Agent, as applicable, adversely affect the rights, duties, liabilities, indemnities or immunities of the Trustee or the Security Agent under the Indenture or the Intercreditor Agreement.

The Indenture also will provide that, at the direction of the Issuers and without the consent of Holders, the Trustee and the Security Agent shall from time to time enter into one or more amendments to any Intercreditor Agreement to: (1) cure any ambiguity, omission, defect or inconsistency of any such agreement, (2) increase the amount or types of Indebtedness covered by any such agreement that may be Incurred by the Company or any Restricted Subsidiary that is subject to any such agreement (including with respect to any Intercreditor Agreement or

Additional Intercreditor Agreement, the addition of provisions relating to new Indebtedness ranking junior in right of payment to the Notes), (3) add Restricted Subsidiaries to the Intercreditor Agreement or an Additional Intercreditor Agreement, (4) further secure the Notes (including Additional Notes), (5) make provision for equal and ratable pledges of the Collateral to secure Additional Notes, (6) implement any Permitted Collateral Liens, (7) amend the Intercreditor Agreement or any Additional Intercreditor Agreement in accordance with the terms thereof or (8) make any other change to any such agreement that does not adversely affect the Holders in any material respect. The Issuers shall not otherwise direct the Trustee or the Security Agent to enter into any amendment to any Intercreditor Agreement without the consent of the Holders of the majority in aggregate principal amount of the Notes then outstanding, except as otherwise permitted below under "*—Amendments and Waivers*", and the Issuers may only direct the Trustee and the Security Agent to enter into any amendment to the extent such amendment does not impose any personal obligations on the Trustee or the Security Agent or, in the opinion of the Trustee or the Security Agent, adversely affect their respective rights, duties, liabilities or immunities under the Indenture or the Intercreditor Agreement or any Additional Intercreditor Agreement.

The Indenture also will provide that, in relation to any Intercreditor Agreement or Additional Intercreditor Agreement, the Trustee (and Security Agent, if applicable) shall consent on behalf of the Holders to the payment, repayment, purchase, repurchase, defeasance, acquisition, retirement or redemption of any obligations subordinated to the Notes thereby; *provided*, *however*, that such transaction would comply with the covenant described under "*—Limitation on Restricted Payments*".

The Indenture also will provide that each Holder, by accepting a Note, shall be deemed to have agreed to and accepted the terms and conditions of the Intercreditor Agreement or any Additional Intercreditor Agreement (whether then entered into or entered into in the future pursuant to the provisions described herein) and to have directed the Trustee and the Security Agent to enter into any such Additional Intercreditor Agreement. A copy of the Intercreditor Agreement or any Additional Intercreditor Agreement will be made available for inspection during normal business hours on any Business Day upon prior written request at each of the Issuers' offices or at the offices of the listing agent.

Events of default

Each of the following is an "Event of Default" under the Indenture:

(1) default in any payment of interest on any Note issued under the Indenture when due and payable, continued for 30 days;

(2) default in the payment of the principal amount of or premium, if any, on any Notes issued under the Indenture due at its Stated Maturity, upon optional redemption, upon required repurchase, upon declaration or otherwise;

(3) failure by the Company or any of its Restricted Subsidiaries to comply for 60 days after notice by the Trustee or the Holders of at least 25% in principal amount of the outstanding Notes with its other agreements contained in the Indenture;

(4) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by the Company or any of its Restricted Subsidiaries (or the payment of which is Guaranteed by the Company or any of its Restricted Subsidiaries) other than Indebtedness owed to the

Company or a Restricted Subsidiary whether such Indebtedness or Guarantee now exists, or is created after the Issue Date, which default:

(a) is caused by a failure to pay principal at stated maturity on such Indebtedness, immediately upon the expiration of the grace period provided in such Indebtedness ("*payment default*"); or

(b) results in the acceleration of such Indebtedness prior to its maturity (the "*cross acceleration provision*"),

and the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a payment default or the maturity of which has been so accelerated, aggregates £25 million or more;

(5) certain events of bankruptcy, insolvency or court protection of the Company or a Significant Subsidiary or group of Restricted Subsidiaries that, taken together (as of the latest audited consolidated financial statements for the Company), would constitute a Significant Subsidiary (the "*bankruptcy provisions*");

(6) failure by the Company or any Significant Subsidiary or group of Restricted Subsidiaries that, taken together (as of the latest audited consolidated financial statements for the Company), would constitute a Significant Subsidiary to pay final judgments aggregating in excess of £25 million (exclusive of any amounts that a solvent insurance company has acknowledged liability for), which judgments are not paid, discharged or stayed for a period of 60 days after the judgment becomes final (the "*judgment default provision*");

(7) any security interest under the Security Documents shall, at any time, cease to be in full force and effect (other than in accordance with the terms of the relevant Security Document, the Intercreditor Agreement, any Additional Intercreditor Agreement and the Indenture and except through the gross negligence or willful misconduct of the Trustee or Security Agent) with respect to Collateral having a fair market value in excess of £10 million for any reason other than the satisfaction in full of all obligations under the Indenture or the release of any such security interest in accordance with the terms of the Indenture, the Intercreditor Agreement, any Additional Intercreditor Agreement or the Security Documents or any such security interest created thereunder shall be declared invalid or unenforceable or the Company or any Restricted Subsidiary shall assert in writing that any such security interest is invalid or unenforceable and any such Default continues for 10 days; and

(8) any Note Guarantee of a Guarantor ceases to be in full force and effect (other than in accordance with the terms of such Note Guarantee or the Indenture) or is declared invalid or unenforceable in a judicial proceeding or any Guarantor denies or disaffirms in writing its obligations under its Note Guarantee and any such Default continues for 10 days.

However, a Default under clauses (3), (4) or (6) of this paragraph will not constitute an Event of Default until the Trustee or the Holders of 25% in principal amount of the outstanding Notes under the Indenture notify the Issuers of the Default and, with respect to clauses (3), (4) and (6) the Issuers do not cure such Default within the time specified in clauses (3), (4) or (6), as applicable, of this paragraph after receipt of such notice.

If an Event of Default (other than an Event of Default described in clause (5) above) occurs and is continuing, the Trustee by notice to the Issuers or the Holders of at least 25% in principal amount of the outstanding Notes under the Indenture by written notice to the Issuers and the Trustee, may, and the Trustee at the request of such Holders shall, declare the principal of, premium, if any, and accrued and unpaid interest on all the Notes under the Indenture to be due and payable. Upon such a declaration, such principal, premium and accrued and unpaid interest will be due and payable immediately. If an Event of Default described in clause (5) above occurs and is continuing, the principal of, premium, if any, and accrued and unpaid interest on all the Notes will become and be immediately due and payable without any declaration or other act on the part of the Trustee or any Holders.

In the event of a declaration of acceleration of the Notes because an Event of Default described in clause (4) under "Events of Default" has occurred and is continuing, the declaration of acceleration of the Notes shall be automatically annulled if the event of default or payment default triggering such Event of Default pursuant to clause (4) shall be remedied or cured, or waived by the holders of the Indebtedness, or the Indebtedness that gave rise to such Event of Default shall have been discharged in full, within 30 days after the declaration of acceleration with respect thereto and if (1) the annulment of the acceleration of the Notes would not conflict with any judgment or decree of a court of competent jurisdiction and (2) all existing Events of Default, except nonpayment of principal, premium or interest on the Notes that became due solely because of the acceleration of the Notes, have been cured or waived.

Holders of the Notes may not enforce the Indenture or the Notes except as provided in the Indenture and may not enforce the applicable Security Documents except as provided in such Security Documents and the Intercreditor Agreement or any Additional Intercreditor Agreement.

The Holders of a majority in principal amount of the outstanding Notes under the Indenture may waive all past or existing Defaults or Events of Default (except with respect to nonpayment of principal, premium, interest or Additional Amounts, if any) and rescind any such acceleration with respect to such Notes and its consequences if such rescission would not conflict with any judgment or decree of a court of competent jurisdiction.

Subject to the provisions of the Indenture relating to the duties of the Trustee, if an Event of Default occurs and is continuing, the Trustee will be under no obligation to exercise any of the rights or powers under the Indenture at the request or direction of any of the Holders of the Notes unless such Holders have offered to the Trustee indemnity, security and/or prefunding satisfactory to the Trustee against any loss, liability or expense. Except to enforce the right to receive payment of principal premium, if any, or interest or Additional Amounts when due, no Holder may pursue any remedy with respect to the Indenture or the Notes unless:

(1) such Holder has previously given the Trustee notice that an Event of Default is continuing;

(2) Holders of at least 25% in aggregate principal amount of the outstanding Notes have requested the Trustee to pursue the remedy;

(3) such Holders have offered the Trustee security, prefunding and/or indemnity satisfactory to the Trustee against any loss, liability or expense;

(4) the Trustee has not complied with such request within 60 days after the receipt of the request and the offer of such security, prefunding and/or indemnity; and

(5) the Holders of a majority in aggregate principal amount of the outstanding Notes have not given the Trustee a direction that, in the opinion of the Trustee, is inconsistent with such request within such 60-day period.

Subject to certain restrictions, the Holders of a majority in principal amount of the outstanding Notes are given the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or of exercising any trust or power conferred on the Trustee.

The Indenture will provide that, in the event an Event of Default has occurred and is continuing, the Trustee will be required in the exercise of its powers to use the degree of care that a prudent person would use in the conduct of its own affairs. The Trustee, however, may refuse to follow any direction that conflicts with law or the Indenture or that the Trustee determines is unduly prejudicial to the rights of any other Holder or that would involve the

Trustee in personal liability. Prior to taking any action under the Indenture, the Trustee will be entitled to indemnification, security and/or prefunding satisfactory to it in its sole discretion against all losses, liabilities and expenses caused by taking or not taking such action. The Indenture will provide that if a Default occurs and is continuing and the Trustee is informed in writing of such occurrence by the Issuers, the Trustee must give notice of the Default to the Holders within 60 days after being notified by the Issuers. Except in the case of a Default in the payment of principal of, or premium, if any, or interest on any Note, the Trustee may withhold notice if and so long as the Trustee determines that withholding notice is in the interests of the Holders. The Issuers are required to deliver to the Trustee (and the Trustee shall be able to rely without further inquiry on), within 120 days after the end of each fiscal year, an Officer's Certificate indicating whether the signers thereof know of any Default or Event of Default that occurred during the previous year. The Issuers are required to deliver to the Trustee (and the Trustee shall be able to rely without further inquiry on), within 30 days after the occurrence thereof, written notice of any events of which it is aware which would constitute certain Defaults, their status and what action the Issuers are taking or proposes to take in respect thereof.

The Indenture will provide that (i) if a Default occurs for a failure to deliver a required certificate in connection with another default (an "*Initial Default*") then at the time such Initial Default is cured, such Default for a failure to report or deliver a required certificate in connection with the Initial Default will also be cured without any further action and (ii) any Default or Event of Default for the failure to comply with the time periods prescribed in the covenant entitled "*—Reports*" or otherwise to deliver any notice or certificate pursuant to any other provision of this Indenture shall be deemed to be cured upon the delivery of any such report required by such covenant or notice or certificate, as applicable, even though such delivery is not within the prescribed period specified in the Indenture.

The Indenture will provide for the Trustee to take action on behalf of the Holders in certain circumstances, but only if the Trustee is indemnified, prefunded or secured to its satisfaction. It may not be possible for the Trustee to take certain actions in relation to the Notes and, accordingly, in such circumstances the Trustee will be unable to take action, notwithstanding the provision of an indemnity to it, and it will be for Holders to take action directly.

Amendments and waivers

Subject to certain exceptions, the Note Documents may be amended, supplemented or otherwise modified with the consent of the Holders of a majority in aggregate principal amount of the Notes then outstanding (including consents obtained in connection with a purchase of, or tender offer or exchange offer for, such Notes) and, subject to certain exceptions, any default or compliance with any provisions thereof may be waived with the consent of the Holders of a majority in aggregate principal amount of the Notes then outstanding (including consents obtained in connection with a purchase of, or tender offer or exchange offer for, such Notes); *provided* that, if any amendment, waiver or other modification will only amend, waive or modify one series of the Notes, only the consent of a majority in aggregate principal amount of the then outstanding Notes of such series shall be required. However, without the consent of Holders holding not less than 90% (or, in the case of clause (8), 75%) of the then outstanding aggregate principal amount of Notes affected, or if any amendment, waiver or other modification will only amend, waive or modify one series of the Notes, without the consent of Holders holding not less than 90% (or, in the case of clause (8), 75%) of the then outstanding aggregate principal amount of Notes of such series amended, waived or modified, an amendment or waiver may not, with respect to any Notes, or if applicable, such series of the Notes held by a non-consenting Holder:

(1) reduce the principal amount of such Notes whose Holders must consent to an amendment, waiver or modification;

(2) reduce the stated rate of or extend the stated time for payment of interest on any such Note;

(3) reduce the principal of or extend the Stated Maturity of any such Note;

(4) reduce the premium payable upon the redemption of any such Note or change the time at which any such Note may be redeemed, in each case as described above under "*—Optional Redemption*";

(5) make any such Note payable in money other than that stated in such Note;

(6) impair the contractual right of any Holder to institute suit for the payment of principal of and interest or Additional Amounts, if any, on such Holder's Notes on or after the due dates therefor;

(7) make any change in the provision of the Indenture described under "*Withholding Taxes*" that adversely affects the right of any Holder of such Notes in any material respect or amends the terms of such Notes in a way that would result in a loss of an exemption from any of the Taxes described thereunder or an exemption from any obligation to withhold or deduct Taxes so described thereunder unless the Issuers or the applicable Payor agrees to pay Additional Amounts, if any, in respect thereof;

(8) release any security interest granted for the benefit of the Holders in the Collateral other than in accordance with the terms of the Security Documents, the Intercreditor Agreement, any applicable Additional Intercreditor Agreement or the Indenture;

(9) waive a Default or Event of Default with respect to the nonpayment of principal, premium or interest or Additional Amounts, if any, on such Notes (except pursuant to a rescission of acceleration of such Notes by the Holders of at least a majority in aggregate principal amount of such Notes and a waiver of the payment default that resulted from such acceleration);

(10) release any Guarantor from any of its obligations under its Note Guarantee or the Indenture, except in accordance with the terms of the Indenture and the Intercreditor agreement;

(11) make any change in the amendment or waiver provisions which require the Holders' consent described in this sentence,

Notwithstanding the foregoing, without the consent of any Holder, the Issuers, any Guarantor, the Trustee, the Security Agent and the other parties thereto, as applicable, may amend or supplement any Notes Document relating to the Notes to:

(1) cure any ambiguity, omission, defect, error or inconsistency;

(2) provide for the assumption by a successor Person of the obligations of the Company or any Restricted Subsidiary under such Notes Document;

(3) add to the covenants or provide for a Note Guarantee for the benefit of the Holders or surrender any right or power conferred upon the Company or any Restricted Subsidiary;

(4) make any change that would provide additional rights or benefits to the Trustee or the Holders or that does not adversely affect the rights or benefits of the Trustee or any of the Holders in any material respect under such Notes Document;

(5) make such provisions as necessary (as determined in good faith by an Officer of the Company) for the issuance of Additional Notes;

(6) to provide for any Restricted Subsidiary to provide a Note Guarantee in accordance with the covenant described under "*—Certain Covenants—Limitation on Indebtedness*" or "—

Certain Covenants—Additional Note Guarantees, to add Note Guarantees with respect to the Notes, to add security to or for the benefit of the Notes, or to confirm and evidence the release, termination, discharge or retaking of any Note Guarantee or Lien (including the Collateral and the Security Documents) or any amendment in respect thereof with respect to or securing the Notes when such release, termination, discharge or retaking or amendment is provided for under the Indenture, the Security Documents, the Intercreditor Agreement or any Additional Intercreditor Agreement;

(7) to conform the text of the Indenture, the Security Documents or the Notes to any provision of this "*Description of the Notes*" to the extent that such provision in this "*Description of the Notes*" was intended to be a verbatim recitation of a provision of the Indenture, the Security Documents or the Notes;

(8) to evidence and provide for the acceptance and appointment under the Indenture or the Intercreditor Agreement or any Additional Intercreditor Agreement of a successor Trustee or the Security Agent pursuant to the requirements thereof or to provide for the accession by the Trustee or the Security Agent to any Notes Document relating to such Notes;

(9) in the case of the Security Documents, to mortgage, pledge, hypothecate or grant a security interest in favor of the Security Agent for the benefit of the Holders or parties to the Revolving Credit Facility Agreement, in any property which is required by the Security Documents or the Revolving Credit Facility Agreement (as in effect on the Issue Date) to be mortgaged, pledged or hypothecated, or in which a security interest is required to be granted to the Security Agent, or to the extent necessary to grant a security interest in the Collateral for the benefit of any Person; *provided* that the granting of such security interest is not prohibited by the Indenture or the Intercreditor Agreement or any Additional Intercreditor Agreement and the covenant described under "*—Certain Covenants—Impairment of Security Interest*" is complied with; or

(10) as provided in "*—Certain Covenants—Additional Intercreditor Agreements*".

In formulating its decision on such matters, the Trustee shall be entitled to require and rely absolutely on such evidence as it deems necessary, including Officer's Certificates and Opinions of Counsel.

For purposes of determining whether holders of the requisite aggregate principal amount of Notes of a series have taken any action under the Indenture, the aggregate principal amount of any series of Notes will be deemed to be the Sterling Equivalent of the aggregate principal amount of such Notes as of (i) such date (if a record date has been set with respect to the taking of such action) or (ii) the date the taking of such action by holders of the requisite aggregate principal amount of such Notes has been certified to the Trustee by the Issuers (if no such record date has been set).

The consent of the Holders is not necessary under the Indenture to approve the particular form of any proposed amendment of any Notes Document. It is sufficient if such consent approves the substance of the proposed amendment. A consent to any amendment or waiver under the Indenture by any Holder of the Notes given in connection with a tender of such Holder's Notes will not be rendered invalid by such tender.

If and for so long as the Notes are listed on the Official List of the Exchange, and if and to the extent that the rules of the Exchange so require, the Issuers will notify the Exchange of any amendment, supplement and waiver.

Acts by holders

In determining whether the Holders of the required principal amount of the Notes have concurred in any direction, waiver or consent, Notes owned by an Issuer or by any Person directly or indirectly controlled, or controlled by, or under direct or indirect common control with, an Issuer will be disregarded and deemed not to be outstanding.

Defeasance

The Issuers at any time may terminate all obligations of the Issuers and the Guarantors under the Notes of a series and the Indenture ("*legal defeasance*") and cure all then existing Defaults and Events of Default, except for certain obligations, including those respecting the defeasance trust, the rights, powers, trusts, duties, immunities and indemnities of the Trustee and the obligations of the Issuers in connection therewith and obligations concerning issuing temporary Notes of such series, registration of the Notes of such series, mutilated, destroyed, lost or stolen Notes of such series and the maintenance of an office or agency for payment and money for security payments held in trust. Subject to the foregoing, if the Issuers exercise their legal defeasance option, the Security Documents and the rights of the Trustee and the Holders under the Intercreditor Agreement or any Additional Intercreditor Agreement in effect at such time will terminate (other than with respect to the defeasance trust).

The Issuers at any time may terminate its and the Guarantors' obligations under the covenants described under "*—Certain Covenants*" (other than clauses (1), (2) and (3) of the first paragraph and clauses (1) and (2) of the third paragraph of "*—Certain Covenants—Merger and Consolidation*") and "*—Change of Control*" and the default provisions relating to such covenants described under "*Events of Default*" above, the operation of the cross-default upon a payment default, the cross acceleration provisions, the bankruptcy provisions with respect to the Company and Significant Subsidiaries, the judgment default provision, the guarantee provision and the security default provision described under "*Events of Default*" above ("*covenant defeasance*").

The Issuers at their option at any time may exercise their legal defeasance option notwithstanding their prior exercise of their covenant defeasance option. If the Issuers exercise their legal defeasance option with respect to a series of Notes, payment of such Notes may not be accelerated because of an Event of Default with respect to such Notes. If the Issuers exercise their covenant defeasance option with respect to a series of Notes, payment of such Notes may not be accelerated because of an Event of Default specified in clause (3) (other than with respect to clauses (1), (2) and (3) of the first paragraph and clauses (1) and (2) of the third paragraph of the covenant described under "*—Certain Covenants—Merger and Consolidation*"), (4), (5) (with respect only to the Significant Subsidiaries), (6), (7) or (8) under "Events of Default" above.

In order to exercise either defeasance option with respect to a series of Notes, the Issuers must irrevocably deposit in trust (the "*defeasance trust*") with the Trustee (or another entity designated or appointed as agent by the Trustee for this purpose) (x) cash in sterling, non-callable UK Government Obligations or a combination thereof (in the case of the Sterling Notes) or (y) cash in euros or European Government Obligations, or a combination thereof (in the case of the Euro Notes), in each case in such amounts as will be sufficient, in the good faith determination of the Issuers, for the payment of principal, premium, if any, and interest on such Sterling Notes and Euro Notes to redemption or maturity, as the case may be.

In addition, the Issuers must comply with certain other conditions, including delivery to the Trustee of:

(1) an Opinion of Counsel in the United States to the effect that Holders of the relevant Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such deposit and defeasance and will be subject to U.S. federal income tax on the same amount and in the same manner and at the same times as would have been the case if such deposit and defeasance had not occurred (and in the case of legal defeasance only, such Opinion of Counsel in the United States must be based on a ruling of the U.S. Internal Revenue Service or other change in applicable U.S. federal income tax law);

(2) an Officer's Certificate stating that the deposit was not made by the Issuers with the intent of defeating, hindering, delaying, defrauding or preferring any creditors of the Issuers;

(3) an Officer's Certificate and an Opinion of Counsel (which opinion of counsel may be subject to customary assumptions and exclusions), each stating that all conditions precedent provided for or relating to legal defeasance or covenant defeasance, as the case may be, have been complied with;

(4) an Opinion of Counsel to the effect that the trust resulting from the deposit does not constitute, or is qualified as, a regulated investment company under the U.S. Investment Company Act of 1940; and

(5) all other documents or other information that the Trustee may reasonably require in connection with either defeasance option.

Satisfaction and discharge

The Indenture, and the rights of the Trustee and the Holders under the Intercreditor Agreement and any Additional Intercreditor Agreement and the relevant Security Documents, will be discharged and cease to be of further effect (except as to surviving rights of conversion or transfer or exchange of the Notes of a series, as expressly provided for in the Indenture) as to all outstanding Notes of a series when (1) either (a) all such Notes previously authenticated and delivered (other than certain lost, stolen or destroyed Notes of such series, and certain Notes for which provision for payment was previously made and thereafter the funds have been released to the Issuers) have been delivered to the Paying Agent for cancellation; or (b) all Notes of such series not previously delivered to the Paying Agent for cancellation (i) have become due and payable, (ii) will become due and payable at their Stated Maturity within one year or (iii) are to be called for redemption within one year under arrangements reasonably satisfactory to the Trustee for the giving of notice of redemption by the Paying Agent in the name, and at the expense, of the Issuers; (2) the Issuers have deposited or caused to be deposited with the Trustee (or another entity designated or appointed as agent by the Trustee for this purpose), (x) sterling or non-callable UK Government Obligations, or a combination thereof (in the case of the Sterling Notes) or (y) euros or European Government Obligations, or a combination thereof (in the case of the Euro Notes), as applicable, in an amount sufficient to pay and discharge the entire Indebtedness on such Notes of such series not previously delivered to the Paying Agent for cancellation, for principal, premium, if any, and interest to the date of deposit (in the case of Notes of a series that have become due and payable), or to the Stated Maturity or redemption date, as the case may be; (3) the Issuers have paid or caused to be paid all other sums payable under the Indenture; (4) the Issuers have delivered irrevocable instructions to the Trustee to apply the funds deposited towards the payment of such Notes at maturity or on the redemption date, as the case may be; and (5) the Issuers have delivered to the Trustee an Officer's Certificate and an Opinion of Counsel (which the Trustee may rely on without further inquiry) each to the effect that all conditions precedent under the "Satisfaction and Discharge" section of the Indenture relating to the satisfaction and discharge of the Indenture have been complied with, *provided* that any such counsel may rely on any Officer's Certificate as to matters of fact (including as to compliance with the foregoing clauses (1), (2) and (3)).

No personal liability of directors, officers, employees and shareholders

No director, officer, employee, incorporator or shareholder of the Company or any of its Subsidiaries or Affiliates, as such, shall have any liability for any obligations of the Issuers or any Guarantor under the applicable Notes Documents or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. Such waiver may not be effective to waive liabilities under the U.S. federal securities laws and it is the view of the SEC that such a waiver is against public policy.

Concerning the trustee and certain agents

BNY Mellon Corporate Trustee Services Limited is to be appointed as Trustee under the Indenture. The Indenture will provide that, except during the continuance of an Event of Default, the Trustee will perform only such duties as are set forth specifically in such Indenture. During the existence of an Event of Default, the Trustee will exercise such of the rights and powers vested in it under the Indenture and use the same degree of care that a prudent Person would use in conducting its own affairs. The permissive rights of the Trustee to take or refrain from taking any action enumerated in the Indenture will not be construed as an obligation or duty.

The Indenture will impose certain limitations on the rights of the Trustee, should it become a creditor of the Issuers, to obtain payment of claims in certain cases, or to realize on certain property received in respect of any such claim as security or otherwise. The Trustee will be permitted to engage in other transactions with the Company and its Affiliates and Subsidiaries.

The Indenture will set out the terms under which the Trustee may retire or be removed, and replaced. Such terms will include, among others, (1) that the Trustee may be removed at any time by the Holders of a majority in principal amount of the then outstanding Notes, or may resign at any time by giving written notice to the Issuers and (2) that if the Trustee at any time (a) has or acquires a conflict of interest that is not eliminated, or (b) becomes incapable of acting as Trustee or becomes insolvent or bankrupt, then the Issuers may remove the Trustee, or any Holder who has been a *bona fide* Holder for not less than six months may petition any court for removal of the Trustee and appointment of a successor Trustee.

Any removal or resignation of the Trustee shall not become effective until the acceptance of appointment by the successor Trustee.

The Indenture will contain provisions for the indemnification of the Trustee for any loss, liability, expenses Incurred without gross negligence, willful misconduct or fraud on its part, arising out of or in connection with the acceptance or administration of the Indenture.

Notices

All notices to Holders of Notes will be validly given if mailed to them at their respective addresses in the register of the Holders of the Notes, if any, maintained by the Registrar. In addition, for so long as any of the Notes are listed on the Exchange and if and for so long as the rules of Exchange shall so require, the Issuers will notify the Exchange of any notice with respect to the Notes. In addition, for so long as any Notes are represented by Global Notes, all notices to Holders of the Notes will be delivered to Euroclear and Clearstream, delivery of which shall be deemed to satisfy the requirements of this paragraph, each of which will give such notices to the holders of Book-Entry Interests.

Each such notice shall be deemed to have been given on the date of such publication or, if published more than once on different dates, on the first date on which publication is made; provided that, if notices are mailed, such notice shall be deemed to have been given on the later of such publication and the seventh day after being so mailed. Any notice or communication mailed to a Holder shall be mailed to such Person by first-class mail or other equivalent means and shall be sufficiently given to such Holder if so mailed within the time prescribed. Failure to mail, cause to be delivered or otherwise transmit a notice or communication to a Holder or any defect in it shall not affect its sufficiency with respect to other Holders. If a notice or communication is mailed in the manner provided above, it is duly given, whether or not the addressee receives it.

Prescription

Claims against the Issuers and the Guarantors for the payment of principal, or premium, if any, on the Notes of a series will be prescribed ten years after the applicable due date for payment thereof. Claims against the Issuers and the Guarantors for the payment of interest on the Notes will be prescribed six years after the applicable due date for payment of interest.

Currency indemnity and calculation of sterling-denominated restrictions

Sterling is the sole currency of account and payment for all sums payable by the Issuers and the Guarantors under or in connection with the Sterling Notes and the Note Guarantees related thereto, if any, including damages and the euro is the sole currency of account and payment for all sums payable by the Issuers and the Guarantors under or in connection with the Euro Notes and the Note Guarantees related thereto, if any, including damages. Any amount received or recovered in any other currency, whether as a result of, or the enforcement of, a judgment or order of a court of any jurisdiction, in the winding-up or dissolution of the Issuers, any Guarantor or otherwise by any Holder or by the Trustee, in respect of any sum expressed to be due to it from the Issuers or a Guarantor will only constitute a discharge to the Issuers or such Guarantor, as applicable, to the extent of (x) the sterling amount which the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so) in relation to Sterling Notes or (y) the euro amount which the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so) in relation to Euro Notes.

If that sterling or euro amount, as applicable, is less than the sterling or euro amount, as applicable, expressed to be due to the recipient or the Trustee under any Note, the Issuers and the Guarantors will indemnify them against any loss sustained by such recipient or the Trustee as a result. In any event, the Issuers and the Guarantors will indemnify the recipient or the Trustee on a joint and several basis against the cost of making any such purchase. For the purposes of this currency indemnity provision, it will be *prima facie* evidence of the matter stated therein for the Holder of a Note or the Trustee to certify in a manner reasonably satisfactory to the Issuers (indicating the sources of information used) the loss it Incurred in making any such purchase. These indemnities constitute a separate and independent obligation from the Issuers' and the Guarantors' other obligations, will give rise to a separate and independent cause of action, will apply irrespective of any waiver granted by any Holder of a Note or the Trustee (other than a waiver of the indemnities set out herein) and will continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Note or any Note Guarantee, or to the Trustee.

Except as otherwise specifically set forth herein, for purposes of determining compliance with any sterling-denominated restriction herein, the Sterling Equivalent amount for purposes hereof that is denominated in a non-sterling currency shall be calculated based on the relevant currency exchange rate in effect on the date such non-sterling amount is Incurred or made, as the case may be.

Enforceability of judgments

Since substantially all the assets of the Issuers are located outside the United States, any judgment obtained in the United States against an Issuer, including judgments with respect to the payment of principal, premium, interest, Additional Amounts, if any, and any redemption price and any purchase price with respect to the Notes, may not be collectable within the United States.

Consent to jurisdiction and service

In relation to any legal action or proceedings arising out of or in connection with the Indenture and the Notes, the Issuers and the Guarantors will in the Indenture irrevocably submit to the jurisdiction of the federal and state courts in the Borough of Manhattan in the City of New York, County and State of New York, United States. The Indenture will provide that the Issuers and each Guarantor, will appoint Corporation Service Company, as their agent for service of process in any suit, action or proceeding with respect to such Indenture, the Notes and the Note Guarantees brought in any U.S. federal or New York state court located in the City of New York.

Governing law

The Indenture and the Notes, and the rights and duties of the parties thereunder, will be governed by and construed in accordance with the laws of the State of New York. The Intercreditor Agreement and the rights and duties of the parties thereunder will be governed by and construed in accordance with the laws of England and Wales.

Certain definitions

"*Acquired Indebtedness*" means Indebtedness (1) of a Person or any of its Subsidiaries existing at the time such Person becomes a Restricted Subsidiary or (2) assumed in connection with an acquisition of assets, in each case whether or not Incurred by such Person in connection with such Person becoming a Restricted Subsidiary of the Company or such acquisition or (3) of a Person at the time such Person merges with or into or consolidates or otherwise combines with the Company or any Restricted Subsidiary. Acquired Indebtedness shall be deemed to have been Incurred, with respect to clause (1) of the preceding sentence, on the date such Person becomes a Restricted Subsidiary and, with respect to clause (2) of the preceding sentence, on the date of consummation of such acquisition of assets and, with respect to clause (3) of the preceding sentence, on the date of the relevant merger, consolidation or other combination.

"*Affiliate*" of any specified Person means any other Person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, "control" when used with respect to any Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"*Agreed Security Principles*" means the agreed security principles appended to the Revolving Credit Facility Agreement, as applied *mutatis mutandis* with respect to the Notes in good faith by the Company.

"*Asset Disposition*" means any direct or indirect sale, lease (other than an operating lease entered into in the ordinary course of business), transfer, issuance or other disposition, or a series of related sales, leases (other than operating leases entered into in the ordinary course of business), transfers, issuances or dispositions that are part of a common plan, of shares of Capital Stock of a Subsidiary (other than directors' qualifying shares), property or other assets (each referred to for the purposes of this definition as a "*disposition*") by the Company or any of its Restricted Subsidiaries, including any disposition by means of a merger, consolidation or similar transaction. Notwithstanding the preceding provisions of this definition, the following items shall not be deemed to be Asset Dispositions:

(1) a disposition by a Restricted Subsidiary to the Company or by the Company or a Restricted Subsidiary to a Restricted Subsidiary;

(2) a disposition of cash, Cash Equivalents, Temporary Cash Investments or Investment Grade Securities;

(3) a disposition of inventory, trading stock, equipment or other assets in the ordinary course of business;

(4) a disposition of obsolete, damaged, retired, surplus or worn out equipment or assets or equipment, facilities or other assets that are no longer useful in the conduct of the business of the Company and its Restricted Subsidiaries and any transfer, termination, unwinding or other disposition of hedging instruments or arrangements not for speculative purposes;

(5) transactions permitted under "*—Certain Covenants—Merger and Consolidation*" or a transaction that constitutes a Change of Control;

(6) an issuance of Capital Stock by a Restricted Subsidiary to the Company or to another Restricted Subsidiary or as part of or pursuant to an equity incentive or compensation plan approved by the Board of Directors of the Company or the issuance of directors' qualifying shares and shares issued to individuals as required by applicable law;

(7) any dispositions of Capital Stock, properties or assets in a single transaction or series of related transactions with a fair market value (as determined in good faith by an Officer of the Company) of less than the greater of £15 million and 1.25% of Total Assets;

(8) any Restricted Payment that is permitted to be made, and is made, under the covenant described above under "*—Certain Covenants—Limitation on Restricted Payments*" and the making of any Permitted Payment or Permitted Investment or, solely for the purposes of the second and succeeding paragraphs of the covenant described under "*—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*", asset sales, the proceeds of which are used to make such Restricted Payments or Permitted Investments;

(9) the granting of Liens not prohibited by the covenant described above under the caption "*—Certain Covenants—Limitation on Liens*";

(10) dispositions of receivables in connection with the compromise, settlement or collection thereof in the ordinary course of business or in bankruptcy or similar proceedings and exclusive of factoring or similar arrangements or any sale of assets received by the Company or a Restricted Subsidiary upon the foreclosure of a Lien granted in favor of the Company or any Restricted Subsidiary;

(11) the licensing or sub-licensing of intellectual property or other general intangibles and licenses, sub-licenses, leases or subleases of other property, in each case, in the ordinary course of business;

(12) foreclosure, condemnation, taking by eminent domain or any similar action with respect to any property or other assets;

(13) the sale or discount (with or without recourse, and on customary or commercially reasonable terms) of accounts receivable or notes receivable arising in the ordinary course of business, or the conversion or exchange of accounts receivable for notes receivable;

(14) sales or dispositions of receivables in connection with any Qualified Receivables Financing or any factoring transaction or in the ordinary course of business;

(15) any issuance, sale or disposition of Capital Stock, Indebtedness or other securities of an Unrestricted Subsidiary;

(16) any disposition of Capital Stock of a Restricted Subsidiary pursuant to an agreement or other obligation with or to a Person (other than the Company or a Restricted Subsidiary) from whom such Restricted Subsidiary was acquired, or from whom such Restricted Subsidiary acquired its business and assets (having been newly formed in connection with

such acquisition), made as part of such acquisition and in each case comprising all or a portion of the consideration in respect of such sale or acquisition;

(17) any surrender or waiver of contract rights or the settlement, release or surrender of contract, tort or other claims of any kind;

(18) any disposition of assets to a Person who is providing services related to such assets, the provision of which have been or are to be outsourced by the Company or any Restricted Subsidiary to such Person; *provided, however*, that an Officer of the Company shall certify that in the opinion of the Board of Directors, the outsourcing transaction will be economically beneficial to the Company and its Restricted Subsidiaries (considered as a whole);

(19) an issuance of Capital Stock by a Restricted Subsidiary to the Company or to another Restricted Subsidiary, an issuance or sale by a Restricted Subsidiary of Preferred Stock or redeemable Capital Stock that is permitted by the covenant described above under "*—Certain Covenants—Limitation on Indebtedness*" or an issuance of Capital Stock by the Company pursuant to an equity incentive or compensation plan approved by the Board of Directors of the Company;

(20) sales, transfers or other dispositions of Investments in joint ventures to the extent required by, or made pursuant to, customary buy/sell arrangements between the joint venture parties set forth in joint venture arrangements and similar binding agreements; *provided* that any cash or Cash Equivalents received in such sale, transfer or disposition is applied in accordance with the "*—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*" covenant;

(21) any disposition with respect to property built, owned or otherwise acquired by the Company or any Restricted Subsidiary pursuant to customary sale and lease-back transactions, asset securitizations and other similar financings permitted by the Indenture;

(22) in connection with, or following the completion of, an IPO Pushdown, the dissolution of any of Viridian Group FundCo I Limited, Viridian Group FundCo II Limited, Viridian Group FundCo III Limited or the Company; and

(23) any sale, transfer, lease, exchange or other disposition (including pursuant to a derivative transaction) of Energy Instruments, carbon dioxide emissions allowances and similar intangibles in the ordinary course of business and not for speculative purposes (as determined in good faith by the Company or such Restricted Subsidiary, as the case may be).

"*Associate*" means (i) any Person engaged in a Similar Business of which the Company or its Restricted Subsidiaries are the legal and beneficial owners of between 20% and 50% of all outstanding Voting Stock and (ii) any joint venture entered into by the Company or any Restricted Subsidiary.

"*Board of Directors*" means (1) with respect to the Company or any corporation, the board of directors or managers, as applicable, of the corporation or any duly authorized committee thereof; (2) with respect to any partnership, the board of directors or other governing body of the general partner of the partnership or any duly authorized committee thereof; and (3) with respect to any other Person, the board or any duly authorized committee of such Person serving a similar function. Whenever any provision of the Indenture requires any action or determination to be made by, or any approval of, a Board of Directors, such action, determination or approval shall be deemed to have been taken or made if approved by a majority of the directors (excluding employee representatives, if any) on any such Board of Directors (whether or not such action or approval is taken as part of a formal board meeting or as a formal board approval).

"*Bund Rate*" means, as of any date of a notice of redemption, the yield to maturity at the time of computation of direct obligations of the Federal Republic of Germany (*Bunds* or *Bundesanleihen*) with a constant maturity (as officially compiled and published in the most recent financial statistics that has become publicly available at least two Business Days (but not more than five Business Days) prior to the date of a notice of redemption (or, if such financial statistics are not so published or available, any publicly available source of similar market data selected in good faith by an Officer of the Company) most nearly equal to the period from the date of a notice of redemption to September 15, 2020; *provided*, *however*, that if the period from the date of a notice of redemption to September 15, 2020 is not equal to the constant maturity of a direct obligation of the Federal Republic of Germany for which a weekly average yield is given, the Bund Rate shall be obtained by linear interpolation (calculated to the nearest one twelfth of a year) from the weekly average yields of direct obligations of the Federal Republic of Germany for which such yields are given, except that if the period from the date of a notice of redemption to September 15, 2020 is less than one year, the weekly average yield on actually traded direct obligations of the Federal Republic of Germany adjusted to a constant maturity of one year shall be used; and *provided further*, that in no case shall the Bund Rate be less than zero.

"*Business Day*" means each day that is not a Saturday, Sunday or other day on which banking institutions in London, Belfast, Dublin or a place of payment under the Indenture are authorized or required by law to close and, with respect to payments to be made under the Indenture, other than any day which is not a TARGET Settlement Day.

"*Capital Stock*" of any Person means any and all shares of, rights to purchase, warrants or options for, or other equivalents of or partnership or other interests in (however designated), equity of such Person, including any Preferred Stock, but excluding any debt securities convertible into such equity.

"*Capitalized Lease Obligations*" means an obligation that is required to be classified and accounted for as a capitalized lease for financial reporting purposes on the basis of IFRS (as in effect on the Issue Date for purposes of determining whether a lease is a capitalized lease). The amount of Indebtedness will be, at the time any determination is to be made, the amount of such obligation required to be capitalized on a balance sheet (excluding any notes thereto) prepared in accordance with IFRS, and the Stated Maturity thereof will be the date of the last payment of rent or any other amount due under such lease prior to the first date such lease may be terminated without penalty.

"*Cash Equivalents*" means:

(1) securities issued or directly and fully guaranteed or insured by the United States or Canadian governments, a Permissible Jurisdiction, Switzerland or Norway or, in each case, or, in each case, any agency or instrumentality thereof (*provided* that the full faith and credit of such country or such member state is pledged in support thereof), having maturities of not more than two years from the date of acquisition;

(2) certificates of deposit, time deposits, recognized time deposits, overnight bank deposits or bankers' acceptances having maturities of not more than one year from the date of acquisition thereof issued by any lender party to the Revolving Credit Facility Agreement or by any bank or trust company (a) whose commercial paper is rated at least "A-2" or the equivalent thereof (or has an equivalent long-term rating) by S&P, at least "P-2" or the equivalent thereof (or has an equivalent long-term rating) by Moody's or at least "F2" or the equivalent thereof (or has an equivalent long-term rating) by Fitch (or if at the time none of the foregoing is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization) or (b) (in the event that the bank or trust company does not have commercial paper which is rated) having combined capital and surplus in excess of €250 million;

(3) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clauses (1) and (2) entered into with any bank meeting the qualifications specified in clause (2) above;

(4) commercial paper rated at the time of acquisition thereof at least "A-2" or the equivalent thereof by S&P, at least "P-2" or the equivalent thereof by Moody's or at least "F2" or the equivalent thereof by Fitch or carrying an equivalent rating by a Nationally Recognized Statistical Rating Organization, if both of the two named rating agencies cease publishing ratings of investments or, if no rating is available in respect of the commercial paper, the issuer of which has an equivalent rating in respect of its long-term debt, and in any case maturing within one year after the date of acquisition thereof;

(5) readily marketable direct obligations issued by the United States of America, any province of Canada, any Permissible Jurisdiction, Switzerland or Norway or any political subdivision thereof, in each case, having one of the two highest rating categories obtainable from Moody's, S&P or Fitch (or, if at the time, neither is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization) with maturities of not more than two years from the date of acquisition;

(6) Indebtedness or preferred stock issued by Persons with a rating of "BBB−" or higher from S&P, "Baa3" or higher from Moody's or "BBB−" or higher from Fitch (or, if at the time, none of the foregoing is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization) with maturities of 12 months or less from the date of acquisition;

(7) bills of exchange issued in the United States of America, Canada, any Permissible Jurisdiction, Switzerland, Norway or Japan eligible for rediscount at the relevant central bank and accepted by a bank (or any dematerialized equivalent);

(8) interests in any investment company, money market or enhanced high yield fund which invests 95% or more of its assets in instruments of the type specified in clauses (1) through (7) above; and

(9) for purposes of clause (2) of the definition of "*Asset Disposition*", the marketable securities portfolio owned by the Company and its Subsidiaries on the Issue Date.

"*Change of Control*" means the occurrence of any of the following:

(1) the Company becomes aware of (by way of a report or any other filing pursuant to Section 13(d) of the Exchange Act, proxy, vote, written notice or otherwise) any "person" or "group" of related persons (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act as in effect on the Issue Date), other than one or more Permitted Holders, is or becomes the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act as in effect on the Issue Date), directly or indirectly, of more than 50% of the total voting power of the Voting Stock of the Company, *provided* that for the purposes of this clause, (x) no Change of Control shall be deemed to occur by reason of the Company becoming a Subsidiary of a Successor Parent and (y) any Voting Stock of which any Permitted Holder is the "beneficial owner" (as so defined) shall not be included in any Voting Stock of which any such person or group is the "beneficial owner" (as so defined), unless that person or group is not an affiliate of a Permitted Holder and has greater voting power with respect to that Voting Stock; or

(2) the sale, lease, transfer, conveyance or other disposition (other than by way of merger, consolidation or other business combination transaction), in one or a series of related transactions, of all or substantially all of the assets of the Company and its Restricted Subsidiaries taken as a whole to a Person, other than the Company (including, for the avoidance of doubt, any successor to the Company pursuant to the covenant described

above under the caption "—*Certain Covenants—Merger and Consolidation*"), a Restricted Subsidiary or one or more Permitted Holders;

provided that, in each case, a Change of Control shall not be deemed to have occurred if such Change of Control is also a Specified Change of Control Event.

"*Clearstream*" means Clearstream Banking, *société anonyme*, or any successor securities clearing agency.

"*Collateral*" means any and all assets from time to time in which a security interest has been or will be granted pursuant to any Security Document to secure the obligations under the Indenture, the Notes and/or any Note Guarantee.

"*Commodity Hedging Agreement*" means, in respect of a Person, any commodity purchase contract, commodity futures or forward contract, commodities option contract or other similar contract (including commodities derivative agreements or arrangements), to which such Person is a party or a beneficiary.

"*Company* "means Viridian Group Investments Limited.

"*Consolidated EBITDA*" for any period means, without duplication, the Consolidated Net Income for such period, plus the following to the extent deducted in calculating such Consolidated Net Income:

(1) Consolidated Interest Expense;

(2) Consolidated Income Taxes;

(3) consolidated depreciation expense;

(4) consolidated amortization or impairment expense;

(5) any expenses, charges or other costs related to any issuance of Capital Stock, listing of Capital Stock, Investment, acquisition (including amounts paid in connection with the acquisition or retention of one or more individuals comprising part of a management team retained to manage the acquired business and any expenses, charges or other costs related to deferred or contingent payments), disposition, recapitalization or the Incurrence of any Indebtedness permitted by the Indenture (whether or not successful) (including any such fees, expenses or charges related to the Transactions (including any expenses in connection with related due diligence activities)), in each case, as determined in good faith by an Officer of the Company;

(6) any minority interest expense (whether paid or not) consisting of income attributable to minority equity interests of third parties in such period or any prior period or any net earnings, income or share of profit of any Associates, associated company or undertaking;

(7) the amount of management, monitoring, consulting and advisory fees and related expenses paid in such period to the Permitted Holders to the extent permitted by the covenant described under "—*Certain Covenants—Limitation on Affiliate Transactions*";

(8) other non-cash charges or expenses, write-downs or items reducing Consolidated Net Income (excluding any such non-cash charge, write-down or item to the extent it represents an accrual of or reserve for cash charges expected to be paid in any future period) and any items classified by the Company as special, extraordinary, exceptional, unusual or nonrecurring items less other non-cash items of income increasing Consolidated Net Income (excluding any such non-cash item of income to the extent it represents a receipt of cash expected to be paid in any future period);

(9) the proceeds of any business interruption insurance received or that become receivable during such period to the extent the associated losses arising out of the event that resulted in the payment of such business interruption insurance proceeds were included in computing Consolidated Net Income;

(10) payments received, or that become receivable with respect to, expenses that are covered by the indemnification provisions in any agreement entered into by such Person in connection with an acquisition to the extent such expenses were included in computing Consolidated Net Income; and

(11) any Receivables Fees and discounts on the sale of Receivables Assets in connection with any Qualified Receivables Financing or any other receivables financing, representing, in the Company's reasonable determination, the implied interest component of such discount for such period.

"*Consolidated Financial Interest Expense*" means, for any period (in each case, determined on the basis of IFRS), the sum of (1) consolidated net interest income/expense and Receivables Fees of the Company and its Restricted Subsidiaries related to Indebtedness (including (a) all commissions, discounts and other fees and charges owed with respect to letters of credit or bankers acceptances, (b) the interest component of Capitalized Lease Obligations, and (c) net payments, if any, pursuant to interest rate Hedging Obligations with respect to Indebtedness) but not including any pension liability interest cost, amortization of debt discount, debt issuance cost and premium, commissions, discounts and other fees and charges owed or paid with respect to financings, or costs associated with Hedging Obligations (other than those described in (c)), (2) cash dividends on other distributions in respect of all Disqualified Stock of the Issuers and all Preferred Stock of any Restricted Subsidiary, to the extent held by Persons other than the Company or a Subsidiary of the Company; and (3) any interest on Indebtedness of another Person that is guaranteed by the Company or any of its Restricted Subsidiaries or secured by a Lien on assets of the Company or any of its Restricted Subsidiaries, to the extent such interest is actually paid by the Company or any of its Restricted Subsidiaries.

"*Consolidated Income Taxes*" means Taxes or other payments, including deferred Taxes, based on income, profits or capital of any of the Company and its Restricted Subsidiaries whether or not paid, estimated, accrued or required to be remitted to any governmental authority.

"*Consolidated Interest Expense*" means, for any period (in each case, determined on the basis of IFRS), the consolidated net interest income/expense of the Company and its Restricted Subsidiaries, whether paid or accrued, including any pension liability interest cost, plus or including (without duplication) any interest, costs and charges consisting of:

(1) interest expense attributable to Capitalized Lease Obligations;

(2) amortization of debt discount, debt issuance cost and premium;

(3) non-cash interest expense;

(4) commissions, discounts and other fees and charges owed with respect to financings not included in clause (2) above;

(5) net payments on and costs associated with Hedging Obligations;

(6) dividends on other distributions in respect of all Disqualified Stock of the Company and all Preferred Stock of any Restricted Subsidiary, to the extent held by Persons other than the Company or a subsidiary of the Company;

(7) the consolidated interest expense that was capitalized during such period; and

(8) interest actually paid by the Company or any Restricted Subsidiary under any Guarantee of Indebtedness or other obligation of any other Person.

"*Consolidated Net Leverage*" means the sum of the aggregate outstanding Indebtedness of the Company and its Restricted Subsidiaries (excluding Hedging Obligations except to the extent provided in clause (c) of the penultimate paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*") *less* the amount of cash and Cash

Equivalents that would be stated on the balance sheet of the Company and its Restricted Subsidiaries as of the relevant date of determination in accordance with IFRS.

"*Consolidated Net Leverage Ratio*" means, as of any date of determination, the ratio of (x) Consolidated Net Leverage at such date to (y) the aggregate amount of Consolidated EBITDA for the period of the four most recent fiscal quarters ending prior to such date of determination for which internal consolidated financial statements of the Company are available. In the event that the Company or any of its Restricted Subsidiaries Incurs, assumes, guarantees, repays, repurchases, redeems, defeases or otherwise discharges any Indebtedness (other than ordinary working capital borrowings) subsequent to the commencement of the period for which the Consolidated Net Leverage Ratio is being calculated and on or prior to the date on which the event for which the calculation of the Consolidated Net Leverage Ratio is made (the "*Calculation Date*"), then the Consolidated Net Leverage Ratio will be calculated giving *pro forma* effect (as determined in good faith by an Officer of the Company responsible for accounting or financial reporting) to such Incurrence, assumption, guarantee, repayment, repurchase, redemption, defeasance or other discharge of Indebtedness, and the use of the proceeds therefrom, as if the same had occurred at the beginning of the applicable four-quarter reference period and may give effect to cost savings or cost reduction synergies on a *pro forma* basis consistently with the calculation of the Fixed Charge Coverage Ratio.

In addition, for purposes of calculating the Consolidated Net Leverage Ratio:

(1) since the beginning of such period the Company or any Restricted Subsidiary has disposed of any company, any business, or any group of assets constituting an operating unit of a business (any such disposition, a "Sale") or if the transaction giving rise to the need to calculate the Consolidated Net Leverage Ratio is such a Sale, Consolidated EBITDA for such period will be reduced by an amount equal to the Consolidated EBITDA (if positive) attributable to the assets which are the subject of such Sale for such period or increased by an amount equal to the Consolidated EBITDA (if negative) attributable thereto for such period;

(2) since the beginning of such period, the Company or any Restricted Subsidiary (by merger or otherwise) has made an Investment in any Person that thereby becomes a Restricted Subsidiary, or otherwise has acquired any company, any business, or any group of assets constituting an operating unit of a business, or a site, or made a capital investment in an existing site (any such Investment or acquisition, a "Purchase"), including any such Purchase occurring in connection with a transaction causing a calculation to be made hereunder, Consolidated EBITDA for such period will be calculated after giving *pro forma* effect thereto, including anticipated synergies and cost savings, as if such Purchase occurred on the first day of such period;

(3) since the beginning of such period, any Person (that became a Restricted Subsidiary or was merged or otherwise combined with or into the Company or any Restricted Subsidiary since the beginning of such period) will have made any Sale or any Purchase that would have required an adjustment pursuant to clause (1) or (2) above if made by the Company or a Restricted Subsidiary since the beginning of such period, Consolidated EBITDA for such period will be calculated after giving *pro forma* effect thereto, including anticipated synergies and cost savings, as if such Sale or Purchase occurred on the first day of such period; and

(4) if any Indebtedness bears a floating rate of interest, the interest expense on such Indebtedness will be calculated as if the rate in effect on the Calculation Date had been the applicable rate for the entire period (taking into account any Interest Rate Agreement applicable to such Indebtedness), and if any Indebtedness is not denominated in the Company's functional currency, that Indebtedness for purposes of the calculation of Consolidated Net Leverage shall be treated in accordance with IFRS;

(5) for the purpose of calculating *pro forma* effect under this definition, *pro forma* effect may also be given to anticipated acquisitions where the Indebtedness to be Incurred is to finance such acquisitions in whole or in part, which have not yet occurred but which have become subject to a Definitive Agreement; and

(6) since the beginning of such period, a transfer of shares of, or other transaction has occurred or is contractually committed with respect to, the Company or any Restricted Subsidiary, that constitutes an event that is contemplated by the definition of "Specified Change of Control Event" (any such transaction, a "Specified Change of Control Transaction"), and solely for the purpose of making the determination pursuant to "Specified Change of Control Event," Consolidated EBITDA for such period shall be calculated after giving *pro forma* effect thereto (including anticipated synergies and expenses and cost savings expected to be obtained from the Specified Change of Control Transaction) as if such Specified Change of Control Transaction (including such synergies and expenses and cost savings) had occurred on the first day of such period.

"*Consolidated Net Income*" means, for any period, the net income (loss) of the Company and its Restricted Subsidiaries determined on a consolidated basis on the basis of IFRS; *provided, however*, that there will not be included in such Consolidated Net Income:

(1) subject to the limitations contained in clause (3) below, any net income (loss) of any Person if such Person is not a Restricted Subsidiary, except that the Company's equity in the net income of any such Person for such period will be included in such Consolidated Net Income up to the aggregate amount of cash or Cash Equivalents actually distributed by such Person during such period to the Company or a Restricted Subsidiary as a dividend or other distribution or return on investment or could have been distributed, as reasonably determined by an Officer of an Issuer (subject, in the case of a dividend or other distribution or return on investment to a Restricted Subsidiary, to the limitations contained in clause (2) below);

(2) solely for the purpose of determining the amount available for Restricted Payments under clause (c)(i) of the first paragraph of the covenant described under "*—Certain Covenants—Limitation on Restricted Payments*", any net income (loss) of any Restricted Subsidiary if such Subsidiary is subject to restrictions on the payment of dividends or the making of distributions by such Restricted Subsidiary to the Company by operation of the terms of such Restricted Subsidiary's charter or any agreement, instrument, judgment, decree, order, statute or governmental rule or regulation applicable to such Restricted Subsidiary or its shareholders (other than (a) restrictions that have been waived or otherwise released, (b) restrictions pursuant to the Notes or the Indenture, (c) contractual restrictions in effect on the Issue Date (including pursuant to the Revolving Credit Facility Agreement and the Intercreditor Agreement) and other restrictions with respect to any such Restricted Subsidiary that, taken as a whole, are not materially less favorable to the Holders than such restrictions in effect on the Issue Date and (d) restrictions not expressly prohibited by the covenant described under "*—Certain Covenants—Limitation on Restrictions on Distributions from Restricted Subsidiaries*", except that the Company's equity in the net income of any such Restricted Subsidiary for such period will be included in such Consolidated Net Income up to the aggregate amount of cash or Cash Equivalents actually distributed or that could have been distributed by such Restricted Subsidiary during such period to the Company or another Restricted Subsidiary as a dividend or other distribution (subject, in the case of a dividend to another Restricted Subsidiary, to the limitation contained in this clause);

(3) any net gain (or loss) realized upon the sale or other disposition of any asset or disposed operations of the Company or any Restricted Subsidiaries (including pursuant to any sale/leaseback transaction) which is not sold or otherwise disposed of in the ordinary course of

business (as determined in good faith by an Officer or the Board of Directors of the Company);

(4) any extraordinary, one-off, non-recurring, exceptional or unusual gain, loss, expense or charge, including any charges or reserves in respect of any restructuring, redundancy, relocation, refinancing, integration or severance or other post-employment arrangements, signing, retention or completion bonuses, transaction costs (including costs related to the Transactions or any investments), acquisition costs, business optimization, system establishment, software or information technology implementation or development, costs related to governmental investigations and curtailments or modifications to pension or post-retirement benefits schemes, litigation or any asset impairment charges or the financial impacts of natural disasters (including fire, flood and storm and related events);

(5) the cumulative effect of a change in accounting principles;

(6) any non-cash compensation charge or expense arising from any grant of stock, stock options or other equity based awards, any non-cash deemed finance charges in respect of any pension liabilities or other provisions, any non-cash net after tax gains or losses attributable to the termination or modification of any employee pension benefit plan and any charge or expense relating to any payment made to holders of equity based securities or rights in respect of any dividend sharing provisions of such securities or rights to the extent such payment was made pursuant to the covenant described under "*—Certain Covenants—Limitation on Restricted Payments*";

(7) all deferred financing costs written off and premiums paid or other expenses incurred directly in connection with any early extinguishment of Indebtedness or Hedging Obligations and any net gain (or loss) from any write-off or forgiveness of Indebtedness;

(8) any unrealized gains or losses in respect of Hedging Obligations or other financial instruments or any ineffectiveness recognized in earnings related to qualifying hedge transactions or the fair value or changes therein recognized in earnings for derivatives that do not qualify as hedge transactions, in each case, in respect of Hedging Obligations;

(9) any unrealized foreign currency transaction gains or losses in respect of Indebtedness or other obligations of the Company or any Restricted Subsidiary denominated in a currency other than the functional currency of such Person and any unrealized foreign exchange gains or losses resulting from remeasuring assets and liabilities denominated in foreign currencies;

(10) any unrealized foreign currency translation or transaction gains or losses in respect of Indebtedness or other obligations of the Company or any Restricted Subsidiary owing to the Company or any Restricted Subsidiary;

(11) any one-time non-cash charges or any amortization or depreciation, in each case to the extent related to the Transactions, purchase accounting or any acquisition of, or merger or consolidation with, another Person or business or resulting from any reorganization or restructuring involving the Company or its Subsidiaries;

(12) any goodwill or other intangible asset impairment charge, expense or write-off or write-down;

(13) any purchase accounting effects including, but not limited to, adjustments to inventory, property and equipment, software and other intangible assets and deferred revenues in component amounts required or permitted by IFRS and related authoritative pronouncements (including the effects of such adjustments pushed down to the Company and its Restricted Subsidiaries), as a result of any consummated acquisition or the amortization or write-off of any amounts thereof (including any write-off of in process research and development);

(14) consolidated depreciation expense, to the extent in excess of capital expenditure related to tangible assets for the relevant period;

(15) the impact of capitalized, accrued or accreting or pay-in-kind interest or principal on Subordinated Shareholder Funding; and

(16) any over-recoveries and any under-recoveries by each Regulated Entity's regulated entitlement calculated in accordance with the price control formula set out in such Regulated Entity's license will be excluded and included, respectively.

"*Consolidated Net Senior Secured Leverage*" means the sum of the aggregate outstanding Senior Secured Indebtedness of the Company and its Restricted Subsidiaries (excluding Hedging Obligations except to the extent provided in clause (c) of the penultimate paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*"), *less* the amount of cash and Cash Equivalents that would be stated on the balance sheet of the Company and its Restricted Subsidiaries as of the relevant date of determination in accordance with IFRS.

"*Consolidated Net Senior Secured Leverage Ratio*" means, as of any date of determination, the ratio of (x) Consolidated Net Senior Secured Leverage at such date to (y) the aggregate amount of Consolidated EBITDA for the period of the four most recent fiscal quarters ending prior to the date of such determination for which internal consolidated financial statements of the Company are available, in each case calculated with such *pro forma* and other adjustments as are consistent with the *pro forma* provisions set forth in the definition of Consolidated Net Leverage Ratio; *provided*, *however*, that the *pro forma* calculation shall not give effect to (i) any Indebtedness Incurred on the Calculation Date pursuant to the provisions described in the second paragraph under "*—Certain Covenants—Limitation on Indebtedness*" (other than for purposes of the Consolidated Net Senior Secured Leverage Ratio under clause (5) thereunder) or (ii) the discharge on the Calculation Date of any Indebtedness to the extent that such discharge results from the proceeds Incurred pursuant to the provisions described in the second paragraph under "*—Certain Covenants—Limitation on Indebtedness*".

"*Contingent Obligations*" means, with respect to any Person, any obligation of such Person guaranteeing in any manner, whether directly or indirectly, any operating lease, dividend or other obligation that does not constitute Indebtedness ("primary obligations") of any other Person (the "primary obligor"), including any obligation of such Person, whether or not contingent:

(1) to purchase any such primary obligation or any property constituting direct or indirect security therefor;

(2) to advance or supply funds:

  (a) for the purchase or payment of any such primary obligation; or

  (b) to maintain the working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor; or

(3) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation against loss in respect thereof.

"*Credit Facility*" means, with respect to the Company or any of its Subsidiaries, one or more debt facilities, arrangements, instruments, trust deeds or indentures (including the Revolving Credit Facility Agreement or commercial paper facilities and overdraft facilities) with banks, institutions or investors providing for revolving credit loans, term loans, performance guarantees, receivables financing (including through the sale of receivables to such institutions or to special purpose entities formed to borrow from such institutions against such receivables), notes, letters of credit or other Indebtedness, in each case, as amended, restated, modified, renewed, refunded, replaced, restructured, refinanced, repaid, increased or extended in whole or in part from time to time (and whether in whole or in part and whether or not with the original administrative agent and lenders or another administrative agent or agents or other banks, institutions or investors and whether provided under the original Revolving Credit Facility Agreement or one or more other credit or other agreements, indentures, financing agreements or otherwise) and in each case including all agreements, instruments and documents executed and delivered pursuant to or in connection with the foregoing (including any notes and letters of credit issued pursuant thereto and any Guarantee and collateral agreement, patent and trademark security agreement, mortgages or letter of credit applications and other Guarantees, pledges, agreements, security agreements and collateral documents). Without limiting the generality of the foregoing, the term "Credit Facility" shall include any agreement or instrument (1) changing the maturity of any Indebtedness Incurred thereunder or contemplated thereby, (2) adding Subsidiaries of the Company as additional borrowers or guarantors thereunder, (3) increasing the amount of Indebtedness Incurred thereunder or available to be borrowed thereunder or (4) otherwise altering the terms and conditions thereof.

"*Currency Agreement*" means, in respect of a Person, any foreign exchange contract, currency swap agreement, currency futures contract, currency option contract, currency derivative or other similar agreement or arrangement to which such Person is a party or beneficiary.

"*Default*" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"*Definitive Agreement*" means any agreement for the consummation of an acquisition, including without limitation by way of tender offer, scheme of arrangement, merger, amalgamation or consolidation, by the Company or one or more of its Restricted Subsidiaries (*provided* that in the case of a public tender offer, a solicitation of proxies or a proposal for a scheme of arrangement or similar scheme, a Definitive Agreement will be deemed to have been entered into at the time of the public announcement of such transaction).

"*Designated Non-Cash Consideration*" means the fair market value (as determined in good faith by an Officer of the Company) of non-cash consideration received by the Company or one of its Restricted Subsidiaries in connection with an Asset Disposition that is so designated as "Designated Non-Cash Consideration" pursuant to an Officer's Certificate, setting forth the basis of such valuation, less the amount of cash, Cash Equivalents or Temporary Cash Investments received in connection with a subsequent payment, redemption, retirement, sale or other disposition of such Designated Non-Cash Consideration. A particular item of Designated Non-Cash Consideration will no longer be considered to be outstanding when and to the extent it has been paid, redeemed or otherwise retired or sold or otherwise disposed of in compliance with the covenant described under "*—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*".

"*Designated Preference Shares*" means, with respect to the Company or any Parent Entity, Preferred Stock (other than Disqualified Stock) (a) that is issued for cash (other than to the Company or a Subsidiary of the Company or an employee stock ownership plan or trust established by the Company or any such Subsidiary for the benefit of their employees to the extent funded by the Company or such Subsidiary) and (b) that is designated as "Designated Preference Shares" pursuant to an Officer's Certificate of the Company at or prior to the issuance thereof, the Net Cash Proceeds of which are excluded from the calculation set forth in clauses (c)(ii) and (c)(iii) of the first paragraph of the covenant described under "*—Certain Covenants—Limitation on Restricted Payments*".

"*Disqualified Stock*" means any Capital Stock that, by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable, in each case, at the option of the holder of the Capital Stock), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the holder of the Capital Stock, in whole or in part, in each case on or prior to the date that is 90 days after the earlier of (a) the Stated Maturity of the Notes or (b) the date on which there are no Notes outstanding. Notwithstanding the preceding sentence, any Capital Stock that would constitute Disqualified Stock solely because the holders of the Capital Stock have the right to require the issuer thereof to repurchase such Capital Stock upon the occurrence of a Change of Control or an Asset Disposition will not constitute Disqualified Stock if the terms of such Capital Stock provide that the issuer thereof may not repurchase or redeem any such Capital Stock pursuant to such provisions unless such repurchase or redemption complies with the covenant described above under the caption "*—Certain Covenants—Limitation on Restricted Payments*". For purposes hereof, the amount of Disqualified Stock which does not have a fixed repurchase price shall be calculated in accordance with the terms of such Disqualified Stock as if such Disqualified Stock were purchased on any date on which Indebtedness shall be required to be determined pursuant to the Indenture, and if such price is based upon, or measured by, the fair market value of such Disqualified Stock, such fair market value to be determined as set forth herein. Only the portion of Capital Stock which so matures or is mandatorily redeemable, is so convertible or exchangeable or is so redeemable at the option of the holder thereof prior to such date will be deemed to be Disqualified Stock.

"*Energy Instruments*" means instruments, credits or allowances issued, distributed or entered into by a governmental, quasi-governmental or regulatory entity in respect of energy generation, energy provision, or fuel sourcing or, in each case, related emissions, products or externalities, including, without limitation, renewables obligation certificates, renewable energy guarantees of origin, levy exemption certificates, guarantees of origin, emissions and particulate allowances and tradeable subsidy contracts (including without limitation capacity agreements), and in each case any similar instrument, credit or allowance, including under a predecessor, successor or similar scheme.

"*Equity Offering*" means (x) a sale of Capital Stock of the Company or a Restricted Subsidiary (other than to the Company or any of its Subsidiaries (other than Disqualified Stock and other than offerings registered on Form S-8 (or any successor form) under the U.S. Securities Act or any similar offering in other jurisdictions), or (y) the sale of Capital Stock or other securities by any Person (other than to the Company or any of its Subsidiaries), the proceeds of which are contributed as Subordinated Shareholder Funding or to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares or through an Excluded Contribution or Excluded Amounts) of the Company or any of its Restricted Subsidiaries.

"*Escrowed Proceeds*" means the proceeds from the offering of any debt securities or other Indebtedness paid into escrow accounts with an independent escrow agent on the date of the applicable offering or incurrence pursuant to escrow arrangements that permit the release of amounts on deposit in such escrow accounts upon satisfaction of certain conditions or the occurrence of certain events. The term "Escrowed Proceeds" shall include any interest earned on the amounts held in escrow.

"*Euro Applicable Premium*" means, with respect to any Euro Note the greater of:

(a) 1% of the principal amount of such Euro Note; and

(b) the excess (to the extent positive) of:

(A) the present value at such redemption date of (1) the redemption price of such Euro Note at September 15, 2020 (such redemption price (expressed in percentage of principal amount) being set forth under the heading "*—Optional Redemption—Optional Redemption of the Euro Notes*" (excluding accrued and unpaid interest)), plus (2) all required interest payments due on such Euro Note to and including September 15, 2020 (excluding accrued but unpaid interest), computed upon the redemption date using a discount rate equal to the Bund Rate at such date of a notice of redemption plus 50 basis points; over

(B) the outstanding principal amount of such Euro Note,

as calculated by the Issuers or on behalf of the Issuers by such Person as the Issuers shall designate. For the avoidance of doubt, calculation of the Euro Applicable Premium shall not be an obligation or duty of the Trustee or any Paying Agent.

"*Euroclear*" means Euroclear Bank SA/NV or any successor securities clearing agency.

"*European Government Obligations*" means any security that is (1) a direct obligation of Belgium, the Netherlands, France, Germany or any Permissible Jurisdiction, for the payment of which the full faith and credit of such country is pledged or (2) an obligation of a person controlled or supervised by and acting as an agency or instrumentality of any such country the payment of which is unconditionally Guaranteed as a full faith and credit obligation by such country, which, in either case under the preceding clause (1) or (2), is not callable or redeemable at the option of the issuer thereof.

"*European Union*" means all members of the European Union as of January 1, 2004 (whether or not members at the Issue Date or thereafter).

"*Excluded Contribution*" means Net Cash Proceeds or property or assets received by the Company (other than Excluded Amounts) as capital contributions to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares) of the Company after the Issue Date or from the issuance or sale (other than to a Restricted Subsidiary or an employee stock ownership plan or trust established by the Company or any Subsidiary of the Company for the benefit of its employees to the extent funded by the Company or any Restricted Subsidiary) of Capital Stock (other than Disqualified Stock or Designated Preference Shares) or Subordinated Shareholder Funding of the Company, in each case, to the extent designated as an Excluded Contribution pursuant to an Officer's Certificate of the Company.

"*Existing Wind Farm Asset*" means Eshmore Ltd, Long Mountain Windfarm Limited, Mosslee Limited, Gortfinbar Windfarm Limited, Altamuskin Windfarm Limited, Viridian Renewables Company 3 Limited, Thornog Windfarm Limited, Clondermot Wind Limited, Wheelhouse Energy (NI) Limited, Cornavarrow Windfarm Ltd, Slieveglass Wind Farm Limited, Teiges Mountain Wind Farm Limited, Viridian Renewables Company 4 Limited, Holyford Windfarm Limited and Windgeneration Ireland Limited.

"*fair market value*" wherever such term is used in this "*Description of the Notes*" or the Indenture (except in relation to an enforcement action pursuant to the Intercreditor Agreement and except as otherwise specifically provided in this "*Description of the Notes*" or the Indenture), may be conclusively established by means of an Officer's Certificate or a resolution of the Board of Directors of the Company setting out such fair market value as determined by such Officer or such Board of Directors in good faith.

"*Fitch* "means Fitch Ratings Inc., or any of its successors or assigns that is a Nationally Recognized Statistical Rating Organization.

"*Fixed Charge Coverage Ratio*" means, with respect to any Person on any determination date, the ratio of Consolidated EBITDA of such Person for the most recently completed four consecutive fiscal quarters ending immediately prior to such determination date for which internal consolidated financial statements of such Person are available to the Consolidated Financial Interest Expense of such Person and its Restricted Subsidiaries for such four consecutive fiscal quarters.

In the event that the Company or any Restricted Subsidiary Incurs, assumes, Guarantees, redeems, defeases, retires or extinguishes any Indebtedness (other than Indebtedness incurred under any revolving credit facility unless such Indebtedness has been permanently repaid and has not been replaced) or issues or redeems Disqualified Stock or Preferred Stock subsequent to the commencement of the period for which the Fixed Charge Coverage Ratio is being calculated but prior to or simultaneously with the event for which the calculation of the Fixed Charge Coverage Ratio is made (the "Fixed Charge Coverage Ratio Calculation Date"), then the Fixed Charge Coverage Ratio shall be calculated giving *pro forma* effect to such Incurrence, assumption, Guarantee, redemption, defeasance, retirement or extinguishment of Indebtedness, or such issuance or redemption of Disqualified Stock or Preferred Stock, as if the same had occurred at the beginning of the applicable four-quarter period; *provided, however*, that the *pro forma* calculation of Consolidated Financial Interest Expense shall not give effect to (i) any Indebtedness incurred on the Fixed Charge Coverage Ratio Calculation Date pursuant to the provisions described in the second paragraph under "*—Certain Covenants—Limitation on Indebtedness*" or (ii) the discharge on the Fixed Charge Coverage Ratio Calculation Date of any Indebtedness to the extent that such discharge results from the proceeds incurred pursuant to the provisions described in the second paragraph under "*—Certain Covenants—Limitation on Indebtedness*."

For purposes of making the computation referred to above, any Investments, acquisitions, dispositions, mergers, consolidations, disposed operations and cost savings programs (the "*Pro Forma Events*") that have been made by the Company or any of its Restricted Subsidiaries during the four-quarter reference period or subsequent to such reference period and on or prior to or simultaneously with the Fixed Charge Coverage Ratio Calculation Date shall (at the election of the Issuers, except in the case of material acquisitions, dispositions, mergers, consolidations and disposed operations) be calculated on a *pro forma* basis consistently with the adjustments described under the definition of "Consolidated Net Leverage Ratio," including without limitation cost savings programs, assuming that all such Pro Forma Events (and the change in any associated fixed charge obligations and the change in Consolidated EBITDA resulting therefrom), including the full run rate effect of anticipated synergies and cost savings, had occurred on the first day of the four-quarter reference period. If since the beginning of such period any Person that subsequently became a Restricted Subsidiary or was merged with or into the Company or any of its Restricted Subsidiaries since the beginning of such period shall have made any Pro Forma Events that would have required adjustment pursuant to this definition, then the Fixed Charge Coverage Ratio shall (at the election of the Issuers, except in the case of material acquisitions, dispositions, mergers, consolidations and disposed operations) be calculated giving *pro forma* effect thereto, including the full effect of anticipated synergies and cost savings, for such period as if such Pro Forma Events and the full run rate effect of such anticipated synergies and cost savings had occurred at the beginning of the applicable four-quarter period.

For purposes of this definition, whenever *pro forma* effect is to be given to a transaction, the *pro forma* calculations shall be made in good faith by a responsible financial or chief accounting officer of an Issuer (including synergies and cost savings). If any Indebtedness bears a floating rate of interest and is being given *pro forma* effect, the interest on such Indebtedness shall be calculated as if the rate in effect on the Fixed Charge Coverage Ratio Calculation Date had been the applicable rate for the entire period (taking into account any Interest Rate Agreements applicable to such Indebtedness).

Interest on a Capitalized Lease Obligation shall be deemed to accrue at an interest rate reasonably determined by a responsible financial or accounting officer of an Issuer to be the rate of interest implicit in such Capitalized Lease Obligation in accordance with IFRS.

For purposes of making the computation referred to above, interest on any Indebtedness under a revolving credit facility computed on a *pro forma* basis shall be computed based upon the average daily balance of such Indebtedness during the applicable period except as set forth in the first paragraph of this definition. Interest on Indebtedness that may optionally be determined at an interest rate based upon a factor of a prime or similar rate, a eurocurrency interbank offered rate, or other rate, shall be determined to have been based upon the rate actually chosen, or if none, then based upon such optional rate chosen as the Issuers may designate.

For the purpose of calculating *pro forma* effect under this definition, *pro forma* effect may also be given to anticipated acquisitions where the Indebtedness to be Incurred is to finance such acquisitions in whole or in part, which have not yet occurred but which have become subject to a Definitive Agreement.

"*Gilt Rate*" means, with respect to any date of a notice of redemption, the yield to maturity as of the date of a notice of redemption of UK Government Obligations with a fixed maturity (as compiled by the Office for National Statistics and published in the most recent financial statistics that have become publicly available at least two Business Days in London prior to the date of a notice of redemption (or, if such financial statistics are no longer published, any publicly available source of similar market data)) most nearly equal to the period from the date of a notice of redemption to September 15, 2020; *provided, however*, that if the period from the date of a notice of redemption to September 15, 2020 is less than one year, the weekly average yield on actually traded UK Government Obligations denominated in sterling adjusted to a fixed maturity of one year shall be used; and *provided further*, that in no case shall the Gilt Rate be less than zero.

"*Guarantee*" means any Note Guarantee or any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness of any other Person, including any such obligation, direct or indirect, contingent or otherwise, of such Person:

(1) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness of such other Person (whether arising by virtue of partnership arrangements, or by agreements to keep-well, to purchase assets, goods, securities or services, to take-or-pay or to maintain financial statement conditions or otherwise); or

(2) entered into primarily for purposes of assuring in any other manner the obligee of such Indebtedness of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part),

provided, *however*, that the term "Guarantee" will not include endorsements for collection or deposit in the ordinary course of business. The term "Guarantee" used as a verb has a corresponding meaning.

"*Group*" means the Company and its Restricted Subsidiaries.

"*Guarantor*" means each of the Company and the Subsidiary Guarantors.

"*Hedging Obligations*" of any Person means the obligations of such Person pursuant to any Interest Rate Agreement, Currency Agreement or Commodity Hedging Agreement.

"*Holder* "means each Person in whose name the Notes is registered on the Registrar's books, which shall initially be the common depositary for the accounts of Euroclear and Clearstream or its nominee.

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

"*I Squared Capital*" means I Squared Capital and its Affiliates and any fund, partnership and/or other entities managed, advised, owned or controlled by it or any of them.

"*IFRS*" means International Financial Reporting Standards (formerly International Accounting Standards) endorsed from time to time by the European Union or any variation thereof with which the Company or its Restricted Subsidiaries are, or may be, required to comply; *provided* that at any date after the Issue Date the Issuers may make an irrevocable election to establish that "IFRS" shall mean IFRS as in effect on a date that is on or prior to the date of such election. Notwithstanding the foregoing, the impact of IFRS 16 Leases and any successor standard thereto shall be disregarded with respect to all ratios, calculations and determinations based upon IFRS to be calculated or made, as the case may be, pursuant to the Indenture and (without limitation) any lease, concession or license of property that would be considered an operating lease under IFRS as of the Issue Date and any guarantee given by the Company or any Restricted Subsidiary in the ordinary course of business solely in connection with, and in respect of, the obligations of the Company or any Restricted Subsidiary under any such operating lease shall be accounted for in accordance with IFRS as in effect on the Issue Date (as determined in good faith by a responsible accounting or financial officer of the Company).

"*Immaterial Subsidiary*" means any Restricted Subsidiary that (A) has Total Assets (as determined in accordance with IFRS) of less than 5% of the Company's consolidated Total Assets and (B) has Consolidated EBITDA of less than 5% of the Company's Consolidated EBITDA (in each case measured (i) for the four quarters ended most recently for which internal financial statements are available, (ii) on a *pro forma* basis giving effect to any acquisitions or depositions of companies, division or lines of business since such balance sheet date or the start of such four quarter period, as applicable and (iii) on the basis of management accounts and excluding intercompany balances, investments in subsidiaries and joint ventures and intangible assets).

"*Incur*" means issue, create, assume, enter into any Guarantee of, incur or otherwise become liable for, and the terms "*Incurred*" and "*Incurrence*" have meanings correlative to the foregoing; *provided*, *however*, that any Indebtedness or Capital Stock of a Person existing at the time such Person becomes a Restricted Subsidiary (whether by merger, consolidation, acquisition or otherwise) will be deemed to be Incurred by such Restricted Subsidiary at the time it becomes a Restricted Subsidiary and any Indebtedness pursuant to any revolving credit or similar facility shall only be "Incurred" at the time any funds are borrowed thereunder.

"*Indebtedness*" means, with respect to any Person on any date of determination (without duplication):

(1) the principal of indebtedness of such Person for borrowed money;

(2) the principal of obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;

(3) all reimbursement obligations of such Person in respect of letters of credit, bankers' acceptances or other similar instruments (the amount of such obligations being equal at any time to the aggregate then undrawn and unexpired amount of such letters of credit or other instruments plus the aggregate amount of drawings thereunder that have been reimbursed) (except to the extent such reimbursement obligations relate to trade payables or other obligations not constituting Indebtedness and such obligations are satisfied within 30 days of Incurrence), in each case only to the extent that the underlying obligation in respect of which the instrument was issued would be treated as Indebtedness;

(4) the principal component of all obligations of such Person to pay the deferred and unpaid purchase price of property (except trade payables), where the deferred payment is arranged primarily as a means of raising finance, which purchase price is due more than one year after the date of placing such property in service or taking final delivery and title thereto;

(5) Capitalized Lease Obligations of such Person;

(6) the principal component of all obligations, or liquidation preference, of such Person with respect to any Disqualified Stock or, with respect to any Restricted Subsidiary, any Preferred Stock (but excluding, in each case, any accrued dividends);

(7) the principal component of all Indebtedness of other Persons secured by a Lien on any asset of such Person, whether or not such Indebtedness is assumed by such Person (the amount of such Indebtedness being equal to the lesser of (a) the fair market value of such

asset at such date of determination (as determined in good faith by an Officer of the Company) and (b) the amount of such Indebtedness of such other Persons);

(8) Guarantees by such Person of the principal component of Indebtedness of other Persons to the extent Guaranteed by such Person; and

(9) to the extent not otherwise included in this definition, net obligations of such Person under Hedging Obligations (the amount of any such obligations to be equal at any time to (a) zero if such Hedging Obligation is in respect of commodities or currency exchange rates related to electricity or natural gas trading functions (and not in respect of the risk management of other Indebtedness), in each case incurred pursuant to clause (6) of the definition of Permitted Debt; or (b) for any Hedging Obligation other than as described in subclause (a), the termination value of such agreement or arrangement giving rise to such obligation that would be payable by such Person at such time).

The term "Indebtedness" shall not include (i) Subordinated Shareholder Funding, (ii) any lease, concession or license of property (or Guarantee thereof) which would be considered an operating lease under IFRS as in effect on the Issue Date, (iii) prepayments of deposits received from clients or customers in the ordinary course of business or (iv) obligations under any license, permit or other approval (or Guarantees given in respect of such obligations) Incurred prior to the Issue Date or in the ordinary course of business.

The amount of Indebtedness of any Person at any time in the case of a revolving credit or similar facility shall be the total amounts of funds borrowed and then outstanding. The amount of Indebtedness of any Person at any date shall be determined as set forth above or otherwise provided in the Indenture, and (other than with respect to letters of credit or Guarantees or Indebtedness specified in clause (7) or (8) above) shall equal the amount thereof that would appear on a balance sheet of such Person (excluding any notes thereto) prepared on the basis of IFRS.

Notwithstanding the above provisions, in no event shall the following constitute Indebtedness:

(1) Contingent Obligations Incurred in the ordinary course of business, obligations under or in respect of Qualified Receivables Financings and accrued liabilities Incurred in the ordinary course of business that are not more than 90 days past due;

(2) in connection with the purchase by the Company or any Restricted Subsidiary of any business, any post-closing payment adjustments to which the seller may become entitled to the extent such payment is determined by a final closing balance sheet or such payment depends on the performance of such business after the closing; *provided*, *however*, that, at the time of closing, the amount of any such payment is not determinable and, to the extent such payment thereafter becomes fixed and determined, the amount is paid within 30 days thereafter; or

(3) for the avoidance of doubt, any obligations in respect of workers' compensation claims, early retirement or termination obligations, obligations with respect to over-recoveries, pension fund obligations or contributions or similar claims, obligations or contributions or social security or wage Taxes.

"*Independent Financial Advisor*" means an investment banking or accounting firm of international standing or any third party appraiser of international standing; *provided*, *however*, that such firm or appraiser is not an Affiliate of the Company.

"*Initial Investors*" means I Squared Capital and any funds or partnerships managed or advised, directly or indirectly, by I Squared Capital or an Affiliate thereof, and, solely in their capacity as such, any limited partner of any such partnership or fund.

"*Initial Public Offering*" means an Equity Offering of common stock or other common equity interests of the Company or any Parent Entity or any successor of the Company or any Parent Entity (or following an IPO Pushdown, the entity designated as an "IPO Entity" in compliance with the provisions described under "IPO Pushdown") (the "IPO Entity") following which there is a Public Market and, as a result of which, the shares of common stock or other common equity interests of the IPO Entity in such offering are listed on an internationally recognized exchange or traded on an internationally recognized market.

"*Intercreditor Agreement*" means the intercreditor agreement dated September 13, 2017, among, *inter alios*, the Security Agent, the agent for the Revolving Credit Facility Agreement and the other parties named therein and to be acceded to by the Trustee on the Issue Date, as amended, restated or otherwise modified or varied from time to time.

"*Interest Rate Agreement*" means, with respect to any Person, any interest rate protection agreement, interest rate future agreement, interest rate option agreement, interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, interest rate hedge agreement or other similar agreement or arrangement to which such Person is party or a beneficiary.

"*Investment*" means, with respect to any Person, all investments by such Person in other Persons (including Affiliates) in the form of any advance, loan or other extensions of credit (other than advances or extensions of credit to customers, suppliers, directors, officers or employees of any Person in the ordinary course of business, and excluding any debt or extension of credit represented by a bank deposit other than a time deposit) or capital contribution to (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others), or the Incurrence of a Guarantee of any obligation of, or any purchase or acquisition of Capital Stock, Indebtedness or other similar instruments issued by, such other Persons and all other items that are or would be classified as investments on a balance sheet (excluding any notes thereto) prepared on the basis of IFRS; *provided*, *however*, that endorsements of negotiable instruments and documents in the ordinary course of business will not be deemed to be an Investment. If the Company or any Restricted Subsidiary issues, sells or otherwise disposes of any Capital Stock of a Person that is a Restricted Subsidiary such that, after giving effect thereto, such Person is no longer a Restricted Subsidiary, any Investment by the Company or any Restricted Subsidiary in such Person remaining after giving effect thereto will be deemed to be a new Investment equal to the fair market value of the Capital Stock of such Subsidiary not sold or disposed of in an amount determined as provided in the final paragraph of the covenant described above under the caption "*—Certain Covenants—Limitation on Restricted Payments*".

For purposes of "*—Certain Covenants—Limitation on Restricted Payments*":

(1) "Investment" will include the portion (proportionate to the Company's equity interest in a Restricted Subsidiary to be designated as an Unrestricted Subsidiary) of the fair market value of the net assets of such Restricted Subsidiary of the Company at the time that such Restricted Subsidiary is designated an Unrestricted Subsidiary; and

(2) any property transferred to or from an Unrestricted Subsidiary will be valued at its fair market value at the time of such transfer, in each case as determined in good faith by an Officer of the Company.

The amount of any Investment outstanding at any time shall be the original cost of such Investment, reduced (at the Company's option) by any dividend, distribution, interest payment, return of capital, repayment or other amount or value received in respect of such Investment.

"*Investment Grade Securities*" means:

(1) securities issued or directly and fully Guaranteed or insured by the United Kingdom, United States, Australian or Canadian government or any agency or instrumentality thereof (other than Cash Equivalents);

(2) securities issued or directly and fully guaranteed or insured by a member of the European Union, Switzerland or Norway or any agency or instrumentality thereof (other than Cash Equivalents);

(3) debt securities or debt instruments with a rating of "BBB−" or higher from S&P, "Baa3" or higher by Moody's or "BBB−" or higher from Fitch or the equivalent of such rating by such rating organization or, if no rating of S&P, Moody's or Fitch then exists, the equivalent of such rating by any other Nationally Recognized Statistical Rating Organization, but excluding any debt securities or instruments constituting loans or advances among the Company and its Subsidiaries;

(4) investments in any fund that invests exclusively in investments of the type described in clauses (1), (2) and (3) above which fund may also hold cash and Cash Equivalents pending investment or distribution; and

(5) any investment in repurchase obligations with respect to any securities of the type described in clauses (1), (2) and (3) above which are collateralized at par or over.

"*Investment Grade Status*" shall occur when all of the Notes receive any two of the following:

(1) a rating of "BBB−" or higher from S&P;

(2) a rating of "Baa3" or higher from Moody's; and

(3) a rating of "BBB−" or higher from Fitch,

or the equivalent of such rating by either such rating organization or, if no rating of Moody's, S&P or Fitch then exists, the equivalent of such rating by any other Nationally Recognized Statistical Rating Organization.

"*IPO Event*" means the occurrence of an Initial Public Offering or a Listing.

"*IPO Market Capitalization*" means an amount equal to (i) the total number of issued and outstanding shares of common stock or common equity interests of the IPO Entity at the time of closing of the Initial Public Offering multiplied by (ii) the price per share at which such shares of common stock or common equity interests are sold in such Initial Public Offering.

"*Irrevocable Repayment*" means any repayment, repurchase or refinancing of Indebtedness with respect to which an irrevocable notice of repayment (or similar irrevocable notice) has been delivered.

"*Issue Date*" means September 25, 2017.

"*Lien*" means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind (including any conditional sale or other title retention agreement or lease in the nature thereof).

"*Limited Condition Acquisition*" means any acquisition, including by way of merger, amalgamation or consolidation, by the Company or one or more of its Restricted Subsidiaries whose consummation is not conditioned upon the availability of, or on obtaining, third party financing.

"*Listing*" means a listing of all or any part of the share capital of the Company or any Subsidiary or parent of the Company on any recognized exchange or any other sale or issue by way of flotation or public offering in relation to the Company or any such Subsidiary or parent of the Company in any jurisdiction or country.

"*Management Advances*" means loans or advances made to, or Guarantees with respect to loans or advances made to, directors, officers, employees or consultants of any Parent Entity, the Company or any Restricted Subsidiary:

(1) (a) in respect of travel, entertainment or moving related expenses Incurred in the ordinary course of business or (b) for purposes of funding any such person's purchase of Capital Stock or Subordinated Shareholder Funding (or similar obligations) of the Company, its Subsidiaries or any Parent Entity with (in the case of this sub-clause (b)) the approval of an Officer of the Company;

(2) in respect of moving related expenses Incurred in connection with any closing or consolidation of any facility or office; or

(3) (in the case of this clause (3)) not exceeding £2.5 million in the aggregate outstanding at any time.

"*Market Capitalization*" means an amount equal to (i) the total number of issued and outstanding shares of common stock or common equity interests of the IPO Entity on the date of the declaration of the relevant dividend multiplied by (ii) the arithmetic mean of the closing prices per share of such common stock or common equity interests for the 30 consecutive trading days immediately preceding the date of declaration of such dividend.

"*Moody's*" means Moody's Investors Service, Inc. or any of its successors or assigns that is a Nationally Recognized Statistical Rating Organization.

"*Nationally Recognized Statistical Rating Organization*" means a nationally recognized statistical rating organization within the meaning of Section 3(a)(62) the U.S. Exchange Act.

"*Net Available Cash*" from an Asset Disposition means cash payments received (including any cash payments received by way of deferred payment of principal pursuant to a note or installment receivable or otherwise and net proceeds from the sale or other disposition of any securities received as consideration, but only as and when received, but excluding any other consideration received in the form of assumption by the acquiring person of Indebtedness or other obligations relating to the properties or assets that are the subject of such Asset Disposition or received in any other non-cash form) therefrom, in each case net of:

(1) all legal, accounting, investment banking, title and recording tax expenses, commissions and other fees and expenses Incurred, and all Taxes paid or required to be paid or accrued as a liability under IFRS (after taking into account any available tax credits or deductions and any Tax Sharing Agreements), as a consequence of such Asset Disposition;

(2) all payments made on any Indebtedness which is secured by any assets subject to such Asset Disposition (other than Capitalized Lease Obligations), in accordance with the terms of any Lien upon such assets, or which must by its terms, or in order to obtain a necessary consent to such Asset Disposition, or by applicable law, be repaid out of the proceeds from such Asset Disposition;

(3) all distributions and other payments required to be made to minority interest holders (other than any Parent Entity, the Company or any of their respective Subsidiaries) in Subsidiaries or joint ventures as a result of such Asset Disposition; and

(4) the deduction of appropriate amounts required to be provided by the seller as a reserve, on the basis of IFRS, against any liabilities associated with the assets disposed of in such Asset Disposition and retained by the Company or any Restricted Subsidiary after such Asset Disposition.

"*Net Cash Proceeds*", with respect to any issuance or sale of Capital Stock or Subordinated Shareholder Funding, means the cash proceeds of such issuance or sale net of attorneys' fees, accountants' fees, underwriters' or placement agents' fees, listing fees, discounts or commissions and brokerage, consultant and other fees and charges actually Incurred in connection with such issuance or sale and net of Taxes paid or payable as a result of such issuance or sale (after taking into account any available tax credit or deductions and any Tax Sharing Agreements).

"*Note Guarantee*" means the guarantee by each Guarantor of the Issuers' obligations under the Indenture and the Notes pursuant to the provisions of the Indenture.

"*Notes Documents*" means the Notes (including Additional Notes), the Indenture, the Security Documents, the Intercreditor Agreement and any Additional Intercreditor Agreements.

"*Offering Memorandum*" means this offering memorandum in relation to the Notes.

"*Officer*" means, with respect to any Person, (1) any member of the Board of Directors, the Chief Executive Officer, the President, the Chief Financial Officer, any Vice President, the Treasurer or the Secretary (a) of such Person or (b) if such Person is owned or managed by a single entity, of such entity, or (2) any other individual designated as an "Officer" for the purposes of the Indenture by the Board of Directors of such Person.

"*Officer's Certificate*" means, with respect to any Person, a certificate signed by one Officer of such Person.

"*Opinion of Counsel*" means a written opinion from legal counsel reasonably satisfactory to the Trustee. The counsel may be an employee of or counsel to the Company or its Subsidiaries.

"*Parent Entity*" means any Person of which the Company at any time is or becomes a Subsidiary after the Issue Date and any holding companies established by any Permitted Holder for purposes of holding its investment in any Parent Entity.

"*Parent Expenses*" means:

(1) costs (including all professional fees and expenses) Incurred by any Parent Entity in connection with reporting obligations under or otherwise Incurred in connection with compliance with applicable laws, rules or regulations of any governmental, regulatory or self-regulatory body or stock exchange, the Indenture or any other agreement or instrument relating to Indebtedness of the Company or any Restricted Subsidiary, including in respect of any reports filed with respect to the U.S. Securities Act or the U.S. Exchange Act;

(2) customary indemnification obligations of any Parent Entity owing to directors, officers, employees or other Persons under its charter or by-laws or pursuant to written agreements with any such Person to the extent relating to the Company and its Subsidiaries;

(3) obligations of any Parent Entity in respect of director and officer insurance (including premiums therefor) to the extent relating to the Company and its Subsidiaries;

(4) fees and expenses payable by any Parent Entity in connection with the Transactions;

(5) general corporate overhead expenses, including (a) professional fees and expenses and other operational expenses of any Parent Entity related to the ownership or operation of the business of the Company or any of its Restricted Subsidiaries, and (b) costs and expenses with respect to the ownership, directly or indirectly, of the Company and its Restricted Subsidiaries by any Parent Entity, (c) any Taxes and other fees and expenses required to maintain such Parent Entity's corporate existence and to provide for other ordinary course operating costs, including customary salary, bonus and other benefits payable to, and indemnities provided on behalf of, officers and employees of such Parent

Entity and (d) to reimburse reasonable out of pocket expenses of the Board of Directors of such Parent Entity;

(6) other fees, expenses and costs relating directly or indirectly to activities of the Company and its Subsidiaries or any Parent Entity or any other Person established for purposes of or in connection with the Transactions or which holds directly or indirectly any Capital Stock or Subordinated Shareholder Funding of the Company, in an amount not to exceed £3 million in any fiscal year;

(7) any income taxes, to the extent such income taxes are attributable to the income of the Company and its Restricted Subsidiaries and, to the extent of the amount actually received in cash from its Unrestricted Subsidiaries, in amounts required to pay such taxes to the extent attributable to the income of such Unrestricted Subsidiaries; *provided, however*, that the amount of such payments in any fiscal year do not exceed the amount that the Company and its Subsidiaries would be required to pay in respect of such Taxes on a consolidated basis on behalf of an affiliated group consisting only of the Company and such Subsidiaries; and

(8) expenses Incurred by any Parent Entity in connection with any public offering or other sale of Capital Stock or Indebtedness:

   (a) where the net proceeds of such offering or sale are intended to be received by or contributed to the Company or a Restricted Subsidiary;

   (b) in a pro-rated amount of such expenses in proportion to the amount of such net proceeds intended to be so received or contributed; or

   (c) otherwise on an interim basis prior to completion of such offering so long as any Parent Entity shall cause the amount of such expenses to be repaid to the Company or the relevant Restricted Subsidiary out of the proceeds of such offering promptly if completed.

"*Pari Passu Indebtedness*" means Indebtedness of the Company or any Restricted Subsidiary that is a Guarantor which does not constitute Subordinated Indebtedness.

"*Paying Agent*" means any Person authorized by the Issuers to pay the principal, interest and premium and Additional Amounts, if any, on any Note on behalf of the Issuers.

"*Permissible Jurisdiction*" means any member state of the European Union, including for the avoidance of doubt the United Kingdom.

"*Permitted Collateral Liens*" means Liens on the Collateral:

(a) that are described in one or more of clauses (3), (4), (5), (6), (9), (11), (12), (14), (18) and (23) of the definition of "Permitted Liens" and, in each case, arising by law or that would not materially interfere with the ability of the Security Agent to enforce the Security Interest in the Collateral;

(b) to secure:

   (i) the Notes (including any Additional Notes);

   (ii) Senior Secured Indebtedness permitted to be Incurred under the first paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*";

   (iii) Indebtedness described under clause (1) of the definition of "Permitted Debt", to the extent Incurred by the Issuers or a Guarantor;

   (iv) Indebtedness described under clause (2) of the definition of "Permitted Debt", to the extent Incurred by the Issuers or a Guarantor and to the extent such Guarantee is in respect of Indebtedness otherwise permitted to be secured on the Collateral pursuant to this definition of Permitted Collateral Liens;

(v) Indebtedness described under paragraphs (a), (b) or (c) of clause (4) of the definition of "Permitted Debt";

(vi) Indebtedness described under clause (5) of the definition of "Permitted Debt" Incurred by the Issuers or a Guarantor, *provided* that, at the time of the acquisition or other transaction pursuant to which such Indebtedness is Incurred and after giving *pro forma* effect to the Incurrence of such Indebtedness and the application of the proceeds thereof, (a) the Company would have been able to Incur £1.00 of additional Senior Secured Indebtedness pursuant to the first paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*" or (b) the Consolidated Net Senior Secured Leverage Ratio would have been no greater than it was prior to giving pro forma effect to such acquisition or transaction, the Incurrence of such Indebtedness and the application of the proceeds thereof;

(vii) Indebtedness described under clause (6) of the definition of "Permitted Debt" under (A) Currency Agreements and Interest Rate Agreements with respect to any Indebtedness that is Incurred in compliance with the covenant described under "*—Certain Covenants—Limitation on Indebtedness*" and (B) Commodity Hedging Agreements;

(viii) Indebtedness described under clause (7) (other than with respect to Capitalized Lease Obligations), (12) or (13) of the definition of "Permitted Debt"; and

(ix) any Refinancing Indebtedness in respect of Indebtedness referred to in the foregoing clauses (i) to (viii);

provided that each of the secured parties to any such Indebtedness (acting directly or through its respective creditor representative) will have entered into the Intercreditor Agreement or an Additional Intercreditor Agreement;

(c) that are fixed charges incurred to secure Capitalized Lease Obligations;

(d) on a junior priority basis to the Notes (x) any "Senior Unsecured Debt Issuer Liabilities" (as defined in the Intercreditor Agreement) solely with respect to the Capital Stock of, and any intercompany receivable owing to, the Senior Unsecured Debt Issuer (as defined in the Intercreditor Agreement); and

(e) Incurred in the ordinary course of business of the Company or any of its Restricted Subsidiaries with respect to obligations that in total do not exceed £7.5 million at any one time outstanding and that (i) are not Incurred in connection with the borrowing of money or business and (ii) do not in the aggregate materially detract from the value of the property or materially impair the use thereof or the operation of the Company's or such Restricted Subsidiary's business.

In addition, (a) Indebtedness secured by Permitted Collateral Liens up to a maximum aggregate principal amount at any time outstanding not exceeding (i) £225 million *plus* (ii) the greater of £50 million and 4.2% of Total Assets for Indebtedness under letters of credit or any similar guarantee, indemnity or other instrument may have super seniority priority status, (b) Indebtedness secured by Permitted Collateral Liens incurred pursuant to the foregoing clause (a)(vii)(A) may have super senior priority status, and (c) Indebtedness secured by Permitted Collateral Liens incurred pursuant to the foregoing clause (a)(vii)(B) may have super senior priority status, in each case, in respect of the proceeds from the enforcement of the Collateral not materially less favorable to the Holders than that accorded to the Revolving Credit Facility Agreement on the Issue Date pursuant to the Intercreditor Agreement.

"*Permitted Energy Business*" means (1) any businesses, services or activities relating to the renewable energy or conventional energy business, (2) any power plant or energy production facility and (3) any businesses, services and activities engaged in by the Company or any Subsidiary that are related, complementary, incidental, ancillary or similar to any of the foregoing or are the acquisition, construction, extension or development of any thereof.

"*Permitted Holders*" means, collectively, (1) the Initial Investors, (2) any Related Person of any Persons specified in clause (1), (3) any Person who is acting as an underwriter in connection with a public or private offering of Capital Stock of any Parent Entity or the Company, acting in such capacity and (4) any "group" (as such term is defined under Section 13(d)(3) of the Exchange Act or any successor provision) of which a Permitted Holder (without giving effect to this clause (4)) is a "Permitted Holder" and where such Permitted Holder is the beneficial owner of more than 50% of the Capital Stock beneficially owned by such group. Any person or group whose acquisition of beneficial ownership constitutes (i) a Change of Control in respect of which a Change of Control Offer is made in accordance with the requirements of the Indenture or (ii) a Change of Control which is also a Specified Change of Control Event, will thereafter, together with its Affiliates, constitute an additional Initial Investor.

"*Permitted Investment*" means (in each case, by the Company or any of its Restricted Subsidiaries):

(1) Investments in (a) a Restricted Subsidiary (including the Capital Stock of a Restricted Subsidiary) or the Company or (b) a Person (including the Capital Stock of any such Person) and such Person will, upon the making of such Investment, become a Restricted Subsidiary;

(2) Investments in another Person and as a result of such Investment such other Person is merged, consolidated or otherwise combined with or into, or transfers or conveys all or substantially all its assets to, the Company or a Restricted Subsidiary;

(3) Investments in cash, Cash Equivalents, Temporary Cash Investments or Investment Grade Securities;

(4) Investments in receivables owing to the Company or any Restricted Subsidiary created or acquired in the ordinary course of business, including Investments in connection with any Qualified Receivables Financing;

(5) Investments in payroll, travel, relocation, entertainment and similar advances to cover matters that are expected at the time of such advances ultimately to be treated as expenses for accounting purposes and that are made in the ordinary course of business;

(6) Management Advances and any advances or loans not to exceed £2.5 million, plus £2.5 million multiplied by the number of calendar years that have commenced since the Issue Date, at any one time outstanding to any management equity plan or stock option plan or any other management or employee benefit or incentive plan or unit trust or the trustees of any such plan or trust to pay for the purchase or other acquisition for value of Capital Stock (other than Disqualified Stock) of the Company or a Parent Entity of the Company;

(7) Investments in Capital Stock, obligations or securities received in settlement of debts created in the ordinary course of business and owing to the Company or any Restricted Subsidiary, or as a result of foreclosure, perfection or enforcement of any Lien, or in satisfaction of judgments or pursuant to any plan of reorganization or similar arrangement including upon the bankruptcy or insolvency of a debtor;

(8) Investments made as a result of the receipt of non-cash consideration from a sale or other disposition of property or assets, including an Asset Disposition, in each case, that was made in compliance with "*—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*";

(9) Investments in existence on, or made pursuant to legally binding commitments in existence on, the Issue Date, and any extension, modification or renewal of any such Investment; *provided* that the amount of the Investment may be increased (i) as required by the terms of the Investment as in existence on the Issue Date or (b) as otherwise permitted under the Indenture;

(10) Currency Agreements, Interest Rate Agreements, Commodity Hedging Agreements and related Hedging Obligations, which transactions or obligations are Incurred in compliance with "*—Certain Covenants—Limitation on Indebtedness*";

(11) Investments, taken together with all other Investments made pursuant to this clause (11) and at any time outstanding, in an aggregate amount at the time of such Investment (net of any distributions, dividends, payments or other returns in respect of such Investments, except to the extent that the Company elects to include such distributions, dividends, payments or other returns in respect of such Investments for purposes of making Restricted Payments under clauses (iv) or (vi) of the first paragraph of the covenant described below under "*—Limitation on Restricted Payments*") not to exceed (i) the greater of £100 million and 8.3% of Total Assets, if such Investments relate to a Permitted Energy Business and (ii) £10 million for any other Investments; *provided* that, if an Investment is made pursuant to this clause in a Person that is not a Restricted Subsidiary and such Person subsequently becomes a Restricted Subsidiary or is subsequently designated a Restricted Subsidiary pursuant to the covenant described under "*—Certain Covenants—Limitation on Restricted Payments*", such Investment shall thereafter be deemed to have been made pursuant to clause (1) or (2) of the definition of "*Permitted Investments*" and not this clause;

(12) pledges or deposits with respect to leases or utilities provided to third parties in the ordinary course of business or Liens otherwise described in the definition of "Permitted Liens" or made in connection with Liens permitted under the covenant described under "*—Certain Covenants—Limitation on Liens*";

(13) any Investment to the extent made using Capital Stock of the Company (other than Disqualified Stock), Subordinated Shareholder Funding or Capital Stock of any Parent Entity as consideration;

(14) any transaction to the extent constituting an Investment that is permitted and made in accordance with the provisions of clauses (4), (6), (10) or (14) of the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Affiliate Transactions*";

(15) Guarantees of Indebtedness of the Company or its Restricted Subsidiaries that is permitted to be Incurred by the covenant described under "*—Certain Covenants—Limitation on Indebtedness*" and (other than with respect to Indebtedness) guarantees, keepwells and similar arrangements in the ordinary course of business;

(16) Investments in loans under the Revolving Credit Facility Agreement, the Notes and any Additional Notes;

(17) any Investments received in compromise or resolution of (a) obligations of trade creditors or customers that were incurred in the ordinary course of business of the Company or any of the Restricted Subsidiaries, including pursuant to any plan of reorganization or similar arrangement upon the bankruptcy or insolvency of any trade creditor or customer; or (b) litigation, arbitration or other disputes; and

(18) Investments acquired after the Issue Date as a result of the acquisition by the Company or any of its Restricted Subsidiaries of another Person, including by way of a merger, amalgamation or consolidation with or into the Company or any of its Restricted Subsidiaries in a transaction that is not prohibited by the covenant described above under the caption "*—Certain Covenants—Merger and Consolidation*" to the extent that such Investments were not made in contemplation of such acquisition, merger, amalgamation or

consolidation and were in existence on the date of such acquisition, merger, amalgamation or consolidation.

"*Permitted Liens*" means, with respect to any Person:

(1) Liens on assets or property of any direct or indirect Restricted Subsidiary of the Company that is not a Guarantor securing Indebtedness of any direct or indirect Restricted Subsidiary of the Company that is not a Guarantor permitted by the covenant described under "*—Certain Covenants—Limitation on Indebtedness*";

(2) pledges, deposits or Liens under workmen's compensation laws, unemployment insurance laws, social security laws or similar legislation, or insurance related obligations (including pledges or deposits securing liability to insurance carriers under insurance or self-insurance arrangements), or in connection with bids, tenders, completion guarantees, contracts (other than for borrowed money) or leases, or to secure utilities, licenses, public or statutory obligations, or to secure surety, indemnity, judgment, appeal or performance bonds, guarantees of government contracts (or other similar bonds, instruments or obligations), or as security for contested Taxes or import or customs duties or for the payment of rent, or other obligations of like nature, in each case Incurred in the ordinary course of business;

(3) Liens imposed by law, including carriers', warehousemen's, mechanics', landlords', materialmen's and repairmen's or other similar Liens, in each case for sums not yet overdue for a period of more than 60 days or that are bonded or being contested in good faith by appropriate proceedings;

(4) Liens for Taxes, assessments or other governmental charges not yet delinquent or which are being contested in good faith by appropriate proceedings; provided that appropriate reserves required pursuant to IFRS have been made in respect thereof;

(5) Liens in favor of issuers of surety, performance or other bonds, guarantees or letters of credit or bankers' acceptances (not issued to support Indebtedness for borrowed money) issued pursuant to the request of and for the account of the Company or any Restricted Subsidiary in the ordinary course of its business;

(6) encumbrances, ground leases, easements (including reciprocal easement agreements), survey exceptions, or reservations of, or rights of others for, licenses, rights of way, sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning, building codes or other restrictions (including minor defects or irregularities in title and similar encumbrances) as to the use of real properties or Liens incidental to the conduct of the business of the Company and its Restricted Subsidiaries (including, but not limited to, any Liens on assets or property of the Company and its Restricted Subsidiaries in compliance with the Single Electricity Market Trading and Settlement Code)) or to the ownership of its properties which do not in the aggregate materially adversely affect the value of said properties or materially impair their use in the operation of the business of the Company and its Restricted Subsidiaries;

(7) Liens on assets or property of the Company or any Restricted Subsidiary (other than Collateral) securing Hedging Obligations permitted under the Indenture and relating to Indebtedness permitted to be Incurred under the Indenture and which is secured by a Lien on the same assets or property that secures such Indebtedness;

(8) leases, licenses, subleases and sublicenses of assets (including real property and intellectual property rights), in each case entered into in the ordinary course of business;

(9) Liens arising out of judgments, decrees, orders or awards not giving rise to an Event of Default so long as any appropriate legal proceedings which may have been duly initiated

for the review of such judgment, decree, order or award have not been finally terminated or the period within which such proceedings may be initiated has not expired;

(10) Liens on assets or property of the Company or any Restricted Subsidiary for the purpose of securing Capitalized Lease Obligations or Purchase Money Obligations, or securing the payment of all or a part of the purchase price of, or securing other Indebtedness Incurred to finance or refinance the acquisition, improvement or construction of, assets or property acquired or constructed in the ordinary course of business; *provided* that (a) the aggregate principal amount of Indebtedness secured by such Liens is otherwise permitted to be Incurred under the Indenture and (b) any such Lien may not extend to any assets or property of the Company or any Restricted Subsidiary other than assets or property acquired, improved, constructed or leased with the proceeds of such Indebtedness and any improvements or accessions to such assets and property;

(11) Liens arising by virtue of any statutory or common law provisions relating to banker's Liens, rights of set-off or similar rights and remedies as to deposit accounts or other funds maintained with a depositary or financial institution;

(12) Liens arising from Uniform Commercial Code financing statement filings (or similar filings in other applicable jurisdictions) regarding operating leases entered into by the Company and its Restricted Subsidiaries in the ordinary course of business;

(13) Liens existing on, or provided for or required to be granted under written agreements existing on, the Issue Date;

(14) Liens on property, other assets or shares of stock of a Person at the time such Person becomes a Restricted Subsidiary (or at the time the Company or a Restricted Subsidiary acquires such property, other assets or shares of stock, including any acquisition by means of a merger, consolidation or other business combination transaction with or into the Company or any Restricted Subsidiary), including Liens created, incurred or assumed in connection with, or in contemplation of such acquisition or transaction; provided, that such Liens are limited to all or part of the same property, other assets or stock (plus improvements, accession, proceeds or dividends or distributions in connection with the original property, other assets or stock) that secured (or, under the written arrangements under which such Liens arose, could secure) the obligations to which such Liens relate;

(15) Liens on assets or property of any Restricted Subsidiary that is not a Guarantor securing Indebtedness or other obligations of such Restricted Subsidiary owing to the Company or another Restricted Subsidiary, or Liens in favor of the Issuers or any Guarantor;

(16) Liens securing Refinancing Indebtedness Incurred to refinance Indebtedness that was previously so secured, and permitted to be secured under the Indenture; *provided* that any such Lien is limited to all or part of the same property or assets (plus improvements, accessions, proceeds or dividends or distributions in respect thereof) that secured (or, under the written arrangements under which the original Lien arose, could secure) the Indebtedness being refinanced or is in respect of property that is or could be the security for or subject to a Permitted Lien hereunder;

(17) any interest or title of a lessor under any Capitalized Lease Obligation or operating lease;

(18) (a) mortgages, liens, security interest, restrictions, encumbrances or any other matters of record that have been placed by any government, statutory or regulatory authority, developer, landlord or other third party on property over which the Company or any Restricted Subsidiary of the Company has easement rights or on any leased property and subordination or similar arrangements relating thereto and (b) any condemnation or eminent domain proceedings affecting any real property;

(19) any encumbrance or restriction (including put and call arrangements) with respect to Capital Stock of, or assets owned by, any joint venture or similar arrangement pursuant to any joint venture or similar agreement;

(20) Liens on property or assets under construction (and related rights) in favor of a contractor or developer or arising from progress or partial payments by a third party relating to such property or assets;

(21) Liens on Receivables Assets Incurred in connection with a Qualified Receivables Financing;

(22) Escrowed Proceeds for the benefit of the related holders of debt securities or other Indebtedness (or the underwriters or arrangers thereof) or on cash set aside at the time of the incurrence of any Indebtedness or government securities purchased with such cash, in either case to the extent such cash or government securities prefund the payment of interest on such Indebtedness and are held in escrow accounts or similar arrangement to be applied for such purpose;

(23) Liens securing or arising by reason of any netting or set-off arrangement entered into in the ordinary course of banking or other trading activities;

(24) Liens arising out of conditional sale, title retention, hire purchase, consignment or similar arrangements for the sale of goods entered into in the ordinary course of business;

(25) Liens on Capital Stock or other securities or assets of any Unrestricted Subsidiary that secure Indebtedness of such Unrestricted Subsidiary;

(26) any security granted over the marketable securities portfolio described in clause (9) of the definition of "Cash Equivalents" in connection with the disposal thereof to a third party;

(27) (a) Liens created for the benefit of or to secure, directly or indirectly, the Notes (including any Guarantee thereof) and (b) Liens pursuant to the Intercreditor Agreement;

(28) Liens over cash paid into an escrow account pursuant to any purchase price retention arrangement as part of any permitted disposal by the Company or a Restricted Subsidiary;

(29) Liens provided that the maximum amount of Indebtedness secured in the aggregate at any one time pursuant to this clause (29) does not exceed the greater of £25 million and 2.1% of Total Assets;

(30) limited recourse Liens in respect of the ownership interests in, or assets owned by, any joint ventures which are not Restricted Subsidiaries securing obligations of such joint ventures;

(31) Liens or assets or property of a Restricted Subsidiary securing Indebtedness of such Restricted Subsidiary permitted by clause (15) of the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*"; and

(32) any Lien created or permitted to be outstanding in respect of Renewable Asset Indebtedness, provided that such Lien is only over the property or assets of the relevant Renewable Asset.

"*Person*" means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, limited liability company, government or any agency or political subdivision thereof or any other entity.

"*Preferred Stock*", as applied to the Capital Stock of any Person, means Capital Stock of any class or classes (however designated) which is preferred as to the payment of dividends or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over shares of Capital Stock of any other class of such Person.

"*Public Debt*" means any Indebtedness consisting of bonds, debentures, notes or other similar debt securities issued in (1) a public offering registered under the U.S. Securities Act or (2) a private placement to institutional investors that is underwritten for resale in accordance with Rule 144A or Regulation S under the U.S. Securities Act, whether or not it includes registration rights entitling the holders of such debt securities to registration thereof with the SEC for public resale.

"*Public Market*" means any time after:

(1) an Equity Offering has been consummated; and

(2) shares of common stock or other common equity interests of the IPO Entity having a market value in excess of £100 million on the date of such Equity Offering have been distributed pursuant to such Equity Offering.

"*Public Offering*" means any offering, including an Initial Public Offering, of shares of common stock or other common equity interests that are listed on an exchange or publicly offered (which shall include an offering pursuant to Rule 144A or Regulation S under the U.S. Securities Act to professional market investors or similar persons).

"*Purchase Money Obligations*" means any Indebtedness Incurred to finance or refinance the acquisition, leasing, construction or improvement of property (real or personal) or assets (including Capital Stock), and whether acquired through the direct acquisition of such property or assets or the acquisition of the Capital Stock of any Person owning such property or assets, or otherwise.

"*Qualified Receivables Financing*" means any transaction or series of transactions that may be entered into by the Company or any of its Subsidiaries pursuant to which the Company or any of its Subsidiaries may sell, convey or otherwise transfer to (a) a Receivables Subsidiary, or (b) any other Person, or may grant a security interest in, any Receivables Assets (whether now existing or arising in the future) of the Company or any of its Subsidiaries, and any assets related thereto, including all collateral securing such Receivables Assets, all contracts and all guarantees or other obligations in respect of such Receivables Assets, proceeds of such Receivables Assets and other assets which are customarily transferred or in respect of which security interest are customarily granted in connection with asset securitization transactions involving Receivables Assets.

The grant of a security interest in any Receivables Assets of the Company or any of its Restricted Subsidiaries (other than a Receivables Subsidiary) to secure Indebtedness under a Credit Facility or Indebtedness in respect of the Notes shall not be deemed a Qualified Receivables Financing.

"*Receivables Assets*" means any assets that are or will be the subject of a Qualified Receivables Financing, including but not limited to, accounts receivable and trade receivables (including unbilled consumption) and Energy Instruments.

"*Receivables Fees*" means distributions or payments made directly or by means of discounts with respect to any participation interest issued or sold in connection with, and other fees paid to a Person that is not a Restricted Subsidiary in connection with, any Qualified Receivables Financing.

"*Receivables Repurchase Obligation*" means any obligation of a seller of receivables in a Qualified Receivables Financing to repurchase receivables arising as a result of a breach of a representation, warranty or covenant or otherwise, including as a result of a receivable or portion thereof becoming subject to any asserted defense, dispute, off-set or counterclaim of any kind as a result of any action taken by, any failure to take action by or any other event relating to the seller.

"*Receivables Subsidiary*" means a Wholly-Owned Subsidiary of the Company (or another Person formed for the purposes of engaging in a Qualified Receivables Financing with the Company in which the Company or any Subsidiary of the Company makes an Investment and to which the Company or any Subsidiary of the Company transfers Receivables Assets and related assets) which engages in no activities other than in connection with the financing of Receivables Assets of the Company and its Subsidiaries, all proceeds thereof and all rights (contractual or other), collateral and other assets relating thereto, and any business or activities incidental or related to such business, and which is designated by the Board of Directors of the Company (as provided below) as a Receivables Subsidiary and:

(1) no portion of the Indebtedness or any other obligations (contingent or otherwise) of which (i) is guaranteed by the Company or any other Restricted Subsidiary of the Company (excluding guarantees of obligations (other than the principal of, and interest on, Indebtedness) pursuant to Standard Securitization Undertakings), (ii) is recourse to or obligates the Company or any other Restricted Subsidiary of the Company in any way other than pursuant to Standard Securitization Undertakings, or (iii) subjects any property or asset of the Company or any other Restricted Subsidiary of the Company, directly or indirectly, contingently or otherwise, to the satisfaction thereof, other than pursuant to Standard Securitization Undertakings;

(2) with which neither the Company nor any other Restricted Subsidiary of the Company has any material contract, agreement, arrangement or understanding (except in connection with a Qualified Receivables Financing) other than on terms which the Company reasonably believes to be no less favorable to the Company or such Restricted Subsidiary than those that might be obtained at the time from Persons that are not Affiliates of the Company; and

(3) to which neither the Company nor any other Restricted Subsidiary of the Company has any obligation to maintain or preserve such entity's financial condition or cause such entity to achieve certain levels of operating results.

Any such designation by the Board of Directors of the Company shall be evidenced to the Trustee by filing with the Trustee a copy of the resolution of the Board of Directors of the Company giving effect to such designation and an Officer's Certificate certifying that such designation complied with the foregoing conditions.

"*refinance*" means refinance, refund, replace, renew, repay, modify, restate, defer, substitute, supplement, reissue, resell, extend or increase (including pursuant to any defeasance or discharge mechanism) and the terms "refinances", "refinanced" and "refinancing" as used for any purpose in the Indenture shall have a correlative meaning.

"*Refinancing Indebtedness*" means Indebtedness that is Incurred to refund, refinance, replace, exchange, renew, repay or extend (including pursuant to any defeasance or discharge mechanism) any Indebtedness existing on the date of the Indenture or Incurred in compliance with the Indenture (including Indebtedness of the Company that refinances Indebtedness of any Restricted Subsidiary and Indebtedness of any Restricted Subsidiary that refinances Indebtedness of the Company or another Restricted Subsidiary) including Indebtedness that refinances Refinancing Indebtedness; *provided*, *however*, that:

(1) if the Indebtedness being refinanced constitutes Subordinated Indebtedness, the Refinancing Indebtedness has a final stated maturity at the time such Refinancing Indebtedness is Incurred that is the same as or later than the final stated maturity of the Indebtedness being refinanced or, if shorter, the Notes;

(2) such Refinancing Indebtedness is Incurred in an aggregate principal amount (or if issued with original issue discount, an aggregate issue price) that is equal to or less than the sum of the aggregate principal amount (or if issued with original issue discount, the aggregate

accreted value) then outstanding of the Indebtedness being refinanced (plus, without duplication, any additional Indebtedness Incurred to pay interest or premiums (including tender premiums), accrued and unpaid interest, costs, expenses and fees in connection therewith; and

(3) if the Indebtedness being refinanced is expressly subordinated to the Notes, such Refinancing Indebtedness is subordinated to the Notes on terms at least as favorable to the Holders as those contained in the documentation governing the Indebtedness being refinanced,

provided, *however*, that Refinancing Indebtedness shall not include Indebtedness of the Company or a Restricted Subsidiary that refinances Indebtedness of an Unrestricted Subsidiary.

Refinancing Indebtedness in respect of any Credit Facility or any other Indebtedness may be Incurred from time to time after the termination, discharge or repayment of any such Credit Facility or other Indebtedness.

"*Regulated Entity*" means Power NI Energy Limited and any successor thereto or any other Restricted Subsidiary that is or becomes a supplier of electricity regulated by the Northern Ireland Authority for Utility Regulation or the Department for Enterprise Trade and Investment.

"*Related Person*" with respect to any Permitted Holder, means:

(1) any controlling equity holder, majority (or more) owned Subsidiary or partner or member of such Person;

(2) in the case of an individual, any spouse, family member or relative of such individual, any trust or partnership for the benefit of one or more of such individual and any such spouse, family member or relative, or the estate, executor, administrator, committee or beneficiaries of any thereof;

(3) any trust, corporation, partnership or other Person for which one or more of the Permitted Holders and other Related Persons of any thereof constitute the beneficiaries, stockholders, partners or owners thereof, or Persons beneficially holding in the aggregate a majority (or more) controlling interest therein; or

(4) any investment fund or vehicle managed, sponsored or advised by such Person or any successor thereto, or by any Affiliate of such Person or any such successor.

"*Related Taxes*" means any Taxes, including sales, use, transfer, rental, ad valorem, value added, stamp, property, consumption, franchise, license, capital, registration, business, customs, net worth, gross receipts, excise, occupancy, intangibles or similar Taxes (other than (x) Taxes measured by income and (y) withholding imposed on payments made by any Parent Entity), required to be paid (*provided* such Taxes are in fact paid) by any Parent Entity by virtue of its:

(a) being incorporated or otherwise being established or having Capital Stock outstanding (but not by virtue of owning stock or other equity interests of any corporation or other entity other than, directly or indirectly, the Company or any of the Company's Subsidiaries);

(b) issuing or holding Subordinated Shareholder Funding;

(c) being a Holding Company, directly or indirectly, of the Company or any of the Company's Subsidiaries;

(d) receiving dividends from or other distributions in respect of the Capital Stock of, directly or indirectly, the Company or any of the Company's Subsidiaries; or

(e) having made any payment with respect to any of the items for which the Company is permitted to make payments to any Parent Entity pursuant to "*—Certain Covenants—Limitation on Restricted Payments*".

"*Renewable Asset*" means any asset owned or held by a Restricted Subsidiary that is used or useful in the renewable energy business or a Permitted Energy Business.

"*Renewable Asset Indebtedness*" means any Indebtedness which is issued, borrowed or raised to finance the ownership, acquisition, construction, development and/or operation of a Renewable Asset.

"*Renewable Asset Sale*" means any sale, lease, conveyance or other disposition of a Renewable Asset.

"*Renewable Asset Sale Proceeds*" means the aggregate cash proceeds received by any joint venture or Unrestricted Subsidiary that is an Existing Wind Farm Asset in respect of any Renewable Asset Sale (including, without limitation, any cash received upon the sale or other disposition of any non-cash consideration or Cash Equivalents substantially concurrently received in any Renewable Asset Sale), net of the direct costs relating to such Renewable Asset Sale, including, without limitation, legal, accounting and investment banking fees, and sales commissions, and any relocation expenses incurred as a result of the Renewable Asset Sale, taxes paid or payable as a result of the Renewable Asset Sale, and all distributions and other payments required to be made to interest holders (other than the Company or any of its Subsidiaries) in Subsidiaries or joint venture partners as a result of such Renewable Asset Sale, and any reserve for adjustment or indemnification obligations in respect of the sale price of such asset or assets established in accordance with IFRS, *minus*, the amount of any repayment, repurchase, prepayment or redemption of Indebtedness of the Unrestricted Subsidiary or joint venture that owned such Renewable Asset immediately prior to such Renewable Asset Sale and that was secured by a lien on such Renewable Asset, provided that such Indebtedness is owed to a Person other than an Affiliate of the Company or the Initial Investors.

"*Replacement Assets*" means non-current properties and assets that replace the properties and assets that were the subject of an Asset Disposition or non-current properties and assets that will be used in the Company's business or in that of the Restricted Subsidiaries as of the Issue Date or any and all businesses that in the good faith judgment of an Officer of the Company are reasonably related thereto.

"*Representative*" means any trustee, agent or representative (if any) for an issue of Indebtedness or the provider of Indebtedness (if provided on a bilateral basis), as the case may be.

"*Restricted Investment*" means any Investment other than a Permitted Investment.

"*Restricted Subsidiary*" means any Subsidiary of the Company other than an Unrestricted Subsidiary.

"*Revolving Credit Facility Agreement"* means the super senior revolving facility agreement, dated September 13, 2017, among, *inter alios*, Viridian Group Limited and the RoI Issuer, as original borrowers, the Issuers and the Guarantors, as original guarantors, the arrangers named therein, Deutsche Bank AG, London Branch, as facility agent, The Bank of New York Mellon, London Branch, as security agent, and certain other financial institutions, as lenders, as amended, restated, modified, renewed, refunded, replaced, restructured, refinanced, repaid, increased or extended in whole or in part from time to time.

"*S&P*" means Standard & Poor's Ratings Services, a division of McGraw Hill, Inc., or any of its successors or assigns that is a Nationally Recognized Statistical Rating Organization.

"*SEC*" means the U.S. Securities and Exchange Commission.

"*Security Documents*" means the security agreements, pledge agreements, collateral assignments, and any other instrument and document executed and delivered pursuant to the Indenture or otherwise or any of the foregoing, as the same may be amended, supplemented or otherwise modified from time to time, creating the security interests in the Collateral as contemplated by the Indenture.

"*Senior Secured Indebtedness*" means, with respect to any Person as of any date of determination, any Indebtedness for borrowed money that is secured by a first-priority Lien on the Collateral.

"*Significant Subsidiary*" means any Restricted Subsidiary that meets any of the following conditions:

(1) the Company's and its Restricted Subsidiaries' investments in and advances to the Restricted Subsidiary exceed 10% of the total assets of the Company and its Restricted Subsidiaries on a consolidated basis as of the end of the most recently completed fiscal year;

(2) the Company's and its Restricted Subsidiaries' proportionate share of the total assets (after intercompany eliminations) of the Restricted Subsidiary exceeds 10% of the total assets of the Company and its Restricted Subsidiaries on a consolidated basis as of the end of the most recently completed fiscal year; or

(3) the Company's and its Restricted Subsidiaries' proportionate share of the Consolidated EBITDA of the Restricted Subsidiary exceeds 10% of the Consolidated EBITDA of the Company and its Restricted Subsidiaries on a consolidated basis for the most recently completed fiscal year.

"*Similar Business*" means (a) any businesses, services or activities engaged in by the Company or any of its Subsidiaries or any Associates on the Issue Date and (b) any businesses, services and activities that are related, complementary, incidental, ancillary or similar to any of the foregoing or are extensions or developments of any thereof.

"*Single Electricity Market Trading and Settlement Code*" means the Single Electricity Market Trading and Settlement Code designated by the Commission for Energy Regulation and the Northern Ireland Authority for Utility Regulation dated 3 July, 2007 and modified from time to time thereafter in accordance with procedures set out therein, and any successor or replacement rules regarding electricity trading and settlement system for the Single Electricity Market or any successor or replacement wholesale electricity market in the Republic of Ireland and/or Northern Ireland.

"*Specified Change of Control Event*" means the occurrence of any event that would constitute a Change of Control pursuant to the definition thereof; *provided* that at the time any transfer of shares or other change of control transaction occurs, the Consolidated Net Leverage Ratio would have been less than 4.0 to 1.00, immediately after the occurrence of such event giving pro forma effect thereto. Notwithstanding the foregoing, only one Specified Change of Control Event shall be permitted under the Indenture after the Issue Date; *provided, further*, that when calculating the Consolidated Net Leverage Ratio of the Company and its Restricted Subsidiaries for the purposes of this definition, the Company shall be entitled at its option to make such calculations as it would if making calculations of baskets or ratios in connection with a Limited Condition Acquisition, and the date of determination of the Consolidated Net Leverage Ratio of the Company and its Restricted Subsidiaries shall, upon such election by the Issuers, be the date of the Definitive Agreements in respect of such event with such pro forma adjustments as are appropriate and consistent with the pro forma provisions set forth in the definition of Consolidated Net Leverage Ratio after giving effect to such event and the other transactions to be entered into in connection therewith (including any incurrence of Indebtedness and the use of proceeds thereof) as if they occurred at the beginning of the applicable period for purposes of determining the ability for such event to qualify as a Specified Change of Control Event.

"*Standard Securitization Undertakings*" means representations, warranties, covenants, indemnities and guarantees of performance entered into by the Company or any Subsidiary of the Company which the Company has determined in good faith to be customary in a Qualified

Receivables Financing, including those relating to the servicing of the assets of a Receivables Subsidiary, it being understood that any Receivables Repurchase Obligation shall be deemed to be a Standard Securitization Undertaking.

"*Stated Maturity*" means, with respect to any security, the date specified in such security as the fixed date on which the payment of principal of such security is due and payable, including pursuant to any mandatory redemption provision, but shall not include any contingent obligations, including those described in "*—Change of Control*" and the covenant under "*—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*", to repay, redeem or repurchase any such principal prior to the date originally scheduled for the payment thereof.

"*Sterling Applicable Premium*" means, with respect to any Sterling Note the greater of:

(a) 1% of the principal amount of such Sterling Note; and

(b) the excess (to the extent positive) of:

(A) the present value at such redemption date of (1) the redemption price of such Sterling Note at September 15, 2020 (such redemption price (expressed in percentage of principal amount) being set forth under the heading "*—Optional Redemption—Optional Redemption of the Sterling Notes*" (excluding accrued and unpaid interest)), plus (2) all required interest payments due on such Sterling Note to and including September 15, 2020 (excluding accrued but unpaid interest), computed upon the redemption date using a discount rate equal to the Gilt Rate at such date of a notice of redemption plus 50 basis points; over

(B) the outstanding principal amount of such Sterling Note,

as calculated by the Issuers or on behalf of the Issuers by such Person as the Issuers shall designate. For the avoidance of doubt, calculation of the Sterling Applicable Premium shall not be an obligation or duty of the Trustee or any Paying Agent.

"*Sterling Equivalent*" means, with respect to any monetary amount in a currency other than sterling, at any time of determination thereof by the Issuers or the Trustee, the amount of sterling obtained by converting such currency other than sterling involved in such computation into sterling at the spot rate for the purchase of sterling with the applicable currency other than sterling as published in The Financial Times in the "Currency Rates" section (or, if The Financial Times is no longer published, or if such information is no longer available in The Financial Times, such source as may be selected in good faith by an Officer of the Company) on the date of such determination.

"*Subordinated Indebtedness*" means, with respect to any person, any Indebtedness (whether outstanding on the Issue Date or thereafter Incurred) which is expressly subordinated in right of payment to the Notes or any Note Guarantee pursuant to a written agreement.

"*Subordinated Shareholder Funding*" means, any funds provided to the Company by any Parent Entity, any Affiliate of any Parent Entity or any Permitted Holder or any Affiliate thereof, in exchange for or pursuant to any security, instrument or agreement other than Capital Stock, in each case issued to and held by any of the foregoing Persons, together with any such security, instrument or agreement and any other security or instrument other than Capital Stock issued in payment of any obligation under any Subordinated Shareholder Funding; *provided*, *however*, that such Subordinated Shareholder Funding:

(1) does not mature or require any amortization, redemption or other repayment of principal or any sinking fund payment prior to the first anniversary of the Stated Maturity of the Notes (other than through conversion or exchange of such funding into Capital Stock (other than Disqualified Stock) of the Company or any funding meeting the requirements of this definition) or the making of any such payment prior to the first anniversary of the

Stated Maturity of the Notes is restricted by the Intercreditor Agreement, an Additional Intercreditor Agreement or another intercreditor agreement;

(2) does not require, prior to the first anniversary of the Stated Maturity of the Notes, payment of cash interest, cash withholding amounts or other cash gross-ups, or any similar cash amounts or the making of any such payment prior to the first anniversary of the Stated Maturity of the Notes is restricted by the Intercreditor Agreement or an Additional Intercreditor Agreement;

(3) contains no change of control or similar provisions and does not accelerate and has no right to declare a default or event of default or take any enforcement action or otherwise require any cash payment, in each case, prior to the first anniversary of the Stated Maturity of the Notes or the payment of any amount as a result of any such action or provision or the exercise of any rights or enforcement action, in each case, prior to the first anniversary of the Stated Maturity of the Notes is restricted by the Intercreditor Agreement or an Additional Intercreditor Agreement;

(4) does not provide for or require any security interest or encumbrance over any asset of the Company or any of its Subsidiaries; and

(5) pursuant to its terms or the terms of the Intercreditor Agreement, an Additional Intercreditor Agreement or another intercreditor agreement, is fully subordinated and junior in right of payment to the Notes pursuant to subordination, payment blockage and enforcement limitation terms which are customary in all material respects for similar funding or are no less favorable in any material respect to Holders than those contained in the Intercreditor Agreement as in effect on the Issue Date with respect to the "Subordinated Liabilities" (as defined therein).

"*Subsidiary*" means, with respect to any Person:

(1) any corporation, association, or other business entity (other than a partnership, joint venture, limited liability company or similar entity) of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time of determination owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof; or

(2) any partnership, joint venture, limited liability company or similar entity of which:

   (a) more than 50% of the capital accounts, distribution rights, total equity and voting interests or general or limited partnership interests, as applicable, are owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof whether in the form of membership, general, special or limited partnership interests or otherwise; and

   (b) such Person or any Subsidiary of such Person is a controlling general partner or otherwise controls such entity.

"*Subsidiary Guarantors*" means each of Viridian Group FundCo I Limited, Viridian Group FundCo II Limited, Viridian Group FundCo III Limited, EI Ventures Limited, Huntstown Power Company Limited, Viridian Power Limited, Viridian Energy Limited, Power and Energy Holdings (ROI) Limited, Viridian Group Limited, Viridian Power and Energy Limited, Viridian Energy Supply Limited and ElectricInvest (Lux) ROI S.à r.l. and any other Subsidiary of the Company that executes a Note Guarantee in accordance with the provisions of the Indenture, and their respective successors and assigns, in each case, until the Note Guarantee of such Person has been released in accordance with the provisions of the Indenture.

"*Successor Parent*" means, with respect to any Person, any other Person more than 50% of the total voting power of the Voting Stock of which is, at the time the first Person becomes a Subsidiary of such other Person, "beneficially owned" (as defined below) by one or more Persons that "beneficially owned" (as defined below) more than 50% of the total voting power of the Voting Stock of the first Person immediately prior to the first Person becoming a Subsidiary of such other Person. For purposes hereof, "beneficially own" has the meaning correlative to the term "beneficial owner", as such term is defined in Rules 13d-3 and 13d-5 under the U.S. Exchange Act (as in effect on the Issue Date).

"*TARGET Settlement Day*" means any day on which the Trans European Automated Real Time Gross Settlement Express Transfer (TARGET) System is open.

"*Tax Sharing Agreement*" means any tax sharing or profit and loss pooling or similar agreement with customary or arm's-length terms entered into with any Parent Entity or Unrestricted Subsidiary, as the same may be amended, supplemented, waived or otherwise modified from time to time in accordance with the terms thereof and of the Indenture, and any arrangements or transactions made between VGIL and/or any of its Subsidiaries and any Parent Entity in order to satisfy the obligations arising under any such Tax Sharing Agreement (including, for the avoidance of doubt, distributions for purposes of compensating accounting losses in relation to a profit and loss pooling agreement and/or upstream loans to any Parent Entity to enable a Parent Entity to compensate VGIL or such Subsidiary for losses incurred which may need to be compensated by a Parent Entity under any profit and loss pooling agreement).

"*Taxes*" means all present and future taxes, levies, imposts, deductions, charges, duties and withholdings and any charges of a similar nature (including interest and penalties with respect thereto) that are imposed by any government or other taxing authority.

"*Temporary Cash Investments*" means any of the following:

(1) any investment in:

  (a) direct obligations of, or obligations Guaranteed by, (i) the United Kingdom, the United States, Australia or Canada, (ii) any European Union member state to the extent rated at least "A" by S&P, "A2" by Moody's or "A" by Fitch (or, in each case, the equivalent of such rating by such organization or, if no rating of S&P, Moody's or Fitch then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization), (iii) Switzerland or Norway, (iv) any country in whose currency funds are being held specifically pending application in the making of an investment or capital expenditure by the Company or a Restricted Subsidiary in that country with such funds or (v) any agency or instrumentality of any such country or member state; or

  (b) direct obligations of any country recognized by the United States rated at least "A" by S&P, "A2" by Moody's or "A" by Fitch (or, in each case, the equivalent of such rating by such organization or, if no rating of S&P, Moody's or Fitch then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization);

(2) overnight bank deposits, and investments in time deposit accounts, certificates of deposit, bankers' acceptances and money market deposits (or, with respect to foreign banks, similar instruments) maturing not more than one year after the date of acquisition thereof issued by:

  (a) any lender under the Revolving Credit Facility Agreement;

  (b) any institution authorized to operate as a bank in any of the countries or member states referred to in sub-clause (7) below; or

(c) any bank or trust company organized under the laws of any such country or member state or any political subdivision thereof,

in each case, having capital and surplus aggregating in excess of €250 million (or the foreign currency equivalent thereof) and whose long-term debt is rated at least "A−" by S&P, "A3" by Moody's or "A−" by Fitch (or, in each case, the equivalent of such rating by such organization or, if no rating of S&P, Moody's or Fitch then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization) at the time such Investment is made;

(3) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clause (1) or (2) above entered into with a Person meeting the qualifications described in clause (2) above;

(4) Investments in commercial paper, maturing not more than 270 days after the date of acquisition, issued by a Person (other than the Company or any of its Subsidiaries), with a rating at the time as of which any Investment therein is made of "P-2" (or higher) according to Moody's, "A-2" (or higher) according to S&P or "F2" (or higher) according to Fitch (or, in each case, the equivalent of such rating by such organization or, if no rating of Moody's, S&P or Fitch then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization);

(5) Investments in securities maturing not more than one year after the date of acquisition issued or fully Guaranteed by the United States of America or Canada, any Permissible Jurisdiction, Switzerland, Norway or by any political subdivision or taxing authority of any such state, commonwealth, territory, country or member state, and rated at least "BBB−" by S&P, "Baa3" by Moody's or "BBB−" by Fitch (or, in each case, the equivalent of such rating by such organization or, if no rating of S&P, Moody's or Fitch then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization);

(6) bills of exchange issued in the United States of America, any province of Canada, any Permissible Jurisdiction, Switzerland or Norway or Japan eligible for rediscount at the relevant central bank and accepted by a bank (or any dematerialized equivalent);

(7) any money market deposit accounts issued or offered by a commercial bank organized under the laws of a country that is a member of the Organization for Economic Co-operation and Development, in each case, having capital and surplus in excess of €250 million (or the foreign currency equivalent thereof) or whose long term debt is rated at least "A" by S&P, "A2" by Moody's or "A" by Fitch (or, in each case, the equivalent of such rating by such organization or, if no rating of S&P, Moody's or Fitch then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization) at the time such Investment is made;

(8) investment funds investing 95% of their assets in securities of the type described in clauses (1) through (7) above (which funds may also hold reasonable amounts of cash pending investment or distribution); and

(9) investments in money market funds (a) complying with the risk limiting conditions of Rule 2a-7 (or any successor rule) of the SEC under the U.S. Investment Company Act of 1940, as amended or (b) rated "AAA" by S&P, "Aaa" by Moody's or "AAA" by Fitch (or, in each case, the equivalent of such rating by such organization or, if no rating of S&P, Moody's or Fitch then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization).

"*Total Assets*" means the combined total assets of the Company and its Subsidiaries as shown on the most recent combined balance sheet of the Company prepared on the basis of IFRS on or prior to the date of determination, *less* any project finance related liabilities of Unrestricted Subsidiaries.

"*Transactions*" has the meaning given to such term in this Offering Memorandum under the caption "*Certain Definitions Relating to the Group and the Transactions*".

"*UK Government Obligations*" means direct obligations of, or obligations guaranteed by, the United Kingdom, and the payment for which the United Kingdom pledges its full faith and credit.

"*UK Holding Company*" means a Wholly-Owned Subsidiary of the Company that owns (i) all or substantially all of the other Restricted Subsidiaries of the Company and (ii) directly or indirectly, the Issuers (including, in each case, any successor entity).

"*Unrestricted Subsidiary*" means:

(1) (i) Viridian Renewables Company 4 Limited and its subsidiaries Wheelhouse Energy (NI) Limited and Cornavarrow Windfarm Ltd, (ii) Clondermot Wind Limited, (iii) Thornog Windfarm Ltd, (iv) Viridian Renewables Company 3 Limited and its subsidiaries: Eshmore Ltd, Long Mountain Windfarm Limited, Mosslee Limited, Gortfinbar Windfarm Limited, Altamuskin Windfarm Limited, (v) Slievglass Wind Farm Limited, (vi) Teiges Mountain Wind Farm Limited, (vii) Lisglass Wind Ltd, (viii) Eshmore Wind Limited (ix) Holyford Windfarm Limited and (x) Windgeneration Ireland Limited;

(2) any Subsidiary of the Company that at the time of determination is an Unrestricted Subsidiary (as designated by the Board of Directors of the Company in the manner provided below); and

(3) any Subsidiary of an Unrestricted Subsidiary.

The Board of Directors of the Company may designate any Subsidiary of the Company (including any newly acquired or newly formed Subsidiary or a Person becoming a Subsidiary through merger, consolidation or other business combination transaction, or Investment therein) to be an Unrestricted Subsidiary only if:

(1) such Subsidiary or any of its Subsidiaries does not own any Capital Stock or Indebtedness of, or own or hold any Lien on any property of, the Company or any other Subsidiary of the Company which is not a Subsidiary of the Subsidiary to be so designated or otherwise an Unrestricted Subsidiary; and

(2) such designation and the Investment of the Company in such Subsidiary complies with "*—Certain Covenants—Limitation on Restricted Payments*".

Any such designation by the Board of Directors of the Company shall be evidenced to the Trustee by filing with the Trustee a copy of the resolution of the Board of Directors of the Company giving effect to such designation and an Officer's Certificate certifying that such designation complies with the foregoing conditions.

The Board of Directors of the Company may designate any Unrestricted Subsidiary to be a Restricted Subsidiary; *provided* that immediately after giving effect to such designation (a) no Default or Event of Default would result therefrom and (b) (x) the Company could Incur at least £1.00 of additional Indebtedness under the first paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*" or (y) the Fixed Charge Coverage Ratio would not be less than it was immediately prior to giving effect to such designation, in each case, on a *pro forma* basis taking into account such designation. Any such designation by the Board of Directors shall be evidenced to the Trustee by promptly filing with the Trustee a copy of the resolution of the Board of Directors giving effect to such designation or an Officer's Certificate certifying that such designation complied with the foregoing provisions.

"*Uniform Commercial Code*" means the New York Uniform Commercial Code.

"*U.S. Exchange Act*" means the U.S. Securities Exchange Act of 1934, as amended, and the rules and regulations of the SEC promulgated thereunder, as amended.

"*U.S. Securities Act*" means the U.S. Securities Act of 1933, as amended, and the rules and regulations of the SEC promulgated thereunder, as amended.

"*Voting Stock*" of a Person means all classes of Capital Stock of such Person then outstanding and normally entitled to vote in the election of directors.

"*Wholly-Owned Subsidiary*" means a Restricted Subsidiary of the Company, all of the Capital Stock of which (other than directors' qualifying shares or shares required by any applicable law or regulation to be held by a Person other than the Company or another Wholly-Owned Subsidiary) is owned by the Company or another Wholly-Owned Subsidiary.

Book-entry; delivery and form

General

Notes sold to qualified institutional buyers in reliance on Rule 144A under the U.S. Securities Act will be represented by the Rule 144A Global Notes. The Rule 144A Global Notes will be deposited, on the closing date, with a common depositary and registered in the name of the nominee of the common depositary for the accounts of Euroclear and Clearstream.

Notes sold to non-U.S. persons (as defined under Regulation S) outside the United States in reliance on Regulation S under the U.S. Securities Act will be represented by the Regulation S Global Notes. The Regulation S Global Notes will be deposited, on the closing date, with a common depositary and registered in the name of the nominee of the common depositary for the accounts of Euroclear and Clearstream.

Ownership of interests in the Rule 144A Global Notes (the "Rule 144A Book-Entry Interests") and in the Regulation S Global Notes (the "Regulation S Book-Entry Interests" and, together with the Rule 144A Book-Entry Interests, the "Book-Entry Interests") will be limited to persons that have accounts with Euroclear and/or Clearstream or persons that hold interests through such participants. Euroclear and Clearstream will hold interests in the Global Notes on behalf of their participants through customers' securities accounts in their respective names on the books of their respective depositaries. Except under the limited circumstances described below, Book-Entry Interests will not be held in definitive certificated form.

Book-Entry Interests will be shown on, and transfers thereof will be done only through, records maintained in book-entry form by Euroclear and Clearstream and their participants. The laws of some jurisdictions, including certain states of the United States, may require that certain purchasers of securities take physical delivery of such securities in definitive certificated form. The foregoing limitations may impair the ability to own, transfer or pledge Book-Entry Interests. In addition, while the Notes are in global form, holders of Book-Entry Interests will not be considered the owners or "holders" of Notes for any purpose.

So long as the Notes are held in global form, the common depositary for Euroclear and/or Clearstream, as applicable (or its respective nominee), will be considered the sole holder of Global Notes for all purposes under the Indenture. In addition, participants must rely on the procedures of Euroclear and/or Clearstream, and indirect participants must rely on the procedures of Euroclear, Clearstream and the participants through which they own Book-Entry Interests, to transfer their interests or to exercise any rights of holders under the Indenture.

None of the Issuers, the Guarantors, the Trustee, the Paying Agent, the Registrar or the Transfer Agent will have any responsibility, or be liable, for any aspect of the records relating to the Book-Entry Interests.

Redemption of the Global Notes

In the event that any Global Note (or any portion thereof) is redeemed, Euroclear and/or Clearstream, as applicable, will redeem an equal amount of the Book-Entry Interests in such Global Note from the amount received by it in respect of the redemption of such Global Note. The redemption price payable in connection with the redemption of such Book-Entry Interests will be equal to the amount received by Euroclear and/or Clearstream, as applicable, in connection with the redemption of such Global Note (or any portion thereof). The Issuers understand that, under the existing practices of Euroclear and Clearstream, if fewer than all of the Notes are to be redeemed at any time, Euroclear and Clearstream will credit their respective participants' accounts on a proportionate basis (with adjustments to prevent fractions), by lot or on such other basis as they deem fair and appropriate, provided, however, that no Book-Entry Interest of less than €100,000 principal amount of the Euro Notes and the

Book-Entry Interest of less than £100,000 principal amount of the Sterling Notes may be redeemed in part.

Payments on Global Notes

Payments of any amounts owing in respect of the Sterling Notes will be made by the applicable Issuer in pound sterling to the applicable Paying Agent. Payments of any amounts owing in respect of the Euro Notes will be made by the applicable Issuer in euros to the applicable Paying Agent. The applicable Paying Agent will distribute such payments to Euroclear and Clearstream, which will distribute such payments to participants in accordance with their customary procedures. The Issuers expect that standing customer instructions and customary practices will govern payments by participants to owners of Book-Entry Interests held through such participants.

Under the terms of the Indenture, the Issuers and the Trustee and their respective agents will treat the registered holder of the Global Notes (e.g., Euroclear or Clearstream (or their respective nominees)) as the owner thereof, for the purpose of receiving payments and for all other purposes. Consequently, neither the Issuers, nor the Guarantors, the Trustee nor any of its or their respective agents has or will have any responsibility or liability for:

- any aspect of the records of Euroclear, Clearstream or any participant or indirect participant relating to, or payments made on account of, a Book-Entry Interest or for maintaining, supervising or reviewing the records of Euroclear, Clearstream or any participant or indirect participant relating to, or payments made on account of, a Book-Entry Interest; or

- Euroclear, Clearstream or any participant or indirect participant.

Currency of payment for the Global Notes

The principal of, premium, if any, and interest on, and all other amounts payable in respect of, the Global Notes, will be paid to holders of interest in such Notes (the "Euroclear/Clearstream Holders") through Euroclear and/or Clearstream in pound sterling for the Sterling Notes and in euro for the Euro Notes.

Notwithstanding the payment provisions described above, Euroclear/Clearstream Holders may elect to receive payments in respect of the Global Notes in U.S. Dollars. If so elected, a Euroclear/Clearstream Holder may receive payments of amounts payable in respect of its interest in the Global Notes in U.S. Dollars in accordance with Euroclear or Clearstream's customary procedures, which include, among other things, giving to Euroclear or Clearstream, as appropriate, a notice of such holder's election. All costs of conversion resulting from any such election will be borne by such holder.

Action by owners of Book-Entry Interests

Euroclear and Clearstream have advised the Issuers that they will take any action permitted to be taken by a holder of Notes (including the presentation of Notes for exchange as described above) only at the direction of one or more participants to whose account the Book-Entry Interests in the Global Notes are credited and only in respect of such portion of the aggregate principal amount of Notes as to which such participant or participants has or have given such direction. Euroclear and Clearstream will not exercise any discretion in the granting of consents or waivers or the taking of any other action in respect of the Global Notes. However, if there is an event of default under the Notes, Euroclear and Clearstream reserve the right to exchange the Global Notes for definitive registered Notes in certificated form ("Definitive Registered Notes") and to distribute Definitive Registered Notes to their participants.

Transfers

Transfers between participants in Euroclear and Clearstream will be effected in accordance with Euroclear and Clearstream rules and will be settled in immediately available funds. If a holder requires physical delivery of Definitive Registered Notes for any reason, including to sell Notes to persons in states which require physical delivery of securities or to pledge such securities, such holder must transfer its interests in the Global Notes in accordance with the normal procedures of Euroclear and Clearstream and in accordance with the procedures set forth in the Indenture.

The Rule 144A Global Notes will have a legend to the effect set forth under "*Notice to Investors*." Book-Entry Interests in the Global Notes will be subject to the restrictions on transfers and certification requirements discussed under "*Notice to Investors*."

Rule 144A Book-Entry Interests may be transferred to a person who takes delivery in the form of a Regulation S Book-Entry Interest only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made in accordance with Regulation S or Rule 144 under the U.S. Securities Act or any other exemption (if available under the U. S. Securities Act).

Regulation S Book-Entry Interests may be transferred to a person who takes delivery in the form of a Rule 144A Book-Entry Interest denominated in the same currency only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made to a person who the transferor reasonably believes is a "qualified institutional buyer" within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A or otherwise in accordance with the transfer restrictions described under "*Notice to Investors*" and in accordance with any applicable securities laws of any other jurisdiction.

In connection with transfers involving an exchange of a Regulation S Book-Entry Interest for a Rule 144A Book-Entry Interest, appropriate adjustments will be made to reflect a decrease in the principal amount of the Regulation S Global Note and a corresponding increase in the principal amount of the Rule 144 A Global Note.

Any Book-Entry Interest in one of the Global Notes that is transferred to a person who takes delivery in the form of a Book-Entry Interest in any other Global Note will, upon transfer, cease to be a Book-Entry Interest in the first mentioned Global Note and become a Book-Entry Interest in such other Global Note, and, accordingly, will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in such other Global Note for as long as it remains such a Book-Entry Interest.

Definitive Registered Notes

Under the terms of the Indenture, owners of the Book-Entry Interests will receive Definitive Registered Notes:

- if Euroclear or Clearstream notifies the Issuers that it is unwilling or unable to continue to act as depositary and a successor depositary is not appointed by the Issuers within 120 days; or
- if the owner of a Book-Entry Interest requests such an exchange in writing, delivered through Euroclear or Clearstream following an event of default under the Indenture.

In the case of the issuance of Definitive Registered Notes, the holder of a Definitive Registered Note may transfer such note by surrendering it to the Registrar or a transfer agent. In the event of a partial transfer or a partial redemption of a holding of Definitive Registered Notes represented by one Definitive Registered Note, a Definitive Registered Note will be issued to the transferee in respect of the part transferred and a new Definitive Registered Note in respect of the balance of the holding not transferred or redeemed will be issued to the transferor or the holder, as applicable; provided that no Definitive Registered Note in a denomination less than €100,000 Notes will be issued. The Issuers will bear the cost of preparing, printing, packaging and delivering the Definitive Registered Notes.

The Issuers will not be required to register the transfer or exchange of Definitive Registered Notes for a period of 15 calendar days preceding (i) the record date for any payment of interest on the Notes, (ii) any date fixed for redemption of the Notes or (iii) the date fixed for selection of the Notes to be redeemed in part. Also, the Issuers are not required to register the transfer or exchange of any Notes selected for redemption or which the holder has tendered (and not withdrawn) for repurchase in connection with a change of control offer or asset sale offer. In the event of the transfer of any Definitive Registered Note, the Trustee may require a holder, among other things, to furnish appropriate endorsements and transfer documents as described in the Indenture. The Issuers may require a holder to pay any transfer taxes and fees required by law and permitted by the Indenture.

If Definitive Registered Notes are issued and a holder thereof claims that such a Definitive Registered Note has been lost, destroyed or wrongfully taken, or if such Definitive Registered Note is mutilated and is surrendered to the Registrar or at the office of a transfer agent, the Issuers will issue and the Trustee will authenticate a replacement Definitive Registered Note if the Trustee's and the Issuer's requirements are met. The Issuers or the Trustee may require a holder requesting replacement of a Definitive Registered Note to furnish an indemnity bond sufficient in the judgment of both to protect themselves, the Trustee or the paying agent appointed pursuant to the Indenture from any loss which any of them may suffer if a Definitive Registered Note is replaced. The Issuers may charge for any expenses incurred by the Issuers in replacing a Definitive Registered Note.

In case any such mutilated, destroyed, lost or stolen Definitive Registered Note has become or is about to become due and payable, or is about to be redeemed or purchased by the Issuers pursuant to the provisions of the Indenture, the Issuers, in its discretion, may, instead of issuing a new Definitive Registered Note, pay, redeem or purchase such Definitive Registered Note, as the case may be.

Definitive Registered Notes may be transferred and exchanged only after the transferor first delivers to the Trustee a written certification (in the form provided in the Indenture) to the effect that such transfer will comply with the transfer restrictions applicable to such Notes. See "*Notice to Investors*."

Information concerning Euroclear and Clearstream

All Book-Entry Interests will be subject to the operations and procedures of Euroclear and Clearstream, as applicable. The Issuers provide the following summaries of those operations and procedures solely for the convenience of investors. The operations and procedures of each settlement system are controlled by that settlement system and may be changed at any time. Neither the Issuers, nor the Guarantors nor the Initial Purchasers are responsible for those operations or procedures.

The Issuers understand as follows with respect to Euroclear and Clearstream. Euroclear and Clearstream hold securities for participating organizations. They also facilitate the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in accounts of such participants. Euroclear and Clearstream provide various services to their participants, including the safekeeping, administration, clearance, settlement, lending and borrowing of internationally traded securities. Euroclear and Clearstream interface with domestic securities markets. Euroclear and Clearstream participants are financial institutions such as underwriters, securities brokers and dealers, banks, trust companies and certain other organizations. Indirect access to Euroclear and Clearstream is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodian relationship with a Euroclear or Clearstream participant, either directly or indirectly.

Because Euroclear and Clearstream can only act on behalf of participants, who in turn act on behalf of indirect participants and certain banks, the ability of an owner of a beneficial interest to pledge such interest to persons or entities that do not participate in the Euroclear or Clearstream systems, or otherwise take actions in respect of such interest, may be limited by the lack of a definite certificate for that interest. The laws of some jurisdictions require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer beneficial interests to such persons may be limited. In addition, owners of beneficial interests through the Euroclear or Clearstream systems will receive distributions attributable to the Rule 144A Global Notes only through Euroclear or Clearstream participants.

Global clearance and settlement Under the Book-Entry System

The Notes represented by the Global Notes are expected to listed on the Official List of the Exchange. Transfers of interests in the Global Notes between participants in Euroclear and Clearstream will be effected in the ordinary way in accordance with their respective rules and operating procedures.

Although Euroclear and Clearstream currently follow the foregoing procedures in order to facilitate transfers of interests in the Global Notes among participants in Euroclear or Clearstream, as the case may be, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or modified at any time. Neither the Issuers, any Guarantor, the Trustee, the Registrar, the Transfer Agent nor the Paying Agent will have any responsibility for the performance by Euroclear or Clearstream or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

Initial settlement

Initial settlement for the Sterling Notes will be made in pound sterling. Initial settlement for the Euro Notes will be made in euro. Book-Entry Interests owned through Euroclear or Clearstream accounts will follow the settlement procedures applicable to conventional bonds in registered form. Book-Entry Interests will be credited to the securities custody accounts of Euroclear and Clearstream holders on the business day following the settlement date against payment for value of the settlement date.

Secondary Market Trading

The Book-Entry Interests will trade through participants of Euroclear or Clearstream and will settle in same-day funds. Since the purchase determines the place of delivery, it is important to establish at the time of trading of any Book-Entry Interests where both the purchaser's and the seller's accounts are located to ensure that settlement can be made on the desired value date.

Tax considerations

Certain RoI tax considerations

The following is a summary based on the laws and practices currently in force in the RoI of certain matters regarding the tax position of investors who are the absolute beneficial owners of the Notes and should be treated with appropriate caution. Particular rules may apply to certain classes of taxpayers holding the Notes including dealers in securities and trusts. The summary does not constitute tax or legal advice and the comments below are of a general nature only and does not discuss all aspects of taxation in the RoI that may be relevant to any particular holder of the Notes. Prospective investors in the Notes should consult their professional advisers on the tax implications of the purchase, holding, redemption or sale of the Notes and the receipt of interest thereon under the laws of their country of residence, citizenship or domicile.

Tax at the standard rate of income tax (currently 20%), is required to be withheld from payments of interest and premium having a source in the RoI which may include interest payable on the Notes.

A quoted Eurobond is a security which is issued by a company (such as the Issuers), is listed on a recognised stock exchange (the Group understands that the International Stock Exchanges is recognised for this purpose) and carries a right to interest. Provided that the Notes carry an amount in respect of interest and are listed on a recognised stock exchange, interest and premium paid on them can be paid free of withholding tax provided:

(a) the person by or through whom the payment is made is not in Ireland, or if such person is in Ireland, either:

  (i) the Note is held in a clearing system recognised by the Irish Revenue Commissioners; (Euroclear and Clearstream are, amongst others, so recognised); or

  (ii) the person who is the beneficial owner of the quoted Eurobond and who is beneficially entitled to the interest is not resident in Ireland and has made a declaration to a relevant person (such as a paying agent located in Ireland) in the prescribed form; and

(b) one of the following conditions is satisfied:

  (i) the holder of the Notes is resident for tax purposes in Ireland; or

  (ii) the holder of the Notes is subject, without any reduction computed by reference to the amount of such interest, premium or other distribution, to a tax in a relevant territory which generally applies to profits, income or gains received in that territory, by persons, from sources outside that territory; or

  (iii) the holder of the Notes is not a company which, directly or indirectly, controls the Issuers, is controlled by the Issuers, or is controlled by a third company which also directly or indirectly controls the Issuers, and neither the holder of the Notes, nor any person connected with the holder of the Notes, is a person or persons:

    (A) from whom the Issuers have acquired assets;

    (B) to whom the Issuers have made loans or advances; or

    (C) with whom the Issuers have entered into a swap agreement,

  where the aggregate value of such assets, loans, advances or swap agreements represents not less than 75% of the assets of the Issuers; or

(iv) at the time of issue of the Notes, the Issuers were not in possession, or aware, of any information which could reasonably be taken to indicate whether or not the beneficial owner of the Notes would be subject to tax on any interest or premium payments,

where the term:

"relevant territory" means a member state of the European Union (other than Ireland) or a country with which Ireland has signed a double tax treaty; and

"swap agreement" means any agreement, arrangement or understanding that—

(i) provides for the exchange, on a fixed or contingent basis, of one or more payments based on the value, rate or amount of one or more interest or other rates, currencies, commodities, securities, instruments of indebtedness, indices, quantitative measures, or other financial or economic interests or property of any kind, or any interest therein or based on the value thereof, and

(ii) transfers to a person who is a party to the agreement, arrangement or understanding or to a person connected with that person, in whole or in part, the financial risk associated with a future change in any such value, rate or amount without also conveying a current or future direct or indirect ownership interest in an asset (including any enterprise or investment pool) or liability that incorporates the financial risk so transferred.

Thus, so long as the Notes continue to be quoted on a recognised stock exchange, are held in a recognised clearing system, interest and premium on the Notes can be paid by any paying agent acting on behalf of the Issuers without any withholding or deduction for or on account of Irish income tax. If the Notes continue to be quoted but cease to be held in a recognised clearing system, interest on the Notes may be paid without any withholding or deduction for or on account of Irish income tax provided such payment is made through a paying agent outside Ireland.

Encashment tax

In certain circumstances, RoI tax will be required to be withheld at the standard rate of income tax (currently 20%) from interest on any Note, where such interest is collected or realised by a bank or encashment agent in the RoI on behalf of any holder of the Notes.

Encashment tax does not apply where the holder of the Notes is not resident in the RoI and has made a declaration in the prescribed form to the encashment agent or bank.

Capital gains tax

A holder of Notes will not be subject to Irish tax on capital gains on a disposal of Notes unless (i) such holder is either resident or ordinarily resident in Ireland or (ii) such holder carries on a trade in Ireland through a branch or agency in respect of which the Notes were used or held or (iii) the Notes cease to be listed on a stock exchange in circumstances where the Notes derive their value or more than 50 per cent. of their value from Irish real estate, mineral rights or exploration rights.

Stamp duty

No stamp duty, capital duty or similar tax is imposed in Ireland on the issue of the Notes. Furthermore, no stamp duty will be imposed in Ireland on the transfer of the Notes (on the basis of an exemption provided for in Section 85(2)(b) of the Irish Stamp Duties Consolidation Act 1999 ("**SDCA**")) provided the following conditions are satisfied:

(a) the Notes must not carry a right of conversion into shares of an Irish incorporated company or into loan capital (within the meaning of Section 85 of the SDCA) having such a right;

(b) the Notes must not carry rights similar to those attaching to shares, including voting rights, entitlement to a share of profits or a share in surplus on liquidation of the Issuer;

(c) the Notes must be issued for a price which is not less than 90 per cent. of the nominal value of the notes; and

(d) the Notes must not carry a right to a sum in respect of repayment or interest which is related to certain movements in an index or indices (based wholly or partly and directly or indirectly on stocks or marketable securities) specified in any document relating to the notes.

Certain UK tax considerations

The comments in this part are based on current United Kingdom tax law as applied in England and Wales and HM Revenue & Customs practice (which may not be binding on HM Revenue & Customs). They do not necessarily apply where the income is deemed for tax purposes to be the income of any other person. They relate only to the position of persons who hold their Notes as investments (regardless of whether the Holder also carries on a trade, profession or vocation through a permanent establishment, branch or agency to which the Notes are attributable) and are the absolute beneficial owners thereof. In particular, Holders of the Notes who hold their Notes via a depositary receipt system or clearance service should note that they may not always be the beneficial owners thereof. Certain classes of persons such as dealers, certain professional investors, or persons connected with the relevant Issuer may be subject to special rules and this summary does not apply to such Holders of the Notes.

Withholding

Sterling Notes

While the Sterling Notes continue to be listed on a “recognised stock exchange” within the meaning of Section 1005 Income Tax Act 2007, payments of interest by the UK Issuer on the Sterling Notes may be made without withholding or deduction for or on account of United Kingdom income tax. The Exchange is a “recognised stock exchange” for these purposes. Securities will be treated for these purposes as listed on the Exchange where they are admitted to the Official List of the Exchange in accordance with provisions corresponding to those generally applicable in countries within the European Economic Area.

If the Sterling Notes cease to be listed on the Exchange or another “recognised stock exchange” within the meaning of Section 1005 Income Tax Act 2007, then interest on the Sterling Notes will generally be paid by the UK Issuer under deduction of income tax at the basic rate (currently 20 per cent.) unless: (i) another relief applies under domestic law; or (ii) the UK Issuer has received a direction to the contrary from HM Revenue & Customs in respect of such relief as may be available pursuant to the provisions of any applicable double taxation treaty.

If interest were paid under deduction of United Kingdom income tax (e.g. if the Sterling Notes lost their listing), Holders of the Sterling Notes who are not resident in the United Kingdom may be able to recover all or part of the tax deducted if there is an appropriate provision in an applicable double taxation treaty.

Euro Notes

Interest paid by the RoI Issuer on the Euro Notes may be paid without withholding or deduction for or on account of United Kingdom withholding tax, provided that such interest is not considered to have a United Kingdom source for United Kingdom tax purposes. Payments of interest by a company not incorporated in the United Kingdom, not tax resident in the United Kingdom and which does not pay the interest from a branch or permanent establishment in the United Kingdom, should not be treated as having a United Kingdom source unless there are substantial United Kingdom features such as if the funds for the payment come from the United Kingdom, if the debt is secured on United Kingdom property, or if the debt must be enforced in the United Kingdom. In the event that such payments of interest are considered to have a United Kingdom source, those payments of interest would be treated in the same way as the Sterling Notes for United Kingdom withholding tax purposes, as set out above.

Payments in respect of the guarantees

The United Kingdom withholding tax treatment of payments by any Guarantor under the terms of a Guarantee in respect of interest on the Notes (or other amounts due under the Notes other than the repayment of amounts subscribed for the Notes) is uncertain. In particular, such payments by any Guarantor in respect of the Sterling Notes may not be eligible for the exemption in respect of securities listed on a recognised stock exchange described above in relation to payments of interest by the UK Issuer. Accordingly, if a Guarantor makes any such payments in respect of any of the Notes and these payments have a United Kingdom source for United Kingdom tax purposes, these may be subject to United Kingdom withholding tax at the basic rate (currently 20 per cent.)

Treatment of any premium payable on redemption

Where Notes are to be, or may fall to be, redeemed at a premium as opposed to being issued at a discount, then any such element of premium may constitute a payment of interest that would be subject to the rules on United Kingdom withholding tax outlined above.

Taxation of disposal (including redemption) and return

Holders of the Notes within the charge to United Kingdom corporation tax

Holders of the Notes within the charge to United Kingdom corporation tax (including non-resident Holders whose Notes are used, held or acquired for the purposes of a trade carried on in the United Kingdom through a permanent establishment) will generally be subject to tax as income on all profits and gains from the Notes broadly in accordance with their statutory accounting treatment. Such Holders of Notes will generally be charged in each accounting period by reference to interest and other amounts which, in accordance with generally accepted accounting practice, are recognised in determining the Holder's profit or loss for that period. Fluctuations in value relating to foreign exchange gains and losses in respect of the Notes will be brought into account as income.

Other United Kingdom Note Holders

Interest

Holders of the Notes who are either individuals or trustees and are resident for tax purposes in the United Kingdom or who carry on a trade, profession or vocation in the United Kingdom through a branch or agency to which the Notes are attributable will generally be liable to United Kingdom tax on the amount of any interest received in respect of the Notes.

Transfer (including redemption)

Sterling Notes

The Sterling Notes are "qualifying corporate bonds" within the meaning of section 117 Taxation of Chargeable Gains Act 1992 with the result that on a disposal of the Sterling Notes neither chargeable gains nor allowable losses will arise for the purposes of United Kingdom taxation of capital gains.

Euro Notes

Disposals of the Euro Notes by Holders who are either individuals or trustees and are resident for tax purposes in the United Kingdom or, in the case of individuals, who cease to be resident in the United Kingdom for a period of five years or less, may give rise to chargeable gains or allowable losses for the purposes of taxation of capital gains. In calculating any gain or loss on disposal of the Euro Notes, sterling values are compared at acquisition and transfer.

Accordingly, a taxable profit can arise even where the foreign currency amount received on a disposal is less than or the same as the amount paid for the Euro Notes.

Non-United Kingdom Note Holders

Where interest is paid on the Sterling Notes (and where interest is paid on the Euro Notes, but only in the event that such interest is considered to have a United Kingdom source, see comments under "*—Witholding—Euro Notes*", above) such interest may be chargeable to United Kingdom tax by direct assessment irrespective of the residence of the Holder of the Note. However, where the interest is paid without withholding or deduction on account of United Kingdom tax, the interest will not be assessed to United Kingdom tax in the hands of the Holders of the Notes (other than certain trustees) who are not resident for tax purposes in the United Kingdom, except where the Holder carries on a trade, profession or vocation through a branch or agency, or in the case of a corporate Holder, carries on a trade through a permanent establishment in the United Kingdom, in connection with which the interest is received or to which the Notes are attributable, in which case (subject to exemptions for interest received by certain categories of agent) tax may be levied on the United Kingdom branch or agency, or permanent establishment.

Holders of the Notes should note that the provisions relating to additional amounts referred to in "Description of the Notes—Withholding Taxes" above would not apply if HM Revenue & Customs sought to assess directly the person entitled to the relevant interest to United Kingdom tax. However, exemption from, or reduction of, such United Kingdom tax liability might be available under an applicable double taxation treaty.

United Kingdom stamp duty and stamp duty reserve tax

No United Kingdom stamp duty or stamp duty reserve tax is payable on the issue or transfer of a Note or on its redemption.

Certain Luxembourg tax considerations

The comments below are intended as a basic summary of certain withholding tax consequences in relation to the purchase, ownership and disposal of the Notes under Luxembourg law. Persons who are in any doubt as to their tax position should consult a professional tax adviser.

Withholding tax

Under Luxembourg tax law currently in effect and subject to the exception below, there is no Luxembourg withholding tax on payments of interest (including accrued but unpaid interest) or repayments of principal of the Notes.

In accordance with the law of 23 December 2005, as amended, interest payments made by Luxembourg paying agents to individual beneficial owners resident in Luxembourg are currently subject to a 20 per cent. withholding tax. Responsibility for withholding such tax will be assumed by the Luxembourg paying agent.

Certain U.S. federal income tax considerations

The following is a summary of certain United States federal income tax consequences of the purchase, ownership and disposition of the Notes. This summary deals only with Notes held as capital assets (within the meaning of Section 1221 of the Internal Revenue Code of 1986, as amended (the "Code")) by U.S. holders (as defined below) who purchase the Notes for cash pursuant to this offering at their "issue price" (the first price at which a substantial amount of the Notes of the applicable series is sold for money to investors, excluding sales to bond houses, brokers or similar persons or organizations acting in the capacity of underwriter, placement agent or wholesaler).

As used herein, a "U.S. holder" means a beneficial owner of the Notes that is, for United States federal income tax purposes, any of the following:

- an individual who is a citizen or resident of the United States;
- a corporation (or any other entity treated as a corporation for United States federal income tax purposes) that is created or organized in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate the income of which is subject to United States federal income taxation regardless of its source; or
- a trust if it (i) is subject to the primary supervision of a court within the United States and one or more United States persons have the authority to control all substantial decisions of the trust or (ii) has a valid election in effect under applicable United States Treasury regulations to be treated as a United States person.

If any entity or arrangement classified as a partnership for United States federal income tax purposes holds Notes, the tax treatment of a partner will generally depend upon the status of the partner and the activities of the partnership. If you are a partnership or a partner in a partnership considering an investment in the Notes, you should consult your own tax advisors.

This summary does not represent a detailed description of the United States federal income tax consequences applicable to you if you are a person subject to special tax treatment under the United States federal income tax laws, including, without limitation:

- a dealer in securities or currencies;
- a financial institution;
- a regulated investment company;
- a real estate investment trust;
- a tax-exempt organization;
- an insurance company;
- a person holding the Notes as part of a hedging, integrated, conversion or constructive sale transaction or a straddle;
- a trader in securities that has elected the mark-to-market method of accounting for your securities;
- a person liable for alternative minimum tax;
- a partnership or other pass-through entity (or an investor in such an entity);
- a person whose "functional currency" is not the U.S. dollar; or
- a United States expatriate.

This summary is based on the Code, United States Treasury regulations, administrative rulings and judicial decisions as of the date hereof. Those authorities may be changed, possibly on a retroactive basis, so as to result in United States federal income tax consequences different from those summarized below. The Group has not and will not seek any rulings from the Internal Revenue Service ("IRS") regarding the matters discussed below. There can be no assurance that the IRS will not take positions concerning the tax consequences of the purchase, ownership or disposition of the Notes that are different from those discussed below.

This summary does not represent a detailed description of the United States federal income tax consequences to you in light of your particular circumstances and does not address the

Medicare contribution tax on net investment income or the effects of any state, local or non-United States tax laws. It is not intended to be, and should not be construed to be, legal or tax advice to any particular purchaser of Notes.

If you are considering the purchase of Notes, you should consult your own tax advisors concerning the particular United States federal income tax consequences to you of the purchase, ownership and disposition of the Notes, as well as the consequences to you arising under other United States federal tax laws and the laws of any other taxing jurisdiction.

Payments of interest

Subject to the foreign currency rules discussed below, interest on a Note will generally be taxable to you as ordinary income at the time it is paid or accrued in accordance with your method of accounting for United States federal income tax purposes. Interest income on a Note will generally be considered foreign source income and, for purposes of the United States foreign tax credit, will generally be considered passive category income. You will generally be denied a foreign tax credit for foreign taxes imposed with respect to the Notes where you do not meet a minimum holding period requirement during which you are not protected from risk of loss. The rules governing the foreign tax credit are complex. You are urged to consult your tax advisors regarding the availability of the foreign tax credit under your particular circumstances.

Interest on the Euro Notes will be payable in euros, and interest on the Sterling Notes will be payable in pounds sterling. If you use the cash basis method of accounting for United States federal income tax purposes, you will be required to include in income (as ordinary income) the U.S. dollar value of the amount of interest received on the Notes, determined by translating the amount of foreign currency received at the spot rate on the date such payment is received, regardless of whether the payment is in fact converted into U.S. dollars. You will not recognise exchange gain or loss with respect to the receipt of such payment (other than exchange gain or loss realised on the disposition of the foreign currency so received).

If you use the accrual method of accounting for United States federal income tax purposes, you may determine the amount of income recognised with respect to interest on the Notes in accordance with either of two methods. Under the first method you will be required to include in income (as ordinary income) for each taxable year the U.S. dollar value of the interest that has accrued on the Notes held during such year, determined by translating such interest at the average rate of exchange for the period or periods (or portions thereof) during which such interest accrued. Under the second method, you may translate interest income at the spot rate on:

- the last day of the accrual period;
- the last day of the taxable year if the accrual period straddles your taxable year; or
- the date the interest payment is received if such date is within five business days of the end of the accrual period.

If you elect to use the second method, the election must be consistently applied by you to all debt instruments from year to year and can be changed only with the consent of the IRS. In addition, if you use the accrual method of accounting, upon receipt of an interest payment on a Note (including, upon the sale of a Note, the receipt of proceeds which include amounts attributable to accrued interest previously included in income), you will recognise ordinary gain or loss in an amount equal to the difference between the U.S. dollar value of such payment (determined by translating the amount of foreign currency received at the spot rate on the date such payment is received) and the U.S. dollar value of the interest income you previously included in income with respect to such payment.

Sale, exchange, retirement, redemption or other taxable disposition of Notes

Upon the sale, exchange, retirement, redemption or other taxable disposition of a Note, you generally will recognise gain or loss equal to the difference between the amount realised upon the sale, exchange, retirement, redemption or other taxable disposition (less any amount attributable to accrued and unpaid interest, which will be taxable as interest income as discussed above in "—*Payments of interest*") and the adjusted tax basis of the Note. Your adjusted tax basis in a Note will generally be your cost for that Note. If you purchased a Note with foreign currency, your cost generally will be the U.S. dollar value of the amount of foreign currency paid for such Note determined at the spot rate on the date of such purchase (or, in the case of a cash basis or electing accrual basis taxpayer, the settlement date of the purchase, if the Note is treated as traded on an established securities market for U.S. federal income tax purposes). If your Note is sold, exchanged, retired or otherwise disposed of in a taxable transaction for euros or pounds sterling (as may be applicable), then your amount realised generally will be based on the spot rate in effect on the date of such sale, exchange, retirement or other taxable disposition (or, in the case of a cash basis or electing accrual basis taxpayer, the settlement date of the sale, exchange, retirement or disposition, if the Note is treated as traded on an established securities market for U.S. federal income tax purposes). If you use the accrual method of accounting for United States federal income tax purposes, you may elect the same treatment with respect to the purchase and sale of Notes traded on an established securities market, provided that such election is applied consistently to all debt instruments held by you from year to year. Such election cannot be changed without the consent of the IRS.

Except with respect to gain or loss attributable to changes in exchange rates as discussed below, any gain or loss you recognise will generally be capital gain or loss and will generally be long-term capital gain or loss if you have held the Note for more than one year. Long-term capital gains of non-corporate U.S. holders (including individuals) are eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations. Any gain or loss you recognise will generally be treated as United States source gain or loss.

A portion of your gain or loss with respect to the principal amount of a Note may be treated as exchange gain or loss. Exchange gain or loss will generally be treated as United States source ordinary income or loss. For these purposes, the principal amount of the Note is your purchase price for the Note calculated in euros or pounds sterling (in the case of Euro Notes or Sterling Notes, respectively) on the date of purchase, and the amount of exchange gain or loss recognised is equal to the difference between (i) the U.S. dollar value of the principal amount determined at the spot rate on the date of the sale, exchange, retirement or other taxable disposition of the Note and (ii) the U.S. dollar value of the principal amount determined at the spot rate on the date you purchased the Note (or, possibly, in the case of cash basis or electing accrual basis taxpayers, the settlement dates of such purchase and taxable disposition, if the Note is treated as traded on an established securities market for U.S. federal income tax purposes). The amount of exchange gain or loss recognized on the disposition of the Note (with respect to both principal and accrued interest) will be limited to the amount of overall gain or loss realised on the disposition of the Note.

Disposition of foreign currency

Your tax basis in euros received as interest on a Euro Note or on the sale, exchange, retirement or other taxable disposition of a Euro Note will be the U.S. dollar value thereof at the spot rate in effect on the date the euros are received. Any gain or loss recognised by you on a sale, exchange or other disposition of the euros will generally be treated as U.S. source ordinary income or loss.

Your tax basis in pounds sterling received as interest on a Sterling Note or on the sale, exchange, retirement or other taxable disposition of a Sterling Note will be the U.S. dollar value thereof at the spot rate in effect on the date the pounds sterling are received. Any gain or loss recognised by you on a sale, exchange or other disposition of the euros will generally be treated as U.S. source ordinary income or loss.

Reportable transactions

United States Treasury regulations issued under the Code meant to require the reporting of certain tax shelter transactions could be interpreted to cover transactions generally not regarded as tax shelters, including certain foreign currency transactions. Under the United States Treasury regulations, certain transactions are required to be reported to the IRS, including, in certain circumstances, a sale, exchange, retirement or other taxable disposition of a foreign currency note or foreign currency received in respect of a foreign currency note to the extent that such sale, exchange, retirement or other taxable disposition results in a tax loss in excess of a threshold amount. If you are considering the purchase of a Note, you should consult with your own tax advisors to determine the tax return obligations, if any, with respect to an investment in the Notes, including any requirement to file IRS Form 8886 (Reportable Transaction Disclosure Statement).

Backup withholding and information reporting

Generally, information reporting will apply to all payments of interest and principal on a Note and the proceeds from a sale or other disposition of a Note paid to you, unless you are an exempt recipient. Additionally, if you fail to provide your taxpayer identification number, or in the case of interest payments, fail either to report in full dividend and interest income or to make certain certifications, you may be subject to backup withholding on any such payments or proceeds.

Backup withholding is not an additional tax and any amounts withheld under the backup withholding rules will be allowed as a refund or a credit against your United States federal income tax liability provided the required information is timely furnished to the IRS.

Information with respect to foreign financial assets

Certain U.S. holder who are individuals and who hold an interest in "specified foreign financial assets" (as defined in section 6038D of the Code) are required to report information relating to an interest in the Notes, subject to certain exceptions (including an exception for Notes held in accounts maintained by certain financial institutions). Under certain circumstances, an entity may be treated as an individual for purposes of the foregoing rules. U.S. holders should consult their tax advisors regarding the effect, if any, of this requirement on their ownership and disposition of the Notes.

Plan of distribution

Subject to the terms and conditions stated in the purchase agreement dated September 13, 2017 (the "Purchase Agreement"), by and among the Issuers, the Guarantors and each of the Initial Purchasers, each Initial Purchaser has agreed, severally and not jointly, to purchase from the Issuers, and the Issuers have agreed to sell, all of the Notes pursuant to the terms of the Purchase Agreement.

The Purchase Agreement provides that the obligations of the Initial Purchasers to purchase and accept delivery of the Notes offered hereby are subject to certain conditions precedent. The Initial Purchasers are obligated to purchase and accept delivery of all the Notes if any are purchased.

The Initial Purchasers propose to offer the Notes at the initial offering price to purchasers at the price to investors indicated on the cover page of this Offering Memorandum. After the Notes are released for sale, the Initial Purchasers may change the offering price and any other selling terms without notice.

Persons who purchase the Notes from the Initial Purchasers may be required to pay stamp duty, taxes and other charges in accordance with the laws and practice of the country of purchase in addition to the offering price set forth on the cover page hereof.

The Notes (including the Guarantees) have not been and will not be registered under the U.S. Securities Act. The Initial Purchasers have agreed that they will only offer or sell the Notes (i) outside the United States to non-U.S. persons (as defined in Regulation S) in offshore transactions in reliance on Regulation S and (ii) in the United States to qualified institutional buyers in reliance on Rule 144A, and in accordance with any applicable securities laws of any state or territory of the United States or any other jurisdiction The terms used above in this paragraph have the meanings given to them by Regulation S and Rule 144A under the U.S. Securities Act. Resales of the Notes (including the Guarantees) will be restricted and each purchaser of the Notes (including the Guarantees) in the United States will be required to make certain acknowledgements, representations and agreements, as described under "*Notice to Investors*."

In connection with sales outside the United States, the Initial Purchasers have agreed that they will not offer, sell or deliver the Notes to, or for the account or benefit of, U.S. persons (i) as part of the Initial Purchasers' distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering or the date the Notes are originally issued. The Initial Purchasers will send to each distributor, dealer or person to whom it sells such Notes during such 40-day period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

In addition, with respect to the Notes initially sold pursuant to Regulation S, until 40 days after the commencement of the Offering, an offer or sale of such Notes within the United States by a dealer that is not participating in the Offering may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A or pursuant to another exemption from registration under the U.S. Securities Act.

The Issuers expect the delivery of the Notes will be made against payment on the respective Notes on or about the date specified on the cover page of this offering memorandum, which will be the eighth business day (as such term is used for purposes of Rule 15(c)6-1 of the U.S. Exchange Act) following the date of pricing of the Notes (such settlement cycle being referred to as "T+8"). Under Rule 15(c)6-1 under the U.S. Exchange Act, trades in the secondary market generally are required to settle in two business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade the Notes on the date of pricing or the next five succeeding business days will be required to specify an alternative settlement cycle at the time of any such trade to prevent a failed settlement. Purchasers of the Notes who wish to make such trades should consult their own advisors.

The Issuers and the Guarantors have agreed, subject to certain limited exceptions, that during the period from the date hereof through and including the date that is 60 days after the Issue Date, none of the Issuers or the Guarantors will, without the prior written consent of Deutsche Bank AG, London Branch, Credit Suisse Securities (Europe) Limited and Barclays Bank PLC, offer, sell, contract to sell, or otherwise dispose of, any debt or convertible securities issued or guaranteed by the Issuers or any of the Guarantors that are substantially similar to the Notes.

The Issuers have agreed to indemnify the Initial Purchasers against certain liabilities, including liabilities under the U.S. Securities Act, and will contribute to payments that the Initial Purchasers may be required to make in respect thereof. In addition, the Issuers will pay the Initial Purchasers a commission and pay certain fees and expenses relating to the Offering.

In connection with the Offering, the Initial Purchasers may purchase and sell the Notes in the open market. These transactions may include short sales, over-allotments, stabilizing transactions and purchases to cover positions created by short sales or over-allotments. Short sales involve the sale by the Initial Purchasers of a greater number of Notes than they are required to purchase in the Offering. Stabilizing transactions consist of certain bids or purchases made for the purpose of preventing or retarding a decline in the market price of the Notes while the Offering is in progress.

These stabilization activities by Deutsche Bank AG, London Branch may stabilize, maintain or otherwise affect the market price of the Notes. As a result, the price of the Notes may be higher than the price that otherwise might exist in the open market. There is no obligation on Deutsche Bank AG, London Branch to conduct these activities. If these activities are commenced, they may be discontinued by Deutsche Bank AG, London Branch at any time. These transactions may be effected in the over-the-counter market or otherwise.

The Initial Purchasers expect to make offers and sales both inside and outside the United States through their respective selling agents. Any offers and sales in the United States will be conducted by broker-dealers registered with the U.S. Securities and Exchange Commission.

No action has been taken in any jurisdiction, including the United States, by the Issuers, the Guarantors or the Initial Purchasers that would permit a public offering of the Notes and the Guarantees or the possession, circulation or distribution of this Offering Memorandum or any other material relating to the Group or the Notes in any jurisdiction where action for this purpose is required. Accordingly, the Notes and the Guarantees may not be offered or sold, directly or indirectly, and neither this Offering Memorandum nor any other offering material or advertisements in connection with the Notes may be distributed or published, in or from any country or jurisdiction, except in compliance with any applicable rules and regulations of any such country or jurisdiction. This Offering Memorandum does not constitute an offer to purchase or a solicitation of an offer to sell in any jurisdiction where such offer or solicitation would be unlawful. Persons into whose possession this Offering Memorandum comes are advised to inform themselves about and to observe any restrictions relating to the Offering, the distribution of this Offering Memorandum and the resale of the Notes. See "*Notice to Investors*."

The Notes are a new issue of securities with no established trading market. The Initial Purchasers have advised the Issuers that they presently intend to make a market in the Notes as permitted by applicable laws and regulations. The Initial Purchasers are not obliged, however, to make a market in the Notes and any such market-making may be discontinued at any time at the sole discretion of the Initial Purchasers. Accordingly, no assurance can be given as to the liquidity of, or trading markets for, the Notes.

The Initial Purchasers and their respective affiliates have from time to time performed certain investment banking and/or other financial services to the Issuers and their affiliates or former affiliates, including, without limitation, hedging activities, for which they received customary fees and reimbursement of expenses. The Initial Purchasers and their respective affiliates may in the future provide investment banking or other financial services to the Issuers or their affiliates, for which they will receive customary fees and reimbursement of expenses. In addition, the Issuers have agreed to pay the Initial Purchasers certain customary fees for their services in connection with this Offering and to reimburse them for certain costs and expenses incurred. Barclays Bank PLC, Credit Suisse Securities (Europe) Limited, Deutsche Bank AG, London Branch and The Royal Bank of Scotland plc and/or certain of their affiliates are holders of certain indebtedness outstanding under the Existing Revolving Credit Facility, and will therefore receive an immaterial portion of the proceeds of the Notes in connection with the repayment of such facility as part of the Refinancing.

Certain of the Initial Purchasers are acting as arrangers under the Revolving Credit Facility, and Deutsche Bank AG, London Branch is acting as agent under the Revolving Credit Facility. In addition, certain of the Initial Purchasers or their affiliates may enter into hedging arrangements with the Issuers and/or their affiliates. In connection with their services in such capacities, such Initial Purchasers or affiliates will receive customary fees and commissions.

From time to time, certain Initial Purchasers, or certain of their affiliates, also engage in securities trading and brokerage activities with respect to securities of the Group and its subsidiaries and affiliates.

Limitations on validity and enforceability of guarantees and security

European Union

The Issuers and a number of the Group's subsidiaries are incorporated under the laws of, or applicable in, Member States of the European Union.

Pursuant to Regulation (EU) 2015/848 of the European Parliament and of the Council of 20 May 2015 on insolvency proceedings (recast) (the "Recast EU Insolvency Regulation"), which applies within the European Union (other than Denmark and other than in respect of certain insurance, credit institution and investment undertakings), the courts of the Member State in which a company's "centre of main interests" (as that term is used in Article 3(1) of the Recast EU Insolvency Regulation) is situated have jurisdiction to open main insolvency proceedings. The determination of where a company has its centre of main interests is a question of fact on which the courts of the different Member States may have differing and even conflicting views.

Article 3(1) of the Recast EU Insolvency Regulation states that the centre of main interests "shall be the place where the debtor conducts the administration of its interests on a regular basis and which is therefore ascertainable by third parties." Further, Article 3(1) of the Recast EU Insolvency Regulation further provides that "in the case of a company or legal person, the place of the registered office shall be presumed to be the centre of its main interests in the absence of proof to the contrary." This gives rise to a rebuttable presumption that in the case of a company, its centre of main interests is the place of the company's registered office. That presumption shall only apply if the registered office has not been moved to another Member State within the 3-month period prior to the request for the opening of insolvency proceedings. In the case of an individual, the court will normally consider the centre of main interests to be the country where the debtor mainly carries out his trade profession or (self) employment. Where the debtor resides in one country but carries out trade in another, it is the country in which the trade is carried out that is considered to be the centre of main interests. Where the debtor has no trade or profession, the centre of main interests is located in the country in which he habitually resides. This presumption shall only apply if the habitual residence has not been moved to another Member State within the 6-month period prior to the request for the opening of insolvency proceedings The courts have taken into consideration a number of factors in determining whether the presumption ought to be rebutted when considering the centre of main interests of a company, including in particular where board meetings are held, the location where the company conducts the majority of its business or has its head office, where it has its central administration, law governing the main contracts, corporate identity and branding and the location where the majority of the company's creditors are established. It is necessary to consider objective factors that are ascertainable by third parties. A company's centre of main interests may change from time to time but is determined for the purposes of deciding which courts have competent jurisdiction to open main insolvency proceedings at the time that the application to open insolvency proceedings is filed.

The Recast EU Insolvency Regulation applies to insolvency proceedings that are collective insolvency proceedings of the types referred to in Annex A to the Recast EU Insolvency Regulation.

If the centre of main interests of a company is in one Member State (other than Denmark) under Article 3(2) of the Recast EU Insolvency Regulation, the courts of another Member State (other than Denmark) have jurisdiction to open insolvency proceedings against that company only if such company has an "establishment" in the territory of such other Member State (such proceedings being referred to as "territorial insolvency proceedings"). An "establishment" is defined as "any place of operations where a debtor carries out or has carried out in the 3-month period prior to the request to open main insolvency proceedings a non-transitory economic activity with human means and assets." The effects of those proceedings shall be restricted to the assets of the debtor situated in the territory of the latter Member State.

Where main proceedings have been opened in the Member State in which the company has its centre of main interests, any territorial insolvency proceedings opened subsequently in another Member State in which the company has an establishment shall be referred to as "secondary proceedings"). Where main proceedings in the Member State in which the company has its centre of main interests have not yet been opened, territorial insolvency proceedings can be opened in another Member State where the company has an establishment only where either: (a) insolvency proceedings cannot be opened in the Member State in which the company's centre of main interests is situated because of the conditions laid down by the law of the Member State within the territory of which the centre of the debtor's main interests is situated; or (b) the territorial insolvency proceedings are opened at the request of a creditor whose claim arises from or is in connection with the operation of an establishment situated within the territory of the Member State where the opening of territorial proceedings is requested or a public authority which, under the law of the Member State within the territory of which the establishment is situated, has the right to request the opening of insolvency proceedings.

The courts of all Member States (other than Denmark) must recognise the judgment of the court opening main proceedings and, subject to any exceptions provided for in the Recast EU Insolvency Regulation, that judgment will be given the same effect in the other Member States so long as no secondary proceedings have been opened there. The insolvency practitioner appointed by a court in a Member State that has jurisdiction to open main proceedings (because the company's centre of main interests is there) may exercise the powers conferred on him by the law of that Member State in another Member State (such as to remove assets of the company from that other Member State), subject to certain limitations, so long as no insolvency proceedings have been opened in that other Member State or any preservation measure taken to the contrary further to a request to open insolvency proceedings in that other Member State where the company has assets.

Cayman Islands

Certain of the Guarantors and providers of Collateral are exempted companies incorporated under the laws of the Cayman Islands (the "**Cayman Obligors**"). Therefore, any insolvency proceedings by or against the Cayman Obligors would likely be based on Cayman Islands insolvency laws. However, it is possible that the courts of other places may seek to assert jurisdiction over the Cayman Obligors for the purpose of insolvency or restructuring proceedings (either as well as, or instead of, insolvency proceedings in the Cayman Islands).

Winding up of a Cayman Island Company and Insolvency considerations

Cayman Islands insolvency law provides for three different systems for winding up companies, namely (i) winding-up by order of the court; (ii) voluntary winding-up and (iii) voluntary winding-up which becomes subject to the supervision of the court and then proceeds in the same manner as a winding-up by order of the court. Each system requires the appointment of a liquidator, who assumes control of the company and whose function it is to collect, realize and distribute the assets of the company to its creditors in accordance with the statutory order of priority and thereafter to distribute any surplus among the company's shareholders.

Generally speaking as a matter of Cayman Islands law, contracts to which a Cayman Islands company is party are not automatically terminated and nor is the counterparty released from its obligations, by the company's entry into liquidation. The question of whether, as a contractual matter, the commencement of a liquidation has any effect on the parties' contractual obligations will fall to be determined according to the governing law of each contract to which the company is a party. The liquidator of a Cayman Islands company has no statutory right to disclaim onerous contracts.

A petition to the Court for a winding-up order may be presented by the company itself or by a creditor or shareholder of the company. One of the grounds upon which a winding-up order may be sought is that the company is unable to pay its debts as defined in Section 93 of the Cayman Islands Companies Law (2016 Revision) (the "**Companies Law**"). Cayman Islands law emphasizes a cash flow test in this regard.

When a winding-up order is made by the Grand Court of the Cayman Islands (the "**Court**") or a voluntary winding-up is continued under the supervision of the Court (i.e., in an official liquidation), an automatic moratorium on litigation against the company is imposed pursuant to Section 97 of the Companies Law—that is, proceedings may not be commenced or continued against the company without the permission of the Court. Pursuant to Section 99 of the Companies Law, dispositions of property, transfers of shares and alterations in the status of shareholders after the date of the winding-up petition are void, unless the Court orders otherwise. The moratorium does not prevent a secured creditor from realizing its security as set out below, nor does it affect any valid contractual subordination rights, or rights of set off or netting of claims which were granted before the commencement of the official liquidation.

It is a fundamental rule of Cayman Islands insolvency law that all ordinary unsecured and unsubordinated creditors are treated equally irrespective of the nature of their claims. This is referred to as the *pari passu* rule. This rule applies to the claims of ordinary unsecured and unsubordinated creditors existing as at the date of the commencement of the winding up of the company, or whose claims arise out of causes of action that accrued before the commencement of the winding up. Subject to certain exceptions, the winding up is deemed to have commenced from the time of the presentation of a winding-up petition. Generally speaking, a creditor having a validly created security interest over property of a company in liquidation is entitled to enforce their security in accordance with its terms without reference to the official liquidators and without the leave of the Court pursuant to section 142(1) of the Companies Law. The liquidator may also in accordance with section 142(2) of the Companies Law realise the security on behalf of the secured creditors, but for their benefit only.

The claims of preferred creditors under Cayman Islands law will rank ahead of unsecured creditors and secured creditors holding security in the nature of a floating charge. All costs, charges and expenses properly incurred in the winding up of the company, including the remuneration of the liquidators, are payable out of the assets of the company in priority to unsecured claims.

An official liquidator must be a qualified insolvency practitioner who meets independence, insurance and residence requirements (and as such a foreign receiver or liquidator may not act as the sole liquidator of a Cayman Islands company). A liquidator is an officer of the Court and has fiduciary duties to the company to act in good faith, for a proper purpose and for the benefit of the company at all times.

A voluntary liquidation is most commonly instituted by way of special resolution of the voting shareholders of the company. There is no automatic moratorium on litigation against the company in a voluntary liquidation and no equivalent to Section 99 of the Companies Law; although Section 125 of the Companies Law provides that a transfer of shares or alteration in the status of shareholders made after the commencement of the winding up is void unless sanctioned by the liquidator. As with an official liquidation, a voluntary liquidation does not prevent a secured creditor from enforcing their security in accordance with its terms. There are no restrictions on who may act as the voluntary liquidator of a Cayman Islands company.

If, within 28 days of the commencement of the voluntary liquidation, the directors of the company do not provide a declaration of solvency to the liquidator (which is then filed with the Registrar of Companies), the liquidator is obliged by law to apply to the Court for a supervision order. The practical effect of this is that, upon a supervision order being made, the voluntary liquidation proceeds as if it were an official liquidation in all respects. This could lead to substantially increased costs of the liquidation since, among other things, the liquidator will be obliged to provide the Court and the stakeholders with regular reports detailing the assets and liabilities of the company and all of the steps taken in the liquidation to date. A declaration of solvency takes into account the ability of the company to pay its debts within a period of twelve months of the declaration being made. Even if the directors do provide such a declaration, a voluntary liquidator may still apply to the Court for supervision in circumstances where he thinks that such an order will facilitate a more effective, economic or expeditious liquidation of the company in the interests of its creditors and shareholders.

Setting aside or avoiding a payment

A payment made by a Cayman Islands company may be set aside or avoided if the pre-conditions discussed below are present. In addition, as referred to above, under Section 99 of the Companies Law, any disposition of the company's property made after the commencement of an official liquidation is, unless sanctioned by the court, void.

Fraudulent dispositions

Under section 146 of the Companies Law, if a company goes into liquidation and it has entered into a disposition at an undervalue with the intent to defraud its creditors, the Court may, on the application of the liquidator, set the disposition aside.

A disposition will constitute a disposition at an undervalue if the disposition is on terms that provide for the company to receive no consideration or a disposition for a consideration the value of which (in money or money's worth) is significantly less than the value (in money or money's worth) of the property which is the subject of the disposition.

The liquidator must show that there was "intent to defraud" a creditor, meaning an intention to wilfully defeat an obligation owed to a creditor. Unlike preferences below, there is no requirement to show insolvency at the time of the disposition (however, it is unlikely that any creditors will be prejudiced by any such disposition unless the company is insolvent).

Under section 4 of the Fraudulent Dispositions Law (1996 Revision) ("**Fraudulent Dispositions Law**"), a disposition of property made with an intent to defraud (again defined as an intention of a transferor wilfully to defeat an obligation owed to a creditor) and at an undervalue is voidable at the instance of a creditor thereby prejudiced.

Under both the Companies Law and the Fraudulent Dispositions Law, an application to set aside a disposition must be made within six years of the date of the disposition.

Preferences

If a company goes into liquidation but has previously granted a preference the Court may, on the application of the liquidator, set the transaction aside.

If, within six months before the commencement of the winding up of a company, at a time when it cannot pay its debts, the company makes a payment, or transfers or charges any of its property, or takes or suffers any judicial proceedings, in favour of any of its creditors with a view to giving that creditor a preference over the other creditors of the company, the transaction will be void. This is the effect of section 145 of the Companies Law.

The essence of a voidable preference is that the company, knowing that it cannot pay all its debts in full, voluntarily and improperly makes a payment or gives a benefit to one creditor which results in an inequality between him and the company's other creditors. A transaction will only be set aside as a voidable preference if the company's act was undertaken voluntarily (as opposed to under the threat of legal proceedings), the company's dominant intention was to prefer the creditor (Cayman Islands law imposes a subjective test) and the company was insolvent at the time the payment was made.

Orders

In the case of any of the above applying and where a court order is required, the court has very wide statutory powers to make such orders as it thinks fit to restore the position to that which existed before the transaction was entered into.

Common law remedies

Depending on the circumstances, in addition to the above statutory provisions the Court may effectively reverse certain antecedent transactions based on common law and/or equitable principles. For example, in the event a transaction amounts to a breach of the directors' fiduciary duties, and if a person knowingly receives the company's property as a result of that breach in circumstances where it would be unconscionable for them to retain the property, the Court may order that this property is being held on constructive trust for the company. The application of these principles can be complex and highly fact-sensitive.

There is no statutory provision dealing directly with insolvent trading in the Cayman Islands. Directors may be liable for breach of their fiduciary obligations, however, if the company continues to incur liabilities to the prejudice of the company's creditors at a time when there is no reasonable prospect of the company trading out of its financial difficulties.

Financial assistance

Under Cayman Islands law there is no statutory or common law rule which prohibits a company from giving financial assistance to any person for the acquisition of the company's shares. The directors of the company must ensure the transaction is in the best interests of the company and is carried out on a proper commercial basis, otherwise the transaction may be impugned on the basis of breach of fiduciary duty.

Limitation on enforcement against a Cayman Islands Company—Schemes of arrangements

Enforcement against a Cayman Islands company may be limited by section 86 of the Companies Law which provides that a compromise or arrangement between a company and its creditors or any class of them shall, if sanctioned by the Court, be binding on all the creditors or a class of creditors. If there are creditors who form a class, the class will be bound by the scheme if a majority representing 75% in value of the class who attended (whether in person or by proxy) and voted, approved the scheme. Cayman Islands authority suggests that a class is constituted by "those persons whose rights are not so dissimilar as to make it impossible for them to consult together with a view to their acting in their common interest." Two or more creditors are likely to constitute separate classes in a compromise or arrangement if they hold security over different assets or hold security over the same asset but do not rank equally.

Enforcement may also be limited by the principles of Cayman Islands law relating to the avoidance of transactions discussed in section titled *"Cayman Islands—Setting Aside or Avoiding a Payment"*.

Recharacterization of fixed security interests

There is a possibility that a court could find that some or all of the fixed security interests expressed to be created by a security document governed by Cayman Islands law properly take effect as floating charges as the description given to them as fixed charges is not determinative. Whether the purported fixed security interests will be upheld as fixed security interests rather than floating security interests will depend, among other things, on whether the secured party has the requisite degree of control over the chargor's ability to deal in the relevant assets and the proceeds thereof and, if so, whether such control is exercised by the secured party in practice. Where the chargor is free to deal with the assets that are the subject of a purported fixed charge in its discretion and without the consent of the secured party, the court would be likely to hold that the security interest in question constitutes a floating charge, notwithstanding that it may be described as a fixed charge. If any fixed security interests are recharacterized as floating security interests, the proceeds of those assets would be applied as per the order of priority set out above.

Security over shares

The most common form of security taken over shares of a Cayman Islands company is an equitable mortgage, rather than a legal mortgage or legal charge. An equitable mortgage arises where a mortgagor creates an encumbrance over the property in favor of the secured party but the mortgagor retains legal title to the shares. Remedies in relation to equitable mortgages may involve seeking to transfer title to the shares to the secured party or its nominee and may be subject to equitable considerations.

England and Wales

A number of the Group's subsidiaries are incorporated under the laws of England and Wales. Therefore, any main insolvency proceedings in respect of an English obligor would likely be commenced in England and conducted in accordance with the requirements of English insolvency laws. However, pursuant to the EU Insolvency Regulation, where an English company conducts business in another member state of the European Union, the jurisdiction of the English courts may be limited if the company's "centre of main interests" is found to be in another Member State (please see "*—European Union*"). As set out above, are a number of factors that are taken into account to ascertain the centre of main interests.

Fixed and floating charges

The question of whether a charge over a particular asset was created as a fixed or floating charge is important on a chargor's insolvency. Floating charge security is subject to certain challenges under English insolvency Law (see "*—Avoidance of floating charge*"). The holder of a fixed charge enjoys considerable advantage in terms of priority of distribution to creditors over the holder of a floating charge (which includes a floating charge that has crystalised and a charge which is stated to be fixed but on proper interpretation is floating).

The holder of a fixed charge is paid out of the realisations of the assets subject to the fixed charge before all other creditors (including preferential creditors such as occupational pension schemes and employees).

The holder of a floating charge is only paid out of asset realisations after the following have been paid:

- fixed charge holders;
- expenses of the insolvent estate; and
- preferential creditors.

In addition where a floating charge was created on or after 15 September 2003, a percentage of the floating charge assets must be ring-fenced for payment to unsecured creditors. However, note these rules do not apply to floating charges which are financial collateral arrangements.

In addition, until a floating charge is crystalised, the chargor is free to deal with the asset freely.

Under English law there is a possibility that a court could recharacterize fixed security interests purported to be created by a security document as floating charges; the description given to security interests by the parties is not determinative. Whether security interests labelled as fixed will be upheld as fixed security interests rather than floating security interests will depend on, among other things, whether the chargee has the requisite degree of control over the relevant chargor's ability to deal in the relevant assets and the proceeds thereof and, if so, whether such control is exercised by the chargee in practice. Where the chargor is free to deal with the secured assets without the consent of the chargee prior to crystallisation, the court is likely to hold that the security interest in question constitutes a floating charge, notwithstanding that it may be described as a fixed charge in the security documents.

Administration and floating charges

The relevant English insolvency statute empowers English courts to make an administration order in respect of an English company in certain circumstances. An administrator can also be appointed out of court by the company, its directors or the holder of a qualifying floating charge and different procedures apply according to the identity of the appointor. During the administration, in general no proceedings or other legal process may be commenced or continued against the company in administration, or security enforced over that company's property, except with leave of the court or the consent of the administrator. Certain creditors of a company in administration may be able to realize their security over that company's property notwithstanding the statutory moratorium. This is by virtue of the disapplication of the administration moratorium in relation to a "security financial collateral agreement" (generally, cash or financial instruments such as shares, bonds or tradable capital market debt instruments) under the Financial Collateral Arrangements (No. 2) Regulations 2003. If an English obligor were to enter into administration, it is likely that the security granted by it or the Guarantee granted by it may not be enforced while it is in administration. In addition, other than in limited circumstances, no administrative receiver can be appointed by a secured creditor in preference to an administrator, and any already appointed receiver must resign if requested to do so by the administrator. Where the company is already in administration no other receiver may be appointed.

In order to empower the Security Agent to appoint an administrative receiver or an administrator to the company, the floating charge granted by the relevant English obligor must constitute a "qualifying floating charge" for the purposes of English insolvency law and, in the case of the ability to appoint an administrative receiver, the qualifying floating charge must, unless the security document pre-dates 15 September 2003, fall within one of the exceptions in the UK Insolvency Act 1986 (as amended) to the prohibition on the appointment of administrative receivers. In order to constitute a qualifying floating charge, the floating charge must be created by an instrument which (a) states that the relevant statutory provision applies to it, (b) purports to empower the holder to appoint an administrator of the company or (c) purports to empower the holder to appoint an administrative receiver within the meaning given by Section 29(2) of the UK Insolvency Act 1986 (as amended). The Security Agent will be the holder of a qualifying floating charge if such floating charge security, together (if necessary) with the fixed charge security interests, relate to the whole or substantially the whole of the relevant English obligor's property and at least one such security interest is a qualifying floating charge. The most relevant exception to the prohibition on the appointment of an administrative receiver is the exception relating to "capital market arrangements" (as defined in the UK Insolvency Act 1986, as amended), which will apply if an English obligor creates a debt of at least £50,000,000 for the relevant company during the life of the arrangement and the arrangement involves the issue of a "capital markets investment" (which is defined in the UK Insolvency Act 1986, as amended, but is generally a rated, listed or traded debt instrument). An administrator, receiver (including administrative receiver) or liquidator of the company will be required to ring-fence a certain percentage of the proceeds of enforcement of floating charge security (after making full provision for preferential creditors and expenses (floating charge realisations)) for the benefit of unsecured creditors. Under current law, this applies to 50% of the first £10,000 of floating charge realisations and 20% of the remainder over £10,000, with a maximum aggregate cap of £600,000. Whether the assets that are subject to the floating charges and other security will constitute substantially the whole of the relevant English obligor's assets at the time that the floating charges are enforced will be a question of fact at that time.

Challenges to guarantees and security

There are circumstances under English insolvency law in which the granting by an English company of security and guarantees can be challenged. In most cases this will only arise if the company is placed into administration or liquidation within a specified period (as set out in more detail below) of the granting of the guarantee or security. Therefore, if during the specified period an administrator or liquidator is appointed to an English company, he may challenge the validity of the guarantee or security given by such company.

The following potential grounds for challenge may apply under English law to guarantees and security interests:

Transaction at an undervalue

Under English insolvency law, a liquidator or administrator of an English company could apply to the court for an order to set aside the creation of a security interest or a guarantee if such liquidator or administrator believes that the creation of such security interest or guarantee constituted a gift or transfer for no or significantly less consideration. There will only be a transaction at an undervalue if, at the time of the transaction or as a result of the transaction, the English company was or becomes unable to pay its debts (as defined in the Insolvency Act 1986, as amended). The transaction is subject to potential challenge if the English company enters into liquidation or administration proceedings within a period of two years from the date the English company grants the security interest or the guarantee. However, a court generally will not intervene if it is satisfied that the company entered into the transaction in good faith and for the purpose of carrying on its business and that, at the time it did so, there were reasonable grounds for believing the transaction would benefit it. If the court determines that the transaction was a transaction at an undervalue, the court can make such order as it thinks fit to restore the position to what it would have been in if the transaction had not been entered into. In any proceedings, it is for the administrator or liquidator to demonstrate that the English company was insolvent unless a beneficiary of the transaction was a connected person (as defined in the UK Insolvency Act 1986, as amended), in which case there is a presumption of insolvency and the connected person must demonstrate the solvency of the English company in such proceedings.

Preference

Under English insolvency law, a liquidator or administrator of an English company could apply to the court for an order to set aside the creation of a security interest or a guarantee if such liquidator or administrator believes that the creation of such security interest or such guarantee constituted a preference. There will only be a preference if, at the time the transaction was entered into, the English company was unable to pay its debts (as defined in the UK Insolvency Act 1986 (as amended)) or the English company becomes unable to pay its debts (as defined in the UK Insolvency Act 1986 (as amended)) as a consequence of its entry into the transaction. The transaction can be challenged if the English company enters into liquidation or administration proceedings within a period of six months (if the beneficiary of the security or the guarantee is not a connected person) or two years (if the beneficiary is a connected person) from the date the English company takes the decision to grant the security interest or the guarantee. A transaction will constitute a factual preference if it has the effect of putting a creditor of the English company (or a surety or guarantor for any of the company's debts or liabilities) in a better position (in the event of the company going into insolvent liquidation) than such creditor, guarantor or surety would otherwise have been in had that transaction not been entered into. If the court determines that the transaction constituted such a preference, the court has very wide powers for restoring the position to what it would have been if that preference had not been given, which could, in this case, include reducing payments under the Notes and the Guarantees (although there is protection for a third-party who enters into one of the transactions in good faith and without notice). However, for the court to do so, it must be shown that in deciding to give the factual preference the English company was influenced by a desire to produce the preferential effect.

In any proceedings, it is for the administrator or liquidator to demonstrate that the English company was insolvent at the relevant time and that the company was influenced by a desire to produce the preferential effect, unless the beneficiary of the transaction was a connected person, in which case there is a presumption that the company was influenced by a desire to produce the preferential effect and the connected person must demonstrate in such proceedings that there was no such influence.

Transaction defrauding creditors

Under English insolvency law, where it can be shown that a transaction was at an undervalue and was made for the purposes of putting assets beyond the reach of a person who is making, or may make, a claim against a company, or of otherwise prejudicing the interests of a person in relation to the claim which that person is making or may make, the transaction may be set aside by the court as a transaction defrauding creditors. An application to the court for an order to set aside the transaction may be made by an administrator, a liquidator and, subject to certain conditions, the UK Financial Services Authority and the UK Pensions Regulator. In addition, any person who is, or who is capable of being, prejudiced by the transaction may (with the leave of the court in the case of a company in administration or liquidation) also bring an application to set aside such transaction. There is no time limit in the English insolvency legislation within which the challenge must be made and the relevant company does not need to be insolvent at the time of the transaction. If the court determines that the transaction was a transaction defrauding creditors, the court can make such orders as it thinks fit to restore the position to what it would have been if the transaction had not been entered into and to protect the interests of the victims of the transaction. The relevant court order may affect the property of, or impose any obligation on, any person, whether or not he is the person with whom the transaction was entered into. However, such an order will not prejudice any interest in property which was acquired from a third-party in good faith, for value and without notice of the relevant circumstances and will not require a person who received a benefit from the transaction in good faith, for value and without notice of the relevant circumstances, to pay any sum unless such person was a party to the transaction.

Avoidance of floating charge

Under English insolvency law, if an English obligor is unable to pay its debts at the time of (or as a result of) granting the floating charge, and the floating charge was granted within the specified period referred to below, then such floating charge can be avoided except to the extent of the value of the money paid to, or goods or services supplied to, or any discharge or reduction of any debt of, the relevant English obligor at the same time as or after the creation of the floating charge.

The requirement for the English obligor to be insolvent at the time of (or as a result of) granting the floating charge does not apply where the floating charge is granted to a connected person. If the floating charge is granted to a connected person, and the floating charge was granted within the specified period referred to below, then the floating charge is invalid except to the extent of the value of the money paid to, or goods or services supplied to, or any discharge or reduction of any debt of, the relevant English obligor at the same time as or after the creation of the floating charge, whether the relevant English obligor is solvent or insolvent.

The granting of the floating charge can be challenged only if the relevant English obligor enters into liquidation or administration proceedings within a period of one year (if the beneficiary is not a connected person) or two years (if the beneficiary is a connected person) from the date the relevant English obligor grants the floating charge. However, if the Floating Charge qualifies as a "security financial collateral agreement" under the Financial Collateral Arrangements (No. 2) Regulations 2003, the floating charge will not be subject to challenge as described in this paragraph.

Northern Ireland

Insolvency

Certain of the Guarantors namely, Viridian Group Limited, VPEL and Viridian Energy Supply Limited are incorporated under the laws of NI (the "Northern Irish Guarantors"). Accordingly, insolvency proceedings in respect of the Northern Irish Guarantors are likely to be governed by the laws of NI. Insolvency laws in NI may not be as favorable to your interests as the laws of the United States and other jurisdictions with which you are familiar. Where one of the Northern Irish Guarantors experiences financial difficulties, it is not possible to predict with certainty the outcome of insolvency or similar proceedings.

Northern Irish insolvency laws and other limitations could limit the enforceability of a guarantee provided by the Northern Irish Guarantors and any security interests granted by the Northern Irish Guarantors.

The following is a brief description of certain aspects of Northern Irish insolvency laws relating to certain limitations on the Guarantees and security interests in respect of the Notes, insofar as they are provided by the Northern Irish Guarantors.

The application of these laws could adversely affect your ability to enforce your rights under the Guarantees or the Collateral securing the Notes and limit any amounts that you may receive. The Group has also analyzed the typical forms of security interests in NI which are commonly created in NI over a company's assets, namely fixed and floating charges.

General

The laws relating to insolvency and the validity/enforceability of guarantees and security are broadly the same as those in England and Wales but substantially different from those equivalent laws in Ireland.

As a general rule, insolvency proceedings with respect to a Northern Irish company should be commenced in NI based on Northern Irish insolvency laws; although insolvency proceedings in respect of Northern Irish companies could also be based in other jurisdictions under certain circumstances. Formal insolvency proceedings under the laws of NI may be initiated in a number of ways, including by (i) the company, its directors, or one or more of its creditors making an application for administration, (ii) the company, its directors, or certain creditors appointing administrators out of court, or (iii) a creditor filing a petition to wind-up a Northern Irish company or the company resolving to wind itself up (in the case of liquidation). A Northern Irish company may be wound up if it is unable to pay its debts, and may be placed into administration if it is, or is likely to become, unable to pay its debts, and the administration is reasonably likely to achieve one of three statutory purposes.

Under the Insolvency (Northern Ireland) Order 1989 (as amended), a company is deemed to be unable to pay its debts if it is insolvent on a "cash flow" basis (it is proved to the satisfaction of the court that it is unable to pay its debts as they fall due), if it is insolvent on a "balance sheet" basis (it is proved to the satisfaction of the court that the value of the company's assets is less than the amount of its liabilities, taking into account its contingent and prospective liabilities), if it fails to satisfy a creditor's statutory demand for a debt exceeding £750 within the specified time or if it fails to satisfy in full a judgment debt (or similar court order).

Fixed versus floating charges

There are a number of ways in which fixed charge security has an advantage over floating charge security: (a) an administrator appointed to a charging company can (without the floating charge holder's consent) convert floating charge assets to cash and use such cash, or use cash subject to a floating charge, to meet administration expenses (which can include the costs of continuing to operate the business of the charging company) while in administration in priority to the claims of the floating charge holder; (b) a fixed charge, even if created after the date of a floating charge, may have priority as against the floating charge over the charged assets; (c) general costs and expenses (including the remuneration of a liquidator) properly incurred in a winding-up are payable out of the assets of the charging company (including the assets the subject of the floating charge) in priority to floating charge claims; (d) until the floating charge security crystallizes, a company is entitled to deal with assets that are subject to floating charge security in the ordinary course of business, meaning that such assets can be effectively disposed of by the charging company so as to give a third party good title to the assets free of the floating charge and so as to give rise to the risk of security being granted over such assets in priority to the floating charge security; (e) there are particular challenge risks in relation to floating charge security; and (f) floating charge security is subject to the claims of preferential creditors (such as occupational pension scheme contributions and salaries (including holiday pay) owed to employees) and to ring-fencing (see below "*—Northern Ireland—Administration and Floating Charges*").

Under insolvency laws in NI, there is a possibility that a court could find that the fixed security interests expressed to be created by a security document could take effect as floating charges because the description given to them as fixed charges is not determinative. Whether fixed security interests will be upheld as fixed rather than floating security interests will depend, among other things, on whether the chargee has the requisite degree of control over the ability of the relevant chargor to deal in the relevant assets and the proceeds thereof and, if so, whether such control is exercised by the chargee in practice. Where the chargor is free to deal with the secured assets without the consent of the chargee, the court is likely to hold that the security interest in question constitutes a floating charge, notwithstanding that it may be described as a fixed charge.

Administration and floating charges

The Insolvency (Northern Ireland) Order 1989 (as amended by the Insolvency (Northern Ireland) Order 2005 and as otherwise amended) empowers courts in NI to make an administration order in respect of a Northern Irish company in certain circumstances.

An administration order can be made if the court is satisfied that the relevant company is or is likely to become "unable to pay its debts" as defined in Article 103 of the Insolvency (Northern Ireland) Order 1989 and that the administration order is reasonably likely to achieve the statutory purpose of administration.

An administrator can also be appointed out of court by the company, its directors or the holder of a qualifying floating charge which has become enforceable. During the administration, no proceedings or other legal process may be commenced or continued against the company in administration, or security enforced over the company's property, except with leave of the court or the consent of the administrator (the statutory moratorium). Certain creditors of a company in administration may be able to realize their security over that company's property notwithstanding the statutory moratorium.

In England and Wales the statutory moratorium does not apply to security interests created or arising under a "financial collateral agreement" (generally, security/collateral in respect of cash or financial instruments, such as shares, bonds or tradable capital market debt instruments) under the Financial Collateral Arrangements (No. 2) Regulations 2003 (the "2003 Regulations"). The 2003 Regulations were implemented at a time when the Enterprise Act 2002 was in force in England and Wales; however the equivalent provisions in NI were not introduced until the Insolvency (Northern Ireland) Order 2005 (the "2005 Order") came into force. The 2005 Order introduced Schedule B1 to the Insolvency (Northern Ireland) Order 1989 and replaced Part III of the Insolvency (Northern Ireland) Order 1989 which the 2003 Regulations had amended as far as financial collateral arrangements were concerned. Following this, the Financial Markets and Insolvency (Settlement Finality and Financial Collateral Arrangements) (Amendment) Regulations 2010 (the "2010 Regulations") reflected the changes brought about to the administration regime in NI, as a consequence of the implementation of the 2005 Order.

However, there appears to be one omission, which is the failure of the 2010 Regulations to disable the effect of Paragraph 42(2) of Schedule B1 to the Insolvency (Northern Ireland) Order 1989, in relation to a receiver appointed pursuant to a financial collateral arrangement. Therefore, if a Northern Irish company were to enter administration, it is possible that the security or the guarantee granted by it may not be enforced while it is in administration, without the leave of court or consent of the administrator. In addition, as stated above, Paragraph 42(2) of Schedule B1 to the Insolvency (Northern Ireland) Order 1989 has not been disapplied by the 2003 Regulations or the 2010 Regulations. Accordingly, there is a risk that any receiver appointed over an asset of a Northern Irish company under a financial collateral arrangement may be required to vacate office by an administrator of that entity if an administrator was appointed pursuant to the laws of NI.

There can be no assurance that the Security Agent would obtain this leave of court or consent of the administrator. In addition, other than in limited circumstances, no administrative receiver can be appointed by a secured creditor in preference to an administrator, and any already appointed receiver must resign if requested to do so by the administrator. Where the company is already in administration no other receiver may be appointed over that company's fixed assets (commonly referred to as a Fixed Charge Receiver) without the leave of the Court or the administrator's consent.

In order to empower the Security Agent to appoint an administrative receiver or an administrator to the company, the floating charge granted by the relevant Northern Irish obligor must constitute a "qualifying floating charge" for the purposes of Northern Irish insolvency law and, in the case of the ability to appoint an administrative receiver, the qualifying floating charge must, unless the security document pre-dates 27 March 2006, fall within one of the exceptions in the Insolvency (Northern Ireland) Order 1989 (as amended) to the prohibition on the appointment of administrative receivers. In order to constitute a qualifying floating charge, the floating charge must be created by an instrument which (a) states that the relevant statutory provision applies to it, (b) purports to empower the holder to appoint an administrator of the company or (c) purports to empower the holder to appoint an administrative receiver within the meaning given by Article 5(1) of the Insolvency (Northern Ireland) Order 1989 (as amended). The Security Agent will be the holder of a qualifying floating charge if such floating charge security, together (if necessary) with the fixed charge security interests, relate to the whole or substantially the whole of the relevant Northern Irish obligor's property and at least one such security interest is a qualifying floating charge. The most relevant exception to the prohibition on the appointment of an administrative receiver is the exception relating to "capital market arrangements" (as defined in the Insolvency (Northern Ireland) Order 1989, as amended), which will apply if a Northern Irish obligor creates a debt of at least £50,000,000 for the relevant company during the life of the arrangement and the arrangement involves the issue of a "capital markets investment" (which is defined in the Insolvency (Northern Ireland) Order 1989, as amended, but is generally a rated, listed or traded debt instrument). An administrator, receiver or liquidator of the company will be required to ring-fence a certain percentage of the proceeds of enforcement of floating charge security (after making full provision for preferential creditors and expenses (floating charge realisations)) for the benefit of unsecured creditors. Under current law, this applies to 50% of the first £10,000 of floating charge realisations and 20% of the remainder over £10,000, with a maximum aggregate cap of £600,000. Whether the assets that are subject to the floating charges and other security will constitute substantially the whole of the relevant Northern Irish obligor's assets at the time that the floating charges are enforced will be a question of fact at that time.

Liquidation

The Northern Irish Guarantors may be wound up under the laws of NI. By "wound up" the Group means placed into either Creditors' Voluntary Liquidation or Compulsory Liquidation, both of which are insolvent liquidations. The Group is not referring to the process of Members' Voluntary Liquidation which is a solvent winding up and outside the scope of this analysis.

On the liquidation of a Northern Irish company, there is no automatic statutory moratorium in place preventing, amongst other things, the holders of security interests from taking steps to enforce those security interests. Where a Northern Irish Guarantor is placed into Creditors' Voluntary Liquidation, there are no restrictions on the holder of security either by way of fixed or floating charge from taking steps to enforce those security interests unless the liquidator or any creditor has applied to a court for a stay. However, where a Northern Irish Guarantor is placed into Compulsory Liquidation, the consent of the Court is strictly required before any security interest can be enforced. In addition, with compulsory liquidation where the obligations under the Guarantee are unsecured because of some inherent defect in the security interest, that guarantor cannot take action or commence proceedings to recover the amounts due on foot of the guarantee without the consent of the Court by virtue of Article 110(3) of the Insolvency (Northern Ireland) Order 1989 (as amended).

Challenges to guarantees and security

There are circumstances under Northern Irish insolvency law in which the granting by a Northern Irish company of security and guarantees can be challenged. In most cases, this will only arise if the Northern Irish company is placed into administration or liquidation within a specified period of the granting of the guarantee or security. Therefore, if during the specified period an administrator or liquidator is appointed to a Northern Irish company, the administrator or liquidator may challenge the validity of the security or guarantee given by such company.

The following potential grounds for challenge may apply under Northern Irish law to guarantees and security interests:

Transaction at an undervalue

Under Northern Irish insolvency law, a liquidator or administrator of a Northern Irish company could apply to the Court for an Order to set aside the creation of a security interest or a guarantee if such liquidator or administrator believes that the creation of such security interest or guarantee constituted a gift or transfer for no or significantly less consideration. There will only be a transaction at an undervalue if, at the time of the transaction or as a result of the transaction, the Northern Irish company was or becomes unable to pay its debts (as defined in Article 103 of the Insolvency (Northern Ireland) Order 1989). The transaction is subject to potential challenge if the Northern Irish company enters into liquidation or administration proceedings within a period of two years from the date the Northern Irish company grants the security interest or guarantee. However, a court generally will not intervene if a company entered into the transaction in good faith for the purpose of carrying on its business and if at the time it did so there were reasonable grounds for believing the transaction would benefit the company. The Issuers cannot assure holders of the Notes that in the event of insolvency, the granting of the security by companies incorporated under the laws of NI would not be challenged by a liquidator or administrator or that a court would support the analysis that (in any event) the guarantee was entered into in good faith for the purposes described above. If the court determines that the transaction was a transaction at an undervalue, the court can make such order as it thinks fit to restore the position to what it would have been in if the transaction had not been entered into. In any proceedings, it is for the administrator or liquidator to demonstrate that the Northern Irish company was insolvent unless a beneficiary of the transaction was a connected person (as defined in the Insolvency (Northern Ireland) Order 1989, as amended), in which case there is a presumption of insolvency and the connected person must demonstrate the solvency of the Northern Irish company in such proceedings

Preference

Under Northern Irish insolvency law, a liquidator or administrator of a Northern Irish company could apply to the court for an order to set aside the creation of a security interest or a guarantee if such liquidator or administrator believes that the creation of such security interest or such guarantee constituted a preference. There will only be a preference if, at the time the transaction was entered into, the Northern Irish company was unable to pay its debts (as defined in the Insolvency (Northern Ireland) Order 1989, as amended) or the Northern Irish company becomes unable to pay its debts (as defined in the Insolvency (Northern Ireland) Order 1989, as amended) as a consequence of its entry into the transaction. The transaction can be challenged if the Northern Irish company enters into liquidation or administration proceedings within a period of six months (if the beneficiary of the security or the guarantee is not a connected person) or two years (if the beneficiary is a connected person) from the date the Northern Irish company takes the decision to grant the security interest or the guarantee. A transaction will constitute a preference if it has the effect of putting a creditor of the Northern Irish company (or a surety or guarantor for any of the company's debts or liabilities) in a better position (in the event of the company going into insolvent liquidation) than such creditor, guarantor or surety would otherwise have been in had that transaction not been entered into. If the court determines that the transaction constituted such a preference, the court has very wide powers for restoring the position to what it would have been if that preference had not been given, which could, in this case, include reducing payments under the Notes and the Guarantees (although there is protection for a third-party who enters into one of the transactions in good faith and without notice). However, for the court to do so, it must be shown that in deciding to give the preference the Northern Irish company was influenced by a desire to produce the preferential effect. In any proceedings, it is for the administrator or liquidator to demonstrate that the Northern Irish company was insolvent at the relevant time and that the company was influenced by a desire to produce the preferential effect, unless the beneficiary of the transaction was a connected person, in which case there is a presumption that the company was influenced by a desire to produce the preferential effect and the connected person must demonstrate in such proceedings that there was no such influence.

Transaction defrauding creditors

Under Northern Irish insolvency law, where it can be shown that a transaction was at an undervalue and was made for the purposes of putting assets beyond the reach of a person who is making, or may make, a claim against a company, or of otherwise prejudicing the interests of a person in relation to the claim which that person is making or may make, the transaction may be set aside by the court as a transaction defrauding creditors. An application to the court for an order to set aside the transaction may be made by an administrator, a liquidator and, subject to certain conditions, the UK Financial Conduct Authority and the UK Pensions Regulator. In addition, any person who is, or who is capable of being, prejudiced by the transaction may (with the leave of the court in the case of a company in administration or liquidation) also bring an application to set aside such transaction. There is no time limit in the Northern Irish insolvency legislation within which the challenge must be made and the relevant company does not need to be insolvent at the time of the transaction. If the court determines that the transaction was a transaction defrauding creditors, the court can make such orders as it thinks fit to restore the position to what it would have been if the transaction had not been entered into and to protect the interests of the victims of the transaction. The relevant court order may affect the property of, or impose any obligation on, any person, whether or not he is the person with whom the transaction was entered into. However, such an order will not prejudice any interest in property which was acquired from a third-party in good faith, for value and without notice of the relevant circumstances and will not require a person who received a benefit from the transaction in good faith, for value and without notice of the relevant circumstances, to pay any sum unless such person was a party to the transaction.

Avoidance of floating charge

Under Northern Irish insolvency law, if a Northern Irish obligor is unable to pay its debts at the time of (or as a result of) granting the floating charge, and the floating charge was granted within the specified period referred to below, then such floating charge can be avoided except to the extent of the value of the money paid to, or goods or services supplied to, or any discharge or reduction of any debt of, the relevant Northern Irish obligor at the same time as or after the creation of the floating charge.

The requirement for the Northern Irish obligor to be insolvent at the time of (or as a result of) granting the floating charge does not apply where the floating charge is granted to a connected person. If the floating charge is granted to a connected person, and the floating charge was granted within the specified period referred to below, then the floating charge is invalid except to the extent of the value of the money paid to, or goods or services supplied to, or any discharge or reduction of any debt of, the relevant Northern Irish obligor at the same time as or after the creation of the floating charge, whether the relevant Northern Irish obligor is solvent or insolvent.

The granting of the floating charge can be challenged only if the relevant Northern Irish obligor enters into liquidation or administration proceedings within a period of one year (if the beneficiary is not a connected person) or two years (if the beneficiary is a connected person) from the date the relevant Northern Irish obligor grants the floating charge. However, if the floating charge qualifies as a "security financial collateral agreement" under the 2003 Regulations, the floating charge will not be subject to challenge as described in this paragraph.

Republic of Ireland

Insolvency

Certain of the Guarantors, namely Huntstown Power Company Limited, Viridian Power and Energy Holdings Limited, Viridian Power Limited, Power and Energy Holdings (RoI) Limited and Viridian Energy Limited (the "RoI Guarantors") and the RoI Issuer (the "RoI Obligors") are incorporated under the laws of Ireland and have their registered offices in Ireland. Under the Recast EU Insolvency Regulation, each RoI Guarantor's centre of main interest ("COMI") is presumed to be the place of its registered office (i.e. Ireland) in the absence of proof to the contrary and provided that the relevant RoI Obligor did not move its registered office within the 3 months prior to a request to open insolvency proceedings.

As each RoI Obligor's COMI is presumed to be Ireland, any main insolvency proceedings in respect of the relevant RoI Obligor would fall within the jurisdiction of the courts of Ireland. As to what might constitute "*proof to the contrary*" regarding the location of a company's COMI, the key decision is that in *Re Eurofood IFSC Ltd* ([2004] 4 IR 370 (Irish High Court); [2006] IESC 41 (Irish Supreme Court); [2006] Ch 508; ECJ Case C-341/04 (European Court of Justice)), given in respect of the equivalent provision in the previous EU Insolvency Regulation (Regulation (EC) No. 1346/2000). In that case, on a reference from the Irish Supreme Court, the European Court of Justice concluded that "*factors which are both objective and ascertainable by third parties*" would be needed to demonstrate that a company's actual situation is different from that which the location of its registered office is deemed to reflect. For instance, if a company with its registered office in Ireland does not carry on any business in Ireland, that could rebut the presumption that the company's COMI is in Ireland. However, if a company with its registered office in Ireland does carry on business in Ireland, the fact that its economic choices are controlled by a parent undertaking in another jurisdiction would not, of itself, be sufficient to rebut the presumption.

If the relevant RoI Obligor's COMI was found to be in another EU jurisdiction and not in Ireland, main insolvency proceedings would be opened in that jurisdiction instead.

RoI insolvency laws and other limitations could limit the enforceability of a guarantee provided by the RoI Guarantors and any security interests granted by the RoI Guarantors.

The following is a brief description of certain aspects of RoI insolvency laws relating to certain limitations on the Guarantees and security interests in respect of the Notes, insofar as they are provided by the RoI Obligors.

The application of these laws could adversely affect your ability to enforce your rights under the Guarantees or the Collateral securing the Notes and limit any amounts that you may receive. The Group has also analyzed the typical forms of security interests in RoI which are commonly created in RoI over a company's assets, namely fixed and floating charges.

Fixed and floating charges

Under RoI law, there are a number of ways in which fixed charge security has an advantage over floating charge security: (a) an examiner appointed to the charging company can deal with floating charge assets; (b) a fixed charge, even if created after the date of a floating charge, may have priority as against the floating charge over the charged assets; (c) general costs and expenses (including the liquidator's remuneration) properly incurred in a winding-up are payable out of the company's assets (including the assets that are the subject of the floating charge) in priority to floating charge claims; (d) until the floating charge security crystallizes, a company is entitled to deal with assets that are subject to floating charge security in the ordinary course of business, meaning that such assets can be effectively disposed of by the charging company so as to give a third-party good title to the assets free of the floating charge and so as to give rise to the risk of security being granted over such assets in priority to the floating charge security; (e) floating charge security is subject to certain challenges under Irish insolvency law (please see "*—Challenges to Guarantees and Security—Grant of Floating Charge*"); and (f) floating charge security is subject to the claims of preferential creditors in a winding-up (such as certain taxes, occupational pension scheme contributions and salaries owed to employees subject to a cap per employee) and holiday pay owed to employees).

Under RoI law there is a possibility that a court could recharacterize fixed security interests purported to be created by a security document as floating charges; the description given to security interests by the parties is not determinative. Whether security interests labelled as fixed will be upheld as fixed security interests rather than floating security interests will depend on, among other things, whether the chargee has the requisite degree of control over the relevant chargor's ability to deal in the relevant assets and the proceeds thereof and, if so, whether such control is exercised by the chargee in practice. Where the chargor is free to deal with the secured assets without the consent of the chargee prior to crystallization, the court is likely to hold that the security interest in question constitutes a floating charge, notwithstanding that it may be described as a fixed charge in the security documents. In addition, to the extent that any of the assets which are expressed to be subject to a fixed charge are not specifically identified, the court may hold that such assets are, in fact, subject to a floating charge.

Preferred creditors under RoI Law

Under Section 621 (*Preferential Payments in a winding up*) ("Section 621") of the Companies Act in a winding-up of an RoI company certain preferential debts are required to be paid in priority to all debts other than those secured by a fixed charge. Preferential debts therefore have priority over debts secured by a floating charge. If the assets of the relevant company available for the payment of general creditors are insufficient to pay the preferential debts, they are required to be paid out of the property subject to the floating charge. Section 621 was amended by the Companies (Accounting) Act 2017 (with effect from 9 June 2017) with the effect that a charge created as a floating charge by a company will continue to rank as a floating charge on a winding-up of that company, even if that floating charge has crystallised. Under Section 440 (*Preferential Payments when receiver appointed under floating charge*) of the Companies Act, the holder of a floating charge, or a receiver appointed by such a holder, who takes possession of property subject to the floating charge when the company is not in the course of being wound up, is required to pay the preferential debts out of that property in priority to principal and interest secured by the floating charge. Such preferential debts would comprise, among other things, any amounts owed in respect of local rates and certain amounts owed to the RoI Revenue Commissioners for income/corporation/capital gains tax, value added tax (VAT), employee-related taxes, social security and pension scheme contributions and remuneration, salaries and wages of employees and certain contractors and the expenses of liquidation.

In addition, there is a further limited category of super-preferential creditors which take priority, not only over unsecured creditors and holders of floating security, but also over holders of fixed security. These super-preferential claims include the remuneration, costs and expenses properly incurred by any examiner of the company which may include any borrowings made by an examiner to fund the company's requirements for the duration of his appointment that have been approved by the RoI courts, (see *"—Examinership"* below) and any capital gains tax payable on the disposition of an asset of the company by a liquidator, receiver or mortgagee in possession as well as, in certain circumstances, PAYE and VAT arrears where a fixed charge over book debts is created.

Furthermore, and as referred to above (see "*—Fixed and Floating Charges*"), in the case of the application of moneys arising from the realization of secured assets that are subject to a floating charge, or in a winding-up, the costs of the liquidation and the liquidator's fees will take priority over the claims of floating chargeholders in respect of relevant assets.

Examinership

Examinership is a court procedure available under the Companies Act to facilitate the survival of the whole or part of an RoI company the whole or any part of its undertaking through the appointment of an examiner and the formulation by the examiner of proposals for a compromise or scheme of arrangement. In circumstances where an RoI company is or is likely to be unable to pay its debts, then that company, the directors of that company, a contingent, prospective or actual creditor of that company, or shareholders of that company holding, at the date of presentation of the petition, not less than one-tenth of the paid-up voting share capital of that company are each entitled to petition the court for the appointment of an examiner to that company. Provided the company can demonstrate its survival (and all or part of its undertaking) as a going concern, and can satisfy certain tests, the ROI company may be placed under the protection of the relevant Irish court for a period of time whilst its affairs are investigated by an independent examiner whose function is to see whether the company is capable of being rescued and to supervise the restructuring process.

Where the relevant Irish court appoints an examiner to a company, it may, at the same or any time thereafter, make an order appointing the examiner to be examiner for the purposes of the Companies Act to a related company of such company. Once confirmed by the relevant Irish court the scheme is binding on the company and all its members and creditors. During the protection period the day-to-day business of the company remains under the control of the directors of the company, subject to certain rights of the examiner to apply to the relevant Irish court.

Once appointed an examiner must, as soon as practical, formulate proposals for a compromise or scheme of arrangement in relation to the company to which he has been appointed. Typically, a scheme of arrangement will involve the writing down of creditors' claims (both secured and unsecured, contingent and actual) that are in existence at the date of the petition and the introduction into the company of new funds. The examiner has the power to set aside contracts and arrangements entered into by the company after this appointment and, in certain circumstances, can avoid a negative pledge given by the company prior to this appointment. Furthermore, the examiner may sell assets of the company which are the subject of security. Where such assets are the subject of a fixed security interest, the examiner must account to the holders of the fixed security interest for the amount realized and discharge the amount due to the holders of the fixed security interest out of the proceeds of the sale. Having formulated his proposals, he must convene meetings of such classes of members and creditors as he thinks proper to consider acceptance of his proposals. The examiner must report to the Court on the outcome of his meetings within 35 days of his appointment, although the 35 day period can be extended by the Court. There is acceptance by creditors or by a class of creditors when a majority in number representing a majority in value of the claims represented at the meeting vote in favour of the proposals. The proposals must be confirmed by the Court if they are to become effective and the Court can confirm the proposals only if, inter alia: (a) at least one class of creditors whose interests or claims would be impaired by implementation of the proposals have accepted them; (b) the Court is satisfied that the proposals are fair and equitable in relation to any class of members or creditors that has not accepted them and whose interests and claims would be impaired by implementation; and (c) they are not unfairly prejudicial to the interests of any interested party.

Once confirmed by the Court, the proposals become binding on the company and all creditors (whether secured or unsecured) or the class or classes of creditors (whether secured or unsecured), as the case may be, affected by the proposals and their rights are accordingly modified.

For as long as a company is under the protection of the relevant Irish court, no attachment, sequestration, distress or execution shall be put into force against the property or effects of the relevant company except with the consent of the examiner. Section 520 (*Effect of petition to appoint examiner on creditors and others*) of the Companies Act provides, among other things, that except with the consent of the examiner:

- where any claim against the company is secured by a mortgage, charge, lien or other encumbrance or a pledge of, on or affecting the whole or any part of the property, effects or income of the ROI company, no action may be taken to realise the whole or any part of such security;

- no receiver over any part of the property or undertaking of the ROI company shall be appointed (and if a receiver was appointed before the petition was presented, that receiver was unable to act); and

- no proceedings for the winding up of the company may be commenced and no resolution for winding up of the company may be passed (and no such resolution passed shall have any effect).

In addition, pursuant to Section 521 (*Restriction on payment of pre-petition debts*) of the Companies Act, no payment may be made by a company during the period of Court protection by way of satisfaction or discharge of the whole or a part of a liability incurred by the company before the date upon which the petition for the examiner's appointment was presented unless the independent expert's report under Section 511 (*Independent expert's report*) of the Companies Act that accompanied the petition recommended that all or part of that liability be discharged or satisfied, or such payment is authorised by the Relevant Irish court (on application of the examiner or any interested party) where the Relevant Irish court is satisfied that a failure to discharge or satisfy in whole or in part that liability would considerably reduce the prospects of the company or the whole or any part of its undertaking surviving as a going concern.

Where an examinership petition is presented in relation to a company, that company is deemed to be under the protection of the Court during the period beginning on presentation of the petition and ending 70 days later (which period may be extended by a further 30 days where the Court is satisfied that the examiner would not be able to present his report within 70 days, or by such further unlimited period as the Court may allow where the Court needs more time to consider the proposals contained in the examiner's final report). In the event of an appeal of the Court's decision, the protection period is likely to be further extended in order to allow the determination of the appeal.

Furthermore, the Relevant Irish court may order that an examiner shall have any of the powers of a liquidator appointed by the Relevant Irish court would have, which could include the power to apply to have transactions disclaimed if the related contract amounted to an unfair preference.

Primary risks for holders of notes in an examinership

The primary risks to the holders of the Notes, under the laws of Ireland, if an examiner were appointed to an RoI Obligor and/or to a company related to such an RoI company and where any amounts due under the Notes were unpaid, are as follows: (a) there may be a delay in enforcing the payment obligations of an RoI Obligor of the Notes and of any payment obligations contained in a guarantee given by any other related company subject to the examinership proceedings; (b) the potential for a compromise or scheme of arrangement being approved involving the writing down or rescheduling of the debt due by an RoI Obligor to the holders of the Notes; (c) the potential for a compromise or scheme of arrangement being approved involving the writing down or rescheduling of any payment obligations owed to the holders of the Notes by a company related to such an RoI Obligor; (d) the potential for the examiner to seek to set aside any negative pledge prohibiting the creation of security or the incurring of borrowings by the RoI Obligor to enable the examiner to borrow to fund the guarantor or issuer during the protection period; and (e) in the event that a scheme of arrangement is not approved in respect of an RoI company guarantor of the Notes and the guarantor subsequently goes into liquidation, the examiner's remuneration and expenses (including certain borrowings incurred by the examiner on behalf of the guarantor and approved by the RoI High Court) will take priority over the moneys and liabilities which from time to time are or may become due, owing or payable by it to the holders of the Notes.

Challenges to guarantees and security

There are circumstances under RoI insolvency law in which the granting by an RoI company of security and guarantees can be challenged. In most cases this will only arise if an examiner or a liquidator is appointed to the RoI company within a specified period (as set out in more detail below) of the granting of the security or giving of the guarantee and, in addition, the company was "unable to pay its debts" when the security interest was granted or when the guarantee was given or "unable to pay its debts" within the meaning of the Companies Act as a result.

The following potential grounds for challenge may apply to security interests and guarantees:

Unfair preference

Under Irish insolvency law, if an ROI company goes into liquidation, a liquidator may apply to the court to have certain transactions disclaimed if the related contract amounted to an unfair preference. Section 604 (*Unfair preference: effect of winding up on antecedent and other transactions*) of the Companies Act ("Section 604") provides that any conveyance, mortgage, delivery of goods, payment, execution or other act relating to property made or done by or against a company which is unable to pay its debts as they become due in favour of any creditor of the company or any person on trust for any such creditor, with a view to giving such creditor (or any surety or guarantor of the debt due to such creditor) a preference over the company's other creditors, shall be deemed to be an unfair preference of its creditors and be invalid accordingly if a winding up of the company commences within six months of the doing of the act and the company is, at the date of commencement of the winding up, unable to pay its debts (taking into account contingent and prospective liabilities).

Improperly transferred assets

Under Section 608 (*Power of the court to order return of assets which have been improperly transferred*) of the Companies Act ("Section 608"), if it can be shown on the application of a liquidator, creditor or contributory of a company which is being wound up, to the satisfaction of the High Court, that any property of that company was disposed of (including a disposal by way of charge, security assignment or mortgage) and the effect of such a disposal was to "*perpetrate a fraud*" on the company, its creditors or members, the High Court may, if it deems it just and equitable to do so, order any person who appears to have "*use, control or possession*" of the property concerned, or of the proceeds of the sale or development of that property, to deliver it or them, or to pay a sum in respect of it to the liquidator on such terms as the High Court sees fit. The ability to use Section 608 to challenge the transfer of assets has been extended to receivers and examiners. Section 608 does not apply to a disposal that would constitute an unfair preference for the purposes of Section 604.

Disclaimer of onerous contracts

Under Section 615 (*Disclaimer of onerous property in case of company being wound up*) of the Companies Act, the liquidator of a company may, by the giving of notice, disclaim any onerous property of the company. "*Onerous property*" is defined to include any "*unprofitable contract*" and "*any other property [of the company] which is unsaleable or not readily saleable by reason of its binding the possessor of it to the performance of any onerous act or to the payment of any sum of money*".

Grant of floating charge

Under Section 597 (*Circumstances in which floating charge is invalid*) of the Companies Act, a floating charge is invalid if created in the period of twelve months (or two years if created in favour of a "connected person") ending with the date of commencement of the winding up of the company, and unless it can be proven that the company was solvent immediately after the creation of the charge. Such invalidity does not apply to money actually advanced or paid or the actual price or value of goods or services sold or supplied to the company at the time or after the creation of, and in consideration for, the charge together with interest at the appropriate rate.

General

If an RoI Obligor becomes subject to an RoI law insolvency proceeding and that company has obligations to creditors that are treated under RoI law as senior relative to the company's obligations to the Noteholders, the Noteholders may suffer losses as a result of their subordinated status during such insolvency proceeding.

The validity and enforceability of a guarantee or security interest may be contested on the basis that it is prohibited under the relevant company's constitution. To the extent that the constitution does not allow such an action, there is the risk that the grant of the guarantees may be found to be void and unenforceable. Further, guarantees by the Irish guarantors for the obligations of another group company must be in the commercial interest and for the corporate benefit of the Irish guarantors. If the giving of a guarantee is not for the Irish guarantors' corporate benefit, the guarantees could be held null and void. The question of corporate benefit is determined on a case-by-case basis and consideration has to be given to any direct and/or indirect benefit that the company would actually derive from the transaction and is particularly relevant for upstream or cross-stream guarantees. The question whether or not the corporate benefit requirement is met is a matter of fact, which must be assessed by the competent body of the company being the board of directors of the company acting bona fide in the interest of the company. If the corporate benefit requirement is not met, the directors of the company may be held liable by the company for negligence in the management of the company. Moreover, the guarantees could be declared null and void. The validity and/or enforceability of the guarantees may also be subject to the statutes of limitations, defences such as set-off or counterclaim, the doctrine of frustration and the doctrine of estoppel, and the fact that equitable remedies will only be granted by the Irish court in its discretion.

Subject to certain exceptions, under Section 82 (*Financial assistance for acquisition of shares*) of the Companies Act ("Section 82"), it is unlawful for a RoI company to give, whether directly or indirectly, and whether by means of a loan, guarantee, the provision of security or otherwise, any financial assistance for the purpose of or in connection with a purchase or subscription made or to be made by any person or for any shares in the company or its holding company.

As a result, the notes may only be guaranteed by the relevant ROI company to the extent that it would not result in such guarantee constituting the giving of unlawful financial assistance under Section 82.

Pursuant to Section 1001 of the RoI Taxes Consolidation Act 1997, the holder of a fixed security over book debts of an RoI tax-resident company may be required by notice from the RoI Revenue Commissioners to pay to them sums equivalent to those which the holder thereafter receives in payment of debts due to it by the relevant company. Where the holder of the security has informed the RoI Revenue Commissioners of the creation of the security within 21 days of its creation, the holder's liability is limited to the amount of certain outstanding RoI tax liabilities of the company (including liabilities in respect of value added tax) arising after the issue to the holder of a notice from the RoI Revenue Commissioners.

The RoI Revenue Commissioners may also attach any debt due to an RoI tax-resident company by another person in order to discharge any liabilities of the company in respect of outstanding tax whether the liabilities are due on its own account or as an agent or trustee. It is possible that the scope of this right of the RoI Revenue Commissioners may override the rights of holders of security (whether fixed or floating) over the debt in question.

Luxembourg

ElectricInvest (Lux) ROI S.à r.l. (the "Luxembourg Guarantor") is incorporated under the laws of Luxembourg and has its center of main interests (*centre des intérêts principaux*), for the purposes of the Recast EU Insolvency Regulation, and its registered office in Luxembourg. Accordingly, insolvency proceedings affecting the Luxembourg Guarantor would be governed by Luxembourg insolvency laws. The following is a brief description of the key features of Luxembourg insolvency proceedings and certain aspects of insolvency laws in Luxembourg.

Certain insolvency law considerations

Pursuant to Luxembourg insolvency laws, your ability to receive payment under the Notes may be more limited than would be the case under U.S. bankruptcy laws. Under Luxembourg law, the following types of proceedings (altogether referred to as insolvency proceedings) may be opened against an entity having its center of main interests or an establishment within the meaning of the Recast EU Insolvency Regulation in Luxembourg (in the latter case assuming that the center of main interests is located in a jurisdiction where the Recast EU Insolvency Regulation applies) or its central administration (*administration centrale*) is in Luxembourg (within the meaning of the Luxembourg law of 10 August 1915 on commercial companies, as amended (the "Luxembourg Companies Act"):

- bankruptcy proceedings *(faillite),* the opening of which may be requested by a company or by any of its creditors. Following such a request, the Luxembourg courts having jurisdiction may open bankruptcy proceedings if the company: (i) is in a state of cessation of payments *(cessation des paiements)* and (ii) has lost its commercial creditworthiness *(ébranlement de crédit).* If a Luxembourg court finds that these conditions are satisfied, it may also open bankruptcy proceedings, ex officio (absent a request made by the company or a creditor). The main effect of such proceedings is the suspension of all measures of enforcement against the company, except, subject to certain limited exceptions, for enforcement by secured creditors and the payment of the secured creditors in accordance with their rank upon realization of the assets;

- controlled management proceedings *(gestion contrôlée),* the opening of which may only be requested by the company and not by its creditors and under which a Luxembourg court may order provisional suspension of payments, including a stay of enforcement of claims by secured creditors; and

- composition proceedings *(concordat préventif de faillite),* which may be requested only by the company (subject to obtaining the consent of the majority of its creditors) and not by its creditors themselves. The Luxembourg court's decision to admit a company to the composition proceedings triggers a provisional stay on enforcement of claims by creditors.

In addition to these proceedings, your ability to receive payment on the Notes may be affected by a decision of a Luxembourg court to grant a stay on payments *(sursis de paiement)* or to put the Luxembourg Guarantor into judicial liquidation *(liquidation judiciaire).* Judicial liquidation proceedings may be opened at the request of the public prosecutor against companies pursuing an activity violating criminal laws or that are in serious breach or violation of the Luxembourg Code of Commerce (*Code de commerce*) or of the Luxembourg Companies Act. The management of such liquidation proceedings will generally follow the rules of Luxembourg bankruptcy proceedings.

Liability of the Luxembourg Guarantor in respect of the Notes will, in the event of a liquidation of the entity following bankruptcy or judicial liquidation proceedings, only rank after the cost of liquidation (including any debt incurred for the purpose of such liquidation) and those debts of the relevant entity that are entitled to priority under Luxembourg law. Preferential debts under Luxembourg law include, among others:

- certain amounts owed to the Luxembourg Revenue;
- value-added tax and other taxes and duties owed to the Luxembourg Customs and Excise;
- social security contributions to social security; and
- remuneration owed to employees.

During such insolvency proceedings, all enforcement measures by unsecured creditors are suspended. The ability of certain secured creditors to enforce their security interest may also be limited, in particular, in the event of controlled management proceedings providing expressly that the rights of secured creditors are frozen until a final decision has been taken by a Luxembourg court as to the petition for controlled management, and may be affected thereafter by a reorganization order given by the court. A reorganization order requires the prior approval by more than 50% of the creditors representing more than 50% of the relevant Luxembourg company's liabilities in order to take effect. Furthermore, declarations of default and subsequent acceleration (such as acceleration upon the occurrence of an event of default) may not be enforceable during controlled management proceedings.

Luxembourg insolvency laws may also affect transactions entered into or payments made by a Luxembourg company during the pre-bankruptcy period *(période suspecte)* which is a maximum of six months (and ten days, depending on the transaction in question) preceding the judgment declaring bankruptcy, except that in certain specific situations a Luxembourg court may set the start of the suspect period at an earlier date. In particular:

- pursuant to article 445 of the Luxembourg Code of Commerce (*Code de commerce*), specified transactions (such as, in particular, the granting of a security interest for antecedent debts save in respect of financial collateral arrangements within the meaning of the Luxembourg Collateral Act); the payment of debts which have not fallen due, whether payment is made in cash or by way of assignment, sale, set-off or by any other means; the payment of debts which have fallen due by any means other than in cash or by bill of exchange; the sale of assets without consideration or with substantially inadequate consideration) entered into during the suspect period (or the ten days preceding it) must be set aside or declared null and void, if so requested by the insolvency receiver;

- pursuant to article 446 of the Luxembourg Code of Commerce, payments made for matured debts as well as other transactions concluded for consideration during the suspect period are subject to cancellation by the court upon proceedings instituted by the insolvency receiver if they were concluded with the knowledge of the bankrupt party's cessation of payments; and

- pursuant to article 448 of the Luxembourg Code of Commerce and article 1167 of the Civil Code *("action paulienne")* gives the insolvency receiver (acting on behalf of the creditors) the right to challenge any fraudulent payments and transactions, including the granting of security with an intent to defraud, made prior to the bankruptcy, without any time limit.

The Luxembourg Collateral Act expressly provides that financial collateral arrangements (including pledges) including enforcement measures are valid and enforceable even if entered into during the pre-bankruptcy period, against third parties including supervisors, receivers, liquidators and any other similar persons or bodies irrespective of any bankruptcy, liquidation or other situation, national or foreign, of composition with creditors or reorganization affecting anyone of the parties.

The Luxembourg Collateral Act provides that with the exception of the provisions of the Luxembourg law of December 8, 2000 on over-indebtedness (surendettement) (which only apply to natural persons), the provisions of Book III, Title XVII of the Luxembourg Civil Code, the provisions of Book 1, Title VIII of the Luxembourg Code of Commerce, the provisions of Book III of the Luxembourg Code of Commerce and the national or foreign provisions governing reorganization measures, winding-up proceedings or other similar proceedings and attachments are not applicable to financial collateral arrangements (such as Luxembourg pledges over shares or receivables) and shall not constitute an obstacle to the enforcement and to the performance by the parties of their obligations. Certain preferred creditors of the relevant Luxembourg Guarantor (including the Luxembourg tax, social security and other authorities) may have a privilege that ranks senior to the rights of the secured or unsecured creditors.

In principle, a bankruptcy order rendered by a Luxembourg court does not result in automatic termination of contracts, except for *intuitu personae* contracts, that is, contracts for which the identity of the company or its solvency were crucial. The contracts, therefore, subsist after the bankruptcy order. However, the insolvency receiver may choose to terminate certain contracts. As at the date of adjudication of bankruptcy, no interest on any unsecured claim will accrue *vis-à-vis* the bankruptcy estate.

Insolvency proceedings may hence have a material adverse effect on the relevant Luxembourg company's business and assets and the Luxembourg company's respective obligations under the Notes (as Luxembourg Guarantor).

Finally, international aspects of Luxembourg bankruptcy, controlled management or composition proceedings may be subject to the Recast EU Insolvency Regulation.

Limitation on enforcement of security interests

According to Luxembourg conflict of laws rules, the courts in Luxembourg will generally apply the lex rei sitae or lex situs (the law of the place where the assets or subject matter of the pledge or security interest is situated) in relation to the creation, perfection and enforcement of security interests over such assets.

As a consequence, Luxembourg law will apply in relation to the creation, perfection and enforcement of security interests over assets located or deemed to be located in Luxembourg, such as registered shares in Luxembourg companies, preferred equity certificates issued by Luxembourg companies, bank accounts held with a Luxembourg bank, receivables/claims governed by Luxembourg law and/or having debtors located in Luxembourg, tangible assets located in Luxembourg, securities which are held through an account located in Luxembourg, bearer securities physically located in Luxembourg, etc.

The Luxembourg Collateral Act governs the creation, validity, perfection and enforcement of pledges over shares, preferred equity certificates, bank accounts and receivables located or deemed to be located in Luxembourg. Under the Luxembourg Collateral Act, the perfection of security interests depends on certain registration, notification and acceptance requirements. A share pledge agreement must be (i) acknowledged and accepted by the company which has issued the shares (subject to the security interest) and (ii) registered in the shareholders' register of such company. If future shares are pledged, the perfection of such pledge will require additional registration in the shareholders' register of such company. A pledge over receivables becomes enforceable against the debtor of the receivables and third parties from the moment when the agreement pursuant to which the pledge was created is entered into between the pledgor and the pledgee. However, if the debtor has not been notified of the pledge or if he did not otherwise acquire knowledge of the pledge, he will be validly discharged if he pays the pledgor. For ranking purposes, a bank account pledge agreement must be notified to and accepted by the account bank so as to ensure that the account bank has waived any pre-existing security interests and other rights in respect of the relevant account. If (future) bank accounts are pledged, such additional notification to, acceptance and waiver by the account bank will be required.

Article 11 of the Luxembourg Collateral Act sets out enforcement remedies available upon the occurrence of an enforcement event, including, but not limited:

- appropriation by the pledgee or appropriation by a third party of the pledged assets at (i) a value determined in accordance with a valuation method agreed upon by the parties or (ii) (if listed) the listing price of the pledged assets;
- sell or cause the sale of the pledged assets (i) in a private transaction (*vente de gré à gré*) at commercially reasonable terms (*conditions commerciales normales*), (ii) by a public sale at the stock exchange (if listed shares), or (iii) by way of a public auction;
- court allocation of the pledged assets to the pledgee in discharge of the secured obligations following a valuation made by a court-appointed expert; or
- set-off between the secured obligations and the pledged assets.

As the Luxembourg Collateral Act does not provide any specific time periods and depending on (i) the method chosen, (ii) the valuation of the pledged assets, (iii) any possible recourses, and (iv) the possible need to involve third parties, such as, e.g., courts, stock exchanges and appraisers, the enforcement of the security interests might be substantially delayed.

The Luxembourg Collateral Act expressly provides that financial collateral arrangements (including pledges) including enforcement measures are valid and enforceable, even if entered into during the hardening period, against third parties including supervisory, receivers, liquidators and any other similar persons or bodies irrespective of any bankruptcy, liquidation or other situation, national or foreign, of composition with creditors or reorganization affecting any one of the parties.

The perfection of the security interests created pursuant to pledge agreements does not prevent any third party creditor from seeking attachment or execution against the assets, which are subject to the security interests created under the pledge agreements, to satisfy their unpaid claims against the pledgor. Such creditor may seek the forced sale of the assets of the pledgors through court proceedings, although the beneficiaries of the pledges will in principle remain entitled to a right of retention over the assets and, as the case may be, to priority over the proceeds of such sale (subject to preferred rights by operation of law). According to certain Luxembourg court precedents, the pledge agreements governed by the Luxembourg Collateral Act should in any case be protected against any criminal attachment order and/or against conservatory measures. Pursuant to such court precedents, the effects of such attachment order and/or conservatory measures are suspended until the release of the pledge by the pledgee.

Foreign law governed security interests and the powers of any receivers/administrators may not be enforceable in respect of assets located or deemed to be located in Luxembourg. Security interests/ arrangements, which are not expressly recognized under Luxembourg law and the powers of any receivers/administrators might not be recognized or enforced by the

Luxembourg courts, even over assets located outside of Luxembourg, in particular where the relevant Luxembourg security provider or the relevant Luxembourg guarantor becomes subject to Luxembourg insolvency proceedings or where the Luxembourg courts otherwise have jurisdiction because of the actual or deemed location of the relevant rights or assets, except if a "main insolvency proceedings" (as defined in the Recast EU Insolvency Regulation) are opened under Luxembourg law and such security interests/arrangements constitute rights in rem over assets located in another Member State in which the Recast EU Insolvency Regulation applies, and in accordance with article 8 of the Recast EU Insolvency Regulation.

Financial assistance

Any security interests/guarantees granted by entities organized in Luxembourg, which constitute breach of the provisions on financial assistance as defined by article 49-6 of the Luxembourg Companies Act or any other similar provisions (to the extent applicable, as at the date of this Offering Memorandum, to an entity organized under the laws of Luxembourg and having the form of a private limited liability company) might not be enforceable.

Limitation on the Luxembourg Guarantor's guarantees

The granting of guarantees/security interests by a Luxembourg company is subject to specific limitations and requirements relating to corporate object and corporate benefit.

The granting of guarantees/security interests by a company incorporated and existing in Luxembourg must not be prohibited by the corporate object *(objet social)* and/or legal form of that company. In addition, there is also a requirement according to which the granting of security by a company has to be for its corporate benefit.

Although no statutory definition of corporate benefit *(intérêt social)* exists under Luxembourg law, corporate benefit is widely interpreted and includes any transactions from which the company derives a direct or indirect economic or commercial benefit. The provision of guarantee/security interest for the obligations of direct or indirect subsidiaries is likely to raise no particular concerns, whereas the provision of cross-stream and upstream guarantees security interests may be more problematic.

Failure to comply with the corporate benefit requirement will typically result in liability for the managers of the company concerned, but not in the annulment of the guarantee improperly granted.

There is a limited risk that the managers of the Luxembourg company be held liable if, among other things:

- the guarantee/security interest so provided would materially exceed the (direct or indirect) benefit deriving from the secured obligations for the Luxembourg company, or

- the Luxembourg company derives no personal benefit or obtains no direct or indirect consideration for the guarantee/security interest granted, or

- the commitment of the Luxembourg company exceeds its financial means.

In addition to any criminal and civil liability incurred by the managers of the Luxembourg company, the guarantee could itself be held unenforceable, if it is held that it is contrary to public policy *(ordre public)* (in case of facts consisting a misuse of corporate assets).

The above analysis is slightly different within a group of companies where a group interest *(intérêt de groupe)* exists. The existence of a group interest could prevent the guarantee from falling foul of the above constraints. In order for a group interest to be recognized, the following cumulative criteria must be met and proven:

- the "assisting" company must receive some benefit, or there must be a balance between the respective commitments of all the affiliates;

- the financial assistance must not exceed the assisting company's financial means, in which case it is typical for the guarantee to be limited to an aggregate amount not exceeding the assisting company's own funds ("capitaux propres"); and
- the companies involved must form part of a genuine group operating under a common strategy aimed at a common objective.

As a result, the guarantees/security interests granted by a Luxembourg company may be subject to certain limitations, which usually take the form of a general limitation language, which is inserted in the relevant finance document(s) and which covers the aggregate obligations and exposure of the relevant Luxembourg assisting company under all finance documents.

Notice to investors

You are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of any of the Notes (including the Guarantees) offered hereby.

The Notes and the Guarantees have not been and will not be registered under the U.S. Securities Act or the securities laws or any other jurisdiction, and, unless so registered, may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and the securities laws of any other applicable jurisdiction. Accordingly, the Notes offered hereby are being offered and sold only to qualified institutional buyers (as defined in Rule 144A under the U.S. Securities Act) in reliance on Rule 144A under the U.S. Securities Act and to non-U.S. persons (as defined in Regulation S) in an offshore transaction outside the United States in reliance on Regulation S.

The terms "offshore transaction," "U.S. persons," and "United States" are used with the meanings given to them in Regulation S.

Each purchaser of Notes (including the Guarantees), by its acceptance thereof, will be deemed to have acknowledged, represented to and agreed with the Issuers, each Guarantor and the Initial Purchasers as follows:

(1) The purchaser understands and acknowledges that the Notes and the Guarantees have not been and will not be registered under the U.S. Securities Act or the securities laws of any other applicable jurisdiction and that the Notes (including the Guarantees) are being offered for resale in transactions not requiring registration under the U.S. Securities Act or any other securities laws, including sales pursuant to Rule 144A under the U.S. Securities Act, and, unless so registered, may not be offered, sold or otherwise transferred except in compliance with the registration requirements of the U.S. Securities Act and any other applicable securities laws, pursuant to an exemption therefrom or in any transaction not subject thereto and in each case in compliance with the conditions for transfer set forth in paragraphs (4) and (5) below.

(2) The purchaser is not an affiliate (as defined in Rule 144 under the U.S. Securities Act) of the Issuers or any Guarantor, is not acting on behalf of the Issuers or any Guarantor and is either:

   (a) a person in the United States who is a qualified institutional buyer, within the meaning of Rule 144A under the U.S. Securities Act and aware that any sale of these Notes to you will be made in reliance on Rule 144A under the U.S. Securities Act, and such acquisition will be for your own account or for the account of another qualified institutional buyer; or

   (b) a non-U.S. person (as defined under Regulation S) and is purchasing the Notes (including the Guarantees) in an offshore transaction outside the United States in accordance with Regulations.

(3) The purchaser acknowledges that neither the Issuers, the Guarantors nor the Initial Purchasers, nor any person representing any of them, has made any representation to it with respect to the Issuers or the offer or sale of any of the Notes (including the Guarantees), other than the information contained in this Offering Memorandum, which Offering Memorandum has been delivered to it and upon which it is relying in making its investment decision with respect to the Notes (including the Guarantees). It acknowledges that neither the Initial Purchasers nor any person representing the Initial Purchasers make any representation or warranty as to the accuracy or completeness of this Offering Memorandum. It has had access to such financial and other information concerning the Issuers and the Notes (including the Guarantees) as it has deemed necessary in connection with its decision to purchase any of the Notes (including the Guarantees), including an

opportunity to ask questions of, and request information from, the Issuers and the Initial Purchasers.

(4) The purchaser is purchasing the Notes (including the Guarantees) for its own account, or for one or more investor accounts for which it is acting as a fiduciary or agent, in each case for investment, and not with a view to, or for offer or sale in connection with, any distribution thereof in violation of the U.S. Securities Act or any state or other securities laws, subject to any requirement of law that the disposition of its property or the property of such investor account or accounts be at all times within its or their control and subject to its or their ability to resell such Notes (including the Guarantees) pursuant to Rule 144A or any other exemption from registration available under the U.S. Securities Act, or in any transaction not subject to the U.S. Securities Act.

(5) The purchaser agrees on its own behalf and on behalf of any investor account for which it is purchasing the Notes (including the Guarantees), and each subsequent holder of the Notes by its acceptance thereof will be deemed to agree, to offer, sell or otherwise transfer such Notes prior to the date (the "Resale Restriction Termination Date") that is, in the case of the Rule 144A Notes, one year after the later of the date of the original issue and the last date on which the Issuers or any of its affiliates were the owner of such Notes (or any predecessor thereof) or, in the case of the Regulation S Notes, 40 days after the later of the original issue date and the last date on which the Notes were first offered to persons other than Distributors (as defined in Rule 902 of Regulation S), only (i) to the Issuers, the Guarantors or any subsidiary thereof, (ii) pursuant to a registration statement that has been declared effective under the U.S. Securities Act, (iii) for so long as the Notes are eligible for resale pursuant to Rule 144A under the U.S. Securities Act, to a person it reasonably believes is a qualified institutional buyer that purchases for its own account or for the account of a qualified institutional buyer to whom notice is given that the transfer is being made in reliance on Rule 144A under the U.S. Securities Act, (iv) to non-U.S. persons (as defined under Regulations) in an offshore transaction outside the United States in compliance with Regulation S under the U.S. Securities Act or (v) pursuant to any other available exemption from the registration requirements of the U.S. Securities Act, subject in each of the foregoing cases to any requirement of law that the disposition of its property or the property of such investor account or accounts be at all times within its or their control and to compliance with any applicable state securities laws, and any applicable local laws and regulations, and further subject to the Issuers' and the Trustee's rights prior to any such offer, sale or transfer (I) pursuant to clause (v) to require the delivery of an opinion of counsel, certification and/or other information satisfactory to each of them and (II) in each of the foregoing cases, to require that a certificate of transfer in the form appearing on the reverse of the security is completed and delivered by the transferor to the Trustee. The foregoing restrictions on resale will not apply subsequent to the Resale Restriction Termination Date.

(6) Each purchaser acknowledges that each Note (and each Guarantee) will contain a legend substantially to the following effect:

THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT"), OR OTHER SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS NOTE NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE OFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION UNLESS THE TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT.

THE HOLDER OF THIS NOTE BY ITS ACCEPTANCE HEREOF (1) REPRESENTS THAT (A) IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE U.S. SECURITIES ACT) OR (B) IT IS NOT A U.S. PERSON AND IS ACQUIRING THIS NOTE IN AN "OFFSHORE

TRANSACTION" PURSUANT TO RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT, (2) AGREES THAT IT WILL NOT, ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR FOR WHICH IT HAS PURCHASED SECURITIES TO, PRIOR TO (X) THE DATE WHICH IS, IN THE CASE OF THE RULE 144A NOTES: ONE YEAR AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF (OR IF LATER, THE ISSUE DATE OF ANY ADDITIONAL NOTES) AND THE LAST DATE ON WHICH THE ISSUERS OR ANY AFFILIATE OF THE ISSUERS WAS THE OWNER OF THIS NOTE (OR ANY PREDECESSOR OF SUCH NOTE), IN THE CASE OF THE REGULATION S NOTES: 40 DAYS AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF (OR IF LATER, THE ISSUE DATE OF ANY ADDITIONAL NOTES) AND THE DATE ON WHICH THIS NOTE (OR OF ANY PREDECESSOR OF THIS NOTE) WAS FIRST OFFERED TO PERSONS OTHER THAN DISTRIBUTORS (AS DEFINED IN RULE 902 OF REGULATION S) IN RELIANCE ON REGULATION S, AND (Y) SUCH LATER DATE, IF ANY, AS MAY BE REQUIRED BY APPLICABLE LAW (THE "RESALE RESTRICTION TERMINATION DATE"), OFFER, SELL OR OTHERWISE TRANSFER THIS NOTE EXCEPT (A) TO THE ISSUERS, (B) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BEEN DECLARED EFFECTIVE UNDER THE U.S. SECURITIES ACT, (C) FOR SO LONG AS THE NOTES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE U.S. SECURITIES ACT, TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A UNDER THE U.S. SECURITIES ACT THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) PURSUANT TO OFFERS AND SALES THAT OCCUR OUTSIDE THE UNITED STATES IN COMPLIANCE WITH REGULATION S UNDER THE U.S. SECURITIES ACT OR (E) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT, SUBJECT IN EACH OF THE FOREGOING CASES TO ANY REQUIREMENT OF LAW THAT THE DISPOSITION OF ITS PROPERTY OR THE PROPERTY OF SUCH INVESTOR ACCOUNT OR ACCOUNTS BE AT ALL TIMES WITHIN ITS OR THEIR CONTROL AND IN COMPLIANCE WITH ANY APPLICABLE STATE SECURITIES LAWS AND ANY APPLICABLE LOCAL LAWS AND REGULATIONS AND FURTHER SUBJECT TO THE ISSUERS' AND THE TRUSTEE'S RIGHTS PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER (I) PURSUANT TO CLAUSE (E) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM AND (II) IN EACH OF THE FOREGOING CASES, TO REQUIRE THAT A CERTIFICATE OF TRANSFER IN THE FORM APPEARING ON THE OTHER SIDE OF THIS SECURITY IS COMPLETED AND DELIVERED BY THE TRANSFEROR TO THE TRUSTEE AND (3) AGREES THAT IT WILL GIVE TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. [IN THE CASE OF REGULATION S NOTES: BY ITS ACQUISITION HEREOF, THE HOLDER HEREOF REPRESENTS THAT IT IS NOT A U.S. PERSON NOR IS IT PURCHASING FOR THE ACCOUNT OF A U.S. PERSON AND IS ACQUIRING THIS SECURITY IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH REGULATION S UNDER THE SECURITIES ACT.]

If the purchaser purchases Notes (including the Guarantees), it will also be deemed to acknowledge that the foregoing restrictions apply to holders of beneficial interests in these Notes (including the Guarantees) as well as to holders of these Notes (including the Guarantees).

(1) The purchaser agrees that it will give to each person to whom it transfers the Notes (including the Guarantees) notice of any restrictions on the transfer of such Notes.

(2) The purchaser acknowledges that the Registrar will not be required to accept for registration or transfer any Notes (including the Guarantees) acquired by it except upon presentation of evidence satisfactory to the Issuers and the Registrar that the restrictions set forth therein have been complied with.

(3) The purchaser acknowledges that until 40 days after the commencement of the offering, any offer or sale of the Notes within the United States by a dealer (whether or not

participating in the offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A.

(4) The purchaser acknowledges that the Issuers, the Initial Purchasers and others will rely upon the truth and accuracy of its acknowledgements, representations, warranties and agreements and agrees that if any of the acknowledgements, representations, warranties and agreements deemed to have been made by its purchase of the Notes (including the Guarantees) are no longer accurate, it shall promptly notify the Issuers and the Initial Purchasers. If it is acquiring any Notes (including the Guarantees) as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such investor account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such investor account.

(5) The purchaser understands that no action has been taken in any jurisdiction (including the United States) by the Issuers or the Initial Purchasers that would result in a public offering of the Notes (including the Guarantees) or the possession, circulation or distribution of this Offering Memorandum or any other material relating to the Issuers or the Notes (including the Guarantees) in any jurisdiction where action for such purpose is required. Consequently, any transfer of the Notes will be subject to the selling restrictions set forth under "*Plan of Distribution*" and "*Notice to European Economic Area Investors*."

(6) The purchaser represents that he understands that the Issuers shall not recognize any offer, sale, pledge or other transfer of the Notes (including the Guarantees) made other than in compliance with the above-stated restrictions.

Legal matters

Certain legal matters are being passed upon for the Issuers and the Guarantors by Simpson Thacher & Bartlett LLP with respect to matters of U.S. federal and New York State law and English law.

Certain legal matters are being passed upon for the Initial Purchasers by Latham & Watkins (London) LLP with respect to matters of U.S. federal and New York State law and English law.

Independent auditors

The Audited Financial Statements have been audited by Ernst & Young LLP, independent auditors, as stated in their reports appearing herein.

Enforcement of civil liabilities

The UK Issuer is a public limited company incorporated under the laws of Northern Ireland for the purpose of issuing the Notes and the RoI Issuer is a designated activity company incorporated under the laws of the Republic of Ireland, and the Guarantors of the Notes have been incorporated in Northern Ireland, the RoI, the Cayman Islands and Luxembourg. All of their directors and executive officers are non-residents of the United States, and all of the Issuers' assets and those of such persons are located outside the United States. Although the Issuers will appoint an agent for service of process in the United States and will submit to the jurisdiction of the courts of the State of New York, in each case in connection with any action under U.S. securities laws, you may not be able to effect service of process on such persons or the Issuers within the United States in any action, including actions predicated on civil liability provisions of the U.S. federal and state securities laws or other laws.

Cayman Islands

Enforcement of judgments—Cayman Islands companies

The courts of the Cayman Islands are unlikely (i) to recognise or enforce against a Cayman Islands company judgments of courts of the United States predicated upon the civil liability provisions of the securities laws of the United States or any State; and (ii) in original actions brought in the Cayman Islands, to impose liabilities against Cayman Islands company predicated upon the civil liability provisions of the securities laws of the United States or any State, so far as the liabilities imposed by those provisions are penal in nature. In those circumstances, although there is no statutory enforcement in the Cayman Islands of judgments obtained in the United States, the courts of the Cayman Islands will recognise and enforce a foreign money judgment of a foreign court of competent jurisdiction without retrial on the merits based on the principle that a judgment of a competent foreign court imposes upon the judgment debtor an obligation to pay the sum for which judgment has been given provided certain conditions are met. For such a foreign judgment to be enforced in the Cayman Islands, such judgment must be final and conclusive and for a liquidated sum, and must not be in respect of taxes or a fine or penalty, inconsistent with a Cayman Islands judgment in respect of the same matter, impeachable on the grounds of fraud or obtained in a manner, and or be of a kind the enforcement of which is, contrary to natural justice or the public policy of the Cayman Islands (awards of punitive or multiple damages may well be held to be contrary to public policy). A Cayman Islands Court may stay enforcement proceedings if concurrent proceedings are being brought elsewhere.

Luxembourg

It may be possible for investors to effect service of process within Luxembourg upon the Guarantors provided that The Hague Convention on the Service Abroad of Judicial and Extrajudicial Documents in Civil or Commercial Matters of November 15, 1965 is complied with.

A valid judgment against a Guarantor incorporated in Luxembourg obtained from a court of competent jurisdiction in the United States remains in full force and effect after all appeals as may be taken in the relevant state or federal jurisdiction with respect thereto have been taken, may be entered and enforced through a court of competent jurisdiction of Luxembourg, subject to compliance with the enforcement procedures *(exequatur)* set out in Article 678 et seq. of the Luxembourg New Code of Civil Procedure *(Nouveau Code de Procédure Civile),* being:

- the U.S. court has applied the substantive law as designated by the Luxembourg conflict of laws rules;
- the U.S. court has acted in accordance with its own procedural laws;

- the U.S. court order or judgment must not result from an evasion of Luxembourg law (fraude à la loi);
- the U.S. court awarding the judgment has jurisdiction to adjudicate the respective matter under its applicable laws, and such jurisdiction is recognized by Luxembourg private international and local law;
- the judgment is enforceable in the jurisdiction where the decision has been rendered;
- the judgment was granted following proceedings where the defendant had the opportunity to appear, was granted the necessary time to prepare its case and, if it appeared, could present a defense; and
- the considerations of the foreign order as well as the judgment do not contravene international public policy as understood under the laws of Luxembourg or has been given in proceedings of a criminal or tax nature.

If an original action is brought in Luxembourg, Luxembourg courts may refuse to apply the designated law if its application contravenes Luxembourg's international public policy. In an action brought in Luxembourg on the basis of U.S. federal or state securities laws, Luxembourg courts may not have the requisite power to grant the remedies sought.

England and Wales

The following discussion with respect to the enforceability of certain U.S. court judgments in England and Wales is based upon advice provided to the Issuers and the Guarantors by their English counsel. The United States and the United Kingdom do not have a treaty providing for the reciprocal recognition and enforcement of judgments in civil and commercial matters (although the United States and the United Kingdom are both parties to the New York Convention on Arbitral Awards). Any judgment rendered by any federal or state court in the United States based on civil liability, whether or not predicated solely upon U.S. federal securities law, would not be directly enforceable in England and Wales and are subject to the common law rules of enforcement. In order to enforce any such judgment in England and Wales, proceedings must be initiated by way of civil law action on the judgment debt before a court of competent jurisdiction in England and Wales. In this type of action, an English court generally will not (subject to the matters identified below) reinvestigate the merits of the original matter decided by a U.S. court if:

- the relevant U.S. court had jurisdiction (under English rules of private international law) to give the judgment; and
- the judgment is final and conclusive on the merits of the claim and is for a definite sum of money (not being a sum payable in respect of taxes or other charges of a like nature or in respect of a fine or other penalty which did not represent actual loss or a genuine pre-estimate of loss or otherwise based on a U.S. law that an English court considers to be a penal, revenue or other public law).

Note that judgments given in insolvency proceedings do not form a separate category of judgment outside the common law rules of enforcement.

An English court may refuse to enforce such a judgment on a number of grounds, including, if it is established that:

- the relevant U.S. court lacked territorial or consensual jurisdiction (under English rules of private international law) or the judgment is not final and conclusive;
- the enforcement of such judgment would contravene public policy or statute in England and Wales or the European Convention on Human Rights;

- the judgement is for multiple damages;
- the judgment is inconsistent with a prior judgment on the same subject matter and between the same parties;
- the enforcement of the judgment is prohibited by statute (including, without limitation, if the amount of the judgment has been arrived at by doubling, trebling or otherwise multiplying a sum assessed as compensation for the loss or damage sustained);
- the English proceedings were not commenced within the relevant limitation period;
- before the date on which the U.S. court gave judgment, the issues in question had been the subject of a judgment of an English court or of a court of another jurisdiction whose judgment is enforceable in England;
- the judgment has been obtained by fraud or in proceedings in which the principles of natural justice were breached;
- the bringing of proceedings in the relevant U.S. court was contrary to an agreement under which the dispute in question was to be settled otherwise than by proceedings in that court (to whose jurisdiction the judgment debtor did not submit), for example by way of arbitration or proceedings in a different court;
- the bringing of proceedings in the relevant U.S. court was contrary to an agreement that any dispute would be settled by reference to a different governing law than that applied by the U.S. court; or
- an order has been made and remains effective under section 9 of the UK Foreign Judgments (Reciprocal Enforcement) Act 1933 applying that section to U.S. courts including the relevant U.S. court.

If an English court gives judgment for the sum payable under a U.S. judgment, the English judgment will create an obligation which can be enforced as a debt in fresh legal proceedings. It may be necessary to serve the proceedings out of the jurisdiction, and parties must consider whether it is necessary to obtain the permission of the court to do so. It may not be possible to obtain an English judgment or to enforce that judgment if the judgment debtor is subject to any insolvency or similar proceedings, or if the judgment debtor has any set-off or counterclaim against the judgment creditor.

Subject to the foregoing, investors may be able to enforce in England and Wales judgments in civil and commercial matters obtained from U.S. federal or state courts in the manner described above.

It is, however, uncertain whether an English court would impose liability on the Group in an action predicated upon the U.S. federal securities law brought in England and Wales.

Northern Ireland

The United States and the UK do not have a treaty providing for the reciprocal recognition and enforcement of judgments in civil and commercial matters (although the United States and the UK are both parties to the New York Convention on Arbitral Awards). Any judgment rendered by any federal or state court in the United States based on civil liability, whether or not predicated solely upon U.S. federal securities law, would not be directly enforceable in Northern Ireland. In order to enforce such a monetary judgment in Northern Ireland, under common law rules proceedings must be initiated by way of civil law action on the judgment debt before a court of competent jurisdiction in Northern Ireland (a “Northern Irish court”)— Summary judgment may be applied for and in this type of action, a Northern Irish court generally will not (subject to the matters identified below) reinvestigate the merits of the original matter decided by a U.S. court if:

- the relevant U.S. court had territorial, procedural and substantive jurisdiction (under the UK rules of private international law applicable to Northern Ireland) to give the judgment; and
- the judgment is final and conclusive on the merits and is for a definite sum of money (not being a sum payable in respect of taxes or other charges of a like nature or in respect of a fine or other penalty or otherwise based on a U.S. law that a Northern Irish court considers to be a penal, revenue or other public law).

A Northern Irish court may refuse to enforce such a judgment for reasons including if it is established that:

- the enforcement of such judgment would contravene natural justice, public policy or statute in Northern Ireland;
- the enforcement of the judgment is prohibited by statute (including, without limitation, if the amount of the judgment has been arrived at by doubling, trebling or otherwise multiplying a sum assessed as compensation for the loss or damage sustained);
- the Northern Irish proceedings were not commenced within the relevant limitation period;
- before the date on which the U.S. court gave judgment, the issues in question had been the subject of a final judgment of a Northern Irish court or of a court of another jurisdiction whose judgment is enforceable in Northern Ireland;
- the judgment has been obtained by fraud or in proceedings in which the principles of natural justice were breached;
- the bringing of proceedings in the relevant U.S. court was contrary to an agreement under which the dispute in question was to be settled otherwise than by proceedings in that court (to whose jurisdiction the judgment debtor did not submit); or
- an order has been made and remains effective under section 9 of the UK Foreign Judgments (Reciprocal Enforcement) Act 1933, applying that section to U.S. courts, including the relevant U.S. court.

If a Northern Irish court gives judgment for the sum payable under a U.S. judgment, the Northern Irish judgment will be enforceable by methods generally available for this purpose. In addition, it may not be possible to obtain a Northern Irish judgment or to enforce that judgment if the judgment debtor is or becomes subject to any insolvency or similar proceedings, or if the judgment debtor has any set-off or counterclaim against the judgment creditor.

Republic of Ireland

As the United States is not a party to a convention with the RoI in respect of the enforcement of judgments, common law rules apply in order to determine whether a judgment of the courts of the State of New York is enforceable in the RoI. A judgment of the courts of the State of New York will be enforced by the courts of the RoI if the following general requirements are met:

(i) the courts of the State of New York must have had jurisdiction in relation to the particular defendant according to RoI conflict of law rules (the submission to jurisdiction by the defendant would satisfy this rule); and

(ii) the judgment must be final and conclusive and the decree must be final and unalterable in the court which pronounces it. A judgment can be final and conclusive even if it is subject to appeal or even if an appeal is pending. Where however, the effect of lodging an appeal under the applicable law is to stay execution of the judgment, it is possible that, in the meantime, the judgment should not be actionable in the RoI. It remains to be determined whether final judgment given in default of appearance is final and conclusive.

However, the RoI courts may refuse to enforce a judgment of the courts of the State of New York which meets the above requirements for one of the following reasons:

(i) if the judgment is not for a definite sum of money;

(ii) if the judgment was obtained by fraud;

(iii) the enforcement of the judgment in the RoI would be contrary to natural or constitutional justice;

(iv) the judgment is contrary to RoI public policy or involves certain United States laws which will not be enforced in the RoI; or

(v) jurisdiction cannot be obtained by the Irish courts over the judgment debtors in the enforcement proceedings by personal service in the RoI or outside the RoI under Order 11 of the Superior Courts Rules.

Where you can find other information

Each purchaser of the Notes from the Initial Purchasers will be furnished with a copy of this Offering Memorandum and any related amendments or supplements to this Offering Memorandum. Each person receiving this offering memorandum and any related amendments or supplements to the Offering Memorandum acknowledges that:

- such person has been afforded an opportunity to request from us, and to review and has received, all additional information considered by it to be necessary to verify the accuracy and completeness of the information herein;
- such person has not relied on the Initial Purchasers or any person affiliated with the Initial Purchasers in connection with its investigation of the accuracy of such information or its investment decision; and
- except as provided pursuant to (1) above, no person has been authorized to give any information or to make any representation concerning the Notes offered hereby other than those contained herein and, if given or made, such other information or representation should not be relied upon as having been authorized by the Group or the Initial Purchasers.

For so long as any of the Notes are "restricted securities" within the meaning of the Rule 144(a)(3) under the Securities Act, the Group will, during any period in which it is neither subject to the reporting requirements of Section 13(a) or 15(d) of the Exchange Act, nor exempt from the reporting requirements under Rule 12g3-2(b) of the Exchange Act, provide to the holder or beneficial owner of such restricted securities or to any prospective purchaser of such restricted securities designated by such holder or beneficial owner, in each case upon the written request of such holder, beneficial owner or prospective purchaser, the information required to be provided by Rule 144A(d)(4) under the Securities Act. Any such request should be directed to the Issuers at Greenwood House, 64 Newforge Lane, Belfast, BT9 5NF, Northern Ireland (for the UK Issuer) and Mill House, Ashtowngate, Navan Road, Dublin 15, Republic of Ireland (for the RoI Issuer).

The Group is not currently subject to the periodic reporting and other information requirements of the Exchange Act. However, pursuant to the Indenture governing the Notes and so long as the Notes are outstanding, the Group will furnish periodic information to holders of the Notes. See "*Description of the Notes—Certain Covenants—Reports*."

Copies of the Issuers' organizational documents, the Indenture and the Group's most recent consolidated financial statements published by the Group may be inspected and obtained at the registered offices of the Issuers for a period of 14 days following the grant of listing of the Notes. See "*Listing and General Information*."

Listing and general information

Listing

Application will be made to The International Stock Exchange Authority Limited (the "Authority") for the listing of the Notes on the Official List of The International Stock Exchange (the "Exchange") and admission to trade on the Exchange. There can be no assurance that the Notes will be listed on the Official List of the Exchange.

Neither the admission of the Notes to the Official List of the Exchange nor the approval of this Offering Memorandum pursuant to the listing requirements of the Exchange shall constitute a warranty or representation by the Exchange as to the competence of the service providers to, or any other party connected with, the Issuers, the adequacy and accuracy of information contained in this Offering Memorandum or the suitability of the Issuers for investment or for any other purpose.

The Notes are only intended to be offered in the primary market to, and held by, investors who are particularly knowledgeable in investment matters.

Listing information

Copies of the following documents will be available for inspection at the registered office of the Issuers during normal business hours on any weekday (Saturdays, Sundays and public holidays excluded) for a period of 14 days following the grant of listing of the Notes on the Official List of the Exchange:

- the organizational documents of the Issuers and each of the Guarantors;
- the financial statements included in this Offering Memorandum;
- the most recent audited consolidated financial information, any interim financial information published by the Group and the most recent audited unconsolidated financial information published by the Issuers; and
- the Indenture.

The Issuers have appointed Carey Olsen Corporate Finance Limited as listing sponsor (the "Listing Sponsor"). The Issuers reserve the right to change this appointment in accordance with the terms of the Indenture. Application may also be made to the Exchange to have the Notes removed from listing on the Official List of the Exchange, including if necessary to avoid any new withholding taxes in connection with the listing.

The Issuers accept responsibility for the information contained in this Offering Memorandum. The Issuers declare that, having taken all reasonable care to ensure that such is the case, to the best of its knowledge, the information contained in this Offering Memorandum is in accordance with the facts and does not omit anything likely to affect its import. This Offering Memorandum may only be used for the purposes for which it has been published.

Clearing information

The Sterling Notes sold pursuant to Regulation S and the Sterling Notes sold pursuant to Rule 144A have been accepted for clearance through the facilities of Euroclear and Clearstream under common codes 168481233 and 168481276, respectively. The ISIN for the Sterling Notes sold pursuant to Regulation S is XS1684812339 and the ISIN for the Sterling Notes sold pursuant to Rule 144A is XS1684812768.

The Euro Notes sold pursuant to Regulation S and the Euro Notes sold pursuant to Rule 144A have been accepted for clearance through the facilities of Euroclear and Clearstream under common codes 168481349 and 168481390, respectively. The ISIN for the Euro Notes sold pursuant to Regulation S is XS1684813493 and the ISIN for the Euro Notes sold pursuant to Rule 144A is XS1684813907.

The Issuers

The UK Issuer is a public limited company incorporated under the laws of Northern Ireland on August 14, 2017 for the purpose of issuing the Notes, with its registered office in Belfast. The UK Issuer is registered with the Companies House under the number NI647432. The UK Issuer's registered office address is Greenwood House, 64 Newforge Lane, Belfast, BT9 5NF.

The RoI Issuer is a designated activity company incorporated under the laws of the Republic of Ireland on, with its registered office in Dublin. The RoI Issuer was originally incorporated as a limited company on August 1, 2007 and was subsequently converted to a designated activity company on August 31, 2017. The RoI Issuer is registered with the Companies Registration Office under the number 444149. The RoI Issuer's registered office address is Mill House, Ashtowngate, Navan Road, Dublin 15.

Guarantor information

The following table lists the Guarantors, along with their date of incorporation or formation, address of registered office, company or business number and primary activities.

Name	Date of Incorporation, Amalgamation or Formation	Address of Registered Office		Company/ Business Number	Primary Activities
Viridian Group Investments Limited	July 31, 2007	c/o Maples Corporate Services Limited, Ugland House, PO Box 309, Grand Cayman KY1-1104 Cayman Islands	Company	192375	Holding company
Viridian Group FundCo I Limited	June 9, 2011	c/o Maples Corporate Services Limited, Ugland House, PO Box 309, Grand Cayman KY1-1104 Cayman Islands	Company	257707	Holding company
Viridian Group FundCo II Limited	June 9, 2011	c/o Maples Corporate Services Limited, Ugland House, PO Box 309, Grand Cayman KY1-1104 Cayman Islands	Company	257711	Holding company
Viridian Group FundCo III Limited	June 9, 2011	c/o Maples Corporate Services Limited, Ugland House, PO Box 309, Grand Cayman KY1-1104 Cayman Islands	Company	257712	Holding company
EI Ventures Limited	July 18, 2006	35 Great St Helen's London EC3A 6AP United Kingdom		5879138	Holding company

Name	Date of Incorporation, Amalgamation or Formation	Address of Registered Office	Company/ Business Number	Primary Activities
Huntstown Power Company Limited .	April 18, 1997	Mill House Ashtowngate Navan Road Dublin l5 Republic of Ireland	265062	Generation of electricity in respect of the Group's 343MW Huntstown CCGT plant
Viridian Power Limited	March 15, 2000	Mill House Ashtowngate Navan Road Dublin 15 Republic of Ireland	323213	Generation of electricity
Viridian Energy Limited	April 27, 1999	Mill House Ashtowngate Navan Road Dublin 15 Republic of Ireland	306035	Supply of electricity and natural gas to industrial and commercial customers in the RoI
Power and Energy Holdings (RoI) Limited	June 8, 2000	Mill House Ashtowngate Navan Road Dublin 15 Republic of Ireland	328480	Generation development and holding company
Viridian Group Limited	November 14, 1997	Greenwood House 64 Newforge Lane Belfast BT9 5NF	NI 033250	Holding company
Viridian Power and Energy Limited . . .	June 19, 1997	Greenwood House 64 Newforge Lane Belfast BT9 5NF	NI 032563	Holding Company
Viridian Energy Supply Limited . . .	March 12, 1999	Greenwood House 64 Newforge Lane Belfast BT9 5NF	NI 035800	Supply of electricity and natural gas to industrial and commercial customers in Northern Ireland
ElectricInvest (Lux) ROI S.à r.l.	December 7, 2007	6 rue Eugène Ruppert Luxembourg L-2453 Grand Duchy of Luxembourg	B 134 683	Acquisition and management of participations, interests and units, in Luxembourg or abroad, in any form whatsoever

Auditors

The financial statements for Fiscal Year 2017, Fiscal Year 2016 and Fiscal Year 2015 have been audited by Ernst & Young LLP.

Corporate authority

The Issuers have obtained all necessary consents, approvals and authorizations in connection with the issuance and performance of the Notes.

Persons responsible

The Issuers accept responsibility for the information contained in this Offering Memorandum. To the best of the knowledge and belief of the Issuers (having taken all reasonable care to ensure that such is the case), the information contained in this Offering Memorandum is in accordance with the facts and does not omit anything likely to affect the import of such information.

Absence of significant changes

There has been no material adverse change to: (a) the Issuers; or (b) the Issuers' group structure; or (c) the Issuers' business or accounting policies; or (d) the financial or trading position of the Issuers, since March 31, 2017, in the case of the RoI Issuer, and the date of incorporation, in the case of the UK Issuer.

Absence of litigation

Except as otherwise disclosed in this Offering Memorandum, the Group is not involved (and have not been involved in the twelve months preceding the date of this Offering Memorandum) in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Group is aware) that may have or have had in the recent past, significant effects on the Group's financial position or profitability.

Periodic reporting under the Exchange Act

The Issuers are not currently subject to the periodic reporting and other information requirements of the Exchange Act.

Index to financial statements

Consolidated income statement
for the three month period ended 30 June 2017

Continuing operations	Notes	Results before exceptional items and certain re-measurements first quarter 2018 unaudited	Exceptional items and certain re-measurements (note 4) first quarter 2018 unaudited	Total first quarter 2018 unaudited	Results before exceptional items and certain re-measurements first quarter 2017 unaudited	Exceptional items and certain re-measurements (note 4) first quarter 2017 unaudited	Total first quarter 2017 unaudited	Results before exceptional items certain re-measurements year ended 31 March 2017 audited	Exceptional items and certain re-measurements (note 4) year ended 31 March 2017 audited	Total year ended 31 March 2017 audited
		£m	£m	£m	£m	£m	£m	£m	£m	£m
Revenue	*2*	**314.7**	**—**	**314.7**	286.7	—	286.7	1,317.6	—	1,317.6
Operating costs	*3*	**(285.9)**	**(2.6)**	**(288.5)**	(264.6)	3.4	(261.2)	(1,233.2)	(0.8)	(1,234.0)
Operating profit/(loss)	*2*	**28.8**	**(2.6)**	**26.2**	22.1	3.4	25.5	84.4	(0.8)	83.6
Finance (costs)/income	*5*	**(13.4)**	**5.3**	**(8.1)**	(9.1)	10.3	1.2	(36.8)	13.2	(23.6)
Finance income	*5*	**0.2**	**—**	**0.2**	8.8	—	8.8	9.6	—	9.6
Net finance (cost)/income		**(13.2)**	**5.3**	**(7.9)**	(0.3)	10.3	10.0	(27.2)	13.2	(14.0)
Share of loss in associates		**(0.3)**	**—**	**(0.3)**	(0.4)	—	(0.4)	(1.0)	—	(1.0)
Profit before tax		**15.3**	**2.7**	**18.0**	21.4	13.7	35.1	56.2	12.4	68.6
Taxation	*6*	**(1.2)**	**0.3**	**(0.9)**	(0.6)	(0.4)	(1.0)	(1.0)	(0.2)	(1.2)
Profit for the period		**14.1**	**3.0**	**17.1**	20.8	13.3	34.1	55.2	12.2	67.4

Consolidated statement of other comprehensive income for the three month period ended 30 June 2017

	First quarter 2018 unaudited	First quarter 2017 unaudited	Year ended 31 March 2017 audited
	£m	**£m**	**£m**
Profit for the period	**17.1**	34.1	67.4
Items that will be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations	**(6.4)**	(19.0)	(30.0)
Net (loss)/gain on cash flow hedges	**(3.8)**	(1.5)	2.5
Transferred loss from equity to income statement on cash flow hedges	**0.7**	4.3	3.5
Share of associates net gain/(loss) on cash flow hedges	**0.1**	(0.3)	0.1
Income tax effect	**1.1**	(1.2)	(1.2)
	(1.9)	1.3	4.9
	(8.3)	(17.7)	(25.1)
Items that will not be reclassified to profit or loss:			
Remeasurement loss on defined benefit scheme	**(0.1)**	(0.3)	(1.1)
Income tax effect	**—**	0.1	0.2
	(0.1)	(0.2)	(0.9)
Other comprehensive expense for the period, net of taxation	**(8.4)**	(17.9)	(26.0)
Total comprehensive income for the period	**8.7**	16.2	41.4

Consolidated balance sheet
as at 30 June 2017

	Notes	30 June 2017 unaudited	30 June 2016 unaudited	31 March 2017 audited
		£m	**£m**	**£m**
ASSETS				
Non-current assets:				
Property, plant and equipment		**511.8**	386.0	497.9
Intangible assets		**562.0**	525.8	552.6
Investment in associates		**6.1**	5.6	6.2
Derivative financial instruments	14	**24.3**	21.3	20.0
Other non-current financial assets	8	**0.1**	0.1	0.1
Deferred tax assets		**29.0**	25.2	27.3
		1,133.3	964.0	1,104.1
Current assets:				
Inventories		**4.4**	4.6	4.8
Trade and other receivables	10	**131.4**	135.5	150.1
Derivative financial instruments	14	**10.0**	10.8	10.1
Other current financial assets	8	**3.2**	14.4	3.8
Cash and cash equivalents	11	**145.4**	108.8	120.2
		294.4	274.1	289.0
TOTAL ASSETS		**1,427.7**	1,238.1	1,393.1
LIABILITIES				
Current liabilities:				
Trade and other payables	12	**(239.6)**	(235.5)	(262.2)
Income tax payable		**(2.4)**	(2.9)	(1.7)
Financial liabilities	13	**(30.0)**	(15.8)	(17.6)
Derivative financial instruments	14	**(12.4)**	(10.8)	(9.6)
Deferred income		**—**	(0.3)	—
		(284.4)	(265.3)	(291.1)
Non-current liabilities:				
Financial liabilities	13	**(746.8)**	(609.3)	(717.7)
Derivative financial instruments	14	**(12.9)**	(16.5)	(11.4)
Net employee defined benefit liabilities		**(0.2)**	(0.4)	—
Deferred tax liabilities		**(17.6)**	(13.8)	(16.8)
Provisions		**(12.4)**	(13.3)	(11.4)
		(789.9)	(653.3)	(757.3)
TOTAL LIABILITIES		**(1,074.3)**	(918.6)	(1,048.4)
NET ASSETS		**353.4**	319.5	344.7
Equity				
Share capital		**—**	—	—
Share premium		**660.6**	660.6	660.6
Retained earnings		**(384.7)**	(434.3)	(401.7)
Capital contribution reserve		**161.5**	161.5	161.5
Hedge reserve		**(15.8)**	(17.5)	(13.9)
Foreign currency translation reserve		**(68.2)**	(50.8)	(61.8)
TOTAL EQUITY		**353.4**	319.5	344.7

The condensed interim consolidated financial statements were approved by the Board and authorised for issue on 25 August 2017.

Consolidated statement of changes in equity for the three month period ended 30 June 2017

	Note	Share capital	Share premium	Retained earnings	Capital contribution reserve	Hedge reserve	Foreign currency translation reserve	Total equity
		£m	£m	£m	£m	£m	£m	£m
At 1 April 2016		**—**	**510.0**	**(457.8)**	**115.2**	**(18.8)**	**(31.8)**	**116.8**
Profit for the period		—	—	34.1	—	—	—	34.1
Other comprehensive (expense)/income		—	—	(0.2)	—	1.3	(19.0)	(17.9)
Total comprehensive income/(expense)		—	—	*33.9*	—	*1.3*	*(19.0)*	*16.2*
VGHL/VGIL merger	*21*	—	150.6	(10.4)	46.3	—	—	186.5
At 30 June 2016		**—**	**660.6**	**(434.3)**	**161.5**	**(17.5)**	**(50.8)**	**319.5**
At 1 April 2016		**—**	**510.0**	**(457.8)**	**115.2**	**(18.8)**	**(31.8)**	**116.8**
Profit for the year		—	—	67.4	—	—	—	67.4
Other comprehensive (expense)/income		—	—	(0.9)	—	4.9	(30.0)	(26.0)
Total comprehensive income/(expense)		—	—	*66.5*	—	*4.9*	*(30.0)*	*41.4*
VGIL/VGHL merger	*21*	—	150.6	(10.4)	46.3	—	—	186.5
At 31 March 2017		**—**	**660.6**	**(401.7)**	**161.5**	**(13.9)**	**(61.8)**	**344.7**
Profit for the period		—	—	17.1	—	—	—	17.1
Other comprehensive expense		—	—	(0.1)	—	(1.9)	(6.4)	(8.4)
Total comprehensive income/(expense)		—	—	17.0	—	(1.9)	(6.4)	8.7
At 30 June 2017		**—**	**660.6**	**(384.7)**	**161.5**	**(15.8)**	**(68.2)**	**353.4**

Consolidated statement of cash flows for the three month period ended 30 June 2017

	Notes	First quarter 2018 unaudited	First quarter 2017 unaudited	Year ended 31 March 2017 audited
		£m	£m	£m
Cash generated from operations before working capital movements	15	**36.7**	27.4	103.0
Working capital adjustments:				
Decrease/(increase) in inventories		**0.4**	(1.0)	(1.2)
Decrease in trade and other receivables		**18.7**	25.2	10.6
Decrease/(increase) in security deposits		**0.5**	(2.2)	8.5
Decrease in trade and other payables		**(13.3)**	(21.4)	(5.3)
Effects of foreign exchange		**(0.2)**	2.4	2.0
		42.8	30.4	117.6
Interest received		—	—	0.2
Interest paid		**(1.3)**	(1.8)	(48.8)
		(1.3)	(1.8)	(48.6)
Income tax (paid)/received		**(0.1)**	0.6	0.1
Net cash flows from operating activities		**41.4**	29.2	69.1
Investing activities				
Purchase of property, plant and equipment		**(20.4)**	(41.4)	(144.7)
Purchase of intangible assets		**(25.6)**	(21.5)	(91.5)
Proceeds from sale of intangible assets		**19.7**	21.8	89.4
Disposal of subsidiary, net of cash disposed		**(0.2)**	(0.2)	(0.2)
Dividends received from associates		—	0.2	0.2
Interest received from associates		**0.2**	0.1	0.1
Acquisition of subsidiary		**(2.3)**	(1.4)	(13.9)
Net cash flows used in investing activities		**(28.6)**	(42.4)	(160.6)
Financing activities				
Proceeds from issue of borrowings		**11.6**	45.7	144.1
Repayment of borrowings		**(0.7)**	(1.2)	(11.9)
Issue costs of new long term loans		**(0.7)**	(0.8)	(1.9)
Net cash flows from financing activities		**10.2**	43.7	130.3
Net increase in cash and cash equivalents		**23.0**	30.5	38.8
Net foreign exchange difference		**2.2**	1.8	4.9
Cash and cash equivalents at period start	11	**120.2**	76.5	76.5
Cash and cash equivalents at period end	11	**145.4**	108.8	120.2

Notes to the consolidated financial statements

1. Basis of preparation

The condensed interim consolidated financial statements of the Group have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union.

The accounting policies applied by the Group in these condensed interim consolidated financial statements are the same as those applied by the Group in its consolidated financial statements for the year ended 31 March 2017.

A number of amendments to existing standards are effective for periods beginning on or after 1 April 2017. However, none of these have a material, if any, impact on the annual or condensed interim consolidated financial statements of the Group in 2017/18.

2. Segmental analysis

For management purposes, the Group is organised into business units based on its products and services and has four reportable segments, as follows:

- the Energia Group (excluding renewable assets) operates as a vertically integrated energy business consisting of competitive electricity and gas supply to domestic and business customers in the RoI and to business customers in Northern Ireland through Energia, its retail supply business, backed by electricity generation from its two Huntstown CCGT plants, and long term PPAs with third-party renewable generators (including wind generation assets in which the Group has an equity interest);
- Energia renewable assets comprises generation from wholly owned wind generation assets;
- Power NI is the regulated electricity supplier in Northern Ireland; and
- PPB is a regulated business which administers the contracted generation capacity from the Ballylumford power station in Northern Ireland under legacy generating unit agreements which were originally established in 1992 when the Northern Ireland electricity industry was restructured.

The Group Board monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. The measure of profit used by the Group Board is pro-forma EBITDA which is before exceptional items and certain remeasurements (arising from certain commodity, interest rate and currency contracts which are not designated in hedge accounting relationships) and based on regulated entitlement (whereby the adjustment for over/(under)-recovery outlined in the segmental analysis below represents the amount by which the regulated businesses over/(under)-recovered against their regulated entitlement). The Group also monitors revenue on a regulated entitlement basis.

(a) Revenue by segment

	First quarter 2018 unaudited	First quarter 2017 unaudited	Year ended 31 March 2017 audited
	£m	**£m**	**£m**
Energia Group (excluding renewable assets)	**208.3**	189.2	874.4
Energia renewable assets	**6.4**	1.1	7.7
Power NI	**70.4**	67.9	335.0
PPB	**28.7**	25.2	111.7
Inter-group eliminations	**(7.6)**	(2.0)	(10.7)
Group	**306.2**	281.4	1,318.1
Adjustment for over/(under)-recovery	**8.5**	5.3	(0.5)
Total	**314.7**	286.7	1,317.6

The adjustment for over/(under)-recovery represents the amount by which the regulated businesses over/(under)-recovered against their regulated entitlement.

(b) Operating profit

	First quarter 2018 unaudited	First quarter 2017 unaudited	Year ended 31 March 2017 audited
	£m	**£m**	**£m**
Segment Pro-Forma EBITDA			
Energia Group (excluding renewable assets)	**13.9**	13.6	65.1
Energia renewable assets	**4.5**	0.7	4.9
Power NI	**8.8**	7.3	32.2
PPB	**0.9**	0.5	4.0
Other	**0.2**	—	1.0
Group Pro-Forma EBITDA	**28.3**	22.1	107.2
Adjustment for over/(under)-recovery	**8.5**	5.3	(0.5)
Group EBITDA	**36.8**	27.4	106.7
Depreciation/amortisation			
Energia Group (excluding renewable assets)	**(4.0)**	(3.9)	(16.2)
Energia renewable assets	**(3.5)**	(0.6)	(3.1)
Power NI	**(0.4)**	(0.7)	(2.6)
Other	**(0.1)**	(0.1)	(0.4)
Group depreciation and amortisation	**(8.0)**	(5.3)	(22.3)
Operating profit pre exceptional items and certain remeasurements			
Energia Group (excluding renewable assets)	**9.9**	9.7	48.9
Energia renewable assets	**1.0**	0.1	1.8
Power NI	**8.4**	6.6	29.6
PPB	**0.9**	0.5	4.0
Other	**0.1**	(0.1)	0.6
Group Pro-Forma operating profit	**20.3**	16.8	84.9
Adjustment for over/(under)-recovery	**8.5**	5.3	(0.5)
Operating profit pre exceptional items and certain remeasurements	**28.8**	22.1	84.4
Exceptional items and certain remeasurements			
Energia Group (excluding renewable assets)	**(2.5)**	3.4	1.3
Energia renewable assets	**—**	—	(0.4)
Other	**(0.1)**	—	(1.7)
Group operating profit post-exceptional items and certain remeasurements	**26.2**	25.5	83.6
Finance cost	**(8.1)**	1.2	(23.6)
Finance income	**0.2**	8.8	9.6
	(7.9)	10.0	(14.0)
Share of loss in associates	**(0.3)**	(0.4)	(1.0)
Profit on ordinary activities before tax	**18.0**	35.1	68.6

3. Operating costs

	First quarter 2018 unaudited	First quarter 2017 unaudited	Year ended 31 March 2017 audited
	£m	£m	£m
Operating costs are analysed as follows:			
Energy costs	**259.4**	238.8	1137.8
Employee costs	**6.8**	5.7	25.4
Depreciation, amortisation and impairment	**8.0**	5.3	22.3
Other operating charges	**11.7**	14.8	47.7
Total pre exceptional items and certain remeasurements	**285.9**	264.6	1233.2
Exceptional costs and certain remeasurements:			
Energy costs/(income)	**2.5**	(3.4)	(1.6)
Other operating costs	**0.1**	—	2.4
Total exceptional costs and certain remeasurements	**2.6**	(3.4)	0.8
Total operating costs	**288.5**	261.2	1234.0

3.1 Depreciation, amortisation and impairment

	First quarter 2018 unaudited	First quarter 2017 unaudited	Year ended 31 March 2017 audited
	£m	£m	£m
Depreciation	**7.2**	4.5	18.7
Associated release of contributions in respect of property plant & equipment	**(0.1)**	(0.1)	(0.3)
Amortisation of intangible assets	**0.9**	0.9	3.9
	8.0	5.3	22.3

3.2 Energy costs

	First quarter 2018 unaudited	First quarter 2017 unaudited	Year ended 31 March 2017 audited
	£m	£m	£m
Write down of inventories recognised as expense/(income):			
Reversal of write down of distillate oil stock	**—**	(0.9)	(0.9)
Write down of distillate oil stock	**0.4**	—	—
	0.4	(0.9)	(0.9)

4. Exceptional items and certain remeasurements

	First quarter 2018 unaudited	First quarter 2017 unaudited	Year ended 31 March 2017 audited
	£m	£m	£m
Exceptional items in arriving at profit from continuing operations:			
Acquisition costs(1)	**(0.1)**	—	(2.4)
	(0.1)	—	(2.4)
Certain remeasurements in arriving at profit			
Net (loss)/profit on derivatives at fair value through operating costs(2)	**(2.5)**	3.4	1.6
Net profit on derivatives at fair value through finance costs(3)	**5.3**	10.3	13.2
	2.8	13.7	14.8
Exceptional items and certain remeasurements before taxation	**2.7**	13.7	12.4
Taxation on exceptional items and certain remeasurements	**0.3**	(0.4)	(0.2)
Exceptional items and certain remeasurements after taxation	**3.0**	13.3	12.2

(1) Exceptional acquisition costs of £0.1m (2017—£nil) relate to costs associated with acquisitions whether successful or unsuccessful.

(2) Net loss on derivatives at fair value through operating costs for First Quarter 2018 of £2.5m (2017—£3.4m profit) primarily relates to fair value movements in commodity swap contracts and foreign exchange forward contracts relating to commodity purchases.

(3) Net profit on derivatives at fair value through finance costs for First Quarter 2018 of £5.3m (2017—£10.3m) relates to fair value movements in foreign exchange forward contracts in respect of the Senior secured notes.

The tax credit/(charge) in the profit and loss account relating to exceptional items and certain remeasurements is:

	First quarter 2018 unaudited	First quarter 2017 unaudited	Year ended 31 March 2017 audited
	£m	£m	£m
Fair valued derivatives through profit & loss	**0.3**	**(0.4)**	(0.2)
	0.3	**(0.4)**	(0.2)

5. Finance Costs/Income

	Results before exceptional items and certain remeasurements First Quarter 2018 Unaudited	Exceptional items and certain remeasurements First Quarter 2018 Unaudited	Total First Quarter 2018 Unaudited	Results before exceptional items and certain remeasurements First Quarter 2017 Unaudited	Exceptional items and certain remeasurements First Quarter 2017 Unaudited	Total First Quarter 2017 Unaudited	Results before exceptional items and certain remeasurements Year ended 31 March 2017 Audited	Exceptional items and certain remeasurements Year ended 31 March 2017 Audited	Total Year ended 31 March 2017 Audited
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Finance costs									
Interest on external bank loans and borrowings	**(3.0)**	—	**(2.8)**	(2.3)	—	(2.3)	(10.1)	—	(10.1)
Interest on Senior secured notes	**(9.6)**	—	**(9.8)**	(8.8)	—	(8.8)	(37.7)	—	(37.7)
Interest payable to parent undertaking	—	—	—	(5.9)	—	(5.9)	(5.9)	—	(5.9)
Total interest expense	**(12.6)**	—	**(12.6)**	(17.0)	—	(17.0)	(53.7)	—	(53.7)
Amortisation of financing charges	**(0.5)**	—	**(0.5)**	(0.6)	—	(0.6)	(2.0)	—	(2.0)
Unwinding of discount on decommissioning provision	**(0.1)**	—	**(0.1)**	(0.1)	—	(0.1)	(0.3)	—	(0.3)
Unwinding of discount on contingent liabilities	**(0.4)**	—	**(0.4)**	—	—	—	(0.5)	—	(0.5)
Unwinding of discount on shareholder loan	—	—	—	(7.3)	—	(7.3)	(7.3)	—	(7.3)
Other finance charges	**(0.1)**	—	**(0.1)**	—	—	—	(0.1)	—	(0.1)
Total other finance charges	**(1.1)**	—	**(1.1)**	(8.0)	—	(8.0)	(10.2)	—	(10.2)
Net exchange gain on net foreign currency borrowings	**0.2**	—	**0.2**	14.4	—	14.4	20.4	—	20.4
Net gain on financial instruments at fair value through profit or loss	—	**5.3**	**5.3**	—	10.3	10.3	—	13.2	13.2
Less interest capitalised in qualifying asset	**0.1**	—	**0.1**	1.5	—	1.5	6.7	—	6.7
Total finance costs	**(13.4)**	**5.3**	**(8.1)**	(9.1)	10.3	1.2	(36.8)	13.2	(23.6)
Finance income									
Interest income on loan to an associate	**0.2**	—	**0.2**	0.2	—	0.2	0.9	—	0.9
Unwinding of discount on junior asset	—	—	—	8.5	—	8.5	8.5	—	8.5
Interest income on bank deposits	—	—	—	0.1	—	0.1	0.2	—	0.2
Total finance income	**0.2**	—	**0.2**	8.8	—	8.8	9.6	—	9.6

The average capitalisation rate applied in determining the amount of borrowing costs to be capitalised in First Quarter 2018 was 5.0% (First Quarter 2017—5.3%).

6. Income tax

The major components of the tax (charge)/credit for the periods ended 30 June 2017, 30 June 2016 and 31 March 2017 are:

	Results before exceptional items and certain remeasurements First Quarter 2018 Unaudited	Exceptional items and certain remeasurements First Quarter 2018 Unaudited	Total First Quarter 2018 Unaudited	Results before exceptional items and certain remeasurements First Quarter 2017 Unaudited	Exceptional items and certain remeasurements First Quarter 2017 Unaudited	Total First Quarter 2017 Unaudited	Results before exceptional items and certain remeasurements Year ended 31 March 2017 Audited	Exceptional items and certain remeasurements Year ended 31 March 2017 Audited	Total Year ended 31 March 2017 Audited
	£m	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
Current tax:									
Current tax (charge)/credit	**(1.1)**	**0.3**	**(0.8)**	(0.6)	(0.4)	(1.0)	—	(0.2)	(0.2)
Adjustments on respect of prior years	**—**	**—**	**—**	—	—	—	(0.1)	—	(0.1)
Total current tax (charge)/credit	**(1.1)**	**0.3**	**(0.8)**	(0.6)	(0.4)	(1.0)	(0.1)	(0.2)	(0.3)
Deferred tax:									
Adjustments in respect of current year	**(0.1)**	**—**	**(0.1)**	—	—	—	1.8	—	1.8
Adjustments in respect of prior years	**—**	**—**	**—**	—	—	—	(2.2)	—	(2.2)
Effect of decreased rate on opening liability	**—**	**—**	**—**	—	—	—	(0.5)	—	(0.5)
Total deferred tax	**(0.1)**	**—**	**(0.1)**	—	—	—	(0.9)	—	(0.9)
Total taxation (charge)/credit	**(1.2)**	**0.3**	**(0.9)**	(0.6)	(0.4)	(1.0)	(1.0)	(0.2)	(1.2)

7. Capital expenditure

	Capital additions to property, plant and equipment		
	First quarter 2018 unaudited	**First quarter 2017 unaudited**	**Year ended 31 March 2017 audited**
	£m	**£m**	**£m**
Energia Group (excluding renewable assets)	**0.1**	1.8	5.5
Energia renewable assets	**13.3**	39.2	145.0
Power NI	**—**	0.8	3.5
Other	**0.3**	—	1.2
Total	**13.7**	41.8	155.2

	Capital additions to intangible assets		
	First quarter 2018 unaudited	**First quarter 2017 unaudited**	**Year ended 31 March 2017 audited**
	£m	**£m**	**£m**
Energia Group (excluding renewable assets)	**11.7**	6.9	43.8
Power NI	**12.9**	9.4	52.3
Other	**—**	0.2	0.7
Total	**24.6**	16.5	96.8

8. Other financial assets

	30 June 2017 unaudited	**30 June 2016 unaudited**	**31 March 2017 audited**
	£m	**£m**	**£m**
Loans and receivables:			
Security deposits	**1.9**	13.1	2.4
Short term managed funds	**1.3**	1.3	1.4
Total loans and receivables	**3.2**	14.4	3.8
Financial instruments held to maturity:			
Viridian Growth Fund	**0.1**	0.1	0.1
Total other financial assets	**3.3**	14.5	3.9
Total non-current	**0.1**	0.1	0.1
Total current	**3.2**	14.4	3.8

9. Business combinations and disposals

Acquisitions in First Quarter 2018

In April 2017, the Group acquired 100% of the shares of Teiges Mountain Wind Farm Limited (Teiges), an unlisted wind farm company in Northern Ireland. Total consideration for the acquisition comprised £1.6m discounted contingent consideration (£1.9m undiscounted).

Acquisitions post balance sheet

In July 2017, the Group acquired 100% of the shares of Dargan Road Biogas Limited (Dargan Road), an unlisted anaerobic digestion company in Northern Ireland. The total consideration for the acquisition was £0.8m cash and £2.5m contingent consideration.

The acquisitions contribute towards the Group's aim of growing its renewable generation business in Ireland.

Assets acquired and liabilities assumed

The fair values of the identifiable assets and liabilities of Teiges acquired in First Quarter 2018 and the identifiable assets and liabilities of Dargan Road acquired post 30 June 2017 were:

	Fair value recognised on acquisition in Q1 2018	**Fair value recognised on acquisitions post balance sheet**
	£m	**£m**
Assets		
Property, plant and equipment	3.4	—
Other receivables	0.2	—
	3.6	—
Liabilities		
Other payables	(2.2)	—
Other loans and borrowings	(1.4)	—
Total identifiable net assets at fair value	—	—
Intangible assets (development assets) arising on acquisition	1.6	3.3
Purchase consideration transferred	1.6	3.3
Purchase consideration made up of:		
Cash	—	0.8
Contingent consideration	1.6	2.5
	1.6	3.3
Analysis of cash flows on acquisition:		
Cash	—	0.8
Discharge of liabilities	2.3	—
Net cash flows on acquisition	2.3	0.8

No transaction costs were expensed in First Quarter 2018.

Teiges is currently under construction and has not generated any revenues or profit for the Group during the period. Dargan Road is not operational and is currently under development.

Contingent consideration

On acquisition of Teiges contingent consideration of £1.6m was recognised and reflects the fair value of the maximum amount payable of £1.9m, with the minimum payable being £nil. Contingent consideration relates to the accreditation for Northern Ireland Renewable Obligation Certificates (NIROCs) and earnouts relating to the capital expenditure incurred during the course of the construction of the wind farms and are anticipated to be paid in 2018/19. On acquisition of Dargan Road contingent consideration of £2.5m was recognised and reflects the maximum amount payable, with the minimum amount payable being £nil. Contingent consideration relates to the accreditation for NIROCs, together with the execution of a lease option and the grant of planning and are anticipated to be paid in 2017/18 and 2018/19.

10. Trade and other receivables

	30 June 2017 unaudited	30 June 2016 unaudited	31 March 2017 audited
	£m	£m	£m
Trade receivables (including unbilled consumption)	**108.7**	97.9	124.2
Prepayments and accrued income	**20.8**	31.9	25.5
Other receivables	**1.9**	5.7	0.4
	131.4	135.5	150.1

11. Cash and cash equivalents

	30 June 2017 unaudited	30 June 2016 unaudited	31 March 2017 audited
	£m	£m	£m
Cash at bank and on hand	**36.4**	39.2	33.4
Short-term bank deposits	**109.0**	69.6	86.8
	145.4	108.8	120.2

12. Trade and other payables

	30 June 2017 unaudited	30 June 2016 unaudited	31 March 2017 audited
	£m	£m	£m
Trade creditors	**50.3**	51.7	49.9
Other creditors	**35.6**	32.5	35.2
Amounts owed to associate	**1.6**	1.3	2.1
Payments received on account	**24.1**	25.9	24.7
Tax and social security	**7.9**	8.8	9.0
Accruals	**120.1**	115.3	141.3
	239.6	235.5	262.2

13. Financial liabilities

	30 June 2017 unaudited	30 June 2016 unaudited	31 March 2017 audited
	£m	**£m**	**£m**
Current financial liabilities:			
Senior secured notes interest payable	**13.2**	12.5	3.2
Other interest payable	**0.9**	0.7	0.8
Project financed bank facilities (NI)	**3.9**	1.6	3.8
Project financed bank facilities (RoI)	**10.2**	0.3	9.8
Project financed interest accruals	**1.8**	0.7	—
Total current financial liabilities	**30.0**	15.8	17.6
Non-current financial liabilities:			
Senior secured notes	**521.6**	491.8	507.6
Project financed bank facilities (NI)	**108.7**	49.1	99.8
Project financed bank facilities (RoI)	**97.3**	68.4	93.8
Contingent consideration	**15.9**	—	13.9
Other payables	**3.3**	—	2.6
Total non-current financial liabilities	**746.8**	609.3	717.7
Total current and non-current financial liabilities	**776.8**	625.1	735.3

The Senior secured notes are denominated in Euro €600.0m (31 March 2017—€600.0m) and interest, which is payable semi-annually, is charged at a fixed rate coupon of 7.5% (31 March 2017—7.5%). The Senior secured notes are repayable in one instalment on 1 March 2020.

In June 2016 the Group put in place a further €75.0m foreign exchange forward contracts to hedge the foreign exchange risk on the Euro denominated Senior secured notes associated with the forecast sterling cash generation of the Group. The total foreign exchange forward contracts in place at 30 June 2017 was €225.0m (31 March 2017—€225.0m).

The Senior secured notes includes an option for the period to 1 September 2017 to redeem annually up to 10% of the original principal at a redemption price of 103%. On 18 August 2017, the Group issued a redemption notice for 10% of the €600.0m Senior secured notes at a redemption price of 103%, with redemption to take effect on 29 August 2017.

At 30 June 2017, the Group had letters of credit issued out of the Senior revolving credit facility of £90.0m resulting in undrawn committed facilities of £135.0m (31 March 2017—£130.6m). There were no cash drawings under the Senior revolving credit facility at 30 June 2017 (31 March 2017—£nil). Interest is charged under the Senior revolving credit facility at floating interest rates based on Libor and Euribor.

Project financed bank facilities

The project financed bank loan facilities are repayable in semi-annual instalments to 2035 and are secured on a non-recourse basis over the assets and shares of the specific project finance companies. Interest on the project finance bank loan facilities has been predominantly fixed through interest rate swaps resulting in an effective rate of interest of 4.20% on project financed bank facilities NI and 2.79% in the project financed bank facilities RoI.

Contingent consideration

On acquisition of Cornavarrow, Slieveglass and Teiges, contingent consideration of £15.1m was recognised reflecting the fair value of the maximum amount payable of £17.9m, with the minimum payable being £nil. Contingent consideration relates to the accreditation for Northern Ireland Renewable Obligation Certificates (NIROCs) and earnouts relating to the capital expenditure incurred during the course of the construction of the wind farms and are anticipated to be paid in 2018/19.

Other payables

On acquisition of Cornavarrow, a liability of £2.6m was recognised reflecting the fair value of the maximum amount payable of £3.0m, with the minimum payable being £nil and on acquisition of Teiges, a liability of £0.6m was recognised reflecting the fair value of the maximum amount payable of £0.7m, with the minimum payable being £nil. The liabilities relates to pre-acquisition services and are contingent on the accreditation for NIROCs and are anticipated to be paid in 2018/19.

14. Financial assets and financial liabilities

Derivative financial assets

	30 June 2017 unaudited	30 June 2016 unaudited	31 March 2017 audited
	£m	**£m**	**£m**
Derivatives at fair value through other comprehensive income			
Cash flow hedges:			
Foreign exchange forward contracts	**0.5**	4.8	1.5
Commodity swap contracts	**0.4**	2.9	1.2
Interest rate swap contracts	**2.6**	0.4	1.7
Total derivatives at fair value through other comprehensive income	**3.5**	8.1	4.4
Derivatives at fair value through profit and loss			
Derivatives not designated as hedges:			
Foreign exchange forward contracts	**28.9**	21.4	23.7
Commodity swap contracts	**1.9**	2.6	2.0
Total derivatives at fair value through profit and loss	**30.8**	24.0	25.7
Total derivative financial assets	**34.3**	32.1	30.1
Total non-current	**24.3**	21.3	20.0
Total current	**10.0**	10.8	10.1

Derivative financial liabilities

	30 June 2017 unaudited	30 June 2016 unaudited	31 March 2017 audited
	£m	£m	£m
Derivatives at fair value through other comprehensive income			
Cash flow hedges:			
Foreign exchange forward contracts	**(5.7)**	**(7.3)**	(3.2)
Commodity swap contracts	**(2.6)**	**(2.1)**	(2.0)
Interest rate swap contracts	**(12.7)**	**(16.2)**	(13.4)
Total derivatives at fair value through other comprehensive income	**(21.0)**	**(25.6)**	(18.6)
Derivatives at fair value through profit and loss			
Derivatives not designated as hedges:			
Foreign exchange forward contracts	**(0.5)**	**(0.9)**	(0.4)
Commodity swap contracts	**(3.8)**	**(0.8)**	(2.0)
Total derivatives at fair value through profit and loss	**(4.3)**	**(1.7)**	(2.4)
Total derivative financial liabilities	**(25.3)**	**(27.3)**	(21.0)
Total non-current	**(12.9)**	**(16.5)**	(11.4)
Total current	**(12.4)**	**(10.8)**	(9.6)

Fair values

As indicated in note 3(d) in the consolidated financial statements for the year ended 31 March 2017, the Group uses the hierarchy as set out in IFRS 7 Financial Instruments: Disclosures for categorising financial instruments. A summary of the fair values of the financial assets and liabilities of the Group together with their carrying values shown in the balance sheet and their fair value hierarchy is as follows:

	30 June 2017		30 June 2016		31 March 2017	
	Carrying value	Fair value	Carrying value	Fair value	Carrying value	Fair value
	£m	£m	£m	£m	£m	£m
Level 1						
Non-current liabilities						
Senior secured notes	**(521.6)**	**(550.5)**	(491.8)	(518.3)	(507.6)	(541.2)
Level 2						
Non-current assets						
Viridian Growth Fund	**0.1**	**0.1**	0.1	0.1	0.1	0.1
Non-current liabilities						
Project financed bank facilities (NI)	**(108.7)**	**(108.7)**	(49.1)	(49.1)	(99.8)	(99.8)
Project financed bank facilities (ROI)	**(97.3)**	**(97.3)**	(68.4)	(68.4)	(93.8)	(93.8)
Level 3						
Non-current liabilities						
Financial liabilities (contingent consideration)	**(15.9)**	**(15.9)**	—	—	(13.9)	(13.9)
Other payables	**(3.3)**	**(3.3)**	—	—	(2.6)	(2.6)

The carrying value of cash, trade receivables, trade payables and other current assets and liabilities is equivalent to fair value due to the short term maturities of these items. Contingent consideration is estimated as the present value of future cash flows disclosed at the market rate of interest at the reporting date. Derivatives are measured at fair value. There have been no transfers between hierarchy.

The fair value of the Group's project financed bank facilities (RoI), project financed bank facilities (NI) and Senior revolving credit facility are determined by using discounted cash flows based on the Group's borrowing rate. The fair value of the Group's Senior secured notes are based on the quoted market price. The fair value of interest rate swaps, foreign exchange forward contracts, foreign exchange cross currency swaps and commodity contracts has been valued by calculating the present value of future cash flows, estimated using forward rates from third party market price quotations.

The fair value of the Group's project financed bank facilities (RoI) and project financed bank facilities (NI) are a close approximation to their carrying value given that they bear interest at floating rates based on Libor/Euribor.

The fair value of contingent consideration is considered by the Director to fall within the level 3 fair value hierarchy and is measured using the present value of the pay-out associated with the accreditation for NIROCs and earnouts set out in the relevant purchase agreement. The carrying value of £15.9m is estimated to approximate to its fair value determined by using discounted cash flows based on the Company's borrowing rate.

15. Notes to group cash flow statement

	First quarter 2018 unaudited	First quarter 2017 unaudited	Year ended 31 March 2017 audited
	£m	£m	£m
Operating activities			
Profit before tax from continuing operations	**18.0**	35.1	68.6
Adjustments to reconcile profit before tax to net cash flows:			
Depreciation and impairment of property, plant and equipment	**7.2**	4.5	18.7
Amortisation and impairment of intangible assets	**0.9**	0.9	3.9
Amortisation of contributions in respect of property, plant and equipment	**(0.1)**	(0.1)	(0.3)
Derivatives at fair value through income statement	**(2.8)**	(13.7)	(14.8)
Net finance costs	**13.2**	0.3	27.2
Defined benefit charge less contributions paid	**—**	—	(1.3)
Share of loss in associates	**0.3**	0.4	1.0
Cash generated from operations before working capital movements	**36.7**	27.4	103.0

16. Analysis of net debt

	Cash and cash equivalents	Short term managed funds	Debt due within one year	Debt due after more than one year	Junior bank facility asset	Total
	£m	£m	£m	£m	£m	£m
At 1 April 2016	76.5	1.4	(4.7)	(927.5)	199.4	(654.9)
Net increase/(decrease) in cash and cash equivalents	30.5	(0.1)	—	—	—	30.4
Proceeds from issue of borrowings	—	—	—	(45.7)	—	(45.7)
Repayment of borrowings	—	—	1.2	—	—	1.2
Issue costs on new long term loans	—	—	—	0.8	—	0.8
(Increase)/decrease in interest accruals	—	—	(10.1)	1.2	—	(8.9)
Amortisation	—	—	(0.2)	(0.4)	—	(0.6)
Reclassifications	—	—	(1.5)	1.5	—	—
Capitalisation of interest on shareholder loan	—	—	—	(7.1)	—	(7.1)
Translation difference	1.8	—	(0.1)	(24.8)	4.5	(18.6)
Unwinding of discount on shareholder loan	—	—	—	(7.3)	—	(7.3)
Unwinding of discount on junior bank facility asset	—	—	—	—	8.5	8.5
Merger with VGHL	—	—	(0.4)	400.0	(212.4)	187.2
At 30 June 2016	108.8	1.3	(15.8)	(609.3)	—	(515.0)
At 1 April 2016	**76.5**	**1.4**	**(4.7)**	**(927.5)**	**199.4**	**(654.9)**
Net increase in cash and cash equivalents	38.8	—	—	—	—	38.8
Proceeds from issue of borrowings	—	—	—	(144.1)	—	(144.1)
Repayment of borrowings	—	—	11.9	—	—	11.9
Issue costs on new long term loans	—	—	—	1.8	—	1.8
(Increase)/decrease in interest accruals	—	—	(0.2)	1.2	—	1.0
Amortisation	—	—	(0.4)	(1.6)	—	(2.0)
Reclassifications	—	—	(23.7)	23.7	—	—
Capitalisation of interest on shareholder loan	—	—	—	(7.1)	—	(7.1)
Translation difference	4.9	—	(0.1)	(40.3)	4.5	(31.0)
Unwinding of discount on shareholder loan	—	—	—	(7.3)	—	(7.3)
Unwinding of discount on junior bank facility asset	—	—	—	—	8.5	8.5
Merger with VGHL	—	—	(0.4)	400.0	(212.4)	187.2
At 31 March 2017	**120.2**	**1.4**	**(17.6)**	**(701.2)**	**—**	**(597.2)**
Net increase/(decrease) in cash and cash equivalents	23.0	(0.1)	—	—	—	22.9
Proceeds from issue of borrowings	—	—	—	(11.6)	—	(11.6)
Repayment of borrowings	—	—	0.7	—	—	0.7
Issue costs on new long term loans	—	—	—	0.7	—	0.7
Increase in interest accruals	—	—	(11.9)	—	—	(11.9)
Amortisation	—	—	(0.1)	(0.4)	—	(0.5)
Reclassifications	—	—	(0.1)	0.1	—	—
Translation difference	2.2	—	(1.0)	(15.2)	—	(14.0)
At 30 June 2017	**145.4**	**1.3**	**(30.0)**	**(727.6)**	**—**	**(610.9)**

17. Capital commitments

At 30 June 2017 the Group had contracted future capital expenditure in respect of tangible fixed assets of £42.8m (31 March 2017—£18.6m).

18. Distributions made and proposed

No dividends have been paid or proposed for the First Quarter 2018 (2017—£nil).

19. Related party transactions

The nature and type of related party transactions for the First Quarter 2018 do not differ significantly from those in the consolidated financial statements for the year ended 31 March 2017.

20. Seasonality of operations

Certain activities of the Group are affected by weather and temperature conditions and seasonal market price fluctuations. As a result of this, the amounts reported for the interim period may not be indicative of the amounts that will be reported for the full year due to seasonal fluctuations in customer demand for gas and electricity, the impact of weather on demand, renewable generation output and commodity prices, market changes in commodity prices and changes in retail tariffs. In retail supply, notable seasonal effects include the impact on customer demand of warmer temperatures in the first half of the financial year. In wholesale generation, there is the impact of lower customer demand on commodity prices, the weather impact on renewable generation and other seasonal effects. The impact of temperature on customer demand for gas is more volatile than the equivalent demand for electricity.

21. Merger

On 28 June 2016 VGIL merged with its immediate parent VGHL, with VGIL becoming the surviving entity. As a result of this merger the Group assumed VGHL's Junior bank facility B liability at its fair value of £225.5m, and in doing so fully extinguished this liability against the Junior bank facility asset held by the Group of £213.1m. In addition, this merger resulted in the full extinguishment of the shareholder loan of £399.6m owed by the Group to VGHL. The net gain of £186.5m arising from this merger has been recognised as part of the capital contribution reserve within equity.

A loss of £10.4m has been reclassified from the capital contribution reserve to retained earnings representing the original net loss recognised within the capital contribution reserve on initial recognition of the shareholder loan owed to VGHL and the Junior bank facility asset owed by VGHL at their fair values.

As part of the merger VGIL assumed the share capital structure of VGHL, including the issue of shares at a premium. As a consequence £150.6m of the £186.5m gain referred to above has been reclassified from the capital contribution reserve to share premium.

The net impact of the merger is a £150.6m increase in share premium, a £46.3m increase in the capital contribution reserve and £10.4m reduction in retained earnings at 30 June 2016.

Independent Auditors' Report

To the members of Viridian Group Investments Limited

We have audited the Group financial statements of Viridian Group Investments Limited for the year ended 31 March 2017 approved on 23 May 2017 which comprise the Consolidated Income Statement, Consolidated Statement of Other Comprehensive Income, Consolidated Balance Sheet, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows and the related notes 1 to 33. The financial reporting framework that has been applied in their preparation is International Financial Reporting Standards (IFRS) as adopted by the European Union.

This report is made solely to the Company's members as a body in accordance with our engagement letter dated 13 February 2017. Our audit work has been undertaken so that we might state to the Company's members those matters we are required under International Standards on Auditing (UK and Ireland) to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page 41 the Company's directors are responsible for the preparation of the Group Financial Statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the accounts in accordance with International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic and Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion

In our opinion the Group Financial Statements:

- give a true and fair view, of the state of the Group's affairs as at 31 March 2017 and of its profit for the year then ended; and
- have been properly prepared in accordance with IFRS as adopted by the European Union.

Ernst & Young LLP
Belfast

24 May 2017

Consolidated income statement for the year ended 31 March 2017

Continuing operations	Notes	Results before exceptional items and certain remeasurements 2017	Exceptional items and certain remeasurements (note 6) 2017	Total 2017	Results before exceptional items and certain remeasurements 2016	Exceptional items and certain remeasurements (note 6) 2016	Total 2016
		£m	**£m**	**£m**	**£m**	**£m**	**£m**
Revenue	4	**1,317.6**	**—**	**1,317.6**	1,320.9	—	1,320.9
Operating costs	5	**(1,233.2)**	**(0.8)**	**(1,234.0)**	(1,240.2)	(1.3)	(1,241.5)
Operating profit/(loss)	4	**84.4**	**(0.8)**	**83.6**	80.7	(1.3)	79.4
Finance costs	9	**(36.8)**	**13.2**	**(23.6)**	(69.8)	10.7	(59.1)
Finance income	9	**9.6**	**—**	**9.6**	31.4	—	31.4
Net finance (cost)/income		**(27.2)**	**13.2**	**(14.0)**	(38.4)	10.7	(27.7)
Share of loss in associates	14	**(1.0)**	**—**	**(1.0)**	(1.3)	—	(1.3)
Profit before tax		**56.2**	**12.4**	**68.6**	41.0	9.4	50.4
Taxation	10	**(1.0)**	**(0.2)**	**(1.2)**	6.4	0.2	6.6
Profit for the year		**55.2**	**12.2**	**67.4**	47.4	9.6	57.0

Consolidated statement of other comprehensive income for the year ended 31 March 2017

	Notes	2017	2016
		£m	£m
Profit for the year		**67.4**	57.0
Items that will be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		**(30.0)**	(34.2)
Net gain/(loss) on cash flow hedges		**2.5**	(28.0)
Transferred loss from equity to income statement on cash flow hedges		**3.5**	13.8
Share of associates net gain on cash flow hedges		**0.1**	0.6
Income tax effect		**(1.2)**	1.4
		4.9	(12.2)
		(25.1)	(46.4)
Items that will not be reclassified to profit or loss:			
Remeasurement loss on defined benefit scheme	23	**(1.1)**	(1.6)
Income tax effect		**0.2**	0.4
		(0.9)	(1.2)
Other comprehensive expense for the year, net of taxation		**(26.0)**	(47.6)
Total comprehensive income for the year		**41.4**	9.4

Consolidated balance sheet
as at 31 March 2017

	Notes	31 March 2017	31 March 2016
		£m	**£m**
ASSETS			
Non-current assets:			
Property, plant and equipment	11	**497.9**	336.1
Intangible assets	12	**552.6**	531.3
Investment in associates	14	**6.2**	6.2
Derivative financial instruments	25	**20.0**	11.1
Other non-current financial assets	17	**0.1**	199.5
Deferred tax assets	10	**27.3**	25.6
		1,104.1	1,109.8
Current assets:			
Inventories		**4.8**	3.6
Trade and other receivables	18	**150.1**	161.8
Derivative financial instruments	25	**10.1**	4.0
Other current financial assets	17	**3.8**	12.3
Cash and cash equivalents	19	**120.2**	76.5
		289.0	258.2
TOTAL ASSETS		**1,393.1**	1,368.0
LIABILITIES			
Current liabilities:			
Trade and other payables	20	**(262.2)**	(262.7)
Income tax payable		**(1.7)**	(1.2)
Financial liabilities	21	**(17.6)**	(6.6)
Derivative financial instruments	25	**(9.6)**	(15.7)
Deferred income	22	**—**	(0.3)
		(291.1)	(286.5)
Non-current liabilities:			
Financial liabilities	21	**(717.7)**	(927.5)
Derivative financial instruments	25	**(11.4)**	(11.2)
Net employee defined benefit liabilities	23	**—**	(0.1)
Deferred tax liabilities	10	**(16.8)**	(13.2)
Provisions	24	**(11.4)**	(12.7)
		(757.3)	(964.7)
TOTAL LIABILITIES		**(1,048.4)**	(1,251.2)
NET ASSETS		**344.7**	116.8
Equity			
Share capital	26	**—**	—
Share premium		**660.6**	510.0
Retained earnings		**(401.7)**	(457.8)
Capital contribution reserve		**161.5**	115.2
Hedge reserve		**(13.9)**	(18.8)
Foreign currency translation reserve		**(61.8)**	(31.8)
TOTAL EQUITY		**344.7**	116.8

The financial statements were approved by the Board and authorised for issue on 23 May 2017. They were signed on its behalf by:

Ronald Schweizer
Date: 23 May 2017

Consolidated statement of changes in equity
for the year ended 31 March 2017

	Note	Share capital	Share premium	Retained earnings	Capital contribution reserve	Hedge reserve	Foreign currency translation reserve	Total equity
		£m	£m	£m	£m	£m	£m	£m
At 1 April 2015		**—**	**510.0**	**(513.6)**	**115.2**	**(6.6)**	**2.4**	**107.4**
Profit for the year		—	—	57.0	—	—	—	57.0
Other comprehensive expense (loss)/income		—	—	(1.2)	—	(12.2)	(34.2)	(47.6)
Total comprehensive income/(expense)		—	—	*55.8*	—	*(12.2)*	*(34.2)*	*9.4*
At 31 March 2016		**—**	**510.0**	**(457.8)**	**115.2**	**(18.8)**	**(31.8)**	**116.8**
Profit for the year		—	—	67.4	—	—	—	67.4
Other comprehensive (expense)/income		—	—	(0.9)	—	4.9	(30.0)	(26.0)
Total comprehensive income /(expense)		—	—	*66.5*	—	*4.9*	*(30.0)*	*41.4*
VGIL/VGHL merger	33	—	150.6	(10.4)	46.3	—	—	186.5
At 31 March 2017		**—**	**660.6**	**(401.7)**	**161.5**	**(13.9)**	**(61.8)**	**344.7**

Consolidated statement of cash flows for the year ended 31 March 2017

	Notes	2017	2016
		£m	**£m**
Cash generated from operations before working capital movements	27	**103.0**	99.1
Working capital adjustments:			
(Increase)/decrease in inventories		**(1.2)**	0.7
Decrease/(increase) in trade and other receivables		**10.6**	(0.5)
Decrease/(increase) in security deposits		**8.5**	(8.5)
(Decrease)/increase in trade and other payables		**(5.3)**	16.3
Effects of foreign exchange		**2.0**	1.2
		117.6	108.3
Interest received		**0.2**	0.2
Interest paid		**(48.8)**	(43.4)
Exceptional finance costs		**—**	(0.1)
		(48.6)	(43.3)
Income tax received/(paid)		**0.1**	(0.1)
Net cash flows from operating activities		**69.1**	64.9
Investing activities			
Purchase of property, plant and equipment		**(144.7)**	(63.1)
Purchase of intangible assets		**(91.5)**	(67.7)
Proceeds from sale of intangible assets		**89.4**	65.2
Return on other non-current financial assets		**—**	0.5
Disposal of subsidiary, net of cash disposed		**(0.2)**	(0.2)
Dividends received from associates		**0.2**	0.3
Interest received from associates		**0.1**	0.2
Acquisition of subsidiaries	15	**(13.9)**	(14.4)
Net cash flows used in investing activities		**(160.6)**	(79.2)
Financing activities			
Proceeds from issue of borrowings		**144.1**	45.4
Repayment of borrowings		**(11.9)**	(22.2)
Issue costs of new long term loans		**(1.9)**	(8.7)
Net cash flows from financing activities		**130.3**	14.5
Net increase in cash and cash equivalents		**38.8**	0.2
Net foreign exchange difference		**4.9**	3.8
Cash and cash equivalents at 1 April	19	**76.5**	72.5
Cash and cash equivalents at 31 March	19	**120.2**	76.5

Notes to the consolidated financial statements as at 31 March 2017

1. Corporate information

The Group Financial Statements of Viridian Group Investments Limited and its subsidiaries (collectively, the Group) for the year ended 31 March 2017 were authorised for issue in accordance with a resolution of the director on 23 May 2017. Viridian Group Investments Limited (the Company or the parent) is a limited company incorporated and domiciled in Cayman Islands. The registered office is located at PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. The Group's operations and its principal activities are set out earlier in the Report on pages 4 to 18.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS) as they apply to the financial statements of the Group for the year ended 31 March 2017.

The consolidated financial statements have been prepared on a historical cost basis, except for derivative financial instruments, contingent consideration arising on business combinations and the assets of the Group's pension schemes that have been measured at fair value and the liabilities of the Group's pension schemes that are measured using the projected unit credit valuation method. The consolidated financial statements are presented in Sterling (£) with all values rounded to the nearest £m except where otherwise indicated.

Amendments to IAS 1: Disclosure Initiatives, IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation, IFRS 11: Accounting for Acquisitions of Interests in Joint Operations, IFRS Improvement 2011-2014 Cycle and IFRS Improvements 2012-2015 Cycle were effective for periods beginning on or after 1 January 2016. None of these amendments or improvements have a material, if any, impact on the annual consolidated financial statements of the Group in 2016/17.

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 March 2017. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement with the other vote holders of the investee;
- rights arising from other contractual arrangements; and
- the Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

3. Summary of significant accounting policies

(a) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of (i) the consideration transferred and measured at acquisition date fair value, and (ii) the amount of any non-controlling interests in the acquiree.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IAS 39 *Financial Instruments: Recognition and Measurement*, is measured at fair value with changes in fair value recognised either in either profit or loss or as a change to other comprehensive income. If the contingent consideration is not within the scope of IAS 39, it is measured in accordance with the appropriate IFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units (CGU) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. If a subsidiary is subsequently sold any goodwill arising on acquisition which has not been impaired is taken into account in determining the profit or loss on sale.

(b) Investment in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries.

The Group's investments in its associate are accounted for using the equity method.

Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The Income Statement reflects the Group's share of the results of operations of the associate. Any change in other comprehensive income of those investees is presented as part of the Group's other comprehensive income. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the Income Statement outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, then recognises the loss as 'Share of profit of an associate' in the Income Statement.

(c) Current versus non-current classification

The Group presents assets and liabilities in the balance sheet based on current/non-current classification. An asset is current when it is:

- expected to be realised or intended to be sold or consumed in a normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realised within twelve months after the reporting period; or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- it is expected to be settled in a normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within twelve months after the reporting period; or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

(d) Fair value measurement

The Group measures financial instruments, such as, derivatives, at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- level 1—quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- level 2—valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; or
- level 3—valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

(e) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, exclusive of value added tax and other sales related taxes.

The specific recognition criteria described below must also be met before revenue is recognised.

Energy supply

Revenue is recognised on the basis of energy supplied during the period. Revenue for energy supply includes an assessment of energy supplied to customers between the date of the last meter reading and the balance sheet date, estimated using historical consumption patterns.

Energy generation

Two key revenue streams are received by the Huntstown plant and PPB. Capacity revenue is recognised based upon the capacity (MW) provided to the SEM for the period. Energy revenue is recognised based upon electricity units generated during the period at market price, including an allowance for any anticipated resettlement within the SEM. Units are based on energy volumes recorded by SEMO and these units are reconciled to the units recorded on the plant systems to ensure accuracy.

Interest income

For all financial instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the income statement.

Dividend income

Dividend income is recognised on the date the Group's right to receive the payments is established.

(f) Taxation

The tax charge represents the sum of tax currently payable and deferred tax. Tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the tax is also dealt with in equity.

Tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes both items of income or expense that are taxable or deductible in other years as well as items that are never taxable or deductible.

The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is the tax payable or recoverable on differences between the carrying amount of assets and liabilities in the accounts and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is not recognised on temporary differences where they arise from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss.

Deferred tax is not recognised in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantially enacted by the balance sheet date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

(g) Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Freehold land is not depreciated. Other tangible fixed assets are depreciated on a straight-line basis so as to write off the cost, less estimated residual value, over their estimated useful economic lives as follows:

Thermal generation assets—12 to 30 years
Renewable generation assets—up to 20 years
Fixtures and equipment—up to 25 years
Vehicles and mobile plant—up to 5 years

(h) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred. The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement as the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the CGU level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

Emissions allowances, renewable and energy efficiency obligations

The Group recognises the allocation of CO_2 emissions allowances from government or a similar body at £nil value. Purchased CO_2 emissions allowances, ROCs, levy exemption certificates (LECs) and energy efficiency credits (EECs) are initially recognised at cost (purchase price) within intangible assets and subsequently written down to their recoverable amount at the balance sheet date should this be less than the purchase price. Self-generated ROCs are initially recorded at fair value within intangible assets with a corresponding credit to energy costs in the income statement, and subsequently written down to their recoverable amount at the balance sheet date should this be less than the fair value on initial recognition. No amortisation is recorded during the period as the intangible asset is surrendered at the end of the compliance period reflecting the consumption of economic benefit.

The Group recognises liabilities in respect of its obligations to deliver emissions allowances to the extent that the allowances to be delivered exceed the level of allocation under the EU emissions trading scheme. Any liabilities recognised are measured based on the current estimates of the amounts that will be required to satisfy the obligation. A liability for the renewables obligation and the climate change levy is recognised based on the level of electricity supplied to customers. A liability for the energy efficiency obligation under the EEOS is recognised if energy saving minimum targets are not achieved by the end of the compliance period. Any such liability is recognised on the compliance date (31 December) and is calculated by reference to the relevant penalty rates for volumes not achieved.

Computer software

The cost of acquiring computer software is capitalised and amortised on a straight-line basis over the directors' estimate of its useful economic life which is between three and ten years. The carrying value of computer software is reviewed for impairment where events or changes in circumstances indicate that the carrying value may not be recoverable.

Development assets

Development assets arising from business combinations relate to value arising from the development of renewable projects which the Group believes will generate future economic benefits. Development assets are amortised from the date of commissioning of the renewable asset over its useful economic life which is twenty years.

At a point the project is no longer expected to reach construction the carrying amount of the project is impaired.

(i) Financial instruments—initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Subsequent measurement

For purposes of subsequent measurement financial assets are classified in four categories:

- financial assets at fair value through profit or loss;
- loans and receivables;
- held-to-maturity investments; or
- available-for-sale financial investments.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments as defined by IAS 39. The Group has not designated any financial assets at fair value through profit or loss. Financial assets at fair value through profit or loss are carried in the balance sheet at fair value with net changes in fair value presented as finance costs (negative net changes in fair value) or finance income (positive net changes in fair value) in the income statement.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Re-assessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using EIR method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the income statement. The losses arising from impairment are recognised in the income statement in finance costs for loans and in other operating charges for receivables.

This category generally applies to trade and other receivables. Trade receivables do not carry any interest and are recognised and carried at the lower of their original invoiced value and recoverable amount.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Group's consolidated balance sheet) when:

- the rights to receive cash flows from the asset has expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

The Group assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IAS 39. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the income statement. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IAS 39 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the income statement.

This category generally applies to interest bearing loans and borrowings. This category also applies to trade and other payables which are not interest bearing and stated at their nominal amount.

Interest free loans receivable from or payable to the parent undertaking are recognised at fair value on initial recognition based on the market rate of interest for similar loans at the date of issue. In case of loans received from a parent undertaking the difference on initial recognition between the fair value and the loan amount is recorded as a capital contribution in equity. The difference arising between the amount of a loan made to a parent undertaking and its fair value is treated as a distribution to the parent and reflected within equity. Subsequently, an interest expense or receivable is recognised within the income statement using the effective interest method so that each loan is stated at the amount repayable or receivable at the redemption date.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the income statement.

(j) Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as forward currency contracts, interest rate swaps, contracts for differences and forward commodity contracts, to hedge its foreign currency risks, interest rate risks, electricity price risk and other commodity price risks, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The purchase contracts that meet the definition of a derivative under IAS 39 are recognised in the income statement as operating costs. Commodity contracts that are entered into and continue to be held for the purpose of the receipt or delivery of a non-financial item in accordance with the Group's expected purchase, sale or usage requirements are held at cost.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income and later reclassified to profit or loss when the hedge item affects profit or loss.

For the purpose of hedge accounting, hedges are classified as:

- fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment;
- cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment; or
- hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the strict criteria for cash flow hedge accounting are accounted for, as described below:

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the income statement in operating expenses.

The Group uses forward currency contracts as hedges of its exposure to foreign currency risk in forecast transactions and firm commitments, as well as forward commodity contracts for its exposure to volatility in the commodity prices. The ineffective portion relating to foreign currency and commodity contracts is recognised in operating costs.

Amounts recognised as other comprehensive income are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as other comprehensive income are transferred to the initial carrying amount of the non-financial asset or liability.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in other comprehensive income remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met.

(k) Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGU's to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the income statement in expense categories consistent with the function of the impaired asset. The following assets have specific characteristics for impairment testing:

Goodwill

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

(l) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short term bank deposits with a maturity of less than three months.

(m) Provisions

General

Provisions are recognised when (i) the Group has a present obligation (legal or constructive) as a result of a past event (ii) it is probable that an outflow of economic benefits will be required to settle the obligation and (iii) a reliable estimate can be made of the amount of the obligation. Where the Group expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is included within finance costs.

Decommissioning liability

Provision is made for estimated decommissioning costs at the end of the estimated useful lives of generation assets on a discounted basis based on price levels and technology at the balance sheet date. Changes in these estimates and changes to the discount rates are added to or deducted from the capitalised cost of the asset to which they relate. Capitalised decommissioning costs are depreciated over the estimated useful lives of the related assets. The unwinding of the discount is included within finance costs.

(n) Exceptional items and certain remeasurements

As permitted by IAS1 Presentation of Financial statements, the Group has disclosed additional information in respect of exceptional items on the face of the income statement to aid understanding of the Group's financial performance. An item is treated as exceptional if it is considered unusual by nature and scale and of such significance that separate disclosure is required for the financial statements to be properly understood. "Certain remeasurements" are remeasurements arising on certain commodity, interest rate and currency contracts which are not designated in hedge accounting relationships, and which are accounted for as held for trading in accordance with the Group's policy for such financial instruments. This excludes commodity contracts not treated as financial instruments under IAS 39 where held for the Group's own use requirements. Certain remeasurements arising from IAS 39 are disclosed separately to aid understanding of the underlying performance of the Group.

(o) Pensions and other post-employment benefits

The Group has both defined benefit and defined contribution pension arrangements. The amount recognised in the balance sheet in respect of liabilities represents the present value of the obligations offset by the fair value of assets.

The cost of providing benefits under the defined benefit scheme is determined using the projected unit credit method.

Pension remeasurements, comprising of actuarial gains and losses, excluding net interest, and the return on plan assets (excluding net interest), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Pension remeasurements are not reclassified to profit or loss in subsequent periods. Past service costs are recognised in profit or on the earlier of:

- the date of the plan amendment or curtailment; and
- the date that the Group recognises restructuring-related costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation under operating costs in the consolidated statement of profit or loss:

- service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- net interest expense or income.

Pension costs in respect of defined contribution arrangements are charged to the profit and loss account as they become payable.

(p) Inventories

Inventories are valued at the lower of average purchase price and net realisable value.

(q) Borrowing costs

Borrowing costs directly attributable to qualifying assets are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur.

(r) Operating lease contracts

Leases are classified as operating lease contracts whenever the terms of the lease do not transfer substantially all the risks and benefits of ownership to the lessee.

Rentals payable under operating leases are charged to the income statement on a straight-line basis over the lease term.

(s) Foreign currency translation

The Group's consolidated financial statements are presented in sterling, which is also the parent company's functional currency. For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

On consolidation, the assets and liabilities of foreign operations are translated into sterling at the rate of exchange prevailing at the reporting date and their income statements are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in other comprehensive income.

(t) Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities at the balance sheet date and the amounts reported for revenues and operating costs during the year. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In the process of applying the Group's accounting policies, management has made the following key judgements and estimations of uncertainty, which have the most significant effect on the amounts recognised in the consolidated financial statements.

Revenue recognition

Revenue on energy sales include an estimate of the value of electricity or gas supplied to customers between the date of the last meter reading and the year end. This will have been estimated by using historical consumption patterns. At the balance sheet date, the estimated consumption by customers will either have been billed or accrued (estimated unbilled revenue). Management apply judgement to the measurement of the quantum and valuation of the estimated consumption. The judgements applied and the assumptions underpinning these judgements are considered to be appropriate. However a change in these assumptions would impact upon the amount of revenue recognised. Revenue recognised in the period has been outlined in note 4.

Impairment testing

The Group reviews the carrying amounts of its goodwill, other intangible assets and property, plant and equipment to determine whether there is any indication that the value of those assets is impaired. This requires an estimation of the value in use of the CGUs to which the assets are allocated which includes the estimation of future cash flows and the application of a suitable discount rate. Subsequent changes to these estimates or judgements may impact the carrying value of the assets within the respective CGUs. Impairment testing has been outlined in note 13.

Business combinations

Business combinations require a fair value exercise to be undertaken to allocate the purchase price to the fair value of the identifiable assets acquired and the liabilities assumed. The determination of the fair value of the assets and liabilities is based to a considerable extent on management's judgement. The amount of goodwill initially recognised as a result of a business combination is dependent on the allocation of this purchase price to the identifiable assets and liabilities with any unallocated portion being recorded as goodwill. Business combinations have been outlined in note 15.

Pensions and other post-employment benefits

The Group has both defined benefit and defined contribution arrangements. The cost of providing benefits under the defined benefit scheme is determined using the projected unit method. The key assumptions used in relation to the cost of providing post-retirement benefits are set after consultation with qualified actuaries. While these assumptions are considered to be appropriate, a change in these assumptions would impact the earnings of the Group. Pensions and other post-employment benefits have been outlined in note 23.

Exceptional items and certain remeasurements

The Group has disclosed additional information in respect of exceptional items on the face of the income statement to aid understanding of the Group's financial performance. An item is treated as exceptional if it is considered unusual by nature and scale and of such significance that separate disclosure is required for the financial statements to be properly understood. "Certain remeasurements" are remeasurements arising on certain commodity, interest rate and currency contracts which are not designated in hedge accounting relationships, and which are accounted for as held for trading in accordance with the Group's policy for such financial instruments. This excludes commodity contracts not treated as financial instruments under IAS 39 where held for the Group's own use requirements. Exceptional items and certain remeasurement have been outlined in note 6.

(u) Standard issued but not yet effective

At the date of authorisation of the Group's consolidated financial statements, the following new standards and interpretations which have not been applied in preparing these financial statements were in issue, but not yet effective, and in some cases have not yet been adopted by the EU. The Group intends to adopt these standards, if applicable, when they become effective.

International Accounting Standards (IAS / IFRSs)	Effective date
Amendments to IAS 7—*Disclosure Initiative*	1 January 2017
Amendments to IAS 12—*Recognition of Deferred Tax Assets for Unrealised Losses*	1 January 2017
Annual improvements to IFRS Standards 2014-2016 Cycle	1 January 2017
IFRS 9—*Financial Instruments*	1 January 2018
IFRS 15—*Revenue from Contracts with Customers*	1 January 2018
IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2018
IFRS 16—*Leases*	1 January 2019

IFRS 9 Financial instruments

IFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. IFRS is effective from 1 January 2018.

The new hedge accounting rules will align the accounting for hedging instruments more closely with the Group's risk management practices. As a general rule, more hedge relationships may be eligible for hedge accounting, as the standard introduces a more principles-based approach. The Group has performed an initial assessment on the impact of IFRS 9, and it would appear that the Group's current hedge relationships would qualify as continuing hedges upon adoption of IFRS 9. Accordingly, the Group does not expect a significant impact on the accounting for its hedging relationships.

The new impairment model requires the recognition of impairment provisions based on expected credit losses rather than only incurred credit losses as is the case under IAS 39 *Financial Instruments: Recognition and Measurement.* It applies to financial assets classified at amortised costs, contract assets under IFRS 15 *Revenue from Contracts with Customers*, lease receivables, loan commitments and certain financial guarantee contracts. While the Group has not yet completed a detailed assessment of how its impairment provisions would be affected by the new model, it may result in an earlier recognition of credit losses.

The new standard also introduces expanded disclosure requirements and changes in disclosures. These are expected to change the nature and extent of the Group's disclosures about its financial instruments, particularly in the first year of adoption of the new standard.

IFRS 15 Revenue from contracts with customers

IFRS 15 outlines the principles an entity must apply to measure and recognise revenue. The core principle is that an entity will recognise revenue at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer. The standard establishes a five-step model that will apply to revenue earned from a contract with a customer (with limited exceptions), regardless of the type of revenue transaction or the industry. The five steps relate to identifying the contract with a customer, identifying the separate performance obligations in the contract, determining the transaction price, allocating the transaction price to the separate performance obligations and recognising revenue when (or as) the entity satisfies the performance obligation under the contract. The standard also provides more detailed requirements than current IFRS, including for arrangements with multiple performance obligations, which may impact the timing of revenue recognition. The standard's disclosure requirements are also more extensive. The standard's requirements will also apply to the recognition and measurement of gains and losses on the sale of some non-financial assets that are not an output of the entity's ordinary activities (e.g. sales of property, plant and equipment or intangibles). At this time the Group continues to assess the impact of adopting IFRS 15, however the Group does not expect a significant impact on the accounting for revenue from contracts with customers.

IFRS 16—Leases

IFRS 16 replaces IAS 17 *Leases* and IFRIC 4 *Determining whether an Arrangement contains a Lease*. The new standard specifies the recognition, measurement, presentation and disclosure of leases. IFRS 16 provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases, unless the lease term is 12 months or less, or the underlying asset has a low value. The adoption of this standard will result in a material decrease in operating lease rental costs; material increases in depreciation and finance costs; and may result in a decrease in profit before and after tax; and rental increases payable and recognition of lease assets and liabilities. Refer to note 29 for current operating lease commitments.

IAS 7—Disclosure initiative—amendments to IAS 7

The amendments to IAS 7 *Statement of Cash Flows* are part of the IASB's Disclosure Initiative and require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. On initial application of the amendment, entities are not required to provide comparative information for preceding periods. These amendments are effective for annual periods beginning on or after 1 January 2017, with early application permitted. Application of amendments will result in additional disclosure provided by the Group.

IAS 12—Recognition of deferred tax assets for unrealised losses—amendments to IAS 12

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact.

These amendments are effective for annual periods beginning on or after 1 January 2017, with early application permitted. If an entity applies the amendments for an earlier period, it must disclose that fact. These amendments are not expected to have any impact on the Group.

Although the Directors evaluation of the effect of adopting the other standards and interpretations has not yet been completed, it is not expected that their adoption will have a material impact on the Group's financial statements in the period of initial application.

4. Segmental analysis

For management purposes, the Group is organised into business units based on its products and services and has four reportable segments, as follows:

- the Energia Group (excluding renewable assets) operates as a vertically integrated energy business consisting of competitive electricity and gas supply to domestic and business customers in the RoI and to business customers in Northern Ireland through Energia, its retail supply business, backed by electricity generation from its two Huntstown CCGT plants, and long term PPAs with third-party renewable generators (including wind generation assets in which the Group has an equity interest);
- Energia renewable assets comprises generation from wholly owned wind generation assets;
- Power NI is the regulated electricity supplier in Northern Ireland; and
- PPB is a regulated business which administers the contracted generation capacity from the Ballylumford power station in Northern Ireland under legacy generating unit agreements which were originally established in 1992 when the Northern Ireland electricity industry was restructured.

The Group Board monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. The measure of profit used by the Group Board is pro-forma EBITDA which is before exceptional items and certain remeasurements (arising from certain commodity, interest rate and currency contracts which are not designated in hedge accounting relationships) and based on regulated entitlement (whereby the adjustment for (under)/over-recovery outlined in the segmental analysis below represents the amount by which the regulated businesses (under)/over-recovered against their regulated entitlement). The Group also monitors revenue on a regulated entitlement basis.

(a) Revenue by segment

	2017	2016
	£m	**£m**
Energia Group (excluding renewable assets)	**874.4**	833.0
Energia renewable assets	**7.7**	7.0
Power NI	**335.0**	373.4
PPB	**111.7**	114.7
Inter-group eliminations	**(10.7)**	(11.5)
Group	**1,318.1**	1,316.6
Adjustment for (under)/over-recovery	**(0.5)**	4.3
Total	**1,317.6**	1,320.9

The adjustment for (under)/over-recovery represents the amount by which the regulated businesses (under)/over-recovered against their regulated entitlement.

(b) Operating profit

	2017	2016
	£m	£m
Segment Pro-Forma EBITDA		
Energia Group (excluding renewable assets)	**65.1**	58.9
Energia renewable assets	**4.9**	5.3
Power NI	**32.2**	31.6
PPB	**4.0**	4.0
Other	**1.0**	(2.7)
Group Pro-Forma EBITDA	**107.2**	97.1
Adjustment for (under)/over-recovery	**(0.5)**	4.3
Group EBITDA	**106.7**	101.4
Depreciation/amortisation		
Energia Group (excluding renewable assets)	**(16.2)**	(15.2)
Energia renewable assets	**(3.1)**	(2.6)
Power NI	**(2.6)**	(2.6)
Other	**(0.4)**	(0.3)
Group depreciation and amortisation	**(22.3)**	(20.7)
Operating profit pre exceptional items and certain remeasurements		
Energia Group (excluding renewable assets)	**48.9**	43.7
Energia renewable assets	**1.8**	2.7
Power NI	**29.6**	29.0
PPB	**4.0**	4.0
Other	**0.6**	(3.0)
Group Pro-Forma operating profit	**84.9**	76.4
Adjustment for (under)/over-recovery	**(0.5)**	4.3
Operating profit pre exceptional items and certain remeasurements	**84.4**	80.7
Exceptional items and certain remeasurements		
Energia Group (excluding renewable assets)	**1.3**	(1.3)
Energia renewable assets	**(0.4)**	—
Other	**(1.7)**	—
Group operating profit post exceptional items and certain remeasurements	**83.6**	79.4
Finance cost	**(23.6)**	(59.1)
Finance income	**9.6**	31.4
	(14.0)	(27.7)
Share of loss in associates	**(1.0)**	(1.3)
Profit on ordinary activities before tax	**68.6**	50.4

(c) Capital expenditure

	Capital additions to property, plant and equipment		Capital additions to intangible assets	
	2017	**2016**	**2017**	**2016**
	£m	**£m**	**£m**	**£m**
Energia Group (excluding renewable assets)	**5.5**	2.7	**43.8**	39.1
Energia renewable assets	**145.0**	63.7	**—**	2.0
Power NI	**3.5**	1.6	**52.3**	37.7
Other	**1.2**	0.1	**0.7**	—
Total	**155.2**	68.1	**96.8**	78.8

(d) Geographic information

Revenue from external customers	**2017**	**2016**
	£m	**£m**
UK	**594.0**	662.9
RoI	**723.6**	658.0
Total revenue per income statement	**1,317.6**	1,320.9

The revenue information above is based on the locations of the customers

Non-current operating assets	**2017**	**2016**
	£m	**£m**
UK	**400.0**	288.5
RoI	**650.5**	578.9
Total	**1,050.5**	867.4

Non-current assets for this purpose consist of property, plant and equipment and intangible assets.

5. Operating costs

	2017	**2016**
	£m	**£m**
Operating costs are analysed as follows:		
Energy costs	**1,137.8**	1,151.7
Employee costs	**25.4**	22.0
Depreciation, amortisation and impairment	**22.3**	20.7
Other operating charges	**47.7**	45.8
Total pre exceptional items and certain remeasurements	**1,233.2**	1,240.2
Exceptional costs and certain remeasurements:		
Energy (credit)/charge	**(1.6)**	1.3
Other operating costs	**2.4**	—
Total exceptional costs and certain remeasurements	**0.8**	1.3
Total operating costs	**1,234.0**	1,241.5

5.1 Energy costs

	2017	2016
	£m	£m
Write down of inventories recognised as (income)/expense during the year:		
Reversal of write down of distillate oil stock	**(0.9)**	—
Write down of distillate oil stock	**—**	0.9

5.2 Depreciation, amortisation and impairment

	2017	2016
	£m	£m
Depreciation	**18.7**	17.2
Release of contributions in respect of property plant & equipment	**(0.3)**	(0.3)
Amortisation of intangible assets	**3.9**	3.8
	22.3	20.7

5.3 Other operating costs

	2017	2016
	£m	£m
Operating lease rentals recognised as an expense during the year:		
Land and buildings	**0.9**	0.6

6. Exceptional items and certain remeasurements

	2017	2016
	£m	£m
Exceptional items in arriving at profit from continuing operations:		
Acquisition costs(1)	**(2.4)**	—
Exceptional finance costs(2)	**—**	0.4
	(2.4)	0.4
Certain remeasurements in arriving at profit		
Net profit/(loss) on derivatives at fair value through operating costs(3)	**1.6**	(1.3)
Net profit on derivatives at fair value through finance costs(4)	**13.2**	10.3
	14.8	9.0
Exceptional items and certain remeasurements before taxation	**12.4**	9.4
Taxation on exceptional items and certain remeasurements	**(0.2)**	0.2
Exceptional items and certain remeasurements after taxation	**12.2**	9.6

(1) Exceptional acquisition costs in 2017 of £2.4m relate to costs associated with acquisitions whether successful or unsuccessful.

(2) Exceptional benefit of £0.4m in 2016 primarily relates to costs attributable to the refinancing of the Group in 2015 which are no longer expected to occur.

(3) Net profit on derivatives at fair value through operating costs of £1.6m (2016—£1.3m loss) primarily relates to fair value movements in commodity swap contracts and foreign exchange forward contracts relating to commodity purchases.

(4) Net profit on derivatives at fair value through finance costs of £13.2m (2016—£10.3m) relates to fair value movements in foreign exchange forward contracts in respect of the Senior secured notes.

The tax (charge)/credit in the profit and loss account relating to exceptional items and certain remeasurements is:

	2017	2016
	£m	**£m**
Fair valued derivatives through profit & loss	**(0.2)**	0.2

7. Auditors' remuneration

The Group paid the following amounts to the Company's auditors or its associates in respect of the audit of the financial statements and for other services provided to the Group.

	2017	2016
	£'000	**£'000**
Audit of these financial statements	**61**	45
Audit of subsidiaries pursuant to legislation	**254**	199
	315	244
Fees payable to the Company's auditor and its associates for other services:		
Audit related assurance services	**6**	5
Taxation compliance services	**52**	49
Taxation advisory services	**123**	101
Corporate finance services	**—**	278
Total non-audit services	**181**	433

8. Employees

	2017	2016
	£m	**£m**
Salaries	**24.3**	20.2
Social security costs	**2.6**	2.1
Pension costs		
—defined contribution plans	**1.7**	1.3
—defined benefit plans	**0.8**	0.7
	29.4	24.3
Less salaries capitalised in property, plant and equipment and intangible assets	**(4.0)**	(2.3)
Charged to the income statement	**25.4**	22.0

	Actual headcount at 31 March		Average during the year	
	Number 2017	**Number 2016**	**Number 2017**	**Number 2016**
Energia Group (excluding renewable assets)	**218**	206	**213**	197
Energia renewable assets	**13**	13	**13**	12
Power NI	**267**	207	**231**	193
PPB	**12**	11	**12**	12
Other	**117**	98	**111**	85
	627	535	**580**	499

Directors' emoluments

No amounts were paid to the directors in respect of qualifying services or long term incentive plans during the year (2016—£nil).

9. FINANCE COSTS/INCOME

	Results before exceptional items and certain remeasurements 2017	Exceptional items and certain remeasurements 2017	Total 2017	Results before exceptional items and certain remeasurements 2016	Exceptional items and certain remeasurements 2016	Total 2016
	£m	£m	£m	£m	£m	£m
Finance costs						
Interest on external bank loans and borrowings	**(10.1)**	—	**(10.1)**	(8.0)	—	(8.0)
Interest on senior secured notes	**(37.7)**	—	**(37.7)**	(33.1)	—	(33.1)
Interest payable to parent undertaking	**(5.9)**	—	**(5.9)**	(23.7)	—	(23.7)
Total interest expense	**(53.7)**	—	**(53.7)**	(64.8)	—	(64.8)
Amortisation of financing charges	**(2.0)**	—	**(2.0)**	(2.2)	—	(2.2)
Unwinding of discount on decommissioning provision	**(0.3)**	—	**(0.3)**	(0.2)	—	(0.2)
Unwinding of discount on contingent liabilities	**(0.5)**	—	**(0.5)**	—	—	—
Unwinding of discount on shareholder loan	**(7.3)**	—	**(7.3)**	(25.6)	—	(25.6)
Other finance charges	**(0.1)**	—	**(0.1)**	(0.1)	0.4	0.3
Total other finance (charges)/income	**(10.2)**	—	**(10.2)**	(28.1)	0.4	(27.7)
Net exchange gain on net foreign currency borrowings	**20.4**	—	**20.4**	20.1	—	20.1
Net gain on financial instruments at fair value through profit or loss	—	**13.2**	**13.2**	—	10.3	10.3
Less interest capitalised in qualifying asset	**6.7**	—	**6.7**	3.0	—	3.0
Total finance costs	**(36.8)**	**13.2**	**(23.6)**	(69.8)	10.7	(59.1)
Finance income						
Interest income on loans to associates	**0.9**	—	**0.9**	0.8	—	0.8
Unwinding of discount on junior asset	**8.5**	—	**8.5**	30.4	—	30.4
Interest income on bank deposits	**0.2**	—	**0.2**	0.2	—	0.2
Total finance income	**9.6**	—	**9.6**	31.4	—	31.4

The average capitalisation rate applied in determining the amount of borrowing costs to be capitalised in the period was 4.3% (2016—5.9%).

10. Income tax

The major components of the tax (charge)/credit for the years ended 31 March 2017 and 2016 are:

	Results before exceptional items and certain remeasurements 2017	Exceptional items and certain remeasurements 2017	Total 2017	Results before exceptional items and certain remeasurements 2016	Exceptional items and certain remeasurements 2016	Total 2016
	£m	£m	£m	£m	£m	£m
Current tax:						
Current tax (charge)/credit	—	**(0.2)**	**(0.2)**	(0.3)	0.2	(0.1)
Adjustments in respect of prior years	**(0.1)**	—	**(0.1)**	—	—	—
Total current tax (charge)/credit	**(0.1)**	**(0.2)**	**(0.3)**	(0.3)	0.2	(0.1)
Deferred tax:						
Adjustments in respect of current year	**1.8**	—	**1.8**	7.5	—	7.5
Adjustments in respect of prior years	**(2.2)**	—	**(2.2)**	0.2	—	0.2
Effect of decreased rate on opening liability	**(0.5)**	—	**(0.5)**	(1.0)	—	(1.0)
Total deferred tax	**(0.9)**	—	**(0.9)**	6.7	—	6.7
Total taxation (charge)/credit	**(1.0)**	**(0.2)**	**(1.2)**	6.4	0.2	6.6

Consolidated Statement of Other Comprehensive Income

	2017	2016
	£m	£m
Deferred tax related to items recognised in Other Comprehensive Income during the year:		
Net (gain)/loss on revaluation of cash flow hedges	**(1.2)**	1.4
Net loss on remeasurement of defined benefit scheme	**0.2**	0.4
Taxation (charged)/credited to Other Comprehensive Income	**(1.0)**	1.8

The tax (charge)/credit for the year can be reconciled to the profit per the income statement as follows:

	2017	2016
	£m	£m
Accounting profit before income tax	**68.6**	50.4
At the statutory—income tax rate of 20% (2016—20%)	**(13.7)**	(10.1)
Impact of rate change on deferred tax	**(0.9)**	(1.0)
Non taxable foreign exchange on debt	**6.5**	7.2
Effect of lower tax rates on overseas earnings	**8.4**	4.4
Utilisation of tax losses on which no deferred tax asset was recognised	**3.9**	2.9
Movement in previously unrecognised temporary differences	**—**	3.5
Interest expense not paid in the period on which no deferred tax asset is recognised	**(2.2)**	—
Other	**(0.9)**	(0.5)
Adjustments in respect of previous years	**(2.3)**	0.2
Tax (charge)/credit	**(1.2)**	6.6

	Accelerated capital allowances	Losses available for offset against future taxable income	Loan interest	Pension obligation	Revaluation on cash flow hedges	Other	Total
	£m	£m	£m	£m	£m	£m	£m
As at 1 April 2015	(13.0)	9.3	6.6	—	1.2	0.4	4.5
Credit/(charge) to income statement	1.2	(0.1)	6.0	(0.4)	—	—	6.7
Credit to equity	—	—	—	0.4	1.4	—	1.8
Foreign exchange	(1.4)	0.2	0.7	—	—	(0.1)	(0.6)
As at 31 March 2016	**(13.2)**	**9.4**	**13.3**	**—**	**2.6**	**0.3**	**12.4**
(Charge)/credit to income statement	(0.7)	1.2	0.7	(0.2)	—	(1.9)	(0.9)
Credit/(charge) to equity	—	—	—	0.2	(1.2)	—	(1.0)
Foreign exchange	(1.3)	0.3	1.0	—	—	—	—
As at 31 March 2017	**(15.2)**	**10.9**	**15.0**	**—**	**1.4**	**(1.6)**	**10.5**

Certain deferred tax assets and liabilities have been offset. The following is an analysis of the deferred tax balances (after offset) for financial reporting purposes:

	2017	2016
	£m	**£m**
Deferred tax assets	**27.3**	25.6
Deferred tax liabilities	**(16.8)**	(13.2)
Net deferred tax assets	**10.5**	12.4

Current and deferred tax have been calculated using standard rates of corporation tax in the UK being the prevalent rates of corporation tax of the Group. Deferred tax has been calculated at 17% as at 31 March 2017 reflecting HMRC enactment, in September 2016, of a reduction in the corporation tax rate effective from 1 April 2020.

A deferred tax asset of £37.1m (2016—£41.4m) has not been recognised in relation to £189m (2016—£210m) of tax losses carried forward and £35m (2016—£21m) of interest on which no tax relief has yet been claimed, due to uncertainty regarding the quantum of future taxable profits in the companies concerned.

HM treasury have announced their intention to introduce new rules restricting the availability of loss relief and deductibility of interest charges. These rules are not enacted at the balance sheet date and so have not been taken into account when calculating UK deferred tax. The new rules may decrease the value of UK deferred tax assets un/recognised in respect of tax losses and interest at 31 March 2017.

11. Property, plant and equipment

	Thermal generation assets	Renewable generation assets	Freehold operational land	Fixtures and equipment	Total
	£m	£m	£m	£m	£m
Cost or valuation:					
At 1 April 2015	330.3	64.0	11.2	7.7	413.2
Exchange adjustment	35.5	2.6	1.1	0.1	39.3
Additions	2.4	63.7	—	2.0	68.1
Acquisitions of subsidiaries	—	8.0	—	—	8.0
At 31 March 2016	368.2	138.3	12.3	9.8	528.6
Exchange adjustment	32.2	5.2	0.9	0.1	38.4
Additions	4.9	145.0	—	5.3	155.2
Decrease in decommissioning provision	(4.1)	—	—	—	(4.1)
Acquisition of subsidiaries	—	8.9	—	—	8.9
At 31 March 2017	**401.2**	**297.4**	**13.2**	**15.2**	**727.0**
Depreciation and impairment:					
At 1 April 2015	148.9	1.3	—	5.6	155.8
Exchange adjustment	19.3	0.1	—	0.1	19.5
Depreciation charge for the year	13.8	2.5	—	0.9	17.2
At 31 March 2016	182.0	3.9	—	6.6	192.5
Exchange adjustment	17.7	0.1	—	0.1	17.9
Depreciation charge for the year	14.8	3.0	—	0.9	18.7
At 31 March 2017	**214.5**	**7.0**	**—**	**7.6**	**229.1**
Net book value:					
At 1 April 2015	181.4	62.7	11.2	2.1	257.4
At 31 March 2016	186.2	134.4	12.3	3.2	336.1
At 31 March 2017	**186.7**	**290.4**	**13.2**	**7.6**	**497.9**

(i) Included in renewable generation assets are amounts in respect of assets under construction amounting to £91.2m (2016—£88.8m) and capitalised interest of £13.0m (2016—£5.9m).

12. Intangible assets

	Software costs	Renewable development assets	Emission allowances, ROCs, LECs & EECs	Goodwill	Total
	£m	£m	£m	£m	£m
Cost:					
At 1 April 2015	28.3	8.3	34.4	463.7	534.7
Exchange adjustment	0.2	—	0.2	0.1	0.5
Additions	0.8	2.0	76.0	—	78.8
Disposals/surrenders in settlement of obligations	—	—	(65.2)	—	(65.2)
Acquisition of subsidiaries	—	5.8	—	—	5.8
At 31 March 2016	29.3	16.1	45.4	463.8	554.6
Exchange adjustment	0.2	0.2	0.6	0.3	1.3
Additions	4.9	—	91.9	—	96.8
Disposals/surrenders in settlement of obligations	—	—	(89.4)	—	(89.4)
Acquisition of subsidiaries	—	16.7	—	—	16.7
At 31 March 2017	**34.4**	**33.0**	**48.5**	**464.1**	**580.0**
Amortisation and impairment:					
At 1 April 2015	18.1	—	—	1.2	19.3
Exchange adjustment	0.1	—	—	0.1	0.2
Amortisation	3.7	0.1	—	—	3.8
At 31 March 2016	21.9	0.1	—	1.3	23.3
Exchange adjustment	0.1	—	—	0.1	0.2
Amortisation	3.8	0.1	—	—	3.9
At 31 March 2017	**25.8**	**0.2**	**—**	**1.4**	**27.4**
Net book value:					
At 1 April 2015	10.2	8.3	34.4	462.5	515.4
At 31 March 2016	7.4	16.0	45.4	462.5	531.3
At 31 March 2017	**8.6**	**32.8**	**48.5**	**462.7**	**552.6**

(i) Included in Emission allowances, ROCs, LECs & EECs at 31 March 2017 is an amount of £1.3m (2016—£0.8m) relating to self-generating ROCs which were initially recognised at fair value of £1.3m (2016—£0.8m).

13. Impairment testing of goodwill and intangible assets with indefinite lives

The Group has five CGUs outlined below:

- Huntstown generation;
- Energia supply;
- Energia renewable assets;
- Power NI; and
- PPB.

The CGUs align to the Group operating and reportable segments as identified in note 4 with the exception of the Energia Group (excluding renewable assets) which has been split into two CGUs, Huntstown generation and Energia supply as the cash flows from Huntstown generation are largely independent of the cash flows of the Energia Supply CGU.

The carrying amount of goodwill is allocated to each of the CGUs as follows:

CGU	2017	2016
	£m	£m
Energia supply	**336.7**	336.5
Power NI	**126.0**	126.0
Total goodwill	**462.7**	462.5

The recoverable amount of the goodwill allocated to Energia supply and Power NI together with the property, plant and equipment of each CGU, has been determined based on a value in use calculation using cash flow projections from the Group's five year business plan as approved by the Board together with a long term growth rate of 2% applied thereafter. The Group's business model is based on past experience and reflects the Group's forward view of market prices, risks and its strategic objectives. The recoverable amount is compared to the carrying amount of the CGU to determine whether the CGU is impaired.

Key assumptions used in value in use calculations

The key assumptions used for the value in use assumptions are as follow:

Discount rates

The pre-tax discount rate used in the calculation of the value in use for the CGUs was between 7.8% and 9.6% (2016—10.8%) reflecting management's estimate of the Weighted Average Cost of Capital post-tax rate required to assess operating performance and to evaluate future capital investment proposals.

These rates reflect market projections of the risk-free rate in the jurisdictions in which the Group operates, equity risk premiums and the cost of debt appropriate to the industry.

Energia supply CGU

The key assumptions on which the cash flow projections of this CGU are based are as follows:

- Retail supply revenues for electricity and gas are based on the expected market share derived from the market share at the time of the approval of the business model adjusted for forecasted growth. Growth in business customer numbers is modest and growth in respect of Energia's entry into the RoI domestic market is moderate with cash flows associated with increased customer service and customer acquisition incorporated accordingly;
- Retail supply margins are based on historic and projected gross margin percentages;
- Renewable PPA revenues are based on capacity in operation at the time of the approval of the business model adjusted for forecasted growth. Growth in capacity primarily reflects contracted PPAs and uncontracted growth is moderate; and
- Renewable PPAs margins are based on forecast electricity market prices and the underpinning support mechanisms of REFIT in the RoI and ROCs in Northern Ireland.

Outcome of tests:

The recoverable amount of the Energia supply CGU exceeded the respective carrying value at the time of the impairment test. While cash flows are subject to inherent uncertainty, reasonable possible changes in the key assumptions applied in assessing the value in use would not cause a change to the conclusion reached.

Power NI CGU

The key assumptions on which the cash flow projections of this CGU are based are as follows:

- Regulated revenues and margins are underpinned by the regulatory price control in place to 31 March 2017 together with the terms of the agreed extension to 31 March 2019;
- Customer attrition is assumed however the nature of the price control with regulated entitlement 70% fixed and 30% variable reduces the impact of customer losses; and
- Unregulated retail supply margins for business customers are based on historic and projected gross margin percentages.

Outcome of tests:

The recoverable amount of the Power NI CGU exceeded the respective carrying value at the time of the impairment test. While cash flows are subject to inherent uncertainty, reasonable possible changes in the key assumptions applied in assessing the value in use would not cause a change to the conclusion reached.

14. Investment in associates

At 31 March 2016 and 2017 the Group had a 25% interest in Eco Wind Power Limited (EWP) and a 20% interest in IIF Cyclone NI Holdco Limited (IIF Cyclone) (collectively, the "Associates").

EWP is incorporated in the Republic of Ireland and carries on the business of wind farm generation. IIF Cyclone is incorporated in Northern Ireland and carries on the business of wind farm generation. The Group's interests in the Associates are accounted for using the equity method in the consolidated financial statements. Under their project finance facilities, distributions can only be made by the Associates when specific debt service cover ratio or other threshold levels have been achieved. The following table illustrates the summarised financial information of the Group's investment in its associates:

Balance Sheet	**As at 31 March 2017**	**As at 31 March 2016**
	£m	**£m**
Goodwill	**8.2**	7.8
Current assets	**7.4**	13.4
Non-current assets	**83.5**	87.2
Derivative liabilities	**(6.0)**	(6.7)
Current liabilities	**(15.6)**	(17.6)
Non-current liabilities	**(110.5)**	(114.7)
Equity	**(33.0)**	(30.6)
Proportion of the Group's share of equity excluding goodwill	**(11.1)**	(9.5)
Goodwill	**8.2**	7.8
Loan to associates	**9.1**	7.9
Carrying amount of the investment	**6.2**	6.2

Income Statement	Year ended 2017	Year ended 2016
	£m	£m
Revenue	**14.9**	15.7
Operating profit	**3.1**	5.0
Finance costs	**(7.2)**	(10.2)
Loss before tax	**(4.1)**	(5.2)
Taxation	**—**	0.2
Loss for the year	**(4.1)**	(5.0)
Other comprehensive income		
Net movement in cash flow hedges	**0.6**	2.3
Total comprehensive expense for the year	**(3.5)**	(2.7)
Group's share of loss for the year	**(1.0)**	(1.3)
Group's share of other comprehensive income for the year	**0.1**	0.6

15. Business combinations and disposals

Acquisitions in 2016/17

In July 2016, the Group acquired 100% of the shares of Wheelhouse Energy Limited (Rathsherry) and in October 2016 acquired 100% of the shares of Cornavarrow Windfarm Limited (Cornavarrow) and Slieveglass Wind Farm Limited (Slieveglass), all unlisted wind farm companies in Northern Ireland. Total consideration for the acquisitions was £3.7m cash and £13.5m discounted contingent consideration (£16.0m undiscounted).

Acquisitions post balance sheet

In April 2017, the Group acquired 100% of the shares of Teiges Mountain Wind Farm Limited (Teiges), an unlisted wind farm company in Northern Ireland. Total consideration for the acquisition comprised £1.6m discounted contingent consideration (£1.9m undiscounted).

The acquisitions contribute towards the Group's aim of growing its renewable generation business in Ireland.

Assets acquired and liabilities assumed

The combined fair values of the identifiable assets and liabilities of Rathsherry, Cornavarrow and Slieveglass acquired in 2016/17 and the identifiable assets and liabilities of Teiges acquired post 31 March 2017 were:

	Fair value recognised on acquisitions in 2016/17	Fair value recognised on acquisitions post balance sheet
	£m	£m
Assets		
Property, plant and equipment	8.9	3.4
Other receivables	0.4	0.2
	9.3	3.6
Liabilities		
Other payables	(0.7)	(2.2)
Other loans and borrowings	(8.1)	(1.4)
Total identifiable net assets at fair value	0.5	—
Intangible assets (development assets) arising on acquisition	16.7	1.6
Purchase consideration transferred	17.2	1.6
Purchase consideration made up of:		
Cash	3.7	—
Contingent consideration	13.5	1.6
	17.2	1.6
Analysis of cash flows on acquisition:		
Cash paid	3.7	—
Discharge of liabilities	8.8	2.3
Net cash flows on acquisition	12.5	2.3

Transaction costs of £0.4m were expensed in 2017 and are included in exceptional operating costs.

Rathsherry, Cornavarrow, and Slieveglass are currently under construction and have not generated any revenues or profit for the Group during the period. Teiges is not operational and is currently under construction.

Deferred consideration

Deferred consideration of £1.4m was paid in April 2016 in respect of the acquisition of Altamuskin Windfarm Limited in July 2015.

Contingent consideration

On acquisition of Cornavarrow and Slieveglass contingent consideration of £13.5m, was recognised and reflects the fair value of the maximum amount payable of £16.0m, with the minimum payable being £nil. On acquisition of Teiges contingent consideration of £1.6m was recognised and reflects the fair value of the maximum amount payable of £1.9m, with the minimum payable being £nil. Contingent consideration relates to the accreditation for Northern Ireland Renewable Obligation Certificates (NIROCs) and earnouts relating to the capital expenditure incurred during the course of the construction of the wind farms and are anticipated to be paid in 2018/19.

16. Group information

Principal investments in which the Group held 100% of ordinary shares at 31 March 2017 are listed below:

Name	Principal activities	Country of incorporation
Regulated businesses		
Power NI Energy Limited(1)(*)	Power procurement and supply of electricity	Northern Ireland
Energia Group (excluding renewable assets)		
Viridian Power and Energy Holdings Limited(*)	Holding company	Republic of Ireland
Viridian Power and Energy Limited(*)	Holding company	Northern Ireland
Power and Energy Holdings (RoI) Limited(*)	Holding company	Republic of Ireland
GenSys Power Limited (trading as GenSys)(*)	Operating and maintenance services	Republic of Ireland
Huntstown Power Company Limited(*)	Electricity generation	Republic of Ireland
Viridian Power Limited(*)	Electricity generation	Republic of Ireland
Viridian Energy Supply Limited (trading as Energia)(*)	Energy supply	Northern Ireland
Viridian Energy Limited (trading as Energia)(*)	Energy supply	Republic of Ireland
Energia renewable assets		
Viridian Renewables Company 1 Limited(*)	Holding company	Northern Ireland
Viridian Renewables Company 2 Limited(*)	Holding company	Northern Ireland
Viridian Renewables Company 3 Limited(*)(2)	Holding company	Northern Ireland
Viridian Renewables Company 4 Limited(*)	Holding company	Northern Ireland
Clondermot Wind Limited(*)(2)	Renewable generation	Northern Ireland
Eshmore Ltd(*)(2)	Renewable generation	Northern Ireland
Gortfinbar Windfarm Limited(*)(2)	Renewable generation	Northern Ireland
Thornog Windfarm Ltd(*)(2)	Renewable generation	Northern Ireland
Altamuskin Windfarm Limited(*)(2)	Renewable development	Northern Ireland
Cornavarrow Windfarm Limited(*)	Renewable development	Northern Ireland
Lisglass Wind Ltd(*)	Renewable development	Northern Ireland
Long Mountain Wind Farm Limited(*)(2)	Renewable development	Northern Ireland
Mosslee Limited(*)(2)	Renewable development	Northern Ireland
Slieveglass Wind Farm Limited(*)	Renewable development	Northern Ireland
Wheelhouse Energy (NI) Limited	Renewable development	Northern Ireland

Name	Principal activities	Country of incorporation
Eshmore Wind Limited(*)	Holding company	Republic of Ireland
Viridian Renewables Development Limited(*)	Holding company	Republic of Ireland
Viridian Renewables RoI Limited(*)	Holding company	Republic of Ireland
Holyford Windfarm Limited(*)(2)	Renewable generation	Republic of Ireland
Windgeneration Ireland Limited(*)(2)	Renewable generation	Republic of Ireland
MD South Windfarm Limited(*)	Renewable development	Republic of Ireland
Whaplode Limited(*)	Renewable development	Republic of Ireland
Other		
Viridian Group Fundco I Limited	Holding company	Cayman Islands
Viridian Group Fundco II Limited(*)	Holding company	Cayman Islands
Viridian Group Fundco III Limited(*)	Holding company	Cayman Islands
EI Ventures Limited(*)	Holding company	Great Britain
ElectricInvest Acquisitions Limited(*)	Holding company	Great Britain
ElectricInvest Holding Company Limited(*)	Holding company	Great Britain
Viridian Group Limited(*)	Holding company	Northern Ireland
Viridian Group Holdco 1 Limited	Holding company	Northern Ireland
Viridian Group Holdco 2 Limited	Holding company	Northern Ireland
ElectricInvest (Cayman) Limited(*)	Holding company	Cayman Islands
ElectricInvest (Lux) RoI S.à.r.l.(*)	Holding company	Grand Duchy of Luxembourg
Viridian Capital Limited(*)	Holding company	Northern Ireland
Viridian Enterprises Limited(*)	Holding company	Northern Ireland
Viridian Properties Limited(*)	Property	Northern Ireland
Viridian Insurance Limited(*)	Insurance	Isle of Man

* held by a subsidiary undertaking

(1) consists of the operating businesses of Power NI and PPB

(2) Entities with project finance facilities with restricted cash which are subject to bi-annual distribution debt service requirements

Ultimate parent undertaking, controlling party and related party transactions

Up to 29 April 2016 the ultimate parent undertaking of the Company and controlling party of the Group, as defined by IFRS 10, "Consolidated Financial Statements" was ElectricInvest Investments Limited a company incorporated in the Cayman Islands. On completion of the change of control noted on page 5, after 29 April 2016 the ultimate parent undertaking of the Company and controlling party of the Group, as defined by IFRS 10, "Consolidated Financial Statements" is ISQ Viridian Holdings L.P., a limited partnership incorporated in the Cayman Islands.

Up until 28 June 2016 the parent undertaking of the Company was Viridian Group Holdings Limited, a company incorporated in the Cayman Islands. On completion of the merger noted on page 5, after 28 June 2016 the parent undertaking of the Company was ISQ Viridian Holdings L.P., a limited partnership in the Cayman Islands.

Following the divestment of a minority interest noted on page 5, after 27 April 2017 the parent undertaking of the Company became Viridian TopCo Limited, a company incorporated in the Cayman Islands.

17. Other financial assets

	2017	2016
	£m	£m
Other financial assets		
Loans and receivables:		
Security deposits	**2.4**	10.9
Short term managed funds	**1.4**	1.4
Total loans and receivables	**3.8**	12.3
Financial instruments held to maturity:		
Viridian Growth Fund	**0.1**	0.1
Investment in parent undertaking's junior bank facility	**—**	199.4
Total other financial assets	**3.9**	211.8
Total non-current	**0.1**	199.5
Total current	**3.8**	12.3

Loans and receivables are held to maturity and generate a fixed or variable interest income for the Group. The carrying value may be affected by changes in the credit risk of the counterparties.

The Group's investment in parent undertaking's junior bank facility was fully extinguished following the merger with its immediate parent VGHL as outlined in note 33.

18. Trade and other receivables

	2017	2016
	£m	£m
Trade receivables (including unbilled consumption)	**124.2**	125.1
Prepayments and accrued income	**25.5**	35.2
Other receivables	**0.4**	0.8
Amounts owed by fellow group undertaking	**—**	0.7
	150.1	161.8

Trade receivables are non-interest bearing and are generally on terms of 14 to 90 days.

See below for the movements in the provision for impairment of receivables.

	£m
At 1 April 2015	11.1
Foreign exchange adjustment	0.4
Charge for the year	3.7
Utilised	(2.9)
At 31 March 2016	12.3
Foreign exchange adjustment	0.5
Charge for the year	2.8
Utilised	(2.9)
At 31 March 2017	12.7

As at 31 March, the ageing analysis of trade receivables is as follows:

			Past due but not impaired			
	Total	Neither past due nor impaired	< 30 days	30-60 days	61-90 days	> 90 days
	£m	£m	£m	£m	£m	£m
2016	125.1	94.2	20.2	5.2	2.6	2.9
2017	**124.2**	**94.1**	**22.1**	**5.1**	**2.2**	**0.7**

The credit quality of trade receivables that are neither past due nor impaired is assessed by reference to external credit ratings where available otherwise historical information relating to counterparty default rates combined with current knowledge of the counterparty is used.

19. Cash and cash equivalents

	2017	2016
	£m	£m
Cash at bank and on hand	**33.4**	27.9
Short-term bank deposits	**86.8**	48.6
	120.2	76.5

Cash at bank earns interest at floating rates based on daily bank deposit rates.

At 31 March 2017, the Group had available £130.6m (2016—£145.5m) of undrawn committed borrowing facilities relating to the Senior revolving credit facility and £9.7m (2016—£114.0m) of undrawn committed borrowing facilities relating to the project finance facilities. There were no cash drawings under the Senior revolving credit facility at 31 March 2017 (2016—£nil). £13.4m (2016—£8.7m) of cash was restricted in the project financed wind farms and is subject to bi-annual distribution debt service requirements.

20. Trade and other payables

	2017	2016
	£m	£m
Trade creditors	**49.9**	51.0
Other creditors	**35.2**	34.7
Amounts owed to associate	**2.1**	2.0
Payments received on account	**24.7**	27.4
Tax and social security	**9.0**	8.2
Accruals	**141.3**	139.4
	262.2	262.7

Trade creditors are non-interest bearing and are normally settled within 45 day terms.

21. Financial liabilities

	2017	2016
	£m	£m
Current financial liabilities:		
Senior secured notes interest payable	**3.2**	3.0
Other interest payable	**0.8**	0.7
Project financed bank facilities (NI)	**3.8**	1.1
Project financed bank facilities (RoI)	**9.8**	0.3
Project finance interest accruals	**—**	0.1
Deferred consideration	**—**	1.4
Total current financial liabilities	**17.6**	6.6
Non-current financial liabilities:		
Senior secured notes	**507.6**	468.5
Project financed bank facilities (NI)	**99.8**	33.6
Project financed bank facilities (RoI)	**93.8**	38.6
Contingent consideration	**13.9**	—
Other payables	**2.6**	—
Subordinated shareholder loan	**—**	386.8
Total non-current financial liabilities	**717.7**	927.5
Total current and non-current financial liabilities	**735.3**	934.1

Senior secured notes and Senior revolving credit facility

The Senior secured notes and Senior revolving credit facility are secured by way of fixed and floating charges over the assets of the Group's material non-regulated and intermediary holding company subsidiaries, together with first ranking share pledges over the shareholdings in the Group's material and intermediary holding company subsidiaries including the regulated subsidiaries Power NI Energy Limited and ElectricInvest (Cayman) Limited. On enforcement the Senior revolving credit facility would be repaid in advance of the Senior secured notes. The carrying value of the Senior secured notes include unamortised costs of £5.6m (2016—£7.2m).

The Senior secured notes are denominated in Euro €600.0m (2016—€600.0m) and interest, which is payable semi-annually, is charged at a fixed rate coupon of 7.5% (2016—7.5%). The Senior secured notes are repayable in one instalment on 1 March 2020.

In June 2016 the Group put in place a further €75.0m foreign exchange forward contracts to hedge the foreign exchange risk on the Euro denominated Senior secured notes associated with the forecast sterling cash generation of the Group. The total foreign exchange forward contracts in place at 31 March 2017 was €225.0m (2016—€150.0m)

The Senior secured notes includes an option for the period to 1 September 2017 to redeem annually up to 10% of the original principal at a redemption price of 103%.

At 31 March 2017, the Group had letters of credit issued out of the Senior revolving credit facility of £94.4m resulting in undrawn committed facilities of £130.6m (2016—£145.5m). There were no cash drawings under the Senior revolving credit facility at 31 March 2017 (2016—£nil). Interest is charged under the Senior revolving credit facility at floating interest rates based on Libor and Euribor.

Other payables

On acquisition of Cornavarrow, a liability of £2.6m was recognised reflecting the fair value of the maximum amount payable of £3.0m, with the minimum payable being £nil. The liability relates to pre-acquisition services and is contingent on the accreditation for NIROCs and is anticipated to be paid in 2018/19.

Subordinated shareholder loan

The VGIL/VGHL merger in June 2016 resulted in the extinguishment of VGIL's shareholder loan payable to VGHL at a carrying value of £399.6m as outlined in note 33.

Project financed bank facilities

The project financed bank loan facilities are repayable in semi-annual instalments to 2034 and are secured on a non-recourse basis over the assets and shares of the specific project finance companies. Interest on the project finance bank loan facilities has been predominantly fixed through interest rate swaps resulting in an effective rate of interest of 4.09% (2016—5.89%) on project financed bank facilities NI and 2.72% (2016—3.49%) on the project financed bank facilities RoI.

22. Deferred income

	2017	2016
	£m	£m
At 1 April	**0.3**	0.6
Released to the income statement	**(0.3)**	(0.3)
At 31 March	—	0.3
Current	—	0.3

The deferred income arises from contributions in respect of certain property, plant and equipment assets.

23. Pensions and other post- employment benefit plans

	2017	2016
	£m	£m
Net employee defined benefit liability (before deferred tax)	—	(0.1)

The VGPS has two sections: a money purchase section (known as 'Options') and a defined benefit section (known as 'Focus'). The defined benefit section is closed to new entrants. There is also a money purchase arrangement for employees in the RoI known as 'Choices'. Most employees of the Group are members of VGPS Options or Choices.

The assets of the Focus section are held under trust and invested by the trustees on the advice of professional investment managers.

The regulatory framework in the UK requires the Trustees and Group to agree upon the assumptions underlying the funding target, and then to agree upon the necessary contributions required to recover any deficit at the valuation date. There is a risk to the Group that adverse experience could lead to a requirement for the Group to make further contributions to recover any deficit.

The Trustees regularly review the investment strategy of VGPS and target to maintain the mix of investments between 45% on-risk and 55% off-risk.

The last actuarial valuation of VGPS was as at 31 March 2015 and under the terms of the recovery plan agreed with the trustees, the Group will make good the £7.9m funding shortfall through annual deficit repair contribution of £1.25m for seven years.

The following tables summarise the components of net benefit expense recognised in the income statement and the funded status and amounts recognised in the balance sheet for the VGPS:

VGPS focus section

Changes in the defined benefit obligation, fair value of Focus assets and unrecognised past service costs are as follows:

	2017	2016
	£m	£m
Market value of assets at 1 April	**41.0**	40.6
Interest income	**1.3**	1.3
Contributions from employer	**2.0**	3.0
Contributions from scheme members	**0.1**	0.1
Benefits paid	**(1.1)**	(2.6)
Return/(loss) on plan assets (excluding amounts in the net interest expense)	**6.4**	(1.4)
Market value of assets at 31 March	**49.7**	41.0
Actuarial value of liabilities at 1 April	**41.1**	40.6
Interest cost	**1.3**	1.3
Current service cost	**0.7**	0.7
Contributions from scheme members	**0.1**	0.1
Past service cost	**0.1**	—
Benefits paid	**(1.1)**	(2.6)
Actuarial loss arising from changes in financial assumptions	**7.5**	1.4
Actuarial gain arising from changes in demographic assumptions	**—**	(0.3)
Actuarial gain from experience	**—**	(0.1)
Actuarial value of liabilities at 31 March	**49.7**	41.1
Net pension liability	**—**	(0.1)
Analysis of amounts recognised in employee costs:		
Current service cost	**(0.7)**	(0.7)
Past service cost	**(0.1)**	—
	(0.8)	(0.7)
Analysis of amounts recognised in other comprehensive income:		
Return/(Loss) on plan assets (excluding amounts in the net interest expense)	**6.4**	(1.4)
Actuarial loss arising from changes in financial assumptions	**(7.5)**	(1.4)
Actuarial gain arising from changes in demographic assumptions	**—**	0.3
Decrease in IFRIC 14 liability	**—**	0.9
	(1.1)	(1.6)

In accordance with IFRIC 14—"IAS 19—The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction" no liability (2016—nil) has been recognised in 2017.

The actual return in Focus assets for 2017 amounted to £7.7m (2016—£0.1m loss).

Past service costs of £0.1m in 2017 relate to a voluntary severance scheme in Energia.

The major categories of Focus assets of the fair value of the total plan assets are, as follows:

	VGPS focus section	
	2017	2016
	£m	£m
Unquoted investments:		
—Equity investments	**14.0**	11.1
—Bonds	**26.3**	21.7
—Other	**9.4**	8.2
Total assets	**49.7**	41.0

The principal assumptions used in determining pension and post-employment medical benefit obligations for the VGPS Focus are shown below:

	2017	2016
Rate of increase in pensionable salaries	**2.9% p.a.**	2.7% p.a.
Rate of increase in pensions in payment	**2.4% p.a.**	2.2% p.a.
Discount rate	**2.5% p.a.**	3.2% p.a.
Inflation assumption (based on CPI)	**2.4% p.a.**	2.2% p.a.
Life expectancy:		
—current pensioners (at age 60)—males	**25.9 years**	25.9 years
—current pensioners (at age 60)—females	**28.6 years**	28.6 years
—future pensioners (at age 60)—males	**27.8 years**	27.8 years
—future pensioners (at age 60)—females	**30.6 years**	30.6 years

The life expectancy assumptions are based on standard actuarial mortality tables and include an allowance for future changes in life expectancy.

A quantitative sensitivity analysis for significant assumptions as at 31 March is as shown below:

		Impact on net defined benefit obligation Increase/ (decrease)	
Assumptions	**Sensitivity level**	**2017**	**2016**
		£m	£m
Pensionable salaries	1% increase	**1.4**	1.3
	1% decrease	**(1.3)**	(1.3)
Pension payments	0.5% increase	**4.0**	3.0
	0.5% decrease	**(3.6)**	(2.7)
Discount rate	0.5% increase	**(4.3)**	(3.4)
	0.5% decrease	**4.9**	3.9
Inflation	1% increase	**8.5**	6.3
	1% decrease	**(6.8)**	(5.2)
Life expectancy of male pensioners	Increase by 1 year	**0.8**	0.6
	Decrease by 1 year	**(0.8)**	(0.6)
Life expectancy of female pensioners	Increase by 1 year	**0.5**	0.3
	Decrease by 1 year	**(0.5)**	(0.3)

The sensitivity analyses above have been determined based on a method that extrapolates the impact on net defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The following payments are expected contributions to be made in the future years towards the defined benefit plan obligation:

	2017	2016
	£m	£m
Within the next 12 months (next annual reporting period)	**2.0**	2.2
Between two and five years	**8.1**	8.8
Between five and ten years	**3.9**	6.1
Total expected payments	**14.0**	17.1

The average duration of the defined benefit plan obligation at the end of the reporting period is 20 years (2016—20 years).

24. Provisions

	Decommissioning	Liabilities and damage claims	Total
	£m	£m	£m
At 1 April 2015	11.2	0.1	**11.3**
Foreign exchange adjustment	1.0	—	**1.0**
New plant commissioned	0.1	—	**0.1**
Unwinding of discount	0.2	—	**0.2**
Changes in the discount rate	0.1	—	**0.1**
At 31 March 2016	12.6	0.1	**12.7**
Foreign exchange adjustment	1.0	—	**1.0**
New plant commissioned	1.6	—	**1.6**
Decrease in decommissioning provision	(4.1)	—	**(4.1)**
Decrease in liability and damage claims	—	(0.1)	**(0.1)**
Unwinding of discount	0.3	—	**0.3**
At 31 March 2017	11.4	—	**11.4**
Non-current	**11.4**	**—**	**11.4**

Liability and damage claims

Notwithstanding the intention of the directors to defend vigorously claims made against the Group, liability and damage claim provisions have been made which represent the directors' best estimate of costs expected to arise from ongoing third party litigation matters and employee claims. These provisions are expected to be utilised within a period not exceeding four years.

Decommissioning

Provision has been made for decommissioning generation assets. The provision represents the present value of the current estimated costs of closure of the plants at the end of their useful economic lives. The provisions have been discounted using a weighted average rate of 2.154% (2016—2.032%) and are expected to be utilised within a period not exceeding twenty one years.

25. Financial assets and financial liabilities

Derivative financial assets

	2017	2016
	£m	£m
Derivatives at fair value through other comprehensive income		
Cash flow hedges:		
Foreign exchange forward contracts	**1.5**	2.3
Commodity swap contracts	**1.2**	—
Interest rate swap contracts	**1.7**	1.1
Total derivatives at fair value through other comprehensive income	**4.4**	3.4
Derivatives at fair value through profit and loss		
Derivatives not designated as hedges:		
Foreign exchange forward contracts	**23.7**	11.1
Commodity swap contracts	**2.0**	0.6
Total derivatives at fair value through profit and loss	**25.7**	11.7
Total derivative financial assets	**30.1**	15.1
Total non-current	**20.0**	11.1
Total current	**10.1**	4.0

Derivative financial liabilities

	2017	2016
	£m	£m
Derivatives at fair value through other comprehensive income		
Cash flow hedges:		
Foreign exchange forward contracts	**(3.2)**	(4.7)
Commodity swap contracts	**(2.0)**	(7.8)
Interest rate swap contracts	**(13.4)**	(11.1)
Total derivatives at fair value through other comprehensive income	**(18.6)**	(23.6)
Derivatives at fair value through profit and loss		
Derivatives not designated as hedges:		
Foreign exchange forward contracts	**(0.4)**	(0.6)
Commodity swap contracts	**(2.0)**	(2.7)
Total derivatives at fair value through profit and loss	**(2.4)**	(3.3)
Total derivative financial liabilities	**(21.0)**	(26.9)
Total non-current	**(11.4)**	(11.2)
Total current	**(9.6)**	(15.7)

Hedging activities and derivatives

Cash flow hedges

Cash flow hedges are derivative contracts entered into to hedge a forecast transaction or cash flow risk generally arising from a change in interest rates, commodity rates or foreign currency exchange rates and which meets the effectiveness criteria prescribed by IAS 39. The Group's accounting policy for cash flow hedges is set out in note 3.

	2017	2016
	£m	£m
Accumulated loss included in equity (excluding associates)	**(14.2)**	(20.2)

The table below summarises the maturity of cash flow hedges:

Derivative financial assets		
In one year or less	**2.0**	2.3
In more than one year but less than five years	**0.7**	—
In more than five years	**1.7**	1.1
Gains through other comprehensive income	**4.4**	3.4
Derivative financial liabilities		
In one year or less	**(7.3)**	(12.5)
In more than one year but less than five years	**(8.3)**	(8.5)
In more than five years	**(3.0)**	(2.6)
Losses through other comprehensive income	**(18.6)**	(23.6)
	(14.2)	(20.2)

The table below summarises the gains and losses recognised during the year:

Net gain/(loss) due to remeasurements	**2.5**	(28.0)
Loss transferred from equity to the income statement in respect of:		
Completed hedges	**(3.5)**	(13.8)
	(3.5)	(13.8)
Recognised within:		
Operating costs	**(5.5)**	(12.9)
Finance costs	**2.0**	(0.9)
	(3.5)	(13.8)

Fair value through profit and loss

The Group has derivative contracts that are not accounted for as hedges under IAS 39. The table below summarises the gains and losses recognised on these contracts in the income statement during the year.

	2017	2016
	£m	£m
Net gain due to remeasurements	**14.8**	9.0

Hedge of net investment in foreign operations

Included in financial liabilities, loans and borrowings at 31 March 2017 was €600.0m (2016—€600.0m) Euro denominated Senior secured notes. The Group has not designated a hedging relationship between the Euro-denominated assets on the Group's balance sheet and the Group's Euro borrowings in the current year.

Fair values

As indicated in note 3(d) the Group uses the hierarchy as set out in IFRS 7 Financial Instruments: Disclosures categorising financial instruments. A summary of the fair values of financial assets and liabilities of the Group, together with their carrying values shown in the balance sheet and their fair value hierarchy is as follows:

	2017 Carrying value	2017 Fair value	2016 Carrying value	2016 Fair value
	£m	£m	£m	£m
Level 1				
Non-current liabilities				
Senior secured notes	**(507.6)**	**(541.2)**	(468.5)	(500.3)
Level 2				
Non-current assets				
Derivative financial instruments	**20.0**	**20.0**	11.1	11.1
Viridian Growth Fund	**0.1**	**0.1**	0.1	0.1
Investment in parent undertaking's junior bank facility	—	—	199.4	202.8
Current assets				
Trade and other receivables	**150.1**	**150.1**	161.8	161.8
Derivative financial instruments	**10.1**	**10.1**	4.0	4.0
Other current financial assets	**3.8**	**3.8**	12.3	12.3
Cash and cash equivalents	**120.2**	**120.2**	76.5	76.5
Current liabilities				
Trade and other payables (excluding tax and social security)	**(253.2)**	**(253.2)**	(254.5)	(254.5)
Financial liabilities (excluding contingent consideration)	**(17.6)**	**(17.6)**	(6.6)	(6.6)
Derivative financial instruments	**(9.6)**	**(9.6)**	(15.7)	(15.7)
Non-current liabilities				
Project financed bank facilities (NI)	**(99.8)**	**(99.8)**	(33.6)	(33.6)
Project financed bank facilities (RoI)	**(93.8)**	**(93.8)**	(38.6)	(38.6)
Derivative financial instruments	**(11.4)**	**(11.4)**	(11.2)	(11.2)
Subordinated shareholder loan	—	—	(386.8)	(387.5)
Level 3				
Non-current liabilities				
Financial liabilities (contingent consideration)	**(13.9)**	**(13.9)**	—	—
Other payables	**(2.6)**	**(2.6)**	—	—

The carrying value of cash, trade receivables, trade payables and other current assets and liabilities is equivalent to fair value due to the short term maturities of these items. Contingent consideration is estimated as the present value of future cash flows disclosed at the market rate of interest at the reporting date. Derivatives are measured at fair value. There have been no transfers between hierarchy.

The fair value of the Group's project financed bank facilities (RoI), project financed bank facilities (NI) and Senior revolving credit facility are determined by using discounted cash flows based on the Group's borrowing rate. The fair value of the Group's Senior secured notes are based on the quoted market price. The fair value of interest rate swaps, foreign exchange forward contracts, foreign exchange cross currency swaps and commodity contracts has been valued by calculating the present value of future cash flows, estimated using forward rates from third party market price quotations.

The fair value of the Group's project financed bank facilities (RoI) and project financed bank facilities (NI) are a close approximation to their carrying value given that they bear interest at floating rates based on Libor/Euribor.

The subordinated shareholder loan at 31 March 2016 comprised a non-interest bearing loan from parent undertaking at a carrying value of £208.4m and an interest bearing loan from parent undertaking at a carrying value of £178.4m. The fair values of these loans at 31 March

2016 were estimated to be £209.7m and £177.8m, respectively. These fair values were estimated by discounting the cash flows arising under each loan at a rate based on the quoted market price of the parent undertaking's Junior bank facility A.

The fair value of the non-interest bearing asset due from the parent undertaking at 31 March 2016 was estimated by discounting the cash flows arising from the asset at a rate based on the quoted market price of the parent undertaking's Junior bank facility A.

The fair value of contingent consideration is considered by the Directors to fall within the level 3 fair value hierarchy and is measured using the present value of the pay-out associated with the accreditation for NIROCs and earnouts set out in the relevant purchase agreement. The carrying value of £13.9m is estimated to approximate to its fair value determined by using discounted cash flows based on the company's borrowing rate.

Financial risk management objectives and policies

A summary of the Group's financial management objectives and policies is set out in the financial control section of the Risk Management and Principal Risks and Uncertainties report. The following table summarises the maturity profile of the Group's trade and other payables, financial liabilities and derivatives based on contractual undiscounted payments:

	Within one year	**1 to 5 years**	**>5 years**	**Total**	**Carrying value total**
	£m	**£m**	**£m**	**£m**	**£m**
Year ended 31 March 2017					
Trade and other payables (excluding tax and social security)	**(253.2)**	**—**	**—**	**(253.2)**	**(253.2)**
Financial liabilities	**(58.2)**	**(673.0)**	**(194.1)**	**(925.3)**	**(735.3)**
Derivatives at fair value through other comprehensive income	**(7.3)**	**(8.4)**	**(3.2)**	**(18.9)**	**(18.6)**
Derivative at fair value through profit and loss	**(2.2)**	**(0.2)**	**—**	**(2.4)**	**(2.4)**
	(322.2)	**(678.3)**	**(195.5)**	**(1,196.0)**	**(1,008.4)**
Year ended 31 March 2016					
Trade and other payables (excluding tax and social security)	(254.5)	—	—	(254.5)	(254.5)
Financial liabilities	(43.0)	(1,299.4)	(79.6)	(1,422.0)	(934.1)
Derivatives at fair value through other comprehensive income	(12.5)	(8.9)	(3.0)	(24.4)	(23.6)
Derivative at fair value through profit and loss	(2.9)	(0.4)	—	(3.3)	(3.3)
	(312.9)	(1,308.7)	(82.6)	(1,704.2)	(1,215.5)

The disclosed financial derivative instruments in the above table are the gross undiscounted cash flows. However, those amounts may be settled gross or net.

At 31 March 2017, the Group is exposed to future changes in the fair value of unsettled derivative financial instruments and certain other financial liabilities. The sensitivity analysis for the market risks showing the impact on profit before tax and equity is set out below. These sensitivities are based on an assessment of market rate movements during the year and each is considered to be a reasonably possible range.

	Sensitivity	Change	Impact on profit Increase	Impact on profit Decrease	Impact on equity Increase	Impact on equity Decrease
			£m	£m	£m	£m
At 31 March 2017						
Foreign exchange forward contracts	Euro exchange rate	+/− 10%	**(18.6)**	**22.9**	**(6.9)**	**11.4**
Gas swaps	price per therm	+/− 10p	**9.1**	**(9.1)**	**15.5**	**(15.5)**
Interest rate swaps	Libor/ Euribor	+/− 0.25%	**—**	**—**	**(4.8)**	**4.8**
Project financed bank facilities	Libor/ Euribor	+/− 0.25%	**0.2**	**(0.2)**	**0.2**	**(0.2)**
Senior secured notes denominated in Euro	Euro exchange rate	+/− 10%	**46.7**	**(57.0)**	**46.7**	**(57.0)**
At 31 March 2016						
Foreign exchange forward contracts	Euro exchange rate	+/− 10%	(12.3)	15.0	(9.8)	13.5
Gas swaps	price per therm	+/− 10p	3.6	(3.6)	(2.1)	2.1
Interest rate swaps	Libor/ Euribor	+/− 0.25%	—	—	3.7	(3.7)
Project financed bank facilities	Libor/ Euribor	+/− 0.25%	0.2	(0.2)	0.2	(0.2)
Senior secured notes denominated in Euro	Euro exchange rate	+/− 10%	43.2	(52.9)	43.2	(52.9)

26. Share capital and reserves

	Ordinary Shares Number	Ordinary shares
		£
Authorised share capital—ordinary shares of £1.00	50,000	50,000
At 31 March 2016 and 2017	50,000	50,000

	Ordinary Shares Number	Ordinary shares
		£
Allotted and fully paid		
Share capital issued—ordinary shares of £1.00		
At 1 April 2016	1,510	1,510
VGIL/VGHL merger	2,510	2,510
At 31 March 2017	4,020	4,020

Nature and purpose of reserves

Share capital and share premium

The balances classified as share capital and share premium represents the proceeds (both nominal value and share premium) on issue of the Company's equity share capital, comprising £1 ordinary shares.

Capital contribution reserve

This balance relates to capital contributed by the Company's parent undertaking other than through the proceeds of the issue of shares.

Hedge reserve

The hedge reserve is used to record the unrealised gains and losses incurred on derivatives designated as cash flow hedges.

Foreign currency reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries offset by exchange differences arising on monetary items that were, until 31 March 2015, designated as part of the hedge of the Group's net investment in foreign subsidiaries.

Reserves

Analysis by item recognised in other comprehensive income for each component of equity:

	Foreign currency reserve	Cash flow hedge reserve	Retained earnings	Total Equity
	£m	£m	£m	£m
2017				
Actuarial loss on defined benefit pension schemes (net of tax)	**—**	**—**	**(0.9)**	**(0.9)**
Exchange loss on translation of foreign operations	**(30.0)**	**—**	**—**	**(30.0)**
Net gain on cash flow hedges (net of tax)	**—**	**4.9**	**—**	**4.9**
Other comprehensive expense for the year	**(30.0)**	**4.9**	**(0.9)**	**(26.0)**
2016				
Actuarial loss on defined benefit pension schemes (net of tax)	—	—	(1.2)	(1.2)
Exchange loss on translation of foreign operations	(34.2)	—	—	(34.2)
Net loss on cash flow hedges (net of tax)	—	(12.2)	—	(12.2)
Other comprehensive income/(expense) for the year	(34.2)	(12.2)	(1.2)	(47.6)

27. Notes to group cash flow statement

	2017	2016
	£m	£m
Operating activities		
Profit before tax from continuing operations	**68.6**	50.4
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation and impairment of property, plant and equipment	**18.7**	17.2
Amortisation and impairment of intangible assets	**3.9**	3.8
Amortisation of contributions in respect of property, plant and equipment	**(0.3)**	(0.3)
Derivatives at fair value through income statement	**(14.8)**	(9.0)
Net finance costs	**27.2**	38.4
Defined benefit charge less contributions paid	**(1.3)**	(2.3)
Share of loss in associates	**1.0**	1.3
Exceptional finance costs	**—**	(0.4)
Cash generated from operations before working capital movements	**103.0**	99.1

Net cash flows from operating activities in 2017 include exceptional cash outflows of £2.4m in respect of the payment of acquisition costs.

28. Analysis of net debt

	Cash and cash equivalents	Short term managed funds	Debt due within one year	Debt due after more than one year	Junior bank facility asset	Total
	£m	£m	£m	£m	£m	£m
At 1 April 2015	72.5	1.4	(5.8)	(817.8)	162.6	(587.1)
Net decrease in cash and cash equivalents	0.2	—	—	—	—	0.2
Proceeds from issue of borrowings	—	—	—	(45.4)	—	(45.4)
Repayment of borrowings	—	—	2.9	19.3	—	22.2
Issue costs on new long term loans	—	—	0.4	7.3	—	7.7
Decrease/(increase) in interest accruals	—	—	0.9	(0.2)	—	0.7
Amortisation	—	—	(0.5)	(1.7)	—	(2.2)
Reclassifications	—	—	(2.6)	2.6	—	—
Capitalisation of interest on subordinated shareholder loan	—	—	—	(23.5)	—	(23.5)
Translation difference	3.8	—	—	(42.5)	6.4	(32.3)
Unwinding of discount on shareholder loan	—	—	—	(25.6)	—	(25.6)
Unwinding of discount on junior facility asset	—	—	—	—	30.4	30.4
At 31 March 2016	**76.5**	**1.4**	**(4.7)**	**(927.5)**	**199.4**	**(654.9)**
Net increase in cash and cash equivalents	38.8	—	—	—	—	38.8
Proceeds from issue of borrowings	—	—	—	(144.1)	—	(144.1)
Repayment of borrowings	—	—	11.9	—	—	11.9
Issue costs on new long term loans	—	—	—	1.8	—	1.8
(Increase)/decrease in interest accruals	—	—	(0.2)	1.2	—	1.0
Amortisation	—	—	(0.4)	(1.6)	—	(2.0)
Reclassifications	—	—	(23.7)	23.7	—	—
Capitalisation of interest on subordinated shareholder loan	—	—	—	(7.1)	—	(7.1)
Translation difference	4.9	—	(0.1)	(40.3)	4.5	(31.0)
Unwinding of discount on shareholder loan	—	—	—	(7.3)	—	(7.3)
Unwinding of discount on junior facility asset	—	—	—	—	8.5	8.5
Merger with VGHL	—	—	(0.4)	400.0	(212.4)	187.2
At 31 March 2017	**120.2**	**1.4**	**(17.6)**	**(701.2)**	**—**	**(597.2)**

29. Lease obligations

Operating lease commitments—Group as lessee

The Group has entered into operating lease arrangements for the hire of equipment and buildings as these arrangements are a cost efficient way of obtaining the short term benefits of these assets. The Group has also entered into operating lease arrangements for land relating to the renewable asset portfolio. The Group rental charges in respect of these arrangements are disclosed in note 5. The Group's annual commitment under these leases is disclosed below:

Future minimum rentals payable under non – cancellable operating leases as at 31 March are, as follows:

	2017	2016
	£m	£m
Within one year	**1.3**	0.8
After one year but not more than five years	**5.1**	3.8
More than five years	**21.2**	14.7
	27.6	19.3

Availability payments to generators

The Group has also entered into generating contracts with generating companies in Northern Ireland to make payments for the availability of generating capacity as well as for the purchase of electricity generated. The contracts are with AES Ballylumford Limited.

Estimated availability payments to generators, which are dependent on the availability of the generators and are therefore variable in nature are as follows:

	2017	2016
	£m	£m
Within one year	**25.4**	25.3
After one year but not more than five years	**107.3**	38.4
	132.7	63.7

In September 2016, PPB exercised its option with AES Ballylumford to extend the term of the Generating Unit Agreements covering 600MW of CCGT capacity by five years to September 2023.

30. Commitments and contingent liabilities

(i) Capital commitments

At 31 March 2017 the Group had contracted future capital expenditure in respect of tangible fixed assets of £18.6m (2016—£105.0m).

(ii) Contingent liabilities

Protected persons

The Group has contingent liabilities in respect of obligations under the Electricity (Protected Persons) Pensions Regulations (Northern Ireland) 1992 to protect the pension rights in respect of certain of its employees who were employees of NIE plc at privatisation. Those Group employees who remain protected by the regulations have their pension rights provided through the Group's occupational pension scheme.

Generating contracts

Under the terms of the PPB generating contracts, where modifications to generating equipment are necessary as a result of a change in law and a generator is unable to procure the necessary financing, PPB must either provide such finance or pay the costs incurred by the generator in carrying out such modifications. The costs incurred by PPB in meeting these obligations are recoverable under the applicable provisions of the Power NI Energy licence, but would require to be financed by PPB until such recovery is achieved. The Group does not anticipate any liability for modifications which require financing and no provision has been made.

Liability and damage claims

In the normal course of business the Group has contingent liabilities arising from claims made by third parties and employees. Provision for a liability is made (as disclosed in note 24) when the directors believe that it is probable that an outflow of funds will be required to settle the obligation where it arises from an event prior to the year end. The Group does not anticipate that any material liabilities will arise other than those recognised in the accounts.

31. Distributions made and proposed

No dividends have been paid or proposed for the year ended 31 March 2017 (2016: £nil).

32. Related party transactions

Note 16 above, provides the information about the Group's structure including the details of the subsidiaries and the holding company. The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year.

		Services to related parties	Purchase from related parties	Amounts owed to related parties
		£m	£m	£m
Associates:	**2017**	**0.8**	**(10.8)**	**(2.0)**
	2016	0.7	(11.7)	(2.0)

		Interest receivable	Amounts owed by related parties
		£m	£m
Loans to related parties:			
Associate: Eco Wind Power Limited	**2017**	**0.8**	**13.0**
	2016	0.7	11.3
Associate: IIF Cyclone NI Holdco Limited	**2017**	**0.1**	**1.5**
	2016	0.1	1.6

Transactions with associates

The Group has two associate undertakings, EWP and IIF Cyclone.

As part of the sale and purchase transactions relating to the associates in March 2012 and June 2012 the Group acquired loans owing by these associates. These loans remain outstanding at 31 March 2017 and are included as part of the Group's overall investment in associates as disclosed in note 14 to the accounts. The contractual amount of the loan including interest owed by EWP is £13.0m at 31 March 2017 (2016—£11.3m), however the carrying value reflected in the Group's balance sheet reflects the Directors expectations regarding the level of recovery of this amount.

Transactions with key management personnel

Compensation of key management personnel of the Group

	2017	2016
	£m	£m
Short term employee benefits	**6.3**	2.0
Post employment pension and medical benefits	**0.2**	0.2
Total compensation to key management personnel	**6.5**	2.2

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel.

33. Merger

On 28 June 2016 VGIL merged with its immediate parent VGHL, with VGIL becoming the surviving entity. As a result of this merger the Group assumed VGHL's Junior bank facility B liability at its fair value of £225.5m, and in doing so fully extinguished this liability against the Junior bank facility asset held by the Group of £213.1m. In addition, this merger resulted in the full extinguishment of the shareholder loan of £399.6m owed by the Group to VGHL. The net gain of £186.5m arising from this merger has been recognised as part of the capital contribution reserve within equity.

A loss of £10.4m has been reclassified from the capital contribution reserve to retained earnings representing the original net loss recognised within the capital contribution reserve on initial recognition of the shareholder loan owed to VGHL and the Junior bank facility asset owed by VGHL at their fair values.

As part of the merger VGIL assumed the share capital structure of VGHL, including the issue of shares at a premium. As a consequence £150.6m of the £186.5m gain referred to above has been reclassified from the capital contribution reserve to share premium.

The net impact of the merger is a £150.6m increase in share premium, a £46.3m increase in the capital contribution reserve and £10.4m reduction in retained earnings at 30 June 2016.

Glossary of terms

1992 Order . . . . Electricity (Northern Ireland) Order 1992
1999 Act . . . . Electricity Regulation Act 1999
2002 Act . . . . Gas (Interim) (Regulation) Act 2002
2003 Order . . . . Energy (Northern Ireland) Order 2003
2007 Act . . . . Electricity Regulation (Amendment) (Single Electricity Market) Act 2007
Associate . . . . 25% interest in EWP and 20% in IIF Cyclone
Capita . . . . Capita Managed IT Solutions Limited
CCGT . . . . combined-cycle gas turbine
CCNI . . . . Consumer Council Northern Ireland
CER . . . . Commission for Energy Regulation
CfDs . . . . contracts for differences
CGU . . . . cash generating unit
Choices . . . . money purchase pension arrangement for employees in the RoI
CMA . . . . Competition and Markets Authority
CO . . . . carbon monoxide
CO_2 . . . . carbon dioxide
Company . . . . Viridian Group Investments Limited
CPI . . . . Consumer Price Index in the RoI
CRM . . . . capacity remuneration mechanism
CSR . . . . Corporate Social Responsibility
DAM . . . . Day Ahead Market
DCCAE . . . . Department of Communications, Climate Action and Environment
DfE . . . . Department for the Economy
EBITDA . . . . earnings before interest, tax, depreciation and amortisation
EECs . . . . Energy efficiency credits
EEO . . . . Energy Efficiency Obligation
EEOS . . . . Energy Efficiency Obligation Scheme
EIR . . . . effective interest rate
EirGrid . . . . EirGrid plc
Energia . . . . Energia Group's competitive energy supply business
Energia Group . . . . . VPEHL and VPE
ESB . . . . Electricity Supply Board
EU . . . . European Union
EU Target Model . . . European Electricity Target Model
EWP . . . . Eco Wind Power and its subsidiaries
Focus . . . . defined benefit section of VGPS
GB . . . . Great Britain
Group . . . . Viridian Group Investments Limited and its subsidiary undertakings
GW . . . . gigawatt
GWh . . . . gigawatt hour
HLD . . . . I-SEM High Level Design
HMRC . . . . HM Revenue & Customs
Huntstown 1 . . . . . . Phase one of Huntstown Power Station—343MW CCGT
Huntstown 2 . . . . . . Phase two of Huntstown Power Station—404MW CCGT
IASB . . . . International Accounting Standards Board
IAS . . . . International Accounting Standard
ICT . . . . information and communication technology
IDM . . . . Intra-day electricity market
IFRS . . . . International Financial Reporting Standards
IIF Cyclone . . . . IIF Cyclone NI Holdco Limited (previously VRL) and its subsidiaries
I-SEM . . . . New integrated SEM
ISO . . . . International Organization for Standardization

IT	Information Technology
KPI	key performance indicator
LTIR	lost time incident rate
LECs	Levy exemption certificates
Minister	Minister for Communications, Climate Action and Environment
MW	megawatt
MWh	megawatt hour
NIE	Northern Ireland Electricity Limited
NIRO	Northern Ireland Renewable Obligation
NIROCs	Northern Ireland Renewable Obligation certificates
NISEP	Northern Ireland Sustainable Energy Programme
NO_x	oxides of nitrogen
OHSAS	Occupational Health and Safety Management Systems Specification
Options	money purchase section of VGPS
Power NI	Power NI Energy Supply
Power NI Energy	Power NI Energy Limited
PPA	power purchase agreement
PPB	Power Procurement business
PSO	public service obligation
RAs	Regulatory Authorities
REFIT	Renewable Energy Feed-In Tariff scheme
RMC	Risk Management Committee
RO	UK Renewable Obligation
ROCs	Renewable Obligation Certificates
RoI	Republic of Ireland
SEE	social, environmental and ethical
SEF	Strategic Energy Framework
SEM	Single Electricity Market
SEMO	Single Electricity Market Operator
SEM Order	Electricity (Single Wholesale Market) (Northern Ireland) Order 2007
SMP	system marginal price
SoLR	Supplier of Last Resort
SO_2	sulphur dioxide
SONI	SONI Limited
TSO	transmission system operator
TWh	terawatt hour
UK	United Kingdom
Utility Regulator	Northern Ireland Authority for Utility Regulation
VGHL	Viridian Group Holdings Limited
VGPS	Viridian Group Pension Scheme (2011)
VPE	Viridian Power & Energy Limited and its subsidiaries
VPEHL	Viridian Power & Energy Holdings Limited and its subsidiaries

Independent auditors' report

To the members of Viridian Group Investments Limited

We have audited the Group financial statements of Viridian Group Investments Limited for the year ended 31 March 2016 approved on 23 May 2016 which comprise the Consolidated Income Statement, Consolidated Statement of Other Comprehensive Income, Consolidated Balance Sheet, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows and the related notes 1 to 33. The financial reporting framework that has been applied in their preparation is International Financial Reporting Standards (IFRS) as adopted by the European Union.

This report is made solely to the Company's members as a body in accordance with our engagement letter dated 6 May 2014. Our audit work has been undertaken so that we might state to the Company's members those matters we are required under International Standards on Auditing (UK and Ireland) to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page 39 the Company's directors are responsible for the preparation of the Group Financial Statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the accounts in accordance with International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic and Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion

In our opinion the Group Financial Statements:

- give a true and fair view, of the state of the Group's affairs as at 31 March 2016 and of its profit for the year then ended; and
- have been properly prepared in accordance with IFRS as adopted by the European Union.

Ernst & Young LLP
Belfast

24 May 2016

Consolidated income statement for the year ended 31 March 2016

	Notes	Results before exceptional items and certain remeasurements 2016	Exceptional items and certain remeasurements (note 6) 2016	Total 2016	Results before exceptional items and certain remeasurements 2015	Exceptional items and certain remeasurements (note 6) 2015	Total 2015
		£m	£m	£m	£m	£m	£m
Continuing operations							
Revenue	4	**1,320.9**	**—**	**1,320.9**	1,461.1	—	1,461.1
Operating costs	5	**(1,240.2)**	**(1.3)**	**(1,241.5)**	(1,353.8)	4.9	(1,348.9)
Operating profit/(loss)	4	**80.7**	**(1.3)**	**79.4**	107.3	4.9	112.2
Finance costs	9	**(69.8)**	**10.7**	**(59.1)**	(125.0)	(27.5)	(152.5)
Finance income	9	**31.4**	**—**	**31.4**	28.2	—	28.2
Net finance (cost)/income		**(38.4)**	**10.7**	**(27.7)**	(96.8)	(27.5)	(124.3)
Share of loss in associates	14	**(1.3)**	**—**	**(1.3)**	(0.9)	—	(0.9)
Profit/(loss) before tax		**41.0**	**9.4**	**50.4**	9.6	(22.6)	(13.0)
Taxation	10	**6.4**	**0.2**	**6.6**	2.7	0.1	2.8
Profit/(loss) for the year		**47.4**	**9.6**	**57.0**	12.3	(22.5)	(10.2)

Consolidated statement of other comprehensive income for the year ended 31 March 2016

	Notes	2016	2015
		£m	**£m**
Profit/(loss) for the year		**57.0**	(10.2)
Items that will be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		**(34.2)**	(14.4)
Gain on net investment hedging instruments		**—**	16.1
Net (loss)/gain on net investment hedge		**(34.2)**	1.7
Net loss on cash flow hedges		**(28.0)**	(14.2)
Transferred loss from equity to income statement on cash flow hedges		**13.8**	13.7
Share of associates net gain/(loss) on cash flow hedges		**0.6**	(0.5)
Income tax effect		**1.4**	0.4
		(12.2)	(0.6)
		(46.4)	1.1
Items that will not be reclassified to profit or loss:			
Remeasurement loss on defined benefit scheme	23	**(1.6)**	(0.4)
Income tax effect		**0.4**	0.2
		(1.2)	(0.2)
Other comprehensive (expense)/income for the year, net of taxation		**(47.6)**	0.9
Total comprehensive income/(expense) for the year		**9.4**	(9.3)

Consolidated balance sheet
as at 31 March 2016

	Notes	31 March 2016	31 March 2015
		£m	£m
ASSETS			
Non-current assets:			
Property, plant and equipment	11	**336.1**	257.4
Intangible assets	12	**531.3**	515.4
Investment in associates	14	**6.2**	6.1
Derivative financial instruments	25	**11.1**	0.6
Other non-current financial assets	17	**199.5**	163.2
Deferred tax assets	10	**25.6**	17.5
		1,109.8	960.2
Current assets:			
Inventories		**3.6**	4.3
Trade and other receivables	18	**161.8**	161.3
Derivative financial instruments	25	**4.0**	8.6
Other current financial assets	17	**12.3**	3.8
Cash and cash equivalents	19	**76.5**	72.5
		258.2	250.5
TOTAL ASSETS		**1,368.0**	1,210.7
LIABILITIES			
Current liabilities:			
Trade and other payables	20	**(262.7)**	(235.3)
Income tax payable		**(1.2)**	(1.1)
Financial liabilities	21	**(6.6)**	(7.7)
Derivative financial instruments	25	**(15.7)**	(10.9)
Deferred income	22	**(0.3)**	(0.3)
		(286.5)	(255.3)
Non-current liabilities:			
Financial liabilities	21	**(927.5)**	(817.8)
Derivative financial instruments	25	**(11.2)**	(4.8)
Deferred income	22	**—**	(0.3)
Net employee defined benefit liabilities	23	**(0.1)**	(0.8)
Deferred tax liabilities	10	**(13.2)**	(13.0)
Provisions	24	**(12.7)**	(11.3)
		(964.7)	(848.0)
TOTAL LIABILITIES		**(1,251.2)**	(1,103.3)
NET ASSETS		**116.8**	107.4
Equity			
Share capital	26	**—**	—
Share premium		**510.0**	510.0
Retained earnings		**(457.8)**	(513.6)
Capital contribution reserve		**115.2**	115.2
Hedge reserve		**(18.8)**	(6.6)
Foreign currency translation reserve		**(31.8)**	2.4
TOTAL EQUITY		**116.8**	107.4

The financial statements were approved by the Board of directors and authorised for issue on 23 May 2016. They were signed on its behalf by:

Ronald Schweizer

Date: 23 May 2016

Consolidated statement of changes in equity for the year ended 31 March 2016

	Share capital	Share premium	Retained earnings	Capital contribution reserve	Hedge reserve	Foreign currency translation reserve	Total equity
	£m	£m	£m	£m	£m	£m	£m
At 1 April 2014	**—**	**510.0**	**(503.2)**	**115.2**	**(6.0)**	**0.7**	**116.7**
Loss for the year	—	—	(10.2)	—	—	—	(10.2)
Other comprehensive (expense)/ income (loss)/income	—	—	(0.2)	—	(0.6)	1.7	0.9
Total comprehensive (expense)/ income	*—*	*—*	*(10.4)*	*—*	*(0.6)*	*1.7*	*(9.3)*
At 31 March 2015	**—**	**510.0**	**(513.6)**	**115.2**	**(6.6)**	**2.4**	**107.4**
Profit for the year	—	—	57.0	—	—	—	57.0
Other comprehensive expense	—	—	(1.2)	—	(12.2)	(34.2)	(47.6)
Total comprehensive income / (expense)	*—*	*—*	*55.8*	*—*	*(12.2)*	*(34.2)*	*9.4*
At 31 March 2016	**—**	**510.0**	**(457.8)**	**115.2**	**(18.8)**	**(31.8)**	**116.8**

Consolidated statement of cash flows for the year ended 31 March 2016

	Notes	2016	2015
		£m	**£m**
Cash generated from operations before working capital movements	27	**99.1**	127.2
Working capital adjustments:			
Decrease in inventories		**0.7**	0.8
Decrease in trade and other receivables		**(0.5)**	19.4
Increase in security deposits		**(8.5)**	—
Increase/(decrease) in trade and other payables		**16.3**	(13.4)
Effects of foreign exchange		**1.2**	(2.9)
		108.3	131.1
Interest received		**0.2**	0.2
Interest paid		**(43.4)**	(49.1)
Exceptional finance costs		**(0.1)**	(23.0)
Note redemption premium		**—**	(1.2)
		(43.3)	(73.1)
Income tax (paid)/received		**(0.1)**	0.4
Net cash flows from operating activities		**64.9**	58.4
Investing activities			
Purchase of property, plant and equipment		**(63.1)**	(29.6)
Purchase of intangible assets		**(67.7)**	(44.7)
Proceeds from sale of intangible assets		**65.2**	35.2
Return on other non-current financial assets		**0.5**	—
Disposal of subsidiary, net of cash disposed		**(0.2)**	(0.2)
Dividends received from associates		**0.3**	0.5
Interest received from associates		**0.2**	0.3
Acquisition of subsidiaries	15	**(14.4)**	(0.5)
Net cash flows used in investing activities		**(79.2)**	(39.0)
Financing activities			
Proceeds from issue of borrowings		**45.4**	466.5
Repayment of borrowings		**(22.2)**	(429.4)
Issue costs of new long term loans		**(8.7)**	(8.2)
Net cash flows from financing activities		**14.5**	28.9
Net increase in cash and cash equivalents		**0.2**	48.3
Net foreign exchange difference		**3.8**	(2.1)
Cash and cash equivalents at 1 April	19	**72.5**	26.3
Cash and cash equivalents at 31 March	19	**76.5**	72.5

Notes to the consolidated financial statements as at 31 March 2016

1. Corporate information

The Group Financial Statements of Viridian Group Investments Limited and its subsidiaries (collectively, the Group) for the year ended 31 March 2016 were authorised for issue in accordance with a resolution of the directors on 23 May 2016. Viridian Group Investments Limited (the Company or the parent) is a limited company incorporated and domiciled in Cayman Islands. The registered office is located at Paget Brown Trust Company Limited, Boundary Hall, Cricket Square, PO Box 1111, Grand Cayman, KY1-1102, Cayman Islands. The Group's operations and its principal activities are set out earlier in the Report on pages 4 to 18.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS) as they apply to the financial statements of the Group for the year ended 31 March 2016.

The consolidated financial statements have been prepared on a historical cost basis, except for derivative financial instruments, contingent consideration arising on business combinations and the assets of the Group's pension schemes that have been measured at fair value and the liabilities of the Group's pension schemes that are measured using the projected unit credit valuation method. The consolidated financial statements are presented in Sterling (£) with all values rounded to the nearest £m except where otherwise indicated.

An Amendment to IAS 19: Employee Contributions, IFRS Improvements 2010-2012 Cycle and IFRS Improvements 2011-2013 Cycle were effective for periods beginning on or after 1 April 2015. None of these amendments or improvements have a material, if any, impact on the annual consolidated financial statements of the Group in 2015/16.

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 March 2016. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement with the other vote holders of the investee;
- rights arising from other contractual arrangements; and
- the Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

3. Summary of significant accounting policies

(a) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of (i) the consideration transferred and measured at acquisition date fair value, and (ii) the amount of any non-controlling interests in the acquiree.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IAS 39 *Financial Instruments: Recognition and Measurement*, is measured at fair value with changes in fair value recognised either in either profit or loss or as a change to other comprehensive income. If the contingent consideration is not within the scope of IAS 39, it is measured in accordance with the appropriate IFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units (CGU) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. If a subsidiary is subsequently sold any goodwill arising on acquisition which has not been impaired is taken into account in determining the profit or loss on sale.

(b) Investment in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries.

The Group's investments in its associate are accounted for using the equity method.

Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The Income Statement reflects the Group's share of the results of operations of the associate. Any change in other comprehensive income of those investees is presented as part of the Group's other comprehensive income. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the Income Statement outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, then recognises the loss as 'Share of profit of an associate' in the Income Statement.

(c) Current versus non-current classification

The Group presents assets and liabilities in the balance sheet based on current/non-current classification. An asset is current when it is:

- expected to be realised or intended to be sold or consumed in a normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realised within twelve months after the reporting period; or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- it is expected to be settled in a normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within twelve months after the reporting period; or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

(d) Fair value measurement

The Group measures financial instruments, such as, derivatives, at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- level 1—quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- level 2—valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; or
- level 3—valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

(e) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, exclusive of value added tax and other sales related taxes.

The specific recognition criteria described below must also be met before revenue is recognised.

Energy supply

Revenue is recognised on the basis of energy supplied during the period. Revenue for energy supply includes an assessment of energy supplied to customers between the date of the last meter reading and the balance sheet date, estimated using historical consumption patterns.

Energy generation

Two key revenue streams are received by the Huntstown plant and PPB. Capacity revenue is recognised based upon the capacity (MW) provided to the Single Electricity Market (SEM) for the period. Energy revenue is recognised based upon electricity units generated during the period at market price, including an allowance for any anticipated resettlement within the SEM. Units are based on energy volumes recorded by the Single Electricity Market Operator (SEMO) and these units are reconciled to the units recorded on the plant systems to ensure accuracy.

Interest income

For all financial instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the income statement.

Dividend income

Dividend income is recognised on the date the Group's right to receive the payments is established.

(f) Taxation

The tax charge represents the sum of tax currently payable and deferred tax. Tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the tax is also dealt with in equity.

Tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes both items of income or expense that are taxable or deductible in other years as well as items that are never taxable or deductible.

The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is the tax payable or recoverable on differences between the carrying amount of assets and liabilities in the accounts and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is not recognised on temporary differences where they arise from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss.

Deferred tax is not recognised in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantially enacted by the balance sheet date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

(g) Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Freehold land is not depreciated. Other tangible fixed assets are depreciated on a straight-line basis so as to write off the cost, less estimated residual value, over their estimated useful economic lives as follows:

Thermal generation assets—12 to 30 years
Renewable generation assets—up to 20 years
Fixtures and equipment—up to 25 years
Vehicles and mobile plant—up to 5 years

(h) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred. The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement as the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the CGU level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

Emissions allowances, renewable and energy efficiency obligations

The Group recognises the allocation of CO_2 emissions allowances from government or a similar body at £nil value. Purchased CO_2 emissions allowances, renewable obligation certificates (ROCs), levy exemption certificates (LECs) and energy efficiency credits (EECs) are initially recognised at cost (purchase price) within intangible assets and subsequently written down to their recoverable amount at the balance sheet date should this be less than the purchase price. Self-generated ROCs are initially recorded at fair value within intangible assets with a corresponding credit to energy costs in the income statement, and subsequently written down to their recoverable amount at the balance sheet date should this be less than the fair value on initial recognition. No amortisation is recorded during the period as the intangible asset is surrendered at the end of the compliance period reflecting the consumption of economic benefit.

The Group recognises liabilities in respect of its obligations to deliver emissions allowances to the extent that the allowances to be delivered exceed the level of allocation under the EU emissions trading scheme. Any liabilities recognised are measured based on the current estimates of the amounts that will be required to satisfy the obligation. A liability for the renewables obligation and the climate change levy is recognised based on the level of electricity supplied to customers. A liability for the energy efficiency obligation under the EEOS is recognised if energy saving minimum targets are not achieved by the end of the compliance period. Any such liability is recognised on the compliance date (31 December) and is calculated by reference to the relevant penalty rates for volumes not achieved.

Computer software

The cost of acquiring computer software is capitalised and amortised on a straight-line basis over the directors' estimate of its useful economic life which is between three and ten years. The carrying value of computer software is reviewed for impairment where events or changes in circumstances indicate that the carrying value may not be recoverable.

Development assets

Development assets arising from business combinations relate to value arising from the development of renewable projects which the Group believes will generate future economic benefits. Development assets are amortised from the date of commissioning of the renewable asset over its useful economic life which is twenty years.

At a point the project is no longer expected to reach construction the carrying amount of the project is impaired.

(i) Financial instruments—initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Subsequent measurement

For purposes of subsequent measurement financial assets are classified in four categories:

- financial assets at fair value through profit or loss;
- loans and receivables;
- held-to-maturity investments; or
- available-for-sale financial investments.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments as defined by IAS 39. The Group has not designated any financial assets at fair value through profit or loss. Financial assets at fair value through profit or loss are carried in the balance sheet at fair value with net changes in fair value presented as finance costs (negative net changes in fair value) or finance income (positive net changes in fair value) in the income statement.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Re-assessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using EIR method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the income statement. The losses arising from impairment are recognised in the income statement in finance costs for loans and in other operating charges for receivables.

This category generally applies to trade and other receivables. Trade receivables do not carry any interest and are recognised and carried at the lower of their original invoiced value and recoverable amount.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Group's consolidated balance sheet) when:

- the rights to receive cash flows from the asset has expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all

the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

The Group assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IAS 39. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the income statement. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IAS 39 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the income statement.

This category generally applies to interest bearing loans and borrowings. This category also applies to trade and other payables which are not interest bearing and stated at their nominal amount.

Interest free loans receivable from or payable to the parent undertaking are recognised at fair value on initial recognition based on the market rate of interest for similar loans at the date of issue. In case of loans received from a parent undertaking the difference on initial recognition between the fair value and the loan amount is recorded as a capital contribution in equity. The difference arising between the amount of a loan made to a parent undertaking and its fair value is treated as a distribution to the parent and reflected within equity. Subsequently, an interest expense or receivable is recognised within the income statement using the effective interest method so that each loan is stated at the amount repayable or receivable at the redemption date.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the income statement.

(j) Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as forward currency contracts, interest rate swaps, contracts for differences and forward commodity contracts, to hedge its foreign currency risks, interest rate risks, electricity price risk and other commodity price risks, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The purchase contracts that meet the definition of a derivative under IAS 39 are recognised in the income statement as operating costs. Commodity contracts that are entered into and continue to be held for the purpose of the receipt or delivery of a non-financial item in accordance with the Group's expected purchase, sale or usage requirements are held at cost.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income and later reclassified to profit or loss when the hedge item affects profit or loss.

For the purpose of hedge accounting, hedges are classified as:

- fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment;
- cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment; or
- hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the strict criteria for cash flow hedge accounting are accounted for, as described below:

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the income statement in operating expenses.

The Group uses forward currency contracts as hedges of its exposure to foreign currency risk in forecast transactions and firm commitments, as well as forward commodity contracts for its exposure to volatility in the commodity prices. The ineffective portion relating to foreign currency and commodity contracts is recognised in operating costs.

Amounts recognised as other comprehensive income are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as other comprehensive income are transferred to the initial carrying amount of the non-financial asset or liability.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in other comprehensive income remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met.

Hedges of a net investment

Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a way similar to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised as other comprehensive income while any gains or losses relating to the ineffective portion are recognised in the statement of profit or loss. On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is transferred to the statement of profit or loss. The Group has not designated a hedging relationship between the Euro-denominated assets on the Group's balance sheet and the Group's Euro borrowings in the current year. In the prior year the Group used a loan as a hedge of its exposure to foreign exchange risk on its investments in foreign subsidiaries.

(k) Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGU's to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the income statement in expense categories consistent with the function of the impaired asset. The following assets have specific characteristics for impairment testing:

Goodwill

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

(l) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short term bank deposits with a maturity of less than three months.

(m) Provisions

General

Provisions are recognised when (i) the Group has a present obligation (legal or constructive) as a result of a past event (ii) it is probable that an outflow of economic benefits will be required to settle the obligation and (iii) a reliable estimate can be made of the amount of the obligation. Where the Group expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is included within finance costs.

Decommissioning liability

Provision is made for estimated decommissioning costs at the end of the estimated useful lives of generation assets on a discounted basis based on price levels and technology at the balance sheet date. Changes in these estimates and changes to the discount rates are added to or deducted from the capitalised cost of the asset to which they relate. Capitalised decommissioning costs are depreciated over the estimated useful lives of the related assets. The unwinding of the discount is included within finance costs.

(n) Exceptional items and certain remeasurements

As permitted by IAS1 Presentation of Financial statements, the Group has disclosed additional information in respect of exceptional items on the face of the income statement to aid understanding of the Group's financial performance. An item is treated as exceptional if it is considered unusual by nature and scale and of such significance that separate disclosure is required for the financial statements to be properly understood. "Certain remeasurements" are remeasurements arising on certain commodity, interest rate and currency contracts which are not designated in hedge accounting relationships, and which are accounted for as held for trading in accordance with the Group's policy for such financial instruments. This excludes commodity contracts not treated as financial instruments under IAS 39 where held for the Group's own use requirements. Certain remeasurements arising from IAS 39 are disclosed separately to aid understanding of the underlying performance of the Group.

(o) Pensions and other post-employment benefits

The Group has both defined benefit and defined contribution pension arrangements. The amount recognised in the balance sheet in respect of liabilities represents the present value of the obligations offset by the fair value of assets.

The cost of providing benefits under the defined benefit scheme is determined using the projected unit credit method.

Pension remeasurements, comprising of actuarial gains and losses, excluding net interest, and the return on plan assets (excluding net interest), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Pension remeasurements are not reclassified to profit or loss in subsequent periods. Past service costs are recognised in profit or on the earlier of:

- the date of the plan amendment or curtailment; and
- the date that the Group recognises restructuring-related costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation under operating costs in the consolidated statement of profit or loss:

- service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- net interest expense or income.

Pension costs in respect of defined contribution arrangements are charged to the profit and loss account as they become payable.

(p) Inventories

Inventories are valued at the lower of average purchase price and net realisable value.

(q) Borrowing costs

Borrowing costs directly attributable to qualifying assets are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur.

(r) Operating lease contracts

Leases are classified as operating lease contracts whenever the terms of the lease do not transfer substantially all the risks and benefits of ownership to the lessee.

Rentals payable under operating leases are charged to the income statement on a straight-line basis over the lease term.

(s) Foreign currency translation

The Group's consolidated financial statements are presented in sterling, which is also the parent company's functional currency. For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

On consolidation, the assets and liabilities of foreign operations are translated into sterling at the rate of exchange prevailing at the reporting date and their income statements are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in other comprehensive income.

(t) Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities at the balance sheet date and the amounts reported for revenues and operating costs during the year. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In the process of applying the Group's accounting policies, management has made the following key judgements and estimations of uncertainty, which have the most significant effect on the amounts recognised in the consolidated financial statements.

Revenue recognition

Revenue on energy sales include an estimate of the value of electricity or gas supplied to customers between the date of the last meter reading and the year end. This will have been estimated by using historical consumption patterns. At the balance sheet date, the estimated consumption by customers will either have been billed or accrued (estimated unbilled revenue). Management apply judgement to the measurement of the quantum and valuation of the estimated consumption. The judgements applied and the assumptions underpinning these judgements are considered to be appropriate. However a change in these assumptions would impact upon the amount of revenue recognised. Revenue recognised in the period has been outlined in note 4.

Impairment testing

The Group reviews the carrying amounts of its goodwill, other intangible assets and property, plant and equipment to determine whether there is any indication that the value of those assets is impaired. This requires an estimation of the value in use of the CGUs to which the assets are allocated which includes the estimation of future cash flows and the application of a suitable discount rate. Subsequent changes to these estimates or judgements may impact the carrying value of the assets within the respective CGUs. Impairment testing has been outlined in note 13.

Business combinations

Business combinations require a fair value exercise to be undertaken to allocate the purchase price to the fair value of the identifiable assets acquired and the liabilities assumed. The determination of the fair value of the assets and liabilities is based to a considerable extent on management's judgement. The amount of goodwill initially recognised as a result of a business combination is dependent on the allocation of this purchase price to the identifiable assets and liabilities with any unallocated portion being recorded as goodwill. Business combinations have been outlined in note 15.

Pensions and other post-employment benefits

The Group has both defined benefit and defined contribution arrangements. The cost of providing benefits under the defined benefit scheme is determined using the projected unit method. The key assumptions used in relation to the cost of providing post-retirement benefits are set after consultation with qualified actuaries. While these assumptions are considered to be appropriate, a change in these assumptions would impact the earnings of the Group. Pensions and other post-employment benefits have been outlined in note 23.

Exceptional items and certain remeasurements

The Group has disclosed additional information in respect of exceptional items on the face of the income statement to aid understanding of the Group's financial performance. An item is treated as exceptional if it is considered unusual by nature and scale and of such significance that separate disclosure is required for the financial statements to be properly understood. "Certain remeasurements" are remeasurements arising on certain commodity, interest rate and currency contracts which are not designated in hedge accounting relationships, and which are accounted for as held for trading in accordance with the Group's policy for such financial instruments. This excludes commodity contracts not treated as financial instruments under IAS 39 where held for the Group's own use requirements. Exceptional items and certain remeasurement have been outlined in note 6.

(u) Standard issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's revised financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

International accounting standards (IAS / IFRSs)	Effective date(*)
IFRS 9—Financial Instruments	1 January 2018
IFRS 15—Revenue from Contracts with Customers	1 January 2018
IFRS 16—Leases	1 January 2019
IFRS Improvements 2011-2014 Cycle	1 January 2016
IFRS Improvements 2012-2015 Cycle	1 January 2016
Amendments to IAS1: Disclosure Initiative	1 January 2016
Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016

* For periods beginning on or after. The effective dates given above are those in the original IASB/IFRIC standards unless the standard has already been endorsed by the EU in which case the date given is the mandatory effective date for adoption in the EU.

IFRS 9 financial instruments

IFRS 9 has a tentative mandatory effective date of 1 January 2018. The adoption of IFRS 9 will have an effect on the classification and measurement of the Group's financial assets and financial liabilities. The changes in impairment requirements required by IFRS 9 for financial assets are expected to require the Group to consider and possibly reassess its policy and the measurement of provisioning against trade receivables. This new standard will also impact upon the hedge accounting of the Group's derivatives, with the IFRS 9 hedging model more closely aligning hedge accounting with the risk management activities undertaken by the Group when hedging its financial and non-financial risk exposures. At this time the Group continues to consider the impact of adopting IFRS 9.

IFRS 15 revenue from contracts with customers

IFRS 15 outlines the principles an entity must apply to measure and recognise revenue. The core principle is that an entity will recognise revenue at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer. The standard establishes a five-step model that will apply to revenue earned from a contract with a customer (with limited exceptions), regardless of the type of revenue transaction or the industry. The five steps relate to identifying the contract with a customer, identifying the separate performance obligations in the contract, determining the transaction price, allocating the transaction price to the separate performance obligations and recognising revenue when (or as) the entity satisfies the performance obligation under the contract. The standard also provides more detailed requirements than current IFRS, including for arrangements with multiple performance obligations, which may impact the timing of revenue recognition. The standard's disclosure requirements are also more extensive. The standard's requirements will also apply to the recognition and measurement of gains and losses on the sale of some non-financial assets that are not an output of the entity's ordinary activities (e.g., sales of property, plant and equipment or intangibles). At this time the Group continues to assess the impact of adopting IFRS 15.

IFRS 16—leases

IFRS 16 replaces IAS 17 Leases and IFRIC 4 Determining whether an Arrangement contains a Lease. The new standard provides a single lessee accounting model for the recognition, measurement, presentation and disclosure of leases. IFRS 16 applies to all leases including subleases and requires lessees to recognise assets and liabilities for all leases, unless the lease term is 12 months or less, or the underlying asset has a low value. Lessors continue to classify leases as operating or finance. The Group will evaluate the potential impact of IFRS 16 on the financial statements and performance measures. This will include an assessment of whether any arrangements the Group enters into will be considered a lease under IFRS 16. The adoption of IFRS 16 is expected to result in the Group's operating leases no longer being held off balance sheet.

Although the Directors evaluation of the effect of adopting the other standards and interpretations has not yet been completed, it is not expected that their adoption will have a material impact on the Group's financial statements in the period of initial application.

4. Segmental analysis

For management purposes, the Group is organised into business units based on its products and services and has four reportable segments, as follows:

- the Energia Group (excluding renewable assets) operates as a vertically integrated energy business consisting of competitive electricity and gas supply to domestic and business customers in the RoI and to business customers in Northern Ireland through Energia, its retail supply business, backed by electricity generation from its two Huntstown CCGT plants, and long term PPAs with third-party renewable generators (including wind generation assets in which the Group has an equity interest);
- Energia renewable assets comprises generation from wholly owned wind generation assets;

- Power NI is the regulated electricity supplier in Northern Ireland; and
- PPB is a regulated business which administers the contracted generation capacity from the Ballylumford power station in Northern Ireland under legacy generating unit agreements which were originally established in 1992 when the Northern Ireland electricity industry was restructured.

Reflecting the Group's continued growth in the renewables sector, the Energia renewable assets business unit has been identified as a separate reportable segment in the current year. This business unit was previously included within the Energia Group reportable segment. Comparative segmental information has been restated reflecting this change.

The Group Board monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. The measure of profit used by the Group Board is pro-forma EBITDA which is before exceptional items and certain remeasurements (arising from certain commodity, interest rate and currency contracts which are not designated in hedge accounting relationships) and based on regulated entitlement (whereby the adjustment for (under)/over-recovery outlined in the segmental analysis below represents the amount by which the regulated businesses (under)/over-recovered against their regulated entitlement). The Group also monitors revenue on a regulated entitlement basis.

(a) Revenue by segment

	2016	**2015**
	£m	**£m**
Energia Group (excluding renewable assets)	**833.0**	893.3
Energia renewable assets	**7.0**	3.6
Power NI	**373.4**	420.0
PPB	**114.7**	121.0
Inter-group eliminations	**(11.5)**	(7.0)
Group	**1,316.6**	1,430.9
Adjustment for over-recovery	**4.3**	30.2
Total	**1,320.9**	1,461.1

The adjustment for over-recovery represents the amount by which the regulated businesses over-recovered against their regulated entitlement.

(b) Operating profit

	2016	2015
	£m	£m
Segment Pro-Forma EBITDA		
Energia Group (excluding renewable assets)	**58.9**	62.3
Energia renewable assets	**5.3**	2.8
Power NI	**31.6**	28.6
PPB	**4.0**	6.4
Other	**(2.7)**	(2.6)
Group Pro-Forma EBITDA	**97.1**	97.5
Adjustment for over-recovery	**4.3**	30.2
Group EBITDA	**101.4**	127.7
Depreciation/amortisation		
Energia Group (excluding renewable assets)	**(15.2)**	(16.4)
Energia renewable assets	**(2.6)**	(1.2)
Power NI	**(2.6)**	(2.6)
Other	**(0.3)**	(0.2)
Group depreciation and amortisation	**(20.7)**	(20.4)
Operating profit pre exceptional items and certain remeasurements		
Energia Group (excluding renewable assets)	**43.7**	45.9
Energia renewable assets	**2.7**	1.6
Power NI	**29.0**	26.0
PPB	**4.0**	6.4
Other	**(3.0)**	(2.8)
Group Pro-Forma operating profit	**76.4**	77.1
Adjustment for over-recovery	**4.3**	30.2
Operating profit pre exceptional items and certain remeasurements	**80.7**	107.3
Exceptional items and certain remeasurements		
Energia Group (excluding renewable assets)	**(1.3)**	4.9
Group operating profit post exceptional items and certain remeasurements	**79.4**	112.2
Finance cost	**(59.1)**	(152.5)
Finance income	**31.4**	28.2
	(27.7)	(124.3)
Share of loss in associates	**(1.3)**	(0.9)
Profit/(loss) on ordinary activities before tax	**50.4**	(13.0)

(c) Capital expenditure

	Capital additions to property, plant and equipment		Capital additions to intangible assets	
	2016	2015	2016	2015
	£m	£m	£m	£m
Energia Group (excluding renewable assets)	**2.7**	0.9	**39.1**	29.7
Energia renewable assets	**63.7**	32.8	**2.0**	—
Power NI	**1.6**	—	**37.7**	25.2
Other	**0.1**	0.1	**—**	0.4
Total	**68.1**	33.8	**78.8**	55.3

(d) Geographic information

Revenue from external customers	2016	2015
	£m	£m
UK	**662.9**	748.7
RoI	**658.0**	712.4
Total revenue per income statement	**1,320.9**	1,461.1

The revenue information above is based on the locations of the customers

Non-current operating assets	2016	2015
	£m	£m
UK	**288.5**	200.2
RoI	**578.9**	572.6
Total	**867.4**	772.8

Non-current assets for this purpose consist of property, plant and equipment and intangible assets.

5. Operating costs

	2016	2015
	£m	£m
Operating costs are analysed as follows:		
Energy costs	**1,151.7**	1,269.3
Employee costs	**22.0**	23.8
Depreciation, amortisation and impairment	**20.7**	20.4
Other operating charges	**45.8**	40.3
Total pre exceptional items and certain remeasurements	**1,240.2**	1,353.8
Exceptional costs and certain remeasurements:		
Energy costs	**1.3**	(4.9)
Total exceptional costs and certain remeasurements	**1.3**	(4.9)
Total operating costs	**1,241.5**	1,348.9

5.1 Energy costs

	2016	2015
	£m	£m
Write down of inventories recognised as an expense during the year:		
Distillate oil stock	**0.9**	—

5.2 Depreciation, amortisation and impairment

	2016	2015
	£m	£m
Depreciation	**17.2**	17.0
Release of contributions in respect of property plant & equipment	**(0.3)**	(0.3)
Amortisation of intangible assets	**3.8**	3.7
Pre exceptional items	**20.7**	20.4

5.3 Other operating costs

	2016	2015
	£m	£m
Operating lease rentals recognised as an expense during the year:		
Land and buildings	**0.6**	0.6

6. Exceptional items and certain remeasurements

	2016	2015
	£m	£m
Exceptional items in arriving at profit from continuing operations:		
Exceptional finance costs(1)	**0.4**	(44.4)
	0.4	(44.4)
Certain remeasurements in arriving at profit from continuing operations:		
Net (loss)/profit on derivatives at fair value through operating costs(2) Net (loss)/ profit on derivatives at fair value through finance costs	**(1.3)**	4.9
Net profit on derivatives at fair value through finance costs(3)	**10.3**	16.9
	9.0	21.8
Exceptional items and certain remeasurements before taxation	**9.4**	(22.6)
Taxation on exceptional items and certain remeasurements certain remeasurements	**0.2**	0.1
Exceptional items and certain remeasurements after taxation	**9.6**	(22.5)

(1) Exceptional benefit of £0.4m in 2016 primarily relates to costs attributable to the refinancing of the Group in 2015 which are no longer expected to occur. Exceptional finance costs of £44.4m in 2015 relate to the refinancing of the Group on 13 February 2015 and primarily reflect bond make whole payments of £21.7m, accelerated amortisation of bond fees and original issue discount of £16.6m, arrangement fees associated with the revolving credit facility of £4.5m and other costs of £1.6m.

(2) Net loss on derivatives at fair value through operating costs of £1.3m (2015—£4.9m gain) primarily relates to fair value movements in commodity swap contracts and foreign exchange forward contracts relating to commodity purchases.

(3) Net profit on derivatives at fair value through finance costs of £10.3m in 2016 relates to fair value movements in foreign exchange forward contracts relating to interest on the Senior secured notes and the net profit of £16.9m in 2015 primarily relates to fair value movements in cross currency swap contracts.

The tax credit in the profit and loss account relating to exceptional items and certain remeasurements is:

	2016	2015
	£m	£m
Exceptional finance costs	**—**	0.7
Fair valued derivatives through profit & loss	**0.2**	(0.6)
	0.2	0.1

7. Auditors' remuneration

The Group paid the following amounts to the Company's auditors or its associates in respect of the audit of the financial statements and for other services provided to the Group.

	2016	2015
	£'000	£'000
Audit of these financial statements	**45**	40
Audit of subsidiaries pursuant to legislation	**199**	192
	244	232

Fees payable to the Company's auditor and its associates for other services:

Audit related assurance services	**5**	171
Taxation compliance services	**49**	40
Taxation advisory services	**101**	257
Corporate finance services	**278**	415
Other non-audit services	**—**	9
Total non-audit services	**433**	892

8. Employees

	2016	2015
	£m	**£m**
Salaries	**20.2**	20.0
Social security costs	**2.1**	2.1
Pension costs		
—defined contribution plans	**1.3**	1.3
—defined benefit plans	**0.7**	1.7
	24.3	25.1
Less salaries capitalised in property, plant and equipment and intangible assets	**(2.3)**	(1.3)
Charged to the income statement	**22.0**	23.8

	Actual headcount at 31 March		Average during the year	
	Number 2016	Number 2015	Number 2016	Number 2015
Energia Group (excluding renewable assets)	**206**	190	**197**	185
Energia renewable assets	**13**	10	**12**	9
Power NI	**207**	190	**193**	189
PPB	**11**	12	**12**	11
Other	**98**	80	**85**	71
	535	482	**499**	465

Directors' emoluments

No amounts were paid to the directors in respect of qualifying services or long term incentive plans during the year (2015—£nil).

9. Finance costs/income

Finance costs	Results before exceptional items and certain remeasurements 2016	Exceptional items and certain remeasurements 2016	Total 2016	Results before exceptional items and certain remeasurements 2015	Exceptional items and certain remeasurements 2015	Total 2015
	£m	**£m**	**£m**	**£m**	**£m**	**£m**
Interest on external bank loans and borrowings .	**(8.0)**	—	**(8.0)**	(6.9)	—	(6.9)
Interest on senior secured notes	**(33.1)**	—	**(33.1)**	(40.7)	—	(40.7)
Interest payable to parent undertaking	**(23.7)**	—	**(23.7)**	(29.7)	—	(29.7)
Total interest expense . . .	**(64.8)**	—	**(64.8)**	(77.3)	—	(77.3)
Amortisation of financing charges	**(2.2)**	—	**(2.2)**	(7.9)	(16.6)	(24.5)
Unwinding of discount on decommissioning provision	**(0.2)**	—	**(0.2)**	(0.3)	—	(0.3)
Unwinding of discount on shareholder loan	**(25.6)**	—	**(25.6)**	(22.4)	—	(22.4)
Other finance charges . . .	**(0.1)**	**0.4**	**0.3**	—	(27.8)	(27.8)
Total other finance (charges)/income	**(28.1)**	**0.4**	**(27.7)**	(30.6)	(44.4)	(75.0)
Net exchange gain/(loss) on net foreign currency borrowings	**20.1**	—	**20.1**	(18.4)	—	(18.4)
Net gain on financial instruments at fair value through profit or loss	—	**10.3**	**10.3**	—	16.9	16.9
Less interest capitalised in qualifying asset	**3.0**	—	**3.0**	1.3	—	1.3
Total finance costs	**(69.8)**	**10.7**	**(59.1)**	(125.0)	(27.5)	(152.5)
Finance income						
Interest income on loans to associates	**0.8**	—	**0.8**	0.9	—	0.9
Unwinding of discount on junior asset	**30.4**	—	**30.4**	27.1	—	27.1
Interest income on bank deposits	**0.2**	—	**0.2**	0.2	—	0.2
Total finance income	**31.4**	—	**31.4**	28.2	—	28.2

The average capitalisation rate applied in determining the amount of borrowing costs to be capitalised in the period was 5.9% (2015—6.5%).

10. Income tax

The major components of the tax credit for the years ended 31 March 2016 and 2015 are:

	Results before exceptional items and certain remeasurements 2016	Exceptional items and certain remeasurements 2016	Total 2016	Results before exceptional items and certain remeasurements 2015	Exceptional items and certain remeasurements 2015	Total 2015
	£m	£m	£m	£m	£m	£m
Current tax:						
Current tax (charge)/credit	**(0.3)**	**0.2**	**(0.1)**	(0.3)	0.1	(0.2)
Adjustments in respect of prior years	**—**	**—**	**—**	2.8	—	2.8
Total current tax (charge)/credit	**(0.3)**	**0.2**	**(0.1)**	2.5	0.1	2.6
Deferred tax:						
Adjustments in respect of current year	**7.5**	**—**	**7.5**	(0.4)	—	(0.4)
Adjustments in respect of prior years	**0.2**	**—**	**0.2**	0.6	—	0.6
Effect of decreased rate on opening liability . . .	**(1.0)**	**—**	**(1.0)**	—	—	—
Total deferred tax	**6.7**	**—**	**6.7**	0.2	—	0.2
Total taxation credit	**6.4**	**0.2**	**6.6**	2.7	0.1	2.8

Consolidated statement of other comprehensive income

	2016	2015
	£m	£m
Deferred tax related to items recognised in Other Comprehensive Income during the year:		
Net loss on revaluation of cash flow hedges	**1.4**	0.4
Net loss on remeasurement of defined benefit scheme	**0.4**	0.2
Taxation credited to Other Comprehensive Income	**1.8**	0.6

The tax credit for the year can be reconciled to the profit/(loss) per the income statement as follows:

	2016	2015
	£m	**£m**
Accounting profit/(loss) before income tax	**50.4**	(13.0)
	—	
At the statutory—income tax rate of 20% (2015—21%)	**10.1**	(2.8)
Impact of rate change on deferred tax	**1.0**	—
Foreign exchange on translation of debt	**(3.8)**	—
Foreign exchange on fx contracts	**(2.1)**	—
Effect of lower tax rates on overseas earnings	**(5.7)**	4.2
Movement in previously unrecognised temporary differences	**(3.5)**	0.1
Utilisation of tax losses on which no deferred tax asset was recognised	**(2.9)**	(3.6)
Interest expense not paid in the period on which no deferred tax asset is recognised	**—**	5.6
Relief on interest expense paid in the period on which no deferred tax asset was recognised	**—**	(3.8)
Non-deductible interest	**—**	0.4
Other	**0.5**	0.5
Adjustments in respect of previous years	**(0.2)**	(3.4)
Tax credit	**(6.6)**	(2.8)

	Accelerated capital allowances	Losses available for offset against future taxable income	Loan interest	Pension obligation	Revaluation on cash flow hedges	Other	Total
	£m	£m	£m	£m	£m	£m	£m
As at 1 April 2014	(13.5)	7.7	7.3	(0.1)	0.8	0.4	2.6
(Charge)/credit to income statement	(1.7)	1.9	0.3	(0.1)	—	(0.2)	0.2
Credit to equity	—	—	—	0.2	0.4	—	0.6
Foreign exchange	2.2	(0.3)	(1.0)	—	—	0.2	1.1
As at 31 March 2015	(13.0)	9.3	6.6	—	1.2	0.4	4.5
Credit/(charge) to income statement	1.2	(0.1)	6.0	(0.4)	—	—	6.7
Credit to equity	—	—	—	0.4	1.4	—	1.8
Foreign exchange	(1.4)	0.2	0.7	—	—	(0.1)	(0.6)
As at 31 March 2016	**(13.2)**	**9.4**	**13.3**	**—**	**2.6**	**0.3**	**12.4**

Certain deferred tax assets and liabilities have been offset. The following is an analysis of the deferred tax balances (after offset) for financial reporting purposes:

	2016	2015
	£m	**£m**
Deferred tax assets	**25.6**	17.5
Deferred tax liabilities	**(13.2)**	(13.0)
Net deferred tax assets	**12.4**	4.5

Current and deferred tax have been calculated using standard rates of corporation tax in the UK being the prevalent rates of corporation tax of the Group. Deferred tax has been calculated at 18% as at 31 March 2016 reflecting HMRC enactment, in November 2015, of a reduction in the corporation tax rate effective from 1 April 2020. HM Treasury have announced their intention for the main rate of corporation tax in the UK to decrease to 17% by 1 April 2020. As this decrease in rate is not enacted at the balance sheet date it has not been taken into account when calculating UK deferred tax. A decrease in rate to 17% would decrease the recognised net UK deferred tax asset at 31 March 2016 by 0.6m.

A deferred tax asset of £41.4m (2015—£51.9m) has not been recognised in relation to £210m (2015—£222m) of tax losses carried forward and £21m (2015—£47m) of interest on which no tax relief has yet been claimed, due to uncertainty regarding the quantum of future taxable profits in the companies concerned. A decrease in rate to 17% would decrease the unrecognised net UK deferred tax asset at 31 March 2016 by £2.3m.

HM treasury have announced their intention to introduce new rules restricting the availability of loss relief and deductibility of interest charges. These rules are not enacted at the balance sheet date and so have not been taken into account when calculating UK deferred tax. The new rules may decrease the value of UK deferred tax assets un/recognised in respect of tax losses and interest at 31 March 2016.

No deferred tax has been provided at 31 March 2016 (2015—£nil) on temporary differences arising from unremitted earnings of Group subsidiaries on the basis that undistributed profits of subsidiaries will not be distributed in the foreseeable future. In addition any repatriation is unlikely to result in any tax due to the dividend exemption in the UK and the non-taxable nature of the jurisdictions of certain other companies in the Group.

11. Property, plant and equipment

	Thermal generation assets	Renewable generation assets	Freehold operational land	Fixtures and equipment	Total
	£m	£m	£m	£m	£m
Cost or valuation:					
At 1 April 2014	382.5	34.3	12.8	7.4	437.0
Exchange adjustment	(52.8)	(3.1)	(1.6)	(0.1)	(57.6)
Additions	0.6	32.8	—	0.4	33.8
At 31 March 2015	330.3	64.0	11.2	7.7	413.2
Exchange adjustment	35.5	2.6	1.1	0.1	39.3
Additions	2.4	63.7	—	2.0	68.1
Acquisition of subsidiaries	—	8.0	—	—	8.0
At 31 March 2016	**368.2**	**138.3**	**12.3**	**9.8**	**528.6**
Depreciation and impairment:					
At 1 April 2014	160.1	0.2	—	4.8	165.1
Exchange adjustment	(26.1)	(0.1)	—	(0.1)	(26.3)
Depreciation charge for the year	14.9	1.2	—	0.9	17.0
At 31 March 2015	148.9	1.3	—	5.6	155.8
Exchange adjustment	19.3	0.1	—	0.1	19.5
Depreciation charge for the year	13.8	2.5	—	0.9	17.2
At 31 March 2016	**182.0**	**3.9**	**—**	**6.6**	**192.5**
Net book value:					
At 1 April 2014	222.4	34.1	12.8	2.6	271.9
At 31 March 2015	181.4	62.7	11.2	2.1	257.4
At 31 March 2016	**186.2**	**134.4**	**12.3**	**3.2**	**336.1**

(i) Included in renewable generation assets are amounts in respect of assets under construction amounting to £88.8m (2015—£23.3m) and capitalised interest of £5.9m (2015—£2.7m).

12. Intangible assets

	Software costs	Renewable development assets	Emission allowances, ROCs, LECs & EECs	Goodwill	Total
	£m	£m	£m	£m	£m
Cost:					
At 1 April 2014	27.8	8.3	15.5	463.9	515.5
Exchange adjustment	(0.3)	—	(0.2)	(0.2)	(0.7)
Additions	0.8	—	54.5	—	55.3
Disposals/surrenders in settlement of obligations	—	—	(35.4)	—	(35.4)
At 31 March 2015	28.3	8.3	34.4	463.7	534.7
Exchange adjustment	0.2	—	0.2	0.1	0.5
Additions	0.8	2.0	76.0	—	78.8
Disposals/surrenders in settlement of obligations	—	—	(65.2)	—	(65.2)
Acquisition of subsidiaries	—	5.8	—	—	5.8
At 31 March 2016	**29.3**	**16.1**	**45.4**	**463.8**	**554.6**
Amortisation and impairment:					
At 1 April 2014	14.4	—	—	1.4	15.8
Exchange adjustment	—	—	—	(0.2)	(0.2)
Amortisation	3.7	—	—	—	3.7
At 31 March 2015	18.1	—	—	1.2	19.3
Exchange adjustment	0.1	—	—	0.1	0.2
Amortisation	3.7	0.1	—	—	3.8
At 31 March 2016	**21.9**	**0.1**	**—**	**1.3**	**23.3**
Net book value:					
At 1 April 2014	13.4	8.3	15.5	462.5	499.7
At 31 March 2015	10.2	8.3	34.4	462.5	515.4
At 31 March 2016	**7.4**	**16.0**	**45.4**	**462.5**	**531.3**

(i) Included in Emission Allowances, ROCs, LECs & EECs at 31 March 2016 is an amount of £0.8m (2015—£0.8m) relating to self-generating ROCs which were initially recognised at fair value of £0.8m (2015—£0.8m).

13. Impairment testing of goodwill and intangible assets with indefinite lives

The Group has five CGUs outlined below:

- Huntstown generation;
- Energia supply;
- Energia renewable assets;
- Power NI; and
- PPB.

The CGUs align to the Group operating and reportable segments as identified in note 4 with the exception of the Energia Group (excluding renewable assets) which has been split into two CGUs, Huntstown generation and Energia supply as the cash flows from Huntstown generation are largely independent of the cash flows of the Energia Supply CGU.

The carrying amount of goodwill is allocated to each of the CGUs as follows:

CGU	2016	2015
	£m	**£m**
Energia supply	**336.5**	336.5
Power NI	**126.0**	126.0
Total goodwill	**462.5**	462.5

The recoverable amount of the goodwill allocated to Energia supply and Power NI together with the property, plant and equipment of each CGU, has been determined based on a value in use calculation using cash flow projections from the Group's five year business plan as approved by the Board together with a long term growth rate of 2% applied thereafter. The Group's business model is based on past experience and reflects the Group's forward view of market prices, risks and its strategic objectives. The recoverable amount is compared to the carrying amount of the CGU to determine whether the CGU is impaired.

Key assumptions used in value in use calculations

The key assumptions used for the value in use assumptions are as follow:

Discount rates

The pre-tax discount rate used in the calculation of the value in use for the CGUs was 10.8% (2015—11.0%) reflecting management's estimate of the Weighted Average Cost of Capital post-tax rate required to assess operating performance and to evaluate future capital investment proposals.

These rates reflect market projections of the risk-free rate in the jurisdictions in which the Group operates, equity risk premiums and the cost of debt appropriate to the industry.

Energia supply CGU

The key assumptions on which the cash flow projections of this CGU are based are as follows:

- Retail supply revenues for electricity and gas are based on the expected market share derived from the market share at the time of the approval of the business model adjusted for forecasted growth. Growth in business customer numbers is modest and growth in respect of Energia's entry into the RoI domestic market is moderate with cash flows associated with increased customer service and customer acquisition incorporated accordingly;
- Retail supply margins are based on historic and projected gross margin percentages;
- Renewable PPA revenues are based on capacity in operation at the time of the approval of the business model adjusted for forecasted growth. Growth in capacity primarily reflects contracted PPAs and uncontracted growth is moderate; and
- Renewable PPAs margins are based on forecast electricity market prices and the underpinning support mechanisms of REFIT in the RoI and ROCs in Northern Ireland.

Outcome of tests:

The recoverable amount of the Energia supply CGU exceeded the respective carrying value at the time of the impairment test. While cash flows are subject to inherent uncertainty, reasonable possible changes in the key assumptions applied in assessing the value in use would not cause a change to the conclusion reached.

Power NI CGU

The key assumptions on which the cash flow projections of this CGU are based are as follows:

- Regulated revenues and margins are underpinned by the regulatory price control in place to 31 March 2017 together with the terms of the agreed extension to 31 March 2019;

- Customer attrition is assumed however the nature of the price control with regulated entitlement 70% fixed and 30% variable reduces the impact of customer losses; and
- Unregulated retail supply margins for business customers are based on historic and projected gross margin percentages.

Outcome of tests:

The recoverable amount of the Power NI CGU exceeded the respective carrying value at the time of the impairment test. While cash flows are subject to inherent uncertainty, reasonable possible changes in the key assumptions applied in assessing the value in use would not cause a change to the conclusion reached.

14. Investment in associates

At 31 March 2015 and 2016 the Group has a 25% interest in Eco Wind Power Limited (EWP) and a 20% interest in IIF Cyclone NI Holdco Limited (IIF Cyclone) (collectively, the "Associates").

EWP is incorporated in the Republic of Ireland and carries on the business of wind farm generation. IIF Cyclone is incorporated in Northern Ireland and carries on the business of wind farm generation. The Group's interests in the Associates are accounted for using the equity method in the consolidated financial statements. Under their project finance facilities, distributions can only be made by the Associates when specific debt service cover ratio or other threshold levels have been achieved. The following table illustrates the summarised financial information of the Group's investment in its associates:

Balance Sheet	As at 31 March 2016	As at 31 March 2015
	£m	£m
Goodwill	**7.8**	7.4
Current assets	**13.4**	12.7
Non-current assets	**87.2**	90.0
Derivative liabilities	**(6.7)**	(8.9)
Current liabilities	**(17.6)**	(11.1)
Non-current liabilities	**(114.7)**	(115.6)
Equity	**(30.6)**	(25.5)
Proportion of the Group's share of equity excluding goodwill	**(9.5)**	(8.3)
Goodwill	**7.8**	7.4
Loan to associates	**7.9**	7.0
Carrying amount of the investment	**6.2**	6.1

Income Statement	Year ended 2016	Year ended 2015
	£m	£m
Revenue	**15.7**	15.9
Operating profit	**5.0**	5.1
Finance costs	**(10.2)**	(8.8)
Loss before tax	**(5.2)**	(3.7)
Taxation	**0.2**	—
Loss for the year	**(5.0)**	(3.7)
Other comprehensive income		
Net movement in cash flow hedges	**2.3**	(2.8)
Total comprehensive expense for the year	**(2.7)**	(6.5)
Group's share of loss for the year	**(1.3)**	(0.9)
Group's share of other comprehensive income/(expense) for the year	**0.6**	(0.5)

15. Business combinations and disposals

Acquisitions in 2016

In July 2015, the Group acquired 100% of the shares of Altamuskin Windfarm Limited (Altamuskin) and Gortfinbar Windfarm Limited (Gortfinbar) and in August 2015 acquired 100% of the shares of Mosslee Limited (Glenbuck), all unlisted companies in Northern Ireland. The acquisitions contribute towards the Group's aim of growing its renewable generation business in Ireland.

Total consideration for the acquisitions comprised £3.8m cash and £1.8m deferred consideration.

Assets acquired and liabilities assumed

The combined fair values of the identifiable assets and liabilities of Altamuskin, Gortfinbar and Glenbuck as at the date of acquisition were:

	Fair value recognised on acquisition
	£m
Assets	
Property plant and equipment	8.0
Other receivables	0.5
Cash	0.1
	8.6
Liabilities	
Other payables	(0.2)
Other loans and borrowings	(0.3)
Shareholder loans and borrowings	(8.3)
Total identifiable net liabilities at fair value	(0.2)
Intangible assets (development assets) arising on acquisition	5.8
Purchase consideration transferred	5.6
Purchase consideration made up of:	
Cash	3.8
Deferred consideration	1.8
	5.6
Analysis of cash flows on acquisition:	
Cash paid	3.8
Discharge of amounts owed to shareholders	8.3
Discharge of other liabilities	0.2
Net cash flows on acquisition	12.3

Transaction costs of £0.2m were expensed in 2016 and are included in other operating charges.

Gortfinbar, Glenbuck and Altamuskin are currently under construction. None of the above wind farms have generated any revenues or profit for the Group during the period.

Deferred consideration

Deferred consideration recognised at acquisition of £1.8m was payable in respect of the above acquisitions in accordance with financing timelines, of which £0.4m was paid during the year in relation to Gortfinbar with the remaining £1.4m paid in April 2016 in relation to Altamuskin.

Contingent consideration

On acquisition of Gortfinbar, contingent consideration was not expected to be payable and subsequently the rights to such contingent consideration was waived by the vendor. Contingent consideration of £1.7m was paid during the year in respect of the acquisition of Long Mountain Wind Farm Limited in October 2013.

16. Group information

Information about subsidiaries

Principal investments in which the Group held 100% of ordinary shares at 31 March 2016 are listed below:

Name	Principal activities	Country of incorporation
Regulated businesses		
Power NI Energy Limited(1)(*) . .	Power procurement and supply of electricity	Northern Ireland
Energia Group (excluding renewable assets)		
Huntstown Power Company Limited(*)	Electricity generation	Republic of Ireland
Viridian Power Limited(*)	Electricity generation	Republic of Ireland
Viridian Energy Supply Limited (trading as Energia)(*)	Energy supply	Northern Ireland
Viridian Energy Limited (trading as Energia)(*)	Energy supply	Republic of Ireland
GenSys Power Limited (trading as GenSys)(*)	Operating and maintenance services	Republic of Ireland
Viridian Power and Energy Holdings Limited(*)	Holding company	Republic of Ireland
Viridian Power and Energy Limited(*)	Holding company	Northern Ireland
Power and Energy Holdings (RoI) Limited(*)	Holding company	Republic of Ireland
Energia renewable assets		
Non-restricted		
Viridian Renewables Company 1 Limited(*)	Holding company	Northern Ireland
Viridian Renewables Company 2 Limited(*)	Holding company	Northern Ireland
Viridian Renewables Development Limited(*)	Holding company	Republic of Ireland
Viridian Renewables RoI Limited(*)	Holding company	Republic of Ireland
MD South Windfarm Limited(*)	Renewable development	Republic of Ireland
Whaplode Limited(*)	Renewable development	Republic of Ireland
Eshmore Wind Limited(*)	Holding company	Republic of Ireland
Eshmore Ltd(*)	Renewable development	Northern Ireland
Lisglass Wind Ltd(*)	Renewable development	Northern Ireland
Altamuskin Windfarm Limited(*)	Renewable development	Northern Ireland

Name	Principal activities	Country of incorporation
Restricted[2]		
Viridian Renewables Company 3 Limited(*)	Holding company	Northern Ireland
Holyford Windfarm Limited(*)	Renewable generation	Republic of Ireland
Windgeneration Ireland Limited(*)	Renewable development	Republic of Ireland
Clondermot Wind Limited(*)	Renewable generation	Northern Ireland
Thornog Windfarm Ltd(*)	Renewable generation	Northern Ireland
Long Mountain Wind Farm Limited(*)	Renewable development	Northern Ireland
Gortfinbar Windfarm Limited(*)	Renewable development	Northern Ireland
Mosslee Limited(*)	Renewable development	Northern Ireland
Other		
Viridian Properties Limited(*)	Property	Northern Ireland
Viridian Insurance Limited(*)	Insurance	Isle of Man
EI Ventures Limited(*)	Holding company	Great Britain
ElectricInvest Acquisitions Limited(*)	Holding company	Great Britain
ElectricInvest Holding Company Limited(*)	Holding company	Great Britain
ElectricInvest (Cayman) Limited(*)	Holding Company	Cayman Islands
ElectricInvest (Lux) RoI S.à.r.l.(*)	Holding company	Grand Duchy of Luxembourg
Viridian Capital Limited(*)	Holding company	Northern Ireland
Viridian Enterprises Limited(*)	Holding company	Northern Ireland
Viridian Group Limited(*)	Holding company	Northern Ireland
Viridian Group Fundco I Limited(*)	Holding Company	Cayman Islands
Viridian Group Fundco II Limited(*)	Holding Company	Cayman Islands
Viridian Group Fundco III Limited(*)	Holding Company	Cayman Islands

* held by a subsidiary undertaking

(1) consists of the operating businesses of Power NI and PPB

(2) restricted Energia renewable assets comprise those subsidiaries with project finance facilities with restricted cash which is subject to bi-annual distribution debt service requirements

Ultimate parent undertaking, controlling party and related party transactions

The parent undertaking of the Company is Viridian Group Holdings Limited, a company incorporated in the Cayman Islands. Up to 29 April 2016 the ultimate parent undertaking of the Company and controlling party of the Group, as defined by IFRS 10, "Consolidated Financial Statements" was ElectricInvest Investments Limited a company incorporated in the Cayman Islands. On completion of the change of control noted on page 4, after 29 April 2016 the ultimate parent undertaking of the Company and controlling party of the Group, as defined by IFRS 10, "Consolidated Financial Statements" is ISQ Viridian Holdings L.P., a limited partnership incorporated in the Cayman Islands.

17. Other financial assets

	2016	2015
	£m	**£m**
Other financial assets		
Loans and receivables:		
Security deposits	**10.9**	2.4
Short term managed funds	**1.4**	1.4
Total loans and receivables	**12.3**	3.8
Financial instruments held to maturity:		
Investment in parent undertaking's junior bank facility	**199.4**	162.6
Viridian Growth Fund	**0.1**	0.6
Total other financial assets	**211.8**	167.0
Total non-current	**199.5**	163.2
Total current	**12.3**	3.8

Loans and receivables are held to maturity and generate a fixed or variable interest income for the Group. The carrying value may be affected by changes in the credit risk of the counterparties.

18. Trade and other receivables

	2016	2015
	£m	**£m**
Trade receivables (including unbilled consumption)	**125.1**	131.7
Prepayments and accrued income	**35.2**	26.8
Other receivables	**0.8**	2.6
Amounts owed by fellow group undertaking	**0.7**	0.2
	161.8	161.3

Trade receivables are non-interest bearing and are generally on terms of 14 to 90 days.

See below for the movements in the provision for impairment of receivables.

	£m
At 1 April 2014	12.3
Foreign exchange adjustment	(0.5)
Charge for the year	3.8
Utilised	(4.5)
At 31 March 2015	11.1
Foreign exchange adjustment	0.4
Charge for the year	3.7
Utilised	(2.9)
At 31 March 2016	**12.3**

As at 31 March, the ageing analysis of trade receivables is as follows:

	Total	Neither past due nor impaired	Past due but not impaired			
			< 30 days	30-60 days	61-90 days	> 90 days
	£m	£m	£m	£m	£m	£m
2015	131.7	95.6	23.5	5.4	3.2	4.0
2016	**125.1**	**94.2**	**20.2**	**5.2**	**2.6**	**2.9**

The credit quality of trade receivables that are neither past due nor impaired is assessed by reference to external credit ratings where available otherwise historical information relating to counterparty default rates combined with current knowledge of the counterparty is used.

19. Cash and cash equivalents

	2016	2015
	£m	£m
Cash at bank and on hand	**27.9**	24.9
Short-term bank deposits	**48.6**	47.6
	76.5	72.5

Cash at bank earns interest at floating rates based on daily bank deposit rates.

At 31 March 2016, the Group had available £145.5m (2015—£118.6m) of undrawn committed borrowing facilities relating to the Senior revolving credit facility and £114.0m (2015—£2.0m) of undrawn committed borrowing facilities relating to the project finance facilities. £8.7m (2015—£3.8m) of cash was restricted in the project financed wind farms and is subject to bi-annual distribution debt service requirements.

20. Trade and other payables

	2016	2015
	£m	£m
Trade creditors	**51.0**	42.8
Other creditors	**34.7**	30.5
Amounts owed to associate	**2.0**	2.4
Payments received on account	**27.4**	29.2
Tax and social security	**8.2**	6.6
Accruals	**139.4**	123.8
	262.7	235.3

Trade creditors are non-interest bearing and are normally settled within 45 day terms.

21. Financial liabilities

	2016	2015
	£m	£m
Current financial liabilities:		
Senior secured notes interest payable	**3.0**	4.1
Other interest payable	**0.7**	0.6
Project financed bank facilities (RoI)	**0.3**	0.4
Project financed bank facilities (NI)	**1.1**	0.9
Project finance interest accruals	**0.1**	—
Deferred consideration	**1.4**	—
Contingent consideration	**—**	1.7
Total current financial liabilities	**6.6**	7.7
Non-current financial liabilities:		
Senior secured notes	**468.5**	425.2
Subordinated shareholder loan	**386.8**	356.9
Project financed bank facilities (NI)	**33.6**	27.0
Project financed bank facilities (RoI)	**38.6**	8.7
Total non-current financial liabilities	**927.5**	817.8
Total current and non-current financial liabilities	**934.1**	825.5

Senior secured notes and senior revolving credit facility

The Senior secured notes and Senior revolving credit facility are secured by way of fixed and floating charges over the assets of the Group's material non-regulated and intermediary holding company subsidiaries, together with first ranking share pledges over the shareholdings in the Group's material and intermediary holding company subsidiaries including the regulated subsidiaries Power NI Energy Limited and ElectricInvest (Cayman) Limited. On enforcement the Senior revolving credit facility would be repaid in advance of the Senior secured notes. The carrying value of the Senior secured notes include unamortised costs of £7.2m (2015—£8.9m).

The Senior secured notes are denominated in Euro €600m (2015—€600.0m) and interest, which is payable semi-annually, is charged at a fixed rate coupon of 7.5% (2015—7.5%). The Senior secured notes are repayable in one instalment on 1 March 2020.

In June 2015 the Group put in place €150.0m foreign exchange forward contracts to hedge the foreign exchange risk on the Euro denominated Senior secured notes associated with the forecast sterling cash generation of the Group.

The Senior secured notes includes an option for the period to 1 September 2017 to redeem annually up to 10% of the original principal at a redemption price of 103%.

Interest is charged under the Senior revolving credit facility at floating interest rates based on Libor and Euribor.

Subordinated shareholder loan

The loan payable to the parent undertaking is subordinated to the repayment of the Senior secured notes and the Senior revolving credit facility and becomes repayable on demand once all facilities to which it is subordinated are repaid. Of this loan £208.4m (2015—£182.8m) is non-interest bearing and £178.4m (2015—£174.1m) accrues interest at 13.5% on a payment in kind basis.

During the year the Group elected to cash pay part of the loan principal at each quarter end date, which totalled £19.3m.

Project financed bank facilities

The project financed bank loan facilities are repayable in semi-annual instalments to 2034 and are secured on a non-recourse basis over the assets and shares of the specific project finance companies. Interest on the project finance bank loan facilities has been predominantly fixed through interest rate swaps resulting in an effective rate of interest of 5.89% (2015—4.64%) on project financed bank facilities NI and 3.49% (2015—5.82%) on the project financed bank facilities RoI.

22. Deferred income

	2016	2015
	£m	**£m**
At 1 April	**0.6**	0.9
Released to the income statement	**(0.3)**	(0.3)
At 31 March	**0.3**	0.6
Current	**0.3**	0.3
Non-current	**—**	0.3
	0.3	0.6

The deferred income arises from contributions in respect of certain property, plant and equipment assets.

23. Pensions and other post- employment benefit plans

	2016	2015
	£m	**£m**
Net employee defined benefit liability (before deferred tax)	**(0.1)**	(0.8)

The VGPS has two sections: a money purchase section (known as 'Options') and a defined benefit section (known as 'Focus'). The defined benefit section is closed to new entrants. There is also a money purchase arrangement for employees in the RoI known as 'Choices'. Most employees of the Group are members of VGPS Options or Choices.

The assets of the Focus section are held under trust and invested by the trustees on the advice of professional investment managers.

The regulatory framework in the UK requires the Trustees and Group to agree upon the assumptions underlying the funding target, and then to agree upon the necessary contributions required to recover any deficit at the valuation date. There is a risk to the Group that adverse experience could lead to a requirement for the Group to make further contributions to recover any deficit.

The Trustees regularly review the investment strategy of VGPS and target to maintain the mix of investments between 45% on-risk and 55% off-risk.

The last actuarial valuation of VGPS was as at 31 March 2015 and under the terms of the recovery plan agreed with the trustees, the Group will make good the £7.9m funding shortfall through annual deficit repair contribution of £1.25m for seven years.

The following tables summarise the components of net benefit expense recognised in the income statement and the funded status and amounts recognised in the balance sheet for the VGPS:

VGPS focus section

Changes in the defined benefit obligation, fair value of Focus assets and unrecognised past service costs are as follows:

	2016	2015
	£m	£m
Market value of assets at 1 April	**40.6**	31.3
Interest income	**1.3**	1.4
Contributions from employer	**3.0**	2.2
Contributions from scheme members	**0.1**	0.1
Benefits paid	**(2.6)**	(0.4)
(Loss)/return on plan assets (excluding amounts in the net interest expense)	**(1.4)**	4.4
Transfer of employees	**—**	1.6
Market value of assets at 31 March	**41.0**	40.6
Actuarial value of liabilities at 1 April	**40.6**	31.3
Interest cost	**1.3**	1.4
Current service cost	**0.7**	0.7
Contributions from scheme members	**0.1**	0.1
Past service cost	**—**	0.5
Benefits paid	**(2.6)**	(0.4)
Actuarial gain arising from changes in demographic assumptions	**(0.3)**	—
Actuarial loss arising from changes in financial assumptions	**1.4**	4.9
Actuarial gain from experience	**(0.1)**	—
Transfer of employees	**—**	2.1
Actuarial value of liabilities at 31 March	**41.1**	40.6
Pension liability	**(0.1)**	—
IFRIC 14 liability	**—**	(0.9)
Pension liability before deferred tax	**—**	(0.9)
Related deferred tax asset	**—**	0.1
Net pension liability	**(0.1)**	(0.8)
Analysis of amounts recognised in employee costs:		
Current service cost	**(0.7)**	(0.7)
Past service cost	**—**	(0.5)
Transfer of employee assets	**—**	1.6
Transfer of employees liabilities	**—**	(2.1)
	(0.7)	(1.7)
Analysis of amounts recognised in other comprehensive income:		
(Loss)/return on plan assets (excluding amounts in the net interest expense)	**(1.4)**	4.4
Actuarial gain arising from changes in demographic assumptions	**0.3**	—
Actuarial loss arising from changes in financial assumptions	**(1.4)**	(4.9)
Decrease in IFRIC 14 liability	**0.9**	0.1
	(1.6)	(0.4)

In accordance with IFRIC 14—"IAS 19—The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction" no liability (2015—£0.9m) has been recognised in 2016.

The actual loss in Focus assets for 2016 amounted to £0.1m (2015—£5.8m gain).

Past service costs of £0.5m in 2015 relate to the Power NI voluntary severance scheme.

A net cost of £0.5m was recognised in 2015 in relation to the transfer in of 4 Capita employees on 1 April 2014.

The major categories of Focus assets of the fair value of the total plan assets are, as follows:

	VGPS Focus section	
	2016	**2015**
	£m	**£m**
Unquoted investments:		
—Equity investments	**11.1**	16.1
—Bonds	**21.7**	20.5
—Other	**8.2**	4.0
Total assets	**41.0**	40.6

The principal assumptions used in determining pension and post-employment medical benefit obligations for the VGPS Focus are shown below:

	2016	**2015**
Rate of increase in pensionable salaries	**2.7% p.a.**	2.5% p.a.
Rate of increase in pensions in payment	**2.2% p.a.**	2.0% p.a.
Discount rate	**3.2% p.a.**	3.2% p.a.
Inflation assumption (based on CPI)	**2.2% p.a.**	2.0% p.a.
Life expectancy:		
—current pensioners (at age 60)—males	**25.9 years**	26.0 years
—current pensioners (at age 60)—females	**28.6 years**	28.7 years
—future pensioners (at age 60)—males	**27.8 years**	27.9 years
—future pensioners (at age 60)—females	**30.6 years**	30.7 years

The life expectancy assumptions are based on standard actuarial mortality tables and include an allowance for future changes in life expectancy.

A quantitative sensitivity analysis for significant assumptions as at 31 March is as shown below:

		Impact on net defined benefit obligation Increase/ (decrease)	
Assumptions	**Sensitivity level**	**2016**	**2015**
		£m	**£m**
Pensionable salaries	1% increase	**1.3**	1.4
	1% decrease	**(1.3)**	(1.4)
Pension payments	0.5% increase	**3.0**	2.6
	0.5% decrease	**(2.7)**	(2.4)
Discount rate	0.5% increase	**(3.4)**	(3.1)
	0.5% decrease	**3.9**	3.5
Inflation	1% increase	**6.3**	5.6
	1% decrease	**(5.2)**	(4.5)
Life expectancy of male pensioners	Increase by 1 year	**0.6**	0.4
	Decrease by 1 year	**(0.6)**	(0.4)
Life expectancy of female pensioners	Increase by 1 year	**0.3**	0.4
	Decrease by 1 year	**(0.3)**	(0.4)

The sensitivity analyses above have been determined based on a method that extrapolates the impact on net defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The following payments are expected contributions to be made in the future years towards the defined benefit plan obligation:

	2016	**2015**
	£m	**£m**
Within the next 12 months (next annual reporting period)	**2.2**	2.7
Between two and five years	**8.8**	8.6
Between five and ten years	**6.1**	4.5
Total expected payments	**17.1**	15.8

The average duration of the defined benefit plan obligation at the end of the reporting period is 20 years (2015—20 years).

24. Provisions

	Decommissioning	Liabilities and damage claims	Total
	£m	£m	£m
At 1 April 2014	11.2	0.1	11.3
Foreign exchange adjustment	(1.4)	—	(1.4)
New plant commissioned	0.3	—	0.3
Unwinding of discount	0.3	—	0.3
Changes in the discount rate	0.8	—	0.8
At 31 March 2015	11.2	0.1	11.3
Foreign exchange adjustment	1.0	—	1.0
New plant commissioned	0.1	—	0.1
Unwinding of discount	0.2	—	0.2
Changes in the discount rate	0.1	—	0.1
At 31 March 2016	**12.6**	**0.1**	**12.7**
Non-current	12.6	0.1	12.7

Liability and damage claims

Notwithstanding the intention of the directors to defend vigorously claims made against the Group, liability and damage claim provisions have been made which represent the directors' best estimate of costs expected to arise from ongoing third party litigation matters and employee claims. These provisions are expected to be utilised within a period not exceeding four years.

Decommissioning

Provision has been made for decommissioning generation assets. The provision represents the present value of the current estimated costs of closure of the plants at the end of their useful economic lives. The provisions have been discounted using a weighted average rate of 2.032% (2015—2.032%) and are expected to be utilised within a period not exceeding twenty one years.

25. Financial assets and financial liabilities

Derivative financial assets

	2016	2015
	£m	£m
Derivatives at fair value through other comprehensive income		
Cash flow hedges:		
Foreign exchange forward contracts	**2.3**	4.4
Interest rate swap contracts	**1.1**	—
Commodity swap contracts	**—**	0.1
Total derivatives at fair value through other comprehensive income	**3.4**	4.5
Derivatives at fair value through profit and loss		
Derivatives not designated as hedges:		
Foreign exchange forward contracts	**11.1**	2.3
Commodity swap contracts	**0.6**	2.4
Total derivatives at fair value through profit and loss	**11.7**	4.7
Total derivative financial assets	**15.1**	9.2
Total non-current	**11.1**	0.6
Total current	**4.0**	8.6

Derivative financial liabilities

	2016	2015
	£m	£m
Derivatives at fair value through other comprehensive income		
Cash flow hedges:		
Foreign exchange forward contracts	**(4.7)**	(2.5)
Commodity swap contracts	**(7.8)**	(2.9)
Interest rate swap contracts	**(11.1)**	(5.1)
Total derivatives at fair value through other comprehensive income	**(23.6)**	(10.5)
Derivatives at fair value through profit and loss		
Derivatives not designated as hedges:		
Foreign exchange forward contracts	**(0.6)**	(0.8)
Commodity swap contracts	**(2.7)**	(4.4)
Total derivatives at fair value through profit and loss	**(3.3)**	(5.2)
Total derivative financial liabilities	**(26.9)**	(15.7)
Total non-current	**(11.2)**	(4.8)
Total current	**(15.7)**	(10.9)

Hedging activities and derivatives

Cash flow hedges

Cash flow hedges are derivative contracts entered into to hedge a forecast transaction or cash flow risk generally arising from a change in interest rates, commodity rates or foreign currency exchange rates and which meets the effectiveness criteria prescribed by IAS 39. The Group's accounting policy for cash flow hedges is set out in note 3.

	2016	2015
	£m	£m
Accumulated loss included in equity (excluding associates)	**(20.2)**	(6.0)
The table below summarises the maturity of cash flow hedges:		
Derivative financial assets		
In one year or less	**2.3**	3.9
In more than one year but less than five years	**—**	0.6
In more than five years	**1.1**	—
Gains through other comprehensive income	**3.4**	4.5
Derivative financial liabilities		
In one year or less	**(12.5)**	(5.7)
In more than one year but less than five years	**(8.5)**	(2.8)
In more than five years	**(2.6)**	(2.0)
Losses through other comprehensive income	**(23.6)**	(10.5)
	(20.2)	(6.0)

The table below summarises the gains and losses recognised during the year:

Net loss due to remeasurements	**(28.0)**	(14.2)
Loss transferred from equity to the income statement in respect of:		
Completed hedges	**(13.8)**	(13.7)
	(13.8)	(13.7)
Recognised within:		
Operating costs	**(12.9)**	(12.6)
Finance costs	**(0.9)**	(1.1)
	(13.8)	(13.7)

Fair value through profit and loss

The Group has derivative contracts that are not accounted for as hedges under IAS 39. The table below summarises the gains and losses recognised on these contracts in the income statement during the year.

	2016	**2015**
	£m	**£m**
Net gain due to remeasurements	**9.0**	21.8

Hedge of net investment in foreign operations

Included in financial liabilities, loans and borrowings at 31 March 2016 was €600.0m (2015—€600.0m) Euro denominated Senior secured notes. The Group has not designated a hedging relationship between the Euro-denominated assets on the Group's balance sheet and the Group's Euro borrowings in the current year. In 2015 a €165.0m portion was designated as a hedge of the net investments in foreign subsidiaries of the Group. This portion of the borrowing was until 31 March 2015 being used to hedge the Group's exposure to the Euro / Sterling foreign exchange risk on these investments. The gain on the retranslation of this portion of the borrowings was transferred to other comprehensive income to offset gains or losses on retranslation of the net investments in the subsidiaries. There was no ineffectiveness in the year ended 31 March 2015.

Fair values

As indicated in note 3(d) the Group uses the hierarchy as set out in IFRS 7 Financial Instruments: Disclosures for determining the fair value of derivatives by valuation technique. A summary of the fair values of financial assets and liabilities of the Group, together with their carrying values shown in the balance sheet and their fair value hierarchy is as follows:

	2016 Carrying value	2016 Fair value	2015 Carrying value	2015 Fair value
	£m	**£m**	**£m**	**£m**
Level 2				
Non-current assets				
Derivative financial instruments	**11.1**	**11.1**	0.6	0.6
Viridian Growth Fund	**0.1**	**0.1**	0.6	0.6
Investment in parent undertaking's junior bank facility	**199.4**	**202.8**	162.6	162.6
Current assets				
Trade and other receivables	**161.8**	**161.8**	161.3	161.3
Derivative financial instruments	**4.0**	**4.0**	8.6	8.6
Other current financial assets	**12.3**	**12.3**	3.8	3.8
Cash and cash equivalents	**76.5**	**76.5**	72.5	72.5
Current liabilities				
Trade and other payables (excluding tax and social security)	**(254.5)**	**(254.5)**	(228.7)	(228.7)
Financial liabilities (excluding contingent consideration)	**(6.6)**	**(6.6)**	(6.0)	(6.0)
Derivative financial instruments	**(15.7)**	**(15.7)**	(10.9)	(10.9)
Non-current liabilities				
Senior secured notes	**(468.5)**	**(500.3)**	(425.2)	(446.1)
Subordinated shareholder loan	**(386.8)**	**(387.5)**	(356.9)	(356.9)
Project financed bank facilities (NI)	**(33.6)**	**(33.6)**	(27.0)	(27.0)
Project financed bank facilities (RoI)	**(38.6)**	**(38.6)**	(8.7)	(8.7)
Derivative financial instruments	**(11.2)**	**(11.2)**	(4.8)	(4.8)
Level 3				
Current liabilities				
Financial liabilities (contingent consideration)	**—**	**—**	(1.7)	(1.7)

The carrying value of cash, trade receivables, trade payables and other current assets and liabilities is equivalent to fair value due to the short term maturities of these items. Contingent consideration and derivatives are measured at fair value. The fair value of deferred consideration is considered by the Directors to fall within the level 2 fair value hierarchy. There have been no transfers between hierarchy.

The fair value of the Group's project financed bank facilities (RoI), project financed bank facilities (NI) and Senior revolving credit facility are determined by using discounted cash flows based on the Group's borrowing rate. The fair value of the Group's Senior secured notes are based on the quoted market price. The fair value of interest rate swaps, foreign exchange forward contracts, foreign exchange cross currency swaps and commodity contracts has been valued by calculating the present value of future cash flows, estimated using forward rates from third party market price quotations.

The fair value of the Group's project financed bank facilities (RoI) and project financed bank facilities (NI) are a close approximation to their carrying value given that they bear interest at floating rates based on Libor/Euribor.

The subordinated shareholder loan at 31 March 2016 comprises a non-interest bearing loan from parent undertaking at a carrying value of £208.4m (2015—£182.8m) and an interest bearing loan from parent undertaking at a carrying value of £178.4m (2015—£174.1m). The fair values of these loans at 31 March 2016 are estimated to be £209.7m (2015—£182.8m) and £177.8m (2015—£174.1m), respectively. These fair values have been estimated by discounting the cash flows arising under each loan at a rate based on the quoted market price of the parent undertaking's Junior bank facility A.

The fair value of the non-interest bearing asset due from the parent undertaking at 31 March 2016 has been estimated by discounting the cash flows arising from the asset at a rate based on the quoted market price of the parent undertaking's Junior bank facility A.

Financial risk management objectives and policies

A summary of the Group's financial management objectives and policies is set out in the financial control section of the Risk Management and Principal Risks and Uncertainties report. The following table summarises the maturity profile of the Group's trade and other payables, financial liabilities and derivatives based on contractual undiscounted payments:

	Within one year	1 to 5 years	>5 years	Total	Carrying Value Total
	£m	£m	£m	£m	£m
Year ended 31 March 2016					
Trade and other payables (excluding tax and social security)	**(254.5)**	**—**	**—**	**(254.5)**	**(254.5)**
Financial liabilities	**(43.0)**	**(1,299.4)**	**(79.6)**	**(1,422.0)**	**(934.1)**
Derivatives at fair value through other comprehensive income	**(12.5)**	**(8.9)**	**(3.0)**	**(24.4)**	**(23.6)**
Derivative at fair value through profit and loss	**(2.9)**	**(0.4)**	**—**	**(3.3)**	**(3.3)**
	(312.9)	**(1,308.7)**	**(82.6)**	**(1,704.2)**	**(1,215.5)**
Year ended 31 March 2015					
Trade and other payables (excluding tax and social security)	(228.7)	—	—	(228.7)	(228.7)
Financial liabilities	(37.6)	(1,263.6)	(42.5)	(1,343.7)	(825.5)
Derivatives at fair value through other comprehensive income	(5.7)	(2.9)	(2.2)	(10.8)	(10.5)
Derivative at fair value through profit and loss	(5.1)	(0.1)	—	(5.2)	(5.2)
	(277.1)	(1,266.6)	(44.7)	(1,588.4)	(1,069.9)

The disclosed financial derivative instruments in the above table are the gross undiscounted cash flows. However, those amounts may be settled gross or net.

At 31 March 2016, the Group is exposed to future changes in the fair value of unsettled derivative financial instruments and certain other financial liabilities. The sensitivity analysis for the market risks showing the impact on profit before tax and equity is set out below. These sensitivities are based on an assessment of market rate movements during the year and each is considered to be a reasonably possible range.

	Sensitivity	Change	Impact on profit Increase	Impact on profit Decrease	Impact on equity Increase	Impact on equity Decrease
			£m	£m	£m	£m
At 31 March 2016						
Foreign exchange forward contracts	Euro exchange rate	+/−10%	**(12.3)**	**15.0**	**(9.8)**	**13.5**
Gas swaps	price per therm	+/−10p	**3.6**	**(3.6)**	**(2.1)**	**2.1**
Interest rate swaps	Libor/ Euribor	+/− 0.25%	**—**	**—**	**3.7**	**(3.7)**
Project financed bank facilities	Libor/ Euribor	+/− 0.25%	**0.2**	**(0.2)**	**0.2**	**(0.2)**
Senior secured notes denominated in Euro	Euro exchange rate	+/−10%	**47.6**	**(47.6)**	**47.6**	**(47.6)**
At 31 March 2015						
Foreign exchange forward contracts	Euro exchange rate	+/−5%	—	—	1.0	(0.9)
Gas swaps	price per therm	+/−10p	2.5	(2.5)	(2.8)	2.8
Interest rate swaps	Libor/ Euribor	+/− 0.25%	—	—	0.7	(0.7)
Project financed bank facilities	Libor/ Euribor	+/− 0.25%	(0.1)	0.1	(0.1)	0.1
Senior secured notes denominated in Euro	Euro exchange rate	+/−5%	15.0	(15.7)	20.7	(21.7)

26. Share capital and reserves

	Ordinary shares number	Ordinary shares
		£
Authorised share capital—ordinary shares of £1.00	50,000	50,000
At 31 March 2015 and 2016	50,000	50,000
Allotted and fully paid		
Share capital issued—ordinary shares of £1.00	1,510	1,510
At 31 March 2015 and 2016	1,510	1,510

Nature and purpose of reserves

Share capital and share premium

The balances classified as share capital and share premium represents the proceeds (both nominal value and share premium) on issue of the Company's equity share capital, comprising £1 ordinary shares.

Capital contribution reserve

This balance relates to capital contributed by the Company's parent undertaking other than through the proceeds of the issue of shares.

Hedge reserve

The hedge reserve is used to record the unrealised gains and losses incurred on derivatives designated as cash flow hedges.

Foreign currency reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries offset by exchange differences arising on monetary items that were, until 31 March 2015, designated as part of the hedge of the Group's net investment in foreign subsidiaries.

Reserves

Analysis by item recognised in other comprehensive income for each component of equity:

	Foreign currency reserve	Cash flow hedge reserve	Retained earnings	Total equity
	£m	£m	£m	£m
2016				
Actuarial loss on defined benefit pension schemes (net of tax)	**—**	**—**	**(1.2)**	**(1.2)**
Exchange loss on translation of foreign operations	**(34.2)**	**—**	**—**	**(34.2)**
Net loss on cash flow hedges (net of tax)	**—**	**(12.2)**	**—**	**(12.2)**
Other comprehensive expense for the year	**(34.2)**	**(12.2)**	**(1.2)**	**(47.6)**
2015				
Actuarial loss on defined benefit pension schemes (net of tax)	—	—	(0.2)	(0.2)
Exchange gain on translation of foreign operations	1.7	—	—	1.7
Net loss on cash flow hedges (net of tax)	—	(0.6)	—	(0.6)
Other comprehensive income/(expense) for the year	1.7	(0.6)	(0.2)	0.9

27. Notes to group cash flow statement

	2016	2015
	£m	£m
Operating activities		
Profit/(loss) before tax from continuing operations	**50.4**	(13.0)
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation and impairment of property, plant and equipment	**17.2**	17.0
Amortisation and impairment of intangible assets	**3.8**	3.7
Amortisation of contributions in respect of property, plant and equipment	**(0.3)**	(0.3)
Derivatives at fair value through income statement	**(9.0)**	(21.8)
Net finance costs	**38.4**	96.8
Exceptional finance costs	**(0.4)**	44.4
Defined benefit charge less contributions paid	**(2.3)**	(0.5)
Share of loss in associates	**1.3**	0.9
Cash generated from operations before working capital movements	**99.1**	127.2

28. Analysis of net debt

	Cash and cash equivalents	Short term managed funds	Debt due within one year	Debt due after more than one year	Junior bank facility asset	Total
	£m	£m	£m	£m	£m	£m
At 1 April 2014	26.3	1.4	(1.6)	(745.6)	144.8	(574.7)
Net decrease in cash and cash equivalents	48.3	—	—	—	—	48.3
Proceeds from issue of borrowings	—	—	—	(466.5)	—	(466.5)
Repayment of borrowings	—	—	—	429.4	—	429.4
Issue costs on new long term loans	—	—	—	9.5	—	9.5
(Increase)/decrease in interest accruals	—	—	(3.5)	0.6	—	(2.9)
Amortisation	—	—	—	(24.5)	—	(24.5)
Reclassifications	—	—	(0.8)	0.8	—	—
Capitalisation of interest on subordinated shareholder loan	—	—	—	(23.2)	—	(23.2)
Translation difference	(2.1)	—	0.1	24.1	(9.3)	12.8
Unwinding of discount on shareholder loan	—	—	—	(22.4)	—	(22.4)
Unwinding of discount on junior facility asset	—	—	—	—	27.1	27.1
At 31 March 2015	72.5	1.4	(5.8)	(817.8)	162.6	(587.1)
Net increase in cash and cash equivalents	0.2	—	—	—	—	0.2
Proceeds from issue of borrowings	—	—	—	(45.4)	—	(45.4)
Repayment of borrowings	—	—	2.9	19.3	—	22.2
Issue costs on new long term loans	—	—	0.4	7.3	—	7.7
Decrease/(increase) in interest accruals	—	—	0.9	(0.2)	—	0.7
Amortisation	—	—	(0.5)	(1.7)	—	(2.2)
Reclassifications	—	—	(2.6)	2.6	—	—
Capitalisation of interest on subordinated shareholder loan	—	—	—	(23.5)	—	(23.5)
Translation difference	3.8	—	—	(42.5)	6.4	(32.3)
Unwinding of discount on shareholder loan	—	—	—	(25.6)	—	(25.6)
Unwinding of discount on junior facility asset	—	—	—	—	30.4	30.4
At 31 March 2016	**76.5**	**1.4**	**(4.7)**	**(927.5)**	**199.4**	**(654.9)**

29. Lease obligations

Operating lease commitments—Group as lessee

The Group has entered into operating lease arrangements for the hire of equipment and buildings as these arrangements are a cost efficient way of obtaining the short term benefits of these assets. The Group has also entered into operating lease arrangements for land relating to the renewable asset portfolio. The Group rental charges in respect of these arrangements are disclosed in note 5. The Group's annual commitment under these leases is disclosed below:

Future minimum rentals payable under non – cancellable operating leases as at 31 March are, as follows:

	2016	**2015**
	£m	**£m**
Within one year	**0.8**	0.6
After one year but not more than five years	**3.8**	2.2
More than five years	**14.7**	4.4
	19.3	7.2

Availability payments to generators

The Group has also entered into generating contracts with generating companies in Northern Ireland to make payments for the availability of generating capacity as well as for the purchase of electricity generated. The contracts are with AES Ballylumford Limited and they expire in September 2018 but the Company has an option to extend them by five years to 2023.

Estimated availability payments to generators, which are dependent on the availability of the generators and are therefore variable in nature are as follows:

	2016	**2015**
	£m	**£m**
Within one year	**25.3**	26.3
After one year but not more than five years	**38.4**	61.3
	63.7	87.6

On 10 October 2014 the Utility Regulator published its final decision not to instruct cancellation of the remaining generation capacity and would keep the contracts under review from a policy and economic perspective.

30. Commitments and contingent liabilities

(i) Capital commitments

At 31 March 2016 the Group had contracted future capital expenditure in respect of tangible fixed assets of £105.0m (2015—£3.5m).

(ii) Contingent liabilities

Protected persons

The Group has contingent liabilities in respect of obligations under the Electricity (Protected Persons) Pensions Regulations (Northern Ireland) 1992 to protect the pension rights in respect of certain of its employees who were employees of NIE plc at privatisation. Those Group employees who remain protected by the regulations have their pension rights provided through the Group's occupational pension scheme.

Generating contracts

Under the terms of the PPB generating contracts, where modifications to generating equipment are necessary as a result of a change in law and a generator is unable to procure the necessary financing, PPB must either provide such finance or pay the costs incurred by the generator in carrying out such modifications. The costs incurred by PPB in meeting these obligations are recoverable under the applicable provisions of the Power NI Energy licence, but would require to be financed by PPB until such recovery is achieved. The Group does not anticipate any liability for modifications which require financing and no provision has been made.

Liability and damage claims

In the normal course of business the Group has contingent liabilities arising from claims made by third parties and employees. Provision for a liability is made (as disclosed in note 24) when the directors believe that it is probable that an outflow of funds will be required to settle the obligation where it arises from an event prior to the year end. The Group does not anticipate that any material liabilities will arise other than those recognised in the accounts.

31. Distributions made and proposed

No dividends have been paid or proposed for the year ended 31 March 2016 (2015: £nil).

32. Related party transactions

Note 16 above, provides the information about the Group's structure including the details of the subsidiaries and the holding company. The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year.

		Services to related parties	Purchase from related parties	Amounts owed to related parties
		£m	£m	£m
Associates:	**2016**	**0.7**	**(11.7)**	**(2.0)**
	2015	1.1	(11.0)	(2.4)

		Interest receivable	Amounts owed by related parties
		£m	£m
Loans to related parties:			
Associate: Eco Wind Power Limited	**2016**	**0.7**	**11.3**
	2015	0.7	9.7
Associate: IIF Cyclone NI Holdco Limited	**2016**	**0.1**	**1.6**
	2015	0.1	1.9

Transactions with associates

The Group has two associate undertakings, EWP and IIF Cyclone.

As part of the sale and purchase transactions relating to the associates in March 2012 and June 2012 the Group acquired loans owing by these associates. These loans remain outstanding at 31 March 2016 and are included as part of the Group's overall investment in associates as disclosed in note 14 to the accounts. The contractual amount of the loan including interest owed by EWP is £11.3m at 31 March 2016 (2015—£9.7m), however the carrying value reflected in the Group's balance sheet reflects the Directors expectations regarding the level of recovery of this amount.

Transactions with key management personnel

Compensation of key management personnel of the Group

	2016	2015
	£m	**£m**
Short term employee benefits	**2.0**	1.9
Post employment pension and medical benefits	**0.2**	0.2
Total compensation to key management personnel	**2.2**	2.1

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel.

33. Events after the reporting period

On 29 April 2016, I Squared Capital ("I Squared") an independent global infrastructure investment manager completed its acquisition of 100% of the share capital of the Company's parent Viridian Group Holdings Limited from Arcapita. At the same time, I Squared provided equity to the Company's parent to enable the discharge of its Junior Facility A.

Following successful consent processes, the Senior secured notes and the RCF remain in place with existing terms, including maturities. Arising from the change of control by I Squared, the RCF was amended to include a drawn Senior secured net leverage covenant of 6.2x to be measured quarterly from September 2016. The covenant is only applicable if the RCF is drawn by 30% (£67.5m).

Glossary of terms

1992 Order . . . . Electricity (Northern Ireland) Order 1992
1999 Act . . . . Electricity Regulation Act 1999
2002 Act . . . . Gas (Interim) (Regulation) Act 2002
2003 Order . . . . Energy (Northern Ireland) Order 2003
2007 Act . . . . Electricity Regulation (Amendment) (Single Electricity Market) Act 2007
Associate . . . . 25% interest in EWP and 20% in IIF Cyclone
BEC . . . . Benefit entitlement check
BGE . . . . Bord Gáis Éireann
Capita . . . . Capita Managed IT Solutions Limited
CCGT . . . . combined-cycle gas turbine
CCNI . . . . Consumer Council Northern Ireland
CER . . . . Commission for Energy Regulation
CfDs . . . . contracts for differences
CGU . . . . cash generating unit
Choices . . . . money purchase pension arrangement for employees in the RoI
CMA . . . . Competition and Markets Authority
CO . . . . carbon monoxide
CO_2 . . . . carbon dioxide
Company . . . . Viridian Group Investments Limited
CPI . . . . Consumer Price Index in the RoI
CRM . . . . capacity remuneration mechanism
CSR . . . . Corporate Social Responsibility
DAM . . . . Day Ahead Market
DCENR . . . . Department of Communications, Energy and Natural Resources in the RoI
DECC . . . . The Department of Energy and Climate Change
DETI . . . . Department of Enterprise, Trade and Investment in Northern Ireland
EBITDA . . . . earnings before interest, tax, depreciation and amortisation
EECs . . . . Energy efficiency credits
EEO . . . . Energy Efficiency Obligation
EEOS . . . . Energy Efficiency Obligation Scheme
EIR . . . . effective interest rate
EirGrid . . . . EirGrid plc
Energia . . . . Energia Group's competitive energy supply business
Energia Group . . . . . VPEHL and VPE
ESB . . . . Electricity Supply Board
EU . . . . European Union
EU Target Model . . . European Electricity Target Model
EWP . . . . Eco Wind Power and its subsidiaries
FIT CfD . . . . Feed-In Tariff with Contract for Difference
Focus . . . . defined benefit section of VGPS
Group . . . . Viridian Group Investments Limited and its subsidiary undertakings
GW . . . . gigawatt
GWh . . . . gigawatt hour
HLD . . . . I-SEM High Level Design
HMRC . . . . HM Revenue & Customs
HR . . . . Human resources
Huntstown 1 . . . . . . Phase one of Huntstown Power Station—343MW CCGT
Huntstown 2 . . . . . . Phase two of Huntstown Power Station—404MW CCGT
IASB . . . . International Accounting Standards Board
IAS . . . . International Accounting Standard
ICT . . . . information and communication technology
IDM . . . . Intra-day electricity market

IFRS . . . . International Financial Reporting Standards
IIF Cyclone . . . . IIF Cyclone NI Holdco Limited (previously VRL) and its subsidiaries
IPPC . . . . Integrated Pollution Prevention and Control
I-SEM . . . . New integrated SEM
ISO . . . . International Organization for Standardization
IT . . . . Information Technology
KPI . . . . key performance indicator
LTIR . . . . lost time incident rate
LECs . . . . Levy exemption certificates
Minister . . . . Minister for Communications, Energy and Natural Resources
MW . . . . megawatt
MWh . . . . megawatt hour
NIE . . . . Northern Ireland Electricity Limited
NISEP . . . . Northern Ireland Sustainable Energy Programme
NO_x . . . . oxides of nitrogen
OHSAS . . . . Occupational Health and Safety Management Systems Specification
Options . . . . money purchase section of VGPS
Power NI . . . . Power NI Energy Supply
Power NI Energy . . . Power NI Energy Limited
PPA . . . . power purchase agreement
PPB . . . . Power Procurement business
PSO . . . . public service obligation
RAs . . . . Regulatory Authorities
REFIT . . . . Renewable Energy Feed-In Tariff scheme
RMC . . . . Risk Management Committee
RO . . . . UK Renewable Obligation
ROCs . . . . Renewable Obligation Certificates
RoI . . . . Republic of Ireland
SEE . . . . social, environmental and ethical
SEM . . . . Single Electricity Market
SEMO . . . . Single Electricity Market Operator
SEM Order . . . . Electricity (Single Wholesale Market) (Northern Ireland) Order 2007
SMP . . . . system marginal price
SO_2 . . . . sulphur dioxide
SONI . . . . SONI Limited
TSO . . . . transmission system operator
TWh . . . . terawatt hour
UK . . . . United Kingdom
Utility Regulator . . . . Northern Ireland Authority for Utility Regulation
VGPS . . . . Viridian Group Pension Scheme (2011)
VPE . . . . Viridian Power & Energy Limited and its subsidiaries
VPEHL . . . . Viridian Power & Energy Holdings Limited and its subsidiaries
VRL . . . . Viridian Resources Limited (renamed IIF Cyclone) and its subsidiaries

Independent auditors' report

To the members of Viridian Group Investments Limited

We have audited the Group financial statements of Viridian Group Investments Limited for the year ended 31 March 2015 approved on 27 May 2015 which comprise the Consolidated Income Statement, Consolidated Statement of Other Comprehensive Income, Consolidated Balance Sheet, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows and the related notes 1 to 32. The financial reporting framework that has been applied in their preparation is International Financial Reporting Standards (IFRS) as adopted by the European Union.

This report is made solely to the Company's members as a body in accordance with our engagement letter dated 6 May 2014. Our audit work has been undertaken so that we might state to the Company's members those matters we are required under International Standards on Auditing (UK and Ireland) to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page 39 the Company's directors are responsible for the preparation of the Group Financial Statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the accounts in accordance with International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic and Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion

In our opinion the Group Financial Statements:

- give a true and fair view, of the state of the Group's affairs as at 31 March 2015 and of its loss for the year then ended; and
- have been properly prepared in accordance with IFRS as adopted by the European Union.

Ernst & Young LLP
Belfast

27 May 2015

Consolidated income statement for the year ended 31 March 2015

Continuing operations	Notes	Results before exceptional items and certain remeasurements 2015	Exceptional items and certain remeasurements (note 6) 2015	Total 2015	Results before exceptional items and certain remeasurements 2014	Exceptional items and certain remeasurements (note 6) 2014	Total 2014
		£m	**£m**	**£m**	**£m**	**£m**	**£m**
Revenue	4	**1,461.1**	**—**	**1,461.1**	1,600.0	—	1,600.0
Operating costs	5	**(1,353.8)**	**4.9**	**(1,348.9)**	(1,524.5)	(37.1)	(1,561.6)
Operating profit/ (loss)	4	**107.3**	**4.9**	**112.2**	75.5	(37.1)	38.4
Finance costs	9	**(125.0)**	**(27.5)**	**(152.5)**	(96.2)	(13.2)	(109.4)
Finance income	9	**28.2**	**—**	**28.2**	25.6	—	25.6
Net finance cost		**(96.8)**	**(27.5)**	**(124.3)**	(70.6)	(13.2)	(83.8)
Profit on disposal of continuing operations		**—**	**—**	**—**	—	1.6	1.6
Share of loss in associates	14	**(0.9)**	**—**	**(0.9)**	(0.4)	—	(0.4)
Profit/(loss) before tax		**9.6**	**(22.6)**	**(13.0)**	4.5	(48.7)	(44.2)
Taxation	10	**2.7**	**0.1**	**2.8**	3.2	4.2	7.4
Profit/(loss) for the year		**12.3**	**(22.5)**	**(10.2)**	7.7	(44.5)	(36.8)

Consolidated statement of other comprehensive income for the year ended 31 March 2015

	Notes	2015	2014
		£m	£m
Loss for the year		**(10.2)**	(36.8)
Items that will be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		**(14.4)**	7.2
Gain/(loss) on net investment hedging instruments		**16.1**	(8.7)
Net gain/(loss) on net investment hedge		**1.7**	(1.5)
Net loss on cash flow hedges		**(14.2)**	(13.8)
Transferred loss from equity to income statement on cash flow hedges		**13.7**	7.8
Share of associates net (loss)/gain on cash flow hedges		**(0.5)**	0.8
Income tax effect		**0.4**	1.2
		(0.6)	(4.0)
		1.1	(5.5)
Items that will not be reclassified to profit or loss:			
Remeasurement loss on defined benefit scheme	23	**(0.4)**	(1.2)
Income tax effect		**0.2**	0.2
		(0.2)	(1.0)
Other comprehensive income/(expense) for the year, net of taxation		**0.9**	(6.5)
Total comprehensive expense for the year		**(9.3)**	(43.3)

Consolidated balance sheet as at 31 March 2015

	Notes	31 March 2015	31 March 2014
		£m	**£m**
ASSETS			
Non-current assets:			
Property, plant and equipment	11	**257.4**	271.9
Intangible assets	12	**515.4**	499.7
Investment in associates	14	**6.1**	7.9
Derivative financial instruments	25	**0.6**	0.5
Other non-current financial assets	17	**163.2**	145.4
Deferred tax assets	10	**17.5**	16.2
		960.2	941.6
Current assets:			
Inventories		**4.3**	5.1
Trade and other receivables	18	**161.3**	180.7
Derivative financial instruments	25	**8.6**	8.2
Other current financial assets	17	**3.8**	3.8
Cash and cash equivalents	19	**72.5**	26.3
		250.5	224.1
TOTAL ASSETS		**1,210.7**	1,165.7
LIABILITIES			
Current liabilities:			
Trade and other payables	20	**(235.3)**	(236.6)
Income tax payable		**(1.1)**	(3.8)
Financial liabilities	21	**(7.7)**	(3.8)
Derivative financial instruments	25	**(10.9)**	(19.5)
Deferred income	22	**(0.3)**	(0.3)
		(255.3)	(264.0)
Non-current liabilities:			
Financial liabilities	21	**(817.8)**	(745.6)
Derivative financial instruments	25	**(4.8)**	(12.9)
Deferred income	22	**(0.3)**	(0.6)
Net employee defined benefit liabilities	23	**(0.8)**	(1.0)
Deferred tax liabilities	10	**(13.0)**	(13.6)
Provisions	24	**(11.3)**	(11.3)
		(848.0)	(785.0)
TOTAL LIABILITIES		**(1,103.3)**	(1,049.0)
NET ASSETS		**107.4**	116.7
Equity			
Share capital	26	**—**	—
Share premium		**510.0**	510.0
Retained earnings		**(513.6)**	(503.2)
Capital contribution reserve		**115.2**	115.2
Hedge reserve		**(6.6)**	(6.0)
Foreign currency translation reserve		**2.4**	0.7
TOTAL EQUITY		**107.4**	116.7

The financial statements were approved by the Board of directors and authorised for issue on 27 May 2015. They were signed on its behalf by:

Date: 27 May 2015

Consolidated statement of changes in equity for the year ended 31 March 2015

	Share capital	Share premium	Retained earnings	Capital contribution reserve	Hedge reserve	Foreign currency translation reserve	Total equity
	£m	£m	£m	£m	£m	£m	£m
At 1 April 2013	**—**	**510.0**	**(465.4)**	**115.2**	**(2.0)**	**2.2**	**160.0**
Loss for the year	—	—	(36.8)	—	—	—	(36.8)
Other comprehensive expense (loss)/income	—	—	(1.0)	—	(4.0)	(1.5)	(6.5)
Total comprehensive expense	—	—	*(37.8)*	—	*(4.0)*	*(1.5)*	*(43.3)*
At 31 March 2014	**—**	**510.0**	**(503.2)**	**115.2**	**(6.0)**	**0.7**	**116.7**
Loss for the year	—	—	(10.2)	—	—	—	(10.2)
Other comprehensive (expense)/ income	—	—	(0.2)	—	(0.6)	1.7	0.9
Total comprehensive (expense)/ income	—	—	*(10.4)*	—	*(0.6)*	*1.7*	*(9.3)*
At 31 March 2015	**—**	**510.0**	**(513.6)**	**115.2**	**(6.6)**	**2.4**	**107.4**

Consolidated statement of cash flows for the year ended 31 March 2015

	Notes	2015	2014
		£m	**£m**
Cash generated from operations before working capital movements	27	**127.2**	91.8
Working capital adjustments:			
Decrease in inventories		**0.8**	—
Decrease in trade and other receivables		**19.4**	15.4
Decrease in security deposits		—	1.1
Decrease in trade and other payables		**(13.4)**	(25.5)
Effects of foreign exchange		**(2.9)**	(0.2)
		131.1	82.6
Interest received		**0.2**	0.7
Interest paid		**(49.1)**	(50.4)
Exceptional finance costs		**(23.0)**	(0.6)
Note redemption premium		**(1.2)**	(1.2)
		(73.1)	(51.5)
Income tax received/(paid)		**0.4**	(0.1)
Net cash flows from operating activities		**58.4**	31.0
Investing activities			
Purchase of property, plant and equipment		**(29.6)**	(21.8)
Contributions in respect of tangible fixed assets		—	0.7
Purchase of intangible assets		**(44.7)**	(21.8)
Proceeds from sale of intangible assets		**35.2**	20.5
Disposal of subsidiary, net of cash disposed		**(0.2)**	(0.3)
Dividends received from associates		**0.5**	0.8
Interest received from associates		**0.3**	0.6
Acquisition of subsidiary	15	**(0.5)**	(8.5)
Net cash flows used in investing activities		**(39.0)**	(29.8)
Financing activities			
Proceeds from issue of borrowings		**466.5**	18.4
Repayment of borrowings		**(429.4)**	(39.8)
Issue costs of new long term loans		**(8.2)**	(1.6)
Net cash flows from/(used in) financing activities		**28.9**	(23.0)
Net increase/(decrease) in cash and cash equivalents		**48.3**	(21.8)
Net foreign exchange difference		**(2.1)**	(0.8)
Cash and cash equivalents at 1 April	19	**26.3**	48.9
Cash and cash equivalents at 31 March	19	**72.5**	26.3

Notes to the consolidated financial statements as at 31 March 2015

1. Corporate information

The Group Financial Statements of Viridian Group Investments Limited and its subsidiaries (collectively, the Group) for the year ended 31 March 2015 were authorised for issue in accordance with a resolution of the directors on 27 May 2015. Viridian Group Investments Limited (the Company or the parent) is a limited company incorporated and domiciled in Cayman Islands. The registered office is located at Paget Brown Trust Company Limited, Boundary Hall, Cricket Square, PO Box 1111, Grand Cayman, KY1-1102, Cayman Islands. The Group's operations and its principal activities are set out earlier in the Report on pages 4 to 18.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS) as they apply to the financial statements of the Group for the year ended 31 March 2015.

The consolidated financial statements have been prepared on a historical cost basis, except for derivative financial instruments, contingent consideration arising on business combinations and the assets of the Group's pension schemes that have been measured at fair value and the liabilities of the Group's pension schemes that are measured using the projected unit credit valuation method. The consolidated financial statements are presented in Sterling (£) with all values rounded to the nearest £m except where otherwise indicated.

A number of new European Union endorsed standards and amendments to existing standards are effective for periods beginning on or after 1 April 2014. However, with the exception of IFRIC Interpretation 21 Levies (IFRIC 21) none of these have a material, if any, impact on the annual consolidated financial statements of the Group in 2014/15.

From 1 January 2015 the Group's Energia Supply business in the Republic of Ireland became an obligated party under the Irish Government's Energy Efficiency Obligation Scheme (EEOS). Under the EEOS a penalty will become payable if energy saving minimum targets are not achieved by the end of each compliance year, the first of which ends on 31 December 2015. IFRIC 21 clarifies that a liability is only recognised for such a penalty when the activity that triggers payment, as identified by the relevant legislation, occurs. In the case of EEOS penalties the directors have assessed this to be end of the compliance year. Accordingly the liability for any penalty arising under the EEOS for the compliance year ending 31 December 2015, including any penalty anticipated in the 3 month period to 31 March 2015, is not recognised until 31 December 2015.

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 March 2015. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement with the other vote holders of the investee;
- rights arising from other contractual arrangements; and
- the Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

3. Summary of significant accounting policies

(a) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of (i) the consideration transferred and measured at acquisition date fair value, and (ii) the amount of any non-controlling interests in the acquiree.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IAS 39 *Financial Instruments: Recognition and Measurement*, is measured at fair value with changes in fair value recognised either in either profit or loss or as a change to other comprehensive income. If the contingent consideration is not within the scope of IAS 39, it is measured in accordance with the appropriate IFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units (CGU) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. If a subsidiary is subsequently sold any goodwill arising on acquisition which has not been impaired is taken into account in determining the profit or loss on sale.

(b) Investment in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries.

The Group's investments in its associate are accounted for using the equity method.

Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The Income Statement reflects the Group's share of the results of operations of the associate. Any change in other comprehensive income of those investees is presented as part of the Group's other comprehensive income. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the Income Statement outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, then recognises the loss as 'Share of profit of an associate' in the Income Statement.

(c) Current versus non-current classification

The Group presents assets and liabilities in the balance sheet based on current/non-current classification. An asset is current when it is:

- expected to be realised or intended to be sold or consumed in a normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realised within twelve months after the reporting period; or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- it is expected to be settled in a normal operating cycle;
- it is held primarily for the purpose of trading;

- it is due to be settled within twelve months after the reporting period; or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

(d) Fair value measurement

The Group measures financial instruments, such as, derivatives, at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- level 1—quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- level 2—valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; or
- level 3—valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

(e) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, exclusive of value added tax and other sales related taxes.

The specific recognition criteria described below must also be met before revenue is recognised.

Energy supply

Revenue is recognised on the basis of energy supplied during the period. Revenue for energy supply includes an assessment of energy supplied to customers between the date of the last meter reading and the balance sheet date, estimated using historical consumption patterns.

Energy generation

Two key revenue streams are received by the Huntstown plant and PPB. Capacity revenue is recognised based upon the capacity (MW) provided to the Single Electricity Market (SEM) for the period. Energy revenue is recognized based upon electricity units generated during the period at market price, including an allowance for any anticipated resettlement within the SEM. Units are based on energy volumes recorded by the Single Electricity Market Operator (SEMO) and these units are reconciled to the units recorded on the plant systems to ensure accuracy.

Interest income

For all financial instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the income statement.

Dividend income

Dividend income is recognised on the date the Group's right to receive the payments is established.

(f) Taxation

The tax charge represents the sum of tax currently payable and deferred tax. Tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the tax is also dealt with in equity.

Tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes both items of income or expense that are taxable or deductible in other years as well as items that are never taxable or deductible.

The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is the tax payable or recoverable on differences between the carrying amount of assets and liabilities in the accounts and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is not recognised on temporary differences where they arise from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss.

Deferred tax is not recognised in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantially enacted by the balance sheet date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

(g) Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Freehold land is not depreciated. Other tangible fixed assets are depreciated on a straight-line basis so as to write off the cost, less estimated residual value, over their estimated useful economic lives as follows:

Generation assets—12 to 30 years
Fixtures and equipment—up to 25 years
Vehicles and mobile plant—up to 5 years

(h) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred. The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement as the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the CGU level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

Emissions allowances, renewable and energy efficiency obligations

The Group recognises the allocation of CO^2 emissions allowances from government or a similar body at £nil value. Purchased CO^2 emissions allowances, renewable obligation certificates (ROCs), levy exemption certificates (LECs) and energy efficiency credits (EECs) are initially recognised at cost (purchase price) within intangible assets and subsequently written down to their recoverable amount at the balance sheet date should this be less than the purchase price. No amortisation is recorded during the period as the intangible asset is surrendered at the end of the compliance period reflecting the consumption of economic benefit.

The Group recognises liabilities in respect of its obligations to deliver emissions allowances to the extent that the allowances to be delivered exceed the level of allocation under the EU emissions trading scheme. Any liabilities recognised are measured based on the current estimates of the amounts that will be required to satisfy the obligation. A liability for the renewables obligation and the climate change levy is recognised based on the level of electricity supplied to customers. A liability for the energy efficiency obligation under the EEOS is recognised if energy saving minimum targets are not achieved by the end of the compliance period. Any such liability is recognised on the compliance date (31 December) and is calculated by reference to the relevant penalty rates for volumes not achieved.

Computer software

The cost of acquiring computer software is capitalised and amortised on a straight-line basis over the directors' estimate of its useful economic life which is between three and ten years. The carrying value of computer software is reviewed for impairment where events or changes in circumstances indicate that the carrying value may not be recoverable.

Development assets

Development assets arising from business combinations relate to value arising from the development of renewable projects which the Group believes will generate future economic benefits. Development assets are amortised from the date of commissioning of the renewable asset over its useful economic life which is twenty years.

At a point the project is no longer expected to reach construction the carrying amount of the project is impaired.

(i) Financial instruments—initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Subsequent measurement

For purposes of subsequent measurement financial assets are classified in four categories:

- financial assets at fair value through profit or loss;
- loans and receivables;
- held-to-maturity investments; or
- available-for-sale financial investments.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments as defined by IAS 39. The Group has not designated any financial assets at fair value through profit or loss. Financial assets at fair value through profit or loss are carried in the balance sheet at fair value with net changes in fair value presented as finance costs (negative net changes in fair value) or finance income (positive net changes in fair value) in the income statement.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Re-assessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using EIR method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the income statement. The losses arising from impairment are recognised in the income statement in finance costs for loans and in other operating charges for receivables.

This category generally applies to trade and other receivables. Trade receivables do not carry any interest and are recognised and carried at the lower of their original invoiced value and recoverable amount.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Group's consolidated balance sheet) when:

- the rights to receive cash flows from the asset has expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

The Group assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IAS 39. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the income statement. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IAS 39 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the income statement.

This category generally applies to interest bearing loans and borrowings. This category also applies to trade and other payables which are not interest bearing and stated at their nominal amount.

Interest free loans receivable from or payable to the parent undertaking are recognised at fair value on initial recognition based on the market rate of interest for similar loans at the date of issue. In case of loans received from a parent undertaking the difference on initial recognition between the fair value and the loan amount is recorded as a capital contribution in equity. The difference arising between the amount of a loan made to a parent undertaking and its fair value is treated as a distribution to the parent and reflected within equity. Subsequently, an interest expense or receivable is recognised within the income statement using the effective interest method so that each loan is stated at the amount repayable or receivable at the redemption date.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the income statement.

(j) Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as forward currency contracts, interest rate swaps, contracts for differences and forward commodity contracts, to hedge its foreign currency risks, interest rate risks, electricity price risk and other commodity price risks, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The purchase contracts that meet the definition of a derivative under IAS 39 are recognised in the income statement as operating costs. Commodity contracts that are entered into and continue to be held for the purpose of the receipt or delivery of a non-financial item in accordance with the Group's expected purchase, sale or usage requirements are held at cost.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income and later reclassified to profit or loss when the hedge item affects profit or loss.

For the purpose of hedge accounting, hedges are classified as:

- fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment;

- cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment; or
- hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the strict criteria for cash flow hedge accounting are accounted for, as described below:

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the income statement in operating expenses.

The Group uses forward currency contracts as hedges of its exposure to foreign currency risk in forecast transactions and firm commitments, as well as forward commodity contracts for its exposure to volatility in the commodity prices. The ineffective portion relating to foreign currency and commodity contracts is recognised in operating costs.

Amounts recognised as other comprehensive income are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as other comprehensive income are transferred to the initial carrying amount of the non-financial asset or liability.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in other comprehensive income remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met.

Hedges of a net investment

Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a way similar to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised as other comprehensive income while any gains or losses relating to the ineffective portion are recognised in the statement of profit or loss. On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is transferred to the statement of profit or loss. The Group uses a loan as a hedge of its exposure to foreign exchange risk on its investments in foreign subsidiaries.

(k) Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGU's to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the income statement in expense categories consistent with the function of the impaired asset. The following assets have specific characteristics for impairment testing:

Goodwill

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

(l) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short term bank deposits with a maturity of less than three months.

(m) Provisions

General

Provisions are recognised when (i) the Group has a present obligation (legal or constructive) as a result of a past event (ii) it is probable that an outflow of economic benefits will be required to settle the obligation and (iii) a reliable estimate can be made of the amount of the obligation. Where the Group expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is included within finance costs.

Decommissioning liability

Provision is made for estimated decommissioning costs at the end of the estimated useful lives of generation assets on a discounted basis based on price levels and technology at the balance sheet date. Changes in these estimates and changes to the discount rates are added to or deducted from the capitalised cost of the asset to which they relate. Capitalised decommissioning costs are depreciated over the estimated useful lives of the related assets. The unwinding of the discount is included within finance costs.

(n) Exceptional items and certain remeasurements

As permitted by IAS1 Presentation of Financial statements, the Group has disclosed additional information in respect of exceptional items on the face of the income statement to aid understanding of the Group's financial performance. An item is treated as exceptional if it is considered unusual by nature and scale and of such significance that separate disclosure is required for the financial statements to be properly understood. "Certain remeasurements" are remeasurements arising on certain commodity, interest rate and currency contracts which are not designated in hedge accounting relationships, and which are accounted for as held for trading in accordance with the Group's policy for such financial instruments. This excludes commodity contracts not treated as financial instruments under IAS 39 where held for the Group's own use requirements. Certain remeasurements arising from IAS 39 are disclosed separately to aid understanding of the underlying performance of the Group.

(o) Pensions and other post-employment benefits

The Group has both defined benefit and defined contribution pension arrangements. The amount recognised in the balance sheet in respect of liabilities represents the present value of the obligations offset by the fair value of assets.

The cost of providing benefits under the defined benefit scheme is determined using the projected unit credit method.

Pension remeasurements, comprising of actuarial gains and losses, excluding net interest, and the return on plan assets (excluding net interest), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Pension remeasurements are not reclassified to profit or loss in subsequent periods. Past service costs are recognised in profit or on the earlier of:

- the date of the plan amendment or curtailment; and
- the date that the Group recognises restructuring-related costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation under operating costs in the consolidated statement of profit or loss:

- service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- net interest expense or income.

Pension costs in respect of defined contribution arrangements are charged to the profit and loss account as they become payable.

(p) Inventories

Inventories are valued at the lower of average purchase price and net realisable value.

(q) Borrowing costs

Borrowing costs directly attributable to qualifying assets are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur.

(r) Operating lease contracts

Leases are classified as operating lease contracts whenever the terms of the lease do not transfer substantially all the risks and benefits of ownership to the lessee.

Rentals payable under operating leases are charged to the income statement on a straight-line basis over the lease term.

(s) Foreign currency translation

The Group's consolidated financial statements are presented in sterling, which is also the parent company's functional currency. For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

On consolidation, the assets and liabilities of foreign operations are translated into sterling at the rate of exchange prevailing at the reporting date and their income statements are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in other comprehensive income.

(t) Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities at the balance sheet date and the amounts reported for revenues and operating costs during the year. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In the process of applying the Group's accounting policies, management has made the following key judgements and estimations of uncertainty, which have the most significant effect on the amounts recognised in the consolidated financial statements.

Revenue recognition

Revenue on energy sales include an estimate of the value of electricity or gas supplied to customers between the date of the last meter reading and the year end. This will have been estimated by using historical consumption patterns. At the balance sheet date, the estimated consumption by customers will either have been billed or accrued (estimated unbilled revenue). Management apply judgement to the measurement of the quantum and valuation of the estimated consumption. The judgements applied and the assumptions underpinning these judgements are considered to be appropriate. However a change in these assumptions would impact upon the amount of revenue recognised. Revenue recognised in the period has been outlined in note 4.

Impairment testing

The Group reviews the carrying amounts of its goodwill, other intangible assets and property, plant and equipment to determine whether there is any indication that the value of those assets is impaired. This requires an estimation of the value in use of the CGUs to which the assets are allocated which includes the estimation of future cash flows and the application of a suitable discount rate. Subsequent changes to these estimates or judgements may impact the carrying value of the assets within the respective CGUs. Impairment testing has been outlined in note 13.

Business combinations

Business combinations require a fair value exercise to be undertaken to allocate the purchase price to the fair value of the identifiable assets acquired and the liabilities assumed. The determination of the fair value of the assets and liabilities is based to a considerable extent on management's judgement. The amount of goodwill initially recognised as a result of a business combination is dependent on the allocation of this purchase price to the identifiable assets and liabilities with any unallocated portion being recorded as goodwill. Business combinations have been outlined in note 15.

Pensions and other post-employment benefits

The Group has both defined benefit and defined contribution arrangements. The cost of providing benefits under the defined benefit scheme is determined using the projected unit method. The key assumptions used in relation to the cost of providing post-retirement benefits are set after consultation with qualified actuaries. While these assumptions are considered to be appropriate, a change in these assumptions would impact the earnings of the Group. Pensions and other post-employment benefits have been outlined in note 23.

Exceptional items and certain remeasurements

The Group has disclosed additional information in respect of exceptional items on the face of the income statement to aid understanding of the Group's financial performance. An item is treated as exceptional if it is considered unusual by nature and scale and of such significance that separate disclosure is required for the financial statements to be properly understood. "Certain remeasurements" are remeasurements arising on certain commodity, interest rate and currency contracts which are not designated in hedge accounting relationships, and which are accounted for as held for trading in accordance with the Group's policy for such financial instruments. This excludes commodity contracts not treated as financial instruments under IAS 39 where held for the Group's own use requirements. Exceptional items and certain remeasurement have been outlined in note 6.

(u) Standard issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's revised financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

International accounting standards (IAS / IFRSs)	Effective date(*)
IFRS 9—Financial Instruments	1 January 2018
IFRS 15—Revenue from Contracts with Customers	1 January 2018
Amendment to IAS 19: Employee Contributions	1 February 2015
IFRS Improvements 2010-2012 Cycle	1 February 2015
IFRS Improvements 2011-2013 Cycle	1 January 2015
IFRS Improvements 2012-2014 Cycle	1 January 2016
Amendments to IAS1: Disclosure Initiative	1 January 2016
Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016

* For periods beginning on or after. The effective dates given above are those in the original IASB/IFRIC standards unless the standard has already been endorsed by the EU in which case the date given is the mandatory effective date for adoption in the EU.

IFRS 9 financial instruments

IFRS 9 has a tentative mandatory effective date of 1 January 2018. The adoption of IFRS 9 will have an effect on the classification and measurement of the Group's financial assets and financial liabilities. The changes in impairment requirements required by IFRS 9 for financial assets are expected to require the Group to consider and possibly reassess its policy and the measurement of provisioning against trade receivables. This new standard will also impact upon the hedge accounting of the Group's derivatives, with the IFRS 9 hedging model more closely aligning hedge accounting with the risk management activities undertaken by the Group when hedging its financial and non-financial risk exposures. At this time the Group continues to consider the impact of adopting IFRS 9.

IFRS 15 revenue from contracts with customers

IFRS 15 outlines the principles an entity must apply to measure and recognise revenue. The core principle is that an entity will recognise revenue at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer. The standard establishes a five-step model that will apply to revenue earned from a contract with a customer (with limited exceptions), regardless of the type of revenue transaction or the industry. The five steps relate to identifying the contract with a customer, identifying the separate performance obligations in the contract, determining the transaction price, allocating the transaction price to the separate performance obligations and recognising revenue when (or as) the entity satisfies the performance obligation under the contract. The standard also provides more detailed requirements than current IFRS, including for arrangements with multiple performance obligations, which may impact the timing of revenue recognition. The standard's disclosure requirements are also more extensive. The standard's requirements will also apply to the recognition and measurement of gains and losses on the sale of some non-financial assets that are not an output of the entity's ordinary activities (e.g., sales of property, plant and equipment or intangibles). At this time the Group continues to assess the impact of adopting IFRS 15.

Although the Directors evaluation of the effect of adopting the other standards and interpretations has not yet been completed, it is not expected that their adoption will have a material impact on the Group's financial statements in the period of initial application.

4. Segmental analysis

For management purposes, the Group is organised into business units based on its products and services and has three reportable segments, as follows:

- the Energia Group operates as a vertically integrated energy business consisting of competitive electricity and gas supply to domestic and business customers in the RoI and to business customers in Northern Ireland through Energia, its retail supply business, backed by electricity generation from its two Huntstown CCGT plants, long term PPAs with third-party renewable generators (including wind generation assets in which the Group has an equity interest) and generation from wholly owned wind generation assets;
- Power NI is the regulated electricity supplier in Northern Ireland; and
- PPB is a regulated business which administers the contracted generation capacity from the Ballylumford power station in Northern Ireland under legacy generating unit agreements which were originally established in 1992 when the Northern Ireland electricity industry was restructured.

The Group Board monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. The measure of profit used by the Group Board is pro-forma EBITDA which is before exceptional items and certain remeasurements (arising from certain commodity, interest rate and currency contracts which are not designated in hedge accounting relationships) and based on regulated entitlement (whereby the adjustment for (under)/over-recovery outlined in the segmental analysis below represents the amount by which the regulated businesses (under)/over-recovered against their regulated entitlement). The Group also monitors revenue on a regulated entitlement basis.

(a) Revenue by segment

	2015	2014
	£m	**£m**
Energia Group	**893.5**	1,014.2
Power NI	**420.0**	458.3
PPB	**121.0**	131.3
Inter-group eliminations	**(3.6)**	(1.4)
Group	**1,430.9**	1,602.4
Adjustment for over/(under)-recovery	**30.2**	(2.4)
Total	**1,461.1**	1,600.0

The adjustment for over/(under)-recovery represents the amount by which the regulated businesses over/(under)-recovered against their regulated entitlement.

(b) Operating profit

	2015	2014
	£m	£m
Segment Pro-Forma EBITDA		
Energia Group	**65.1**	70.8
Power NI	**28.6**	25.0
PPB	**6.4**	5.5
Other	**(2.6)**	(2.3)
Group Pro-Forma EBITDA	**97.5**	99.0
Adjustment for over/(under)-recovery	**30.2**	(2.4)
Group EBITDA	**127.7**	96.6
Depreciation/amortisation		
Energia Group	**(17.6)**	(18.4)
Power NI	**(2.6)**	(2.6)
Other	**(0.2)**	(0.1)
Group depreciation and amortisation	**(20.4)**	(21.1)
Operating profit pre exceptional items and certain remeasurements		
Energia Group	**47.5**	52.4
Power NI	**26.0**	22.4
PPB	**6.4**	5.5
Other	**(2.8)**	(2.4)
Group Pro-Forma operating profit	**77.1**	77.9
Adjustment for over/(under)-recovery	**30.2**	(2.4)
Operating profit pre exceptional items and certain remeasurements	**107.3**	75.5
Exceptional items and certain remeasurements		
Energia Group	**4.9**	(33.8)
Other	**—**	(3.3)
Group operating profit post exceptional items and certain remeasurements	**112.2**	38.4
Finance cost	**(152.5)**	(109.4)
Finance income	**28.2**	25.6
	(124.3)	(83.8)
Profit on disposal of continuing operations	**—**	1.6
Share of loss in associates	**(0.9)**	(0.4)
Loss on ordinary activities before tax	**(13.0)**	(44.2)

(c) Capital expenditure

	Capital additions to property, plant and equipment		Capital additions to intangible assets	
	2015	2014	2015	2014
	£m	£m	£m	£m
Energia Group	**33.7**	22.0	**29.7**	18.6
Power NI	**—**	0.1	**25.2**	6.7
Other	**0.1**	0.2	**0.4**	0.5
Total	**33.8**	22.3	**55.3**	25.8

(d) Impairment of non-financial assets

	2015	2014
	£m	£m
Energia Group	—	30.0
Total	—	30.0

(e) Geographic information

Revenue from external customers

	2015	2014
	£m	£m
UK	**748.7**	827.6
RoI	**712.4**	772.4
Total revenue per income statement	**1,461.1**	1,600.0

The revenue information above is based on the locations of the customers

Non-current operating assets

	2015	2014
	£m	£m
UK	**200.2**	183.3
RoI	**572.6**	588.3
Total	**772.8**	771.6

Non-current assets for this purpose consist of property, plant and equipment and intangible assets.

5. Operating costs

	2015	2014
	£m	£m
Operating costs are analysed as follows:		
Energy costs	**1,269.3**	1,435.5
Employee costs	**23.8**	21.3
Depreciation, amortisation and impairment	**20.4**	21.1
Other operating charges	**40.3**	46.6
Total pre exceptional items and certain remeasurements	**1,353.8**	1,524.5
Exceptional costs and certain remeasurements:		
Energy costs	**(4.9)**	3.8
Depreciation, amortisation and impairment	—	30.0
Other operating charges	—	3.3
Total exceptional costs and certain remeasurements	**(4.9)**	37.1
Total operating costs	**1,348.9**	1,561.6

5.1 Depreciation, amortisation and impairment

	2015	2014
	£m	£m
Depreciation	**17.0**	18.0
Release of contributions in respect of property plant & equipment	**(0.3)**	(0.3)
Amortisation of intangible assets	**3.7**	3.4
Pre exceptional items	**20.4**	21.1
Impairment of property plant & equipment	**—**	30.0
	20.4	51.1

5.2 Other operating costs

	2015	2014
	£m	£m
Operating lease rentals recognised as an expense during the year:		
Land and buildings	**0.6**	0.6

6. Exceptional items and certain remeasurements

	2015	2014
	£m	£m
Exceptional items in arriving at profit from continuing operations:		
Exceptional finance costs(1)	**(44.4)**	—
Bid costs(2)	**—**	(3.3)
Impairment of property, plant and equipment(3)	**—**	(30.0)
Profit on disposal of continuing operations(4)	**—**	1.6
	(44.4)	(31.7)
Certain remeasurements in arriving at profit		
Net profit/(loss) on derivatives at fair value through operating costs(5)	**4.9**	(3.8)
Net profit/(loss) on derivatives at fair value through finance costs(6)	**16.9**	(13.2)
	21.8	(17.0)
Exceptional items and certain remeasurements before taxation	**(22.6)**	(48.7)
Taxation on exceptional items and certain remeasurements	**0.1**	4.2
Exceptional items and certain remeasurements after taxation	**(22.5)**	(44.5)

(1) Exceptional finance costs of £44.4m in 2015 relate to the refinancing of the Group on 13 February 2015 and primarily reflect bond make whole payments of £21.7m, accelerated amortisation of bond fees and original issue discount of £16.6m, arrangement fees associated with the revolving credit facility of £4.5m and other costs of £1.6m.

(2) Exceptional bid costs of £3.3m in 2014 relate to costs incurred on the Group's bid for Bord Gais Energy.

(3) The Group recognised an impairment of £30.0m in 2014 in relation to the Huntstown plant associated with the reduced utilisation of the power plant as a result of the ongoing impact of the coal gas switch.

(4) Profit on disposal of continuing operations of £1.6m in 2014 relates to a net benefit arising from residual transaction costs attributable to the sale of NIE and Powerteam to ESB on 21 December 2010 which are no longer expected to occur.

(5) Net profit on derivatives at fair value through operating costs of £4.9m (2014—£3.8m loss) primarily relates to fair value movements in commodity swap contracts and foreign exchange forward contracts.

(6) Net profit on derivatives at fair value through finance costs of £16.9m (2014—£13.2m loss) primarily relates to fair value movements in cross currency swap contracts.

The tax credit/(charge) in the profit and loss account relating to exceptional items and certain remeasurements is:

	2015	2014
	£m	**£m**
Exceptional finance costs	**0.7**	—
Fair valued derivatives through profit & loss	**(0.6)**	0.5
Impairment of property, plant and equipment	**—**	3.7
	0.1	4.2

7. Auditors' remuneration

The Group paid the following amounts to the Company's auditors or its associates in respect of the audit of the financial statements and for other services provided to the Group.

	2015	2014
	£'000	**£'000**
Audit of these financial statements	**41**	41
Audit of subsidiaries pursuant to legislation	**192**	191
	233	232

Fees payable to the Company's auditor and its associates for other services:

Audit related assurance services	**181**	16
Taxation compliance services	**40**	44
Taxation advisory services	**257**	87
Corporate finance services	**415**	23
Other non-audit services	**9**	—
Total non-audit services	**902**	170

8. Employees

	2015	2014
	£m	**£m**
Salaries	**20.0**	18.7
Social security costs	**2.1**	2.0
Pension costs		
—defined contribution plans	**1.3**	1.1
—defined benefit plans	**1.7**	0.7
	25.1	22.5
Less salaries capitalised in property, plant and equipment	**(1.3)**	(1.2)
Charged to the income statement	**23.8**	21.3

	Actual headcount at 31 March		Average during the year	
	Number 2015	**Number 2014**	**Number 2015**	**Number 2014**
Energia Group	**200**	199	**194**	206
Power NI	**190**	197	**189**	191
PPB	**12**	11	**11**	11
Other	**80**	37	**71**	38
	482	444	**465**	446

Directors' emoluments

No amounts were paid to the directors in respect of qualifying services or long term incentive plans during the year (2014—£nil).

9. Finance costs/income

	Results before exceptional items and certain remeasurements 2015	Exceptional items and certain remeasurements 2015	Total 2015	Results before exceptional items and certain remeasurements 2014	Exceptional items and certain remeasurements 2014	Total 2014
	£m	£m	£m	£m	£m	£m
Finance Costs						
Interest on external bank loans and borrowings	**(6.9)**	—	**(6.9)**	(6.0)	—	(6.0)
Interest on senior secured notes	**(40.7)**	—	**(40.7)**	(45.7)	—	(45.7)
Interest payable to parent undertaking	**(29.7)**	—	**(29.7)**	(27.7)	—	(27.7)
Total interest expense	**(77.3)**	—	**(77.3)**	(79.4)	—	(79.4)
Amortisation of financing charges	**(7.9)**	**(16.6)**	**(24.5)**	(7.6)	—	(7.6)
Unwinding of discount on decommissioning provision	**(0.3)**	—	**(0.3)**	(0.2)	—	(0.2)
Unwinding of discount on shareholder loan	**(22.4)**	—	**(22.4)**	(19.7)	—	(19.7)
Other finance charges	—	**(27.8)**	**(27.8)**	(0.6)	—	(0.6)
Total other finance charges	**(30.6)**	**(44.4)**	**(75.0)**	(28.1)	—	(28.1)
Net exchange (loss)/gain on net foreign currency borrowings	**(18.4)**	—	**(18.4)**	10.4	—	10.4
Net gain/(loss) on financial instruments at fair value through profit or loss	—	**16.9**	**16.9**	—	(13.2)	(13.2)
Less interest capitalised in qualifying asset	**1.3**	—	**1.3**	0.9	—	0.9
Total finance costs	**(125.0)**	**(27.5)**	**(152.5)**	(96.2)	(13.2)	(109.4)
Finance income						
Interest income on a loan to an associate	**0.9**	—	**0.9**	1.0	—	1.0
Unwinding of discount on junior asset	**27.1**	—	**27.1**	24.6	—	24.6
Interest income on bank deposits	**0.2**	—	**0.2**	—	—	—
Total finance income	**28.2**	—	**28.2**	25.6	—	25.6

The average capitalisation rate applied in determining the amount of borrowing costs to be capitalised in the period was 6.5% (2014—6.1%).

10. Income tax

The major components of the tax credit/(charge) for the years ended 31 March 2015 and 2014 are:

	Results before exceptional items and certain remeasurements 2015	Exceptional items and certain remeasurements 2015	Total 2015	Results before exceptional items and certain remeasurements 2014	Exceptional items and certain remeasurements 2014	Total 2014
	£m	£m	£m	£m	£m	£m
Current tax:						
Current tax (charge)/ credit	**(0.3)**	**0.1**	**(0.2)**	(0.7)	0.5	(0.2)
Adjustments in respect of prior years	**2.8**	**—**	**2.8**	0.3	—	0.3
Total current tax credit/ (charge)	**2.5**	**0.1**	**2.6**	(0.4)	0.5	0.1
Deferred tax:						
Adjustments in respect of current year	**(0.4)**	**—**	**(0.4)**	3.9	3.7	7.6
Adjustments in respect of prior years	**0.6**	**—**	**0.6**	1.0	—	1.0
Effect of decreased rate on opening liability	**—**	**—**	**—**	(1.3)	—	(1.3)
Total deferred tax	**0.2**	**—**	**0.2**	3.6	3.7	7.3
Total taxation credit	**2.7**	**0.1**	**2.8**	3.2	4.2	7.4

Consolidated statement of other comprehensive income

	2015	2014
	£m	£m
Deferred tax related to items recognised in Other Comprehensive Income during the year:		
Net gain on revaluation of cash flow hedges	**0.4**	1.2
Net gain on remeasurement of defined benefit scheme	**0.2**	0.2
Taxation credited to Other Comprehensive Income	**0.6**	1.4

The tax (credit)/charge for the year can be reconciled to the profit/(loss) per the income statement as follows:

	2015	2014
	£m	£m
Accounting loss before income tax	**(13.0)**	(44.2)
At the statutory—income tax rate of 21% (2014—23%)	**(2.8)**	(10.2)
Adjustments in respect of previous years	**(3.4)**	(1.3)
Relief on interest expense paid in the period on which no deferred tax asset was recognised	**(3.8)**	—
Utilisation of tax losses on which no deferred tax asset was recognised	**(3.6)**	(3.5)
Interest expense not paid in the period on which no deferred tax asset is recognised	**5.6**	—
Effect of lower tax rates on overseas earnings	**4.2**	1.0
Other	**0.5**	2.1
Non-deductible interest	**0.4**	0.2
Movement in unrecognised temporary differences	**0.1**	(0.1)
Tax losses carried forward on which no deferred tax asset is recognised	**—**	3.1
Impact of rate change on deferred tax	**—**	1.3
Non-deductible expenses for tax purposes	**—**	0.4
Profit on disposal of subsidiary undertaking	**—**	(0.4)
Tax credit	**(2.8)**	(7.4)

	Accelerated capital allowances	Losses available for offset against future taxable income	Loan interest	Pension obligation	Revaluation on cash flow hedges	Other	Total
	£m	£m	£m	£m	£m	£m	£m
As at 1 April 2013	(18.7)	6.3	5.7	—	(0.4)	1.1	(6.0)
Credit/(charge) to income statement	4.9	1.4	1.7	(0.3)	—	(0.4)	7.3
Credit to equity	—	—	—	0.2	1.2	—	1.4
Foreign exchange	0.3	—	(0.1)	—	—	(0.3)	(0.1)
As at 31 March 2014	(13.5)	7.7	7.3	(0.1)	0.8	0.4	2.6
(Charge)/credit to income statement	(1.7)	1.9	0.3	(0.1)	—	(0.2)	0.2
Credit to equity	—	—	—	0.2	0.4	—	0.6
Foreign exchange	2.2	(0.3)	(1.0)	—	—	0.2	1.1
As at 31 March 2015	**(13.0)**	**9.3**	**6.6**	**—**	**1.2**	**0.4**	**4.5**

Certain deferred tax assets and liabilities have been offset. The following is an analysis of the deferred tax balances (after offset) for financial reporting purposes:

	2015	2014
	£m	£m
Deferred tax assets	**17.5**	16.2
Deferred tax liabilities	**(13.0)**	(13.6)
Net deferred tax assets	**4.5**	2.6

Current and deferred tax have been calculated using standard rates of corporation tax in the UK being the prevalent rates of corporation tax of the Group. Deferred tax has been calculated at 20% as at 31 March 2015 reflecting HMRC enactment, in July 2013, of a reduction in the corporation tax rate effective from 1 April 2015.

A deferred tax asset of £51.9m (2014—£56.4m) has not been recognised in relation to £222m (2014—£282m) of tax losses carried forward and £47m (2014—£nil) of interest on which no tax relief has yet been claimed, due to uncertainty regarding the quantum of future taxable profits in the companies concerned.

No deferred tax has been provided at 31 March 2015 (2014—£nil) on temporary differences arising from unremitted earnings of Group subsidiaries on the basis that undistributed profits of subsidiaries will not be distributed in the foreseeable future. In addition any repatriation is unlikely to result in any tax due to the dividend exemption in the UK and the non-taxable nature of the jurisdictions of certain other companies in the Group.

11. Property, plant and equipment

	Generation assets	Freehold operational land	Fixtures and equipment	Total
	£m	£m	£m	£m
Cost or valuation:				
At 1 April 2013	402.5	13.1	6.9	422.5
Exchange adjustment	(9.9)	(0.3)	—	(10.2)
Additions	21.8	—	0.5	22.3
Acquisition of subsidiaries	2.4	—	—	2.4
At 31 March 2014	416.8	12.8	7.4	437.0
Exchange adjustment	(55.9)	(1.6)	(0.1)	(57.6)
Additions	33.4	—	0.4	33.8
At 31 March 2015	**394.3**	**11.2**	**7.7**	**413.2**
Depreciation and impairment:				
At 1 April 2013	117.0	—	4.0	121.0
Exchange adjustment	(3.9)	—	—	(3.9)
Impairment charge	30.0	—	—	30.0
Depreciation charge for the year	17.2	—	0.8	18.0
At 31 March 2014	160.3	—	4.8	165.1
Exchange adjustment	(26.2)	—	(0.1)	(26.3)
Depreciation charge for the year	16.1	—	0.9	17.0
At 31 March 2015	**150.2**	**—**	**5.6**	**155.8**
Net book value:				
At 1 April 2013	285.5	13.1	2.9	301.5
At 31 March 2014	256.5	12.8	2.6	271.9
At 31 March 2015	**244.1**	**11.2**	**2.1**	**257.4**

(i) Included in generation assets are amounts in respect of assets under construction amounting to £23.3m (2014—£19.3m) and capitalised interest of £2.7m (2014—£1.7m).

(ii) An impairment charge of £30.0m was recognised in 2014 in respect of generation assets in relation to the Huntstown 1 and Huntstown 2 CCGT plant reflecting the ongoing impact of reduced utilisations of both power plant. The generation assets were impairment reviewed under the value-in-use methodology using a discount rate of 10.0%.

12. Intangible assets

	Software costs	Renewable development assets	Emission allowances, ROCs, LECs & EECs	Goodwill	Total
	£m	£m	£m	£m	£m
Cost:					
At 1 April 2013	25.4	—	16.8	464.0	506.2
Exchange adjustment	—	—	—	(0.1)	(0.1)
Additions	2.4	—	23.4	—	25.8
Surrenders in settlement of obligations	—	—	(24.7)	—	(24.7)
Acquisition of subsidiaries	—	8.3	—	—	8.3
At 31 March 2014	27.8	8.3	15.5	463.9	515.5
Exchange adjustment	(0.3)	—	(0.2)	(0.2)	(0.7)
Additions	0.8	—	54.5	—	55.3
Surrenders in settlement of obligations	—	—	(35.4)	—	(35.4)
At 31 March 2015	**28.3**	**8.3**	**34.4**	**463.7**	**534.7**
Amortisation and impairment:					
At 1 April 2013	11.0	—	—	1.4	12.4
Amortisation	3.4	—	—	—	3.4
At 31 March 2014	**14.4**	—	—	1.4	15.8
Exchange adjustment	—	—	—	(0.2)	(0.2)
Amortisation	3.7	—	—	—	3.7
At 31 March 2015	**18.1**	**—**	**—**	**1.2**	**19.3**
Net book value:					
At 1 April 2013	14.4	—	16.8	462.6	493.8
At 31 March 2014	13.4	8.3	15.5	462.5	499.7
At 31 March 2015	**10.2**	**8.3**	**34.4**	**462.5**	**515.4**

13. Impairment testing of goodwill and intangible assets with indefinite lives

The Group has five CGUs outlined below:

- Huntstown generation;
- Energia supply;
- Energia renewable assets;
- Power NI; and
- PPB.

The CGUs align to the Group operating and reportable segments as identified in note 4 with the exception of the Energia Group which has been split into three CGUs, Huntstown generation, Energia supply and Energia renewable assets as the cash flows from Huntstown generation and Energia renewable assets are largely independent of the cash flows of the Energia Supply CGU.

The carrying amount of goodwill is allocated to each of the CGUs as follows:

CGU	2015	2014
	£m	**£m**
Energia supply	**336.5**	336.5
Power NI	**126.0**	126.0
Total goodwill	**462.5**	462.5

The recoverable amount of the goodwill allocated to Energia supply and Power NI together with the property, plant and equipment of each CGU, has been determined based on a value in use calculation using cash flow projections from the Group's five year business plan as approved by the Board together with a long term growth rate of 2% applied thereafter. The Group's business model is based on past experience and reflects the Group's forward view of market prices, risks and its strategic objectives. The recoverable amount is compared to the carrying amount of the CGU to determine whether the CGU is impaired.

Key assumptions used in value in use calculations

The key assumptions used for the value in use assumptions are as follow:

Discount rates

The pre-tax discount rate used in the calculation of the value in use for the CGUs was 11.0% (2014—10.0%) reflecting management's estimate of the Weighted Average Cost of Capital a post-tax rate required to assess operating performance and to evaluate future capital investment proposals.

These rates reflect market projections of the risk-free rate in the jurisdictions in which the Group operates, equity risk premiums and the cost of debt appropriate to the industry.

Energia supply CGU

The key assumptions on which the cash flow projections of this CGU are based are as follows:

- Retail supply revenues for electricity and gas are based on the expected market share derived from the market share at the time of the approval of the business model adjusted for forecasted growth. Growth in business customer numbers is modest and growth in respect of Energia's entry into the RoI domestic market is moderate with cash flows associated with increased customer service and customer acquisition incorporated accordingly;

- Retail supply margins are based on historic and projected gross margin percentages;

- Renewable PPA revenues are based on capacity in operation at the time of the approval of the business model adjusted for forecasted growth. Growth in capacity primarily reflects contracted PPAs and uncontracted growth is moderate; and

- Renewable PPAs margins are based on forecast electricity market prices and the underpinning support mechanisms of REFIT in the RoI and ROCs in Northern Ireland.

Outcome of tests:

The recoverable amount of the Energia supply CGU exceeded the respective carrying value at the time of the impairment test. While cash flows are subject to inherent uncertainty, reasonable possible changes in the key assumptions applied in assessing the value in use would not cause a change to the conclusion reached.

Power NI CGU

The key assumptions on which the cash flow projections of this CGU are based are as follows:

- Regulated revenues and margins are underpinned by the regulatory price control in place for the three year period to 31 March 2017;

- Customer attrition is assumed however the nature of the price control with regulated entitlement 70% fixed and 30% variable reduces the impact of customer losses; and
- Unregulated retail supply margins for business customers are based on historic and projected gross margin percentages.

Outcome of tests:

The recoverable amount of the Power NI CGU exceeded the respective carrying value at the time of the impairment test. While cash flows are subject to inherent uncertainty, reasonable possible changes in the key assumptions applied in assessing the value in use would not cause a change to the conclusion reached.

14. Investment in associates

At 31 March 2014 and 2015 the Group has a 25% interest in Eco Wind Power Limited (EWP) and a 20% interest in IIF Cyclone NI Holdco Limited (IIF Cyclone) (collectively, the "Associates").

EWP is incorporated in the Republic of Ireland and carries on the business of windfarm generation. IIF Cyclone is incorporated in Northern Ireland and carries on the business of windfarm generation. The Group's interests in the Associates are accounted for using the equity method in the consolidated financial statements. Under their project finance facilities, distributions can only be made by the Associates when specific debt service cover ratio or other threshold levels have been achieved. The following table illustrates the summarised financial information of the Group's investment in its associates:

	As at 31 March 2015	As at 31 March 2014
	£m	£m
Goodwill	**7.4**	8.1
Current assets	**12.7**	15.3
Non-current assets	**90.0**	100.9
Derivative liabilities	**(8.9)**	(6.2)
Current liabilities	**(11.1)**	(10.5)
Non-current liabilities	**(115.6)**	(127.0)
Equity	**(25.5)**	(19.4)
Proportion of the Group's share of equity excluding goodwill	**(8.3)**	(7.3)
Goodwill	**7.4**	8.1
Loan to associates	**7.0**	7.1
Carrying amount of the investment	**6.1**	7.9

	Year ended 2015	Year ended 2014
	£m	£m
Revenue	**15.9**	20.0
Operating profit	**5.1**	9.0
Finance costs	**(8.8)**	(9.6)
Loss before tax	**(3.7)**	(0.6)
Taxation	**—**	(0.8)
Loss for the year	**(3.7)**	(1.4)
Group's share of loss for the year	**(0.9)**	(0.4)

15. Business combinations and disposals

Acquisitions in 2014

In April 2013, the Group acquired 100% of the shares of Thornog Windfarm Ltd and in October 2013 acquired 100% of the shares of Long Mountain Wind Farm Limited, both unlisted companies based in Northern Ireland. The acquisitions contribute towards the Group's aim of growing its renewable generation business in Ireland.

Total consideration for both acquisitions comprised £6.8m cash and £2.2m contingent consideration.

Assets acquired and liabilities assumed

The combined fair values of the identifiable assets and liabilities of Thornog Windfarm Ltd and Long Mountain Wind Farm Limited as at the date of acquisition were:

	Fair value recognised on acquisition
	£m
Assets	
Property plant and equipment	2.4
Liabilities	
Loans and borrowings	(1.7)
Total identifiable net assets at fair value	0.7
Intangible assets (development assets) arising on acquisition	8.3
Purchase consideration transferred	9.0
Purchase consideration made up of:	
Cash	6.8
Contingent consideration	2.2
	9.0
Analysis of cash flows on acquisition:	
Cash paid	6.8
Discharge of amounts owed to shareholders	1.7
Net cash flows on acquisition	8.5

Transaction costs of £0.3m were expensed in 2014 and are included in other operating charges.

Thornog Windfarm Ltd became operational in December 2014 and generated £1.5m of revenue for the period ended 31 March 2015. Long Mountain Wind Farm Limited remains in development and has not generated any revenues. The impact on the Group's profits from their activities is immaterial.

Contingent consideration

Contingent consideration relates to timing of and costs in relation to milestones associated with grid connection and commissioning timelines. The contingent consideration recognised at the date of acquisition was £2.2m and reflects the maximum amount payable in respect of both acquisitions, with the minimum payable being £nil. £0.5m was paid during the year and the remaining £1.7m is anticipated to be paid in 2016.

16. Group information

Information about subsidiaries

Principal investments in which the Group held 100% of ordinary shares at 31 March 2015 are listed below:

Name	Principal activities	Country of incorporation
Regulated businesses		
Power NI Energy Limited(1)(*)	Power procurement and supply of electricity	Northern Ireland
Energia Group		
Huntstown Power Company Limited(*)	Electricity generation	Republic of Ireland
Viridian Power Limited(*)	Electricity generation	Republic of Ireland
Viridian Energy Supply Limited (trading as Energia)(*)	Energy supply	Northern Ireland
Viridian Energy Limited (trading as Energia)(*)	Energy supply	Republic of Ireland
GenSys Power Limited (trading as GenSys)(*)	Operating and maintenance services	Republic of Ireland
Viridian Power and Energy Holdings Limited(*)	Holding company	Republic of Ireland
Viridian Power and Energy Limited(*)	Holding company	Northern Ireland
Power and Energy Holdings (RoI) Limited(*)	Holding company	Republic of Ireland
Viridian Renewables Company 1 Limited(*)	Holding company	Northern Ireland
Viridian Renewables Development Limited(*)	Holding company	Republic of Ireland
Viridian Renewables RoI Limited(*)	Holding company	Republic of Ireland
Holyford Windfarm Limited(*) . . .	Renewable generation	Republic of Ireland
MD South Windfarm Limited(*) . .	Renewable development	Republic of Ireland
Whaplode Limited(*)	Renewable development	Republic of Ireland
Windgeneration Ireland Limited(*)	Renewable development	Republic of Ireland
Eshmore Wind Limited(*)	Holding company	Republic of Ireland
Eshmore Ltd(*)	Renewable development	Northern Ireland
Clondermot Wind Limited(*)	Renewable development	Northern Ireland
Lisglass Wind Ltd(*)	Renewable development	Northern Ireland
Thornog Windfarm Ltd(*)	Renewable generation	Northern Ireland
Long Mountain Wind Farm Limited(*)	Renewable development	Northern Ireland
Other		
Viridian Properties Limited(*)	Property	Northern Ireland
Viridian Insurance Limited(*)	Insurance	Isle of Man
EI Ventures Limited(*)	Holding company	Great Britain
ElectricInvest Acquisitions Limited(*)	Holding company	Great Britain
ElectricInvest Holding Company Limited(*)	Holding company	Great Britain
ElectricInvest (Cayman) Limited(*) .	Holding Company	Cayman Islands
ElectricInvest (Lux) RoI S.à.r.l.(*) . .	Holding company	Grand Duchy of Luxembourg
Viridian Capital Limited(*)	Holding company	Northern Ireland
Viridian Enterprises Limited(*) . . .	Holding company	Northern Ireland
Viridian Group Limited(*)	Holding company	Northern Ireland
Viridian Group Fundco I Limited(*)	Holding Company	Cayman Islands
Viridian Group Fundco II Limited(*)	Holding Company	Cayman Islands
Viridian Group Fundco III Limited(*)	Holding Company	Cayman Islands

* held by a subsidiary undertaking

(1) consists of the operating businesses of Power NI and PPB

Ultimate parent undertaking, controlling party and related party transactions

The parent undertaking of the Company is Viridian Group Holdings Limited, a company incorporated in the Cayman Islands. The ultimate parent undertaking of the Company and controlling party of the Group, as defined by IFRS 10, "Consolidated Financial Statements" is ElectricInvest Investments Limited a company incorporated in the Cayman Islands.

17. Other financial assets

	2015	2014
	£m	**£m**
Other financial assets		
Loans and receivables:		
Security deposits	**2.4**	2.4
Short term managed funds	**1.4**	1.4
Total loans and receivables	**3.8**	3.8
Financial instruments held to maturity:		
Investment in parent undertaking's junior bank facility	**162.6**	144.8
Viridian Growth Fund	**0.6**	0.6
Total other financial assets	**167.0**	149.2
Total non-current	**163.2**	145.4
Total current	**3.8**	3.8

Loans and receivables are held to maturity and generate a fixed or variable interest income for the Group. The carrying value may be affected by changes in the credit risk of the counterparties.

18. Trade and other receivables

	2015	2014
	£m	**£m**
Trade receivables (including unbilled consumption)	**131.7**	150.6
Prepayments and accrued income	**26.8**	24.0
Other receivables	**2.6**	6.1
Amounts owed by fellow group undertaking	**0.2**	—
	161.3	180.7

Trade receivables are non-interest bearing and are generally on terms of 14 to 90 days.

See below for the movements in the provision for impairment of receivables.

	£m
At 31 March 2013	11.4
Charge for the year	4.4
Utilised	(3.5)
At 31 March 2014	12.3
Exchange adjustment	(0.5)
Charge for the year	3.8
Utilised	(4.5)
At 31 March 2015	**11.1**

As at 31 March, the ageing analysis of trade receivables is as follows:

	Total	Neither past due nor impaired	Past due but not impaired			
			< 30 days	30-60 days	61-90 days	> 90 days
	£m	£m	£m	£m	£m	£m
2014	150.6	105.8	25.7	9.2	5.4	4.5
2015	**131.7**	**95.6**	**23.5**	**5.4**	**3.2**	**4.0**

The credit quality of trade receivables that are neither past due nor impaired is assessed by reference to external credit ratings where available otherwise historical information relating to counterparty default rates combined with current knowledge of the counterparty is used.

19. Cash and cash equivalents

	2015	2014
	£m	£m
Cash at bank and on hand	**24.9**	6.1
Short-term bank deposits	**47.6**	20.2
	72.5	26.3

Cash at bank earns interest at floating rates based on daily bank deposit rates.

At 31 March 2015, the Group had available £118.6m (2014—£116.4m) of undrawn committed borrowing facilities.

20. Trade and other payables

	2015	2014
	£m	£m
Trade creditors	**42.8**	54.5
Other creditors	**30.5**	26.4
Amounts owed to associate	**2.4**	2.4
Payments received on account	**29.2**	29.4
Tax and social security	**6.6**	2.3
Accruals	**123.8**	121.6
	235.3	236.6

Trade creditors are non-interest bearing and are normally settled within 45 day terms.

21. Financial liabilities

	2015	2014
	£m	£m
Current financial liabilities:		
Senior secured notes interest payable	**4.1**	—
Interest payable	**0.6**	1.2
Project financed bank facilities (RoI)	**0.4**	0.4
Project financed bank facilities (NI)	**0.9**	—
Contingent consideration	**1.7**	2.2
Total current financial liabilities	**7.7**	3.8
Non-current financial liabilities:		
Senior secured notes (2020)	**425.2**	—
Senior secured notes (2017)	**—**	346.5
Subordinated shareholder loan	**356.9**	382.9
Project financed bank facilities (NI)	**27.0**	5.8
Project financed bank facilities (RoI)	**8.7**	10.4
Total non-current financial liabilities	**817.8**	745.6
Total current and non-current financial liabilities	**825.5**	749.4

Senior secured notes and Senior revolving credit facility

In February 2015, the Group issued new Senior secured notes due in March 2020 and entered into a new Senior revolving credit facility due in October 2019. The proceeds from the issue of the Senior secured notes (2020) were used to repay the Senior secured notes (2017) and repay a portion of the subordinated shareholder loan. The Senior secured notes and Senior revolving credit facility are secured by way of fixed and floating charges over the assets of the Group's material non-regulated and intermediary holding company subsidiaries, together with first ranking share pledges over the shareholdings in the Group's material and intermediary holding company subsidiaries including the regulated subsidiaries Power NI Energy Limited and ElectricInvest (Cayman) Limited. On enforcement the Senior revolving credit facility would be repaid in advance of the Senior secured notes. The carrying value of the Senior secured notes (2020) include unamortised costs of £8.9m.

The Senior secured notes are denominated in Euro €600.0m (2014—€283.9m) and USD $nil (2014—$226.8m) and interest, which is payable semi-annually, is charged at a fixed rate coupon of 7.5% (2014—11.125%). The Senior secured notes (2020) are repayable in one instalment on 1 March 2020.

The Senior secured notes (2020) includes an option for the period to 1 September 2017 to redeem annually up to 10% of the original principal at a redemption price of 103%.

Interest is charged under the Senior revolving credit facility at floating interest rates based on Libor and Euribor.

Subordinated shareholder loan

The loan payable to the parent undertaking is subordinated to the repayment of the Senior secured notes and the Senior revolving credit facility and becomes repayable on demand once all facilities to which it is subordinated are repaid. Of this loan £182.8m (2014—£160.3m) is non-interest bearing and £174.1m (2014—£222.6m) accrues interest at 13.5% on a payment in kind basis.

The Group elected to cash pay £7.0m of interest accrued on the subordinated shareholder loan in September 2014 and £7.0m of the loan principal in December 2014. In February 2015, part of the proceeds from the issue of the Senior secured notes due in March 2020 was used to make a £64.1m repayment of the subordinated shareholder loan which in turn was used to repay a portion of the parent undertaking's Junior bank facility A in March 2015.

Project financed bank facilities

The project financed bank loan facilities are repayable in semi-annual instalments to 2031 and are secured on a non-recourse basis over the assets and shares of the specific subsidiaries of the Group with a principal activity of renewable generation or renewable development. Distributions can only be made by these companies when specific debt service cover ratio or other threshold levels have been achieved. Interest on the project finance bank loan facilities has been predominantly fixed through interest rate swaps resulting in an effective rate of interest of 4.64% (2014—3.89%) on project financed bank facilities NI and 5.82% (2014—6.47%) on the project financed bank facilities RoI.

22. Deferred income

	2015	2014
	£m	£m
At 1 April	**0.9**	1.2
Released to the income statement	**(0.3)**	(0.3)
At 31 March	**0.6**	0.9
Current	**0.3**	0.3
Non-current	**0.3**	0.6
	0.6	0.9

The deferred income arises from contributions in respect of certain property, plant and equipment assets.

23. Pensions and other post- employment benefit plans

	2015	2014
	£m	£m
Net employee defined benefit liability (before deferred tax)	**(0.8)**	(1.0)

The VGPS has two sections: a money purchase section (known as 'Options') and a defined benefit section (known as 'Focus'). The defined benefit section is closed to new entrants. There is also a money purchase arrangement for employees in the RoI known as 'Choices'. Most employees of the Group are members of VGPS Options or Choices.

The assets of the Focus section are held under trust and invested by the trustees on the advice of professional investment managers.

The regulatory framework in the UK requires the Trustees and Group to agree upon the assumptions underlying the funding target, and then to agree upon the necessary contributions required to recover any deficit at the valuation date. There is a risk to the Group that adverse experience could lead to a requirement for the Group to make further contributions to recover any deficit.

The Trustees regularly review the investment strategy of VGPS and target to maintain the mix of investments between 45% on-risk and 55% off-risk.

The last actuarial valuation of VGPS was as at 31 March 2012 and under the terms of the recovery plan agreed with the trustees, the Group will make good the £9.9m funding shortfall through annual deficit repair contribution of £1.25m for eight years.

The following tables summarise the components of net benefit expense recognised in the income statement and the funded status and amounts recognised in the balance sheet for the VGPS:

VGPS focus section

Changes in the defined benefit obligation, fair value of Focus assets and unrecognised past service costs are as follows:

	2015	2014
	£m	£m
Market value of assets at 1 April	**31.3**	28.7
Interest income	**1.4**	1.2
Contributions from employer	**2.2**	2.2
Contributions from scheme members	**0.1**	0.1
Benefits paid	**(0.4)**	(0.3)
Return on plan assets (excluding amounts in the net interest expense)	**4.4**	(0.6)
Transfer of employees	**1.6**	—
Market value of assets at 31 March	**40.6**	31.3
Actuarial value of liabilities at 1 April	**31.3**	29.3
Interest cost	**1.4**	1.2
Current service cost	**0.7**	0.7
Contributions from scheme members	**0.1**	0.1
Past service cost	**0.5**	—
Benefits paid	**(0.4)**	(0.3)
Actuarial loss arising from changes in demographic assumptions	**—**	0.2
Actuarial loss arising from changes in financial assumptions	**4.9**	0.1
Transfer of employees	**2.1**	—
Actuarial value of liabilities at 31 March	**40.6**	31.3
Pension liability	**—**	—
IFRIC 14 liability	**(0.9)**	(1.0)
Pension liability before deferred tax	**(0.9)**	(1.0)
Related deferred tax asset	**0.1**	—
Net pension liability	**(0.8)**	(1.0)
Analysis of amounts recognised in employee costs:		
Transfer of employees assets	**1.6**	—
Current service cost	**(0.7)**	(0.7)
Past service cost	**(0.5)**	—
Transfer of employees liabilities	**(2.1)**	—
	(1.7)	(0.7)
Analysis of amounts recognised in other comprehensive income:		
Return on plan assets (excluding amounts in the net interest expense)	**4.4**	(0.6)
Actuarial loss arising from changes in demographic assumptions	**—**	(0.2)
Actuarial loss arising from changes in financial assumptions	**(4.9)**	(0.1)
Decrease/(increase) in IFRIC 14 liability	**0.1**	(0.3)
	(0.4)	(1.2)

In accordance with IFRIC 14—"IAS 19—The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction" an additional liability of £0.9m (2014—£1.0m) has been recognised to the extent that the pension asset which would arise from the minimum funding contributions payable in respect of the past service deficit is not available to the Company.

The actual return in Focus assets for 2015 amounted to £5.8m (2014—£0.6m).

Past service costs of £0.5m relate to the Power NI voluntary severance scheme.

A net cost of £0.5m has been recognised in relation to the transfer in of 4 Capita employees on 1 April 2014.

The major categories of Focus assets of the fair value of the total plan assets are, as follows:

	VGPS focus section	
	2015	**2014**
	£m	**£m**
Unquoted investments:		
—Equity investments	**16.1**	13.2
—Bonds	**20.5**	16.2
—Other	**4.0**	1.9
Total assets	**40.6**	31.3

The principal assumptions used in determining pension and post-employment medical benefit obligations for the VGPS Focus are shown below:

	2015	**2014**
Rate of increase in pensionable salaries	**2.5% p.a.**	2.8% p.a.
Rate of increase in pensions in payment	**2.0% p.a.**	2.3% p.a.
Discount rate	**3.2% p.a.**	4.3% p.a.
Inflation assumption (based on CPI)	**2.0% p.a.**	2.3% p.a.
Life expectancy:		
—current pensioners (at age 60)—males	**26.0 years**	26.0 years
—current pensioners (at age 60)—females	**28.7 years**	28.7 years
—future pensioners (at age 60)—males	**27.9 years**	28.2 years
—future pensioners (at age 60)—females	**30.7 years**	30.6 years

The life expectancy assumptions are based on standard actuarial mortality tables and include an allowance for future changes in life expectancy.

A quantitative sensitivity analysis for significant assumptions as at 31 March is as shown below:

Assumptions	Sensitivity level	Impact on net defined benefit obligation Increase/ (decrease) 2015	2014
		£m	£m
Pensionable salaries	1% increase	**1.4**	1.6
	1% decrease	**(1.4)**	(1.5)
Pension payments	0.5% increase	**2.6**	2.0
	0.5% decrease	**(2.4)**	(1.8)
Discount rate	0.5% increase	**(3.1)**	(2.5)
	0.5% decrease	**3.5**	2.9
Inflation	1% increase	**5.6**	4.0
	1% decrease	**(4.5)**	(3.5)
Life expectancy of male pensioners	Increase by 1 year	**0.4**	0.3
	Decrease by 1 year	**(0.4)**	(0.3)
Life expectancy of female pensioners	Increase by 1 year	**0.4**	0.4
	Decrease by 1 year	**(0.4)**	(0.4)

The sensitivity analyses above have been determined based on a method that extrapolates the impact on net defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The following payments are expected contributions to be made in the future years towards the defined benefit plan obligation:

	2015	2014
	£m	£m
Within the next 12 months (next annual reporting period)	**2.7**	2.4
Between two and five years	**8.6**	9.4
Between five and ten years	**4.5**	6.8
Total expected payments	**15.8**	18.6

The average duration of the defined benefit plan obligation at the end of the reporting period is 20 years (2014-22 years).

24. Provisions

	Decommissioning	Liabilities and damage claims	Total
	£m	£m	£m
At 1 April 2013	11.4	0.1	11.5
Foreign exchange adjustment	(0.3)	—	(0.3)
New plant commissioned	0.1	—	0.1
Unwinding of discount	0.3	—	0.3
Changes in the discount rate	(0.3)	—	(0.3)
At 31 March 2014	11.2	0.1	11.3
Foreign exchange adjustment	(1.4)	—	(1.4)
New plant commissioned	0.3	—	0.3
Unwinding of discount	0.3	—	0.3
Changes in the discount rate	0.8	—	0.8
At 31 March 2015	**11.2**	**0.1**	**11.3**
Non-current	11.2	0.1	11.3

Liability and damage claims

Notwithstanding the intention of the directors to defend vigorously claims made against the Group, liability and damage claim provisions have been made which represent the directors' best estimate of costs expected to arise from ongoing third party litigation matters and employee claims. These provisions are expected to be utilised within a period not exceeding four years.

Decommissioning

Provision has been made for decommissioning generation assets. The provision represents the present value of the current estimated costs of closure of the plants at the end of their useful economic lives. The provisions have been discounted using a weighted average rate of 2.032% (2014—2.448%) and are expected to be utilised within a period not exceeding twenty two years.

25. Financial assets and financial liabilities

Derivative financial assets

	2015	2014
	£m	£m
Derivatives at fair value through other comprehensive income		
Cash flow hedges:		
Foreign exchange forward contracts	**4.4**	1.9
Commodity swap contracts	**0.1**	6.5
Interest rate swap contracts	**—**	0.3
Total derivatives at fair value through other comprehensive income	**4.5**	8.7
Derivatives at fair value through profit and loss		
Derivatives not designated as hedges:		
Foreign exchange forward contracts	**2.3**	—
Commodity swap contracts	**2.4**	—
Total derivatives at fair value through profit and loss	**4.7**	—
Total derivative financial assets	**9.2**	8.7
Total non-current	**0.6**	0.5
Total current	**8.6**	8.2

Derivative financial liabilities

	2015	2014
	£m	£m
Derivatives at fair value through other comprehensive income		
Cash flow hedges:		
Foreign exchange forward contracts	**(2.5)**	(1.9)
Commodity swap contracts	**(2.9)**	(10.6)
Interest rate swap contracts	**(5.1)**	(1.5)
Total derivatives at fair value through other comprehensive income	**(10.5)**	(14.0)
Derivatives at fair value through profit and loss		
Derivatives not designated as hedges:		
Foreign exchange forward contracts	**(0.8)**	—
Commodity swap contracts	**(4.4)**	(6.0)
Cross currency swap contracts	**—**	(12.4)
Total derivatives at fair value through profit and loss	**(5.2)**	(18.4)
Total derivative financial liabilities	**(15.7)**	(32.4)
Total non-current	**(4.8)**	(12.9)
Total current	**(10.9)**	(19.5)

Hedging activities and derivatives

Cash flow hedges

Cash flow hedges are derivative contracts entered into to hedge a forecast transaction or cash flow risk generally arising from a change in interest rates, commodity rates or foreign currency exchange rates and which meets the effectiveness criteria prescribed by IAS 39. The Group's accounting policy for cash flow hedges is set out in note 3.

	2015	2014
	£m	£m
Accumulated loss included in equity (excluding associates)	**(6.0)**	(5.3)

The table below summarises the maturity of cashflow hedges:

	2015	2014
	£m	£m
Derivative financial assets		
In one year or less	**3.9**	8.2
In more than one year but less than five years	**0.6**	0.2
In more than five years	**—**	0.3
Gains through income statement	**4.5**	8.7
Derivative financial liabilities		
In one year or less	**(5.7)**	(12.6)
In more than one year but less than five years	**(2.8)**	(1.4)
In more than five years	**(2.0)**	—
Losses through income statement	**(10.5)**	(14.0)
	(6.0)	(5.3)

The table below summarises the gains and losses recognised during the year:

	2015	2014
	£m	£m
Net loss due to remeasurements	**(14.2)**	(13.8)
Loss transferred from equity to the income statement in respect of:		
Completed hedges	**(13.7)**	(7.8)
	(13.7)	(7.8)
Recognised within:		
Operating costs	**(12.6)**	(7.7)
Finance costs	**(1.1)**	(0.1)
	(13.7)	(7.8)

Fair value through profit and loss

The Group has derivative contracts that are not accounted for as hedges under IAS 39. The table below summarises the gains and losses recognised on these contracts in the income statement during the year.

	2015	2014
	£m	£m
Net gain/(loss) due to remeasurements	**21.8**	(17.0)

Hedge of net investment in foreign operations

Included in financial liabilities, loans and borrowings at 31 March 2015 was €600.0m (2014—€283.9m) Euro denominated Senior secured notes, a €165.0m portion of which has been designated as a hedge of the net investments in foreign subsidiaries of the Group. This portion of the borrowing is being used to hedge the Group's exposure to the Euro / Sterling foreign exchange risk on these investments. Gains or losses on the retranslation of this portion of the borrowings are transferred to other comprehensive income to offset gains or losses on retranslation of the net investments in the subsidiaries. There is no ineffectiveness in the years ended 31 March 2015 and 31 March 2014.

Fair values

As indicated in note 3(d) the Group uses the hierarchy as set out in IFRS 7 Financial Instruments: Disclosures for determining the fair value of derivatives by valuation technique. A summary of the fair values of financial assets and liabilities of the Group, together with their carrying values shown in the balance sheet and their fair value hierarchy is as follows:

	2015 Carrying value	2015 Fair value	2014 Carrying value	2014 Fair value
	£m	£m	£m	£m
Level 2				
Non-current assets				
Derivative financial instruments	**0.6**	**0.6**	0.5	0.5
Investment in parent undertaking's junior bank facility	**162.6**	**162.6**	144.8	144.8
Current assets				
Trade and other receivables	**161.3**	**161.3**	180.7	180.7
Derivative financial instruments	**8.6**	**8.6**	8.2	8.2
Other current financial assets	**3.8**	**3.8**	3.8	3.8
Cash and cash equivalents	**72.5**	**72.5**	26.3	26.3
Current liabilities				
Trade and other payables (excluding tax and social security)	**(228.7)**	**(228.7)**	(234.3)	(234.3)
Financial liabilities (excluding contingent consideration)	**(6.0)**	**(6.0)**	(1.6)	(1.6)
Derivative financial instruments	**(10.9)**	**(10.9)**	(19.5)	(19.5)
Non-current liabilities				
Senior secured notes (2020)	**(425.2)**	**(446.1)**	—	—
Senior secured notes (2017)	—	—	(346.5)	(412.8)
Subordinated shareholder loan	**(356.9)**	**(356.9)**	(382.9)	(382.9)
Project financed bank facilities (NI)	**(27.0)**	**(27.0)**	(5.8)	(5.8)
Project financed bank facilities (ROI)	**(8.7)**	**(8.7)**	(10.4)	(10.4)
Derivative financial instruments	**(4.8)**	**(4.8)**	(12.9)	(12.9)
Level 3				
Current liabilities				
Financial liabilities (contingent consideration)	**(1.7)**	**(1.7)**	(2.2)	(2.2)

The carrying value of cash, trade receivables, trade payables and other current assets and liabilities is equivalent to fair value due to the short term maturities of these items. Contingent consideration and derivatives are measured at fair value. There have been no transfers between hierarchy.

The fair value of the Group's project financed bank facilities (RoI), project financed bank facilities (NI) and Senior revolving credit facility are determined by using discounted cash flows based on the Group's borrowing rate. The fair value of the Group's Senior secured notes are based on the quoted market price. The fair value of interest rate swaps, foreign exchange forward contracts, foreign exchange cross currency swaps and commodity contracts has been valued by calculating the present value of future cash flows, estimated using forward rates from third party market price quotations.

The fair value of the Group's project financed bank facilities (RoI) and project financed bank facilities (NI) are a close approximation to their carrying value given that they bear interest at floating rates based on Libor/Euribor.

Included in the subordinated shareholder loan at 31 March 2015 was a non-interest bearing loan from parent undertaking at a carrying value of £182.8m (2014—£160.3m) and an interest bearing loan from parent undertaking at a carrying value of £174.1m (2014—£222.6m), both of which are estimated to approximate to their fair value determined by using discounted cash flows based on the parent undertaking's borrowing rate.

Included in financial assets at 31 March 2015 was a non-interest bearing asset due from parent undertaking at a carrying value of £162.6m (2014—£144.8m) which is estimated to approximate to its fair value determined by using discounted cash flows based on the parent undertaking's borrowing rate.

The fair value of contingent consideration is considered by the Directors to fall within the level 3 fair value hierarchy and is measured using the present value of the probability-weighted average of pay outs associated with each possible outcome arising from the timing and cost milestones associated with grid connection and commissioning timelines set out in the relevant purchase agreement. An amount of £0.5m recognised at 31 March 2014 in respect of one of the milestones being achieved was paid during the year. Management have estimated that using reasonably possible alternative assumptions the amount payable in respect of the remaining contingent consideration obligation would not be materially different to the maximum amount of £1.7m recognised at acquisition. Given the magnitude of the amounts concerned and the expected timing of payments the impact of discounting is not material.

Financial risk management objectives and policies

A summary of the Group's financial management objectives and policies is set out in the financial control section of the Risk Management and Principal Risks and Uncertainties report. The following table summarises the maturity profile of the Group's trade and other payables, financial liabilities and derivatives based on contractual undiscounted payments:

	Within one year	**1 to 5 years**	**>5 years**	**Total**	**Carrying value total**
	£m	**£m**	**£m**	**£m**	**£m**
Year ended 31 March 2015					
Trade and other payables (excluding tax and social security)	**(228.7)**	**—**	**—**	**(228.7)**	**(228.7)**
Financial liabilities	**(37.6)**	**(1,263.6)**	**(42.5)**	**(1,343.7)**	**(825.5)**
Derivatives at fair value through other comprehensive income	**(1.8)**	**(2.3)**	**(2.2)**	**(6.3)**	**(6.0)**
Derivative at fair value through profit and loss	**(0.5)**	**—**	**—**	**(0.5)**	**(0.5)**
	(268.6)	**(1,265.9)**	**(44.7)**	**(1,579.2)**	**(1,060.7)**
Year ended 31 March 2014					
Trade and other payables (excluding tax and social security)	(234.3)	—	—	(234.3)	(234.3)
Financial liabilities	(45.8)	(437.5)	(858.6)	(1,341.9)	(749.4)
Derivatives at fair value through other comprehensive income	(4.4)	(1.2)	0.3	(5.3)	(5.3)
Derivative at fair value through profit and loss	(6.9)	(11.5)	—	(18.4)	(18.4)
	(291.4)	(450.2)	(858.3)	(1,599.9)	(1,007.4)

The disclosed financial derivative instruments in the above table are the gross undiscounted cash flows. However, those amounts may be settled gross or net.

At 31 March 2015, the Group is exposed to future changes in the fair value of unsettled derivative financial instruments and certain other financial liabilities. The sensitivity analysis for the market risks showing the impact on profit before tax and equity is set out below. These sensitivities are based on an assessment of market rate movements during the year and each is considered to be a reasonably possible range.

	Sensitivity	Change	Impact on profit		Impact on equity	
			Increase	Decrease	Increase	Decrease
			£m	£m	£m	£m
At 31 March 2015						
Foreign exchange forward contracts	Euro exchange rate	+/−5%	—	—	**1.0**	**(0.9)**
Gas swaps	price per therm	+/−10p	**2.5**	**(2.5)**	**(5.3)**	**5.3**
Interest rate swaps	Libor/ Euribor	+/− 0.25%	—	—	**0.7**	**(0.7)**
Project financed bank facilities	Libor/ Euribor	+/− 0.25%	**(0.1)**	**0.1**	—	—
Senior secured notes denominated in Euro	Euro exchange rate	+/−5%	**15.0**	**(15.7)**	**5.7**	**(6.0)**
At 31 March 2014						
Foreign exchange forward contracts	Euro exchange rate	+/−5%	—	—	(2.0)	2.2
Gas swaps	price per therm	+/−10p	1.7	(1.7)	(3.9)	3.9
Interest rate swaps	Libor/ Euribor	+/− 0.25%	—	—	2.3	(2.6)
Cross currency swaps	USD exchange rate	+/−5%	(8.2)	9.0	—	—
Project financed bank facilities	Libor/ Euribor	+/− 0.25%	—	—	—	—
Senior secured notes denominated in USD	USD exchange rate	+/−5%	6.5	(6.8)	—	—
Senior secured notes denominated in Euro	Euro exchange rate	+/−5%	—	—	11.2	(11.7)

26. Share capital and reserves

	Ordinary Shares Number	Ordinary shares
		£
Authorised share capital—ordinary shares of £1.00	50,000	50,000
At 31 March 2014 and 2015	50,000	50,000
Allotted and fully paid		
Share capital issued—ordinary shares of £1.00	1,510	1,510
At 31 March 2014 and 2015	1,510	1,510

Nature and purpose of reserves

Share capital and share premium

The balances classified as share capital and share premium represents the proceeds (both nominal value and share premium) on issue of the Company's equity share capital, comprising £1 ordinary shares.

Capital contribution reserve

This balance relates to capital contributed by the Company's parent undertaking other than through the proceeds of the issue of shares.

Hedge reserve

The hedge reserve is used to record the unrealised gains and losses incurred on derivatives designated as cash flow hedges.

Foreign currency reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries offset by exchange differences arising on monetary items that are designated as part of the hedge of the Group's net investment in foreign subsidiaries.

Reserves

Analysis by item recognised in other comprehensive income for each component of equity:

	Foreign currency reserve	Cashflow hedge reserve	Retained earnings	Total Equity
	£m	£m	£m	£m
2015				
Actuarial loss on defined benefit pension schemes (net of tax)	**—**	**—**	**(0.2)**	**(0.2)**
Exchange gain on translation of foreign operations	**1.7**	**—**	**—**	**1.7**
Net loss on cash flow hedges (net of tax)	**—**	**(0.6)**	**—**	**(0.6)**
Other comprehensive income/(expense) for the year	**1.7**	**(0.6)**	**(0.2)**	**0.9**
2014				
Actuarial loss on defined benefit pension schemes (net of tax)	—	—	(1.0)	(1.0)
Exchange loss on translation of foreign operations	(1.5)	—	—	(1.5)
Net loss on cash flow hedges (net of tax)	—	(4.0)	—	(4.0)
Other comprehensive expense for the year	(1.5)	(4.0)	(1.0)	(6.5)

27. Notes to group cash flow statement

	2015	2014
	£m	£m
Operating activities		
Loss before tax from continuing operations	**(13.0)**	(44.2)
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation and impairment of property, plant and equipment	**17.0**	48.0
Amortisation and impairment of intangible assets	**3.7**	3.4
Amortisation of contributions in respect of property, plant and equipment	**(0.3)**	(0.3)
Gain on disposal of continuing operations	**—**	(1.6)
Derivatives at fair value through income statement	**(21.8)**	17.0
Net finance costs	**96.8**	70.6
Exceptional finance costs	**44.4**	—
Defined benefit charge less contributions paid	**(0.5)**	(1.5)
Share of loss in associates	**0.9**	0.4
Cash generated from operations before working capital movements	**127.2**	91.8

Net cash flow from operating activities in 2014 includes exceptional cash outflows of £3.3m in respect of the payment of bid costs.

28. Analysis of net debt

	Cash and cash equivalents	Short term managed funds	Debt due within one year	Debt due after more than one year	Junior bank facility asset	Total
	£m	£m	£m	£m	£m	£m
At 31 March 2013	48.9	1.4	(1.1)	(732.7)	123.8	(559.7)
Net decrease in cash and cash equivalents	(21.8)	—	—	—	—	(21.8)
Proceeds from issue of borrowings	—	—	—	(18.4)	—	(18.4)
Repayment of borrowings	—	—	—	39.8	—	39.8
Issue costs on new long term loans	—	—	—	1.6	—	1.6
(Increase)/decrease in interest accruals	—	—	(0.1)	(0.1)	—	(0.2)
Amortisation	—	—	—	(7.6)	—	(7.6)
Reclassifications	—	—	(0.5)	0.5	—	—
Capitalisation of interest on subordinated shareholder loan	—	—	—	(27.3)	—	(27.3)
Translation difference	(0.8)	—	0.1	18.3	(3.6)	14.0
Unwinding of discount on shareholder loan	—	—	—	(19.7)	—	(19.7)
Unwinding of discount on junior facility asset	—	—	—	—	24.6	24.6
At 31 March 2014	26.3	1.4	(1.6)	(745.6)	144.8	(574.7)
Net increase in cash and cash equivalents	48.3	—	—	—	—	48.3
Proceeds from issue of borrowings	—	—	—	(466.5)	—	(466.5)
Repayment of borrowings	—	—	—	429.4	—	429.4
Issue costs on new long term loans	—	—	—	9.5	—	9.5
(Increase)/decrease in interest accruals	—	—	(3.5)	0.6	—	(2.9)
Amortisation	—	—	—	(24.5)	—	(24.5)
Reclassifications	—	—	(0.8)	0.8	—	—
Capitalisation of interest on subordinated shareholder loan	—	—	—	(23.2)	—	(23.2)
Translation difference	(2.1)	—	0.1	24.1	(9.3)	12.8
Unwinding of discount on shareholder loan	—	—	—	(22.4)	—	(22.4)
Unwinding of discount on junior facility asset	—	—	—	—	27.1	27.1
At 31 March 2015	**72.5**	**1.4**	**(5.8)**	**(817.8)**	**162.6**	**(587.1)**

29. Lease obligations

Operating lease commitments—Group as lessee

The Group has entered into operating lease arrangements for the hire of equipment and buildings as these arrangements are a cost efficient way of obtaining the short term benefits of these assets. The Group rental charges in respect of these arrangements are disclosed in note 5. The Group's annual commitment under these leases is disclosed below:

Future minimum rentals payable under non – cancellable operating leases as at 31 March are, as follows:

	2015	2014
	£m	£m
Within one year	**0.6**	0.6
After one year but not more than five years	**2.2**	2.0
More than five years	**4.4**	4.0
	7.2	6.6

Availability payments to generators

The Group has also entered into generating contracts with generating companies in Northern Ireland to make payments for the availability of generating capacity as well as for the purchase of electricity generated. The contracts are with AES Ballylumford Limited and they expire in September 2018 but the Company has an option to extend them by five years to 2023.

Estimated availability payments to generators, which are dependent on the availability of the generators and are therefore variable in nature are as follows:

	2015	2014
	£m	£m
Within one year	**26.3**	25.9
After one year but not more than five years	**61.3**	86.4
	87.6	112.3

On 19 March 2014 the Utility Regulator published a consultation paper on the possible cancellation of all remaining generation capacity under contract to PPB with effect from December 2014 based on their economic assessment of the contracts. Following publication of the Utility Regulator's update paper on 31 July 2014, PPB made a revised price control proposal to the Utility Regulator that offered a reduced regulated entitlement together with a gain sharing mechanism. On 10 October 2014 the Utility Regulator published its final decision not to instruct cancellation of the remaining generation capacity at this time. The Utility Regulator will keep the contracts under review from a policy and economic perspective.

30. Commitments and contingent liabilities

(i) Capital commitments

At 31 March 2015 the Group had contracted future capital expenditure in respect of tangible fixed assets of £3.5m (2014—£22.0m).

(ii) Contingent liabilities

Protected persons

The Group has contingent liabilities in respect of obligations under the Electricity (Protected Persons) Pensions Regulations (Northern Ireland) 1992 to protect the pension rights of employees of NIE plc at privatisation. This includes members employed in companies which have subsequently been disposed of by the Group. The Group does not anticipate that any liability will arise.

Generating contracts

Under the terms of the PPB generating contracts, where modifications to generating equipment are necessary as a result of a change in law and a generator is unable to procure the necessary financing, PPB must either provide such finance or pay the costs incurred by the generator in carrying out such modifications. The costs incurred by PPB in meeting these obligations are recoverable under the applicable provisions of the Power NI Energy licence, but would require to be financed by PPB until such recovery is achieved. The Group does not anticipate any liability for modifications which require financing and no provision has been made.

Liability and damage claims

In the normal course of business the Group has contingent liabilities arising from claims made by third parties and employees. Provision for a liability is made (as disclosed in note 24) when the directors believe that it is probable that an outflow of funds will be required to settle the obligation where it arises from an event prior to the year end. The Group does not anticipate that any material liabilities will arise other than those recognised in the accounts.

31. Distributions made and proposed

No dividends have been paid or proposed for the year ended 31 March 2015 (2014: £nil).

32. Related party transactions

Note 16 above, provides the information about the Group's structure including the details of the subsidiaries and the holding company. The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year.

		Services to related parties	Purchase from related parties	Amounts owed by related parties	Amounts owed to related parties
		£m	£m	£m	£m
Associates:	**2015**	**1.1**	**(11.0)**	**—**	**(2.4)**
	2014	1.4	(12.8)	—	(2.4)

		Interest receivable	Amounts owed by related parties
		£m	£m
Loans to related parties:			
Associate: Eco Wind Power Limited	**2015**	**0.7**	**9.7**
	2014	0.8	10.5
Associate: IIF Cyclone NI Holdco Limited	**2015**	**0.1**	**1.9**
	2014	0.2	1.9

Transactions with associates

The Group has two associate undertakings, EWP and IIF Cyclone.

As part of the sale and purchase transactions relating to the associates in March 2012 and June 2012 the Group acquired loans owing by these associates amounting to £2.5m and £4.3m to IIF Cyclone and EWP, respectively. These loans remain outstanding at 31 March 2015 and are included as part of the Group's overall investment in associates as disclosed in note 14 to the accounts. The contractual amount of the loan owed by EWP is £9.7m at 31 March 2015 (2014—£10.5m), however the carrying value reflected in the Group's balance sheet reflects the Directors expectations regarding the level of recovery of this amount.

Transactions with key management personnel

Compensation of key management personnel of the Group

	2015	2014
	£m	£m
Short term employee benefits	**1.9**	1.9
Post employment pension and medical benefits	**0.2**	0.2
Total compensation paid to key management personnel	**2.1**	2.1

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel.

Glossary of terms

1992 Order . . . . Electricity (Northern Ireland) Order 1992
1999 Act . . . . Electricity Regulation Act 1999
2002 Act . . . . Gas (Interim) (Regulation) Act 2002
2003 Order . . . . Energy (Northern Ireland) Order 2003
2007 Act . . . . Electricity Regulation (Amendment) (Single Electricity Market) Act 2007
Associate . . . . 25% interest in EWP and 20% in IIF Cyclone
BEC . . . . Benefit entitlement check
BGE . . . . Bord Gáis Éireann
Capita . . . . Capita Managed IT Solutions Limited
CCGT . . . . combined-cycle gas turbine
CCNI . . . . Consumer Council Northern Ireland
CER . . . . Commission for Energy Regulation
CfDs . . . . contracts for differences
CGU . . . . cash generating unit
Choices . . . . money purchase pension arrangement for employees in the RoI
CMA . . . . Competition and Markets Authority
CO . . . . carbon monoxide
CO_2 . . . . carbon dioxide
Company . . . . Viridian Group Investments Limited
CPI . . . . Consumer Price Index in the RoI
CRM . . . . capacity remuneration mechanism
CSR . . . . Corporate Social Responsibility
DAM . . . . Day Ahead Market
DCENR . . . . Department of Communications, Energy and Natural Resources in the RoI
DETI . . . . Department of Enterprise, Trade and Investment in Northern Ireland
EBITDA . . . . earnings before interest, tax, depreciation and amortisation
EECs . . . . Energy efficiency credits
EEO . . . . Energy Efficiency Obligation
EEOS . . . . Energy Efficiency Obligation Scheme
EIR . . . . effective interest rate
EirGrid . . . . EirGrid plc
Energia . . . . Energia Group's competitive energy supply business
Energia Group . . . . . VPEHL and VPE
ESB . . . . Electricity Supply Board
EU . . . . European Union
EU Target Model . . . European Electricity Target Model
EWP . . . . Eco Wind Power and its subsidiaries
FIT CfD . . . . Feed-In Tariff with Contract for Difference
Focus . . . . defined benefit section of VGPS
Group . . . . Viridian Group Investments Limited and its subsidiary undertakings
GW . . . . gigawatt
GWh . . . . gigawatt hour
HLD . . . . I-SEM High Level Design
HMRC . . . . HM Revenue & Customs
HR . . . . Human resources
Huntstown 1 . . . . . . Phase one of Huntstown Power Station—343MW CCGT
Huntstown 2 . . . . . . Phase two of Huntstown Power Station—404MW CCGT
IASB . . . . International Accounting Standards Board
IAS . . . . International Accounting Standard
ICT . . . . information and communication technology
IDM . . . . Intra-day electricity market

IFRS	International Financial Reporting Standards
IIF Cyclone	IIF Cyclone NI Holdco Limited (previously VRL) and its subsidiaries
IPPC	Integrated Pollution Prevention and Control
I-SEM	New integrated SEM
ISO	International Organization for Standardization
IT	Information Technology
KPI	key performance indicator
LTIR	lost time incident rate
LECs	Levy exemption certificates
Minister	Minister for Communications, Energy and Natural Resources
MW	megawatt
MWh	megawatt hour
NIE	Northern Ireland Electricity Limited
NISEP	Northern Ireland Sustainable Energy Programme
NO_x	oxides of nitrogen
OHSAS	Occupational Health and Safety Management Systems Specification
Options	money purchase section of VGPS
Power NI	Power NI Energy Supply
Power NI Energy	Power NI Energy Limited
PPA	power purchase agreement
PPB	Power Procurement business
PSO	public service obligation
RAs	Regulatory Authorities
REFIT	Renewable Energy Feed-In Tariff scheme
RMC	Risk Management Committee
RO	UK Renewable Obligation
ROCs	Renewable Obligation Certificates
RoI	Republic of Ireland
SEE	social, environmental and ethical
SEM	Single Electricity Market
SEMO	Single Electricity Market Operator
SEM Order	Electricity (Single Wholesale Market) (Northern Ireland) Order 2007
SMP	system marginal price
SO_2	sulphur dioxide
SONI	SONI Limited
TSO	transmission system operator
TWh	terawatt hour
UK	United Kingdom
Utility Regulator	Northern Ireland Authority for Utility Regulation
VGPS	Viridian Group Pension Scheme (2011)
VPE	Viridian Power & Energy Limited and its subsidiaries
VPEHL	Viridian Power & Energy Holdings Limited and its subsidiaries
VRL	Viridian Resources Limited (renamed IIF Cyclone) and its subsidiaries
Windco	An affiliated entity under the control of the Group's immediate parent undertaking ElectricInvest 1 Limited

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as to Luxembourg law
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Grand Duchy of Luxembourg

as to Cayman Islands law
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Ugland House, South Church Street
George Town, Grand Cayman KY1-1104
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as to Northern Ireland law
Arthur Cox
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as to Republic of Ireland law
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as to Republic of Ireland law
A&L Goodbody
International Financial Services Center
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Bedford House
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BNY Mellon, Corporate Trust
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Security Agent

The Bank of New York Mellon, London Branch
BNY Mellon, Corporate Trust
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Transfer Agent and Paying Agent

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BNY Mellon, Corporate Trust
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Registrar

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5 Old Broad Street
London EC2N 1DW
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Listing Agent

Carey Olsen Corporate Finance Limited
47 Esplanade
St Helier JE1 0BD Jersey

OFFERING MEMORANDUM

Viridian Group FinanceCo PLC
Viridian Power and Energy Holdings DAC

£225,000,000 4.75% Senior Secured Notes due 2024
€350,000,000 4.00% Senior Secured Notes due 2025

Joint Global Coordinators and Bookrunners

Deutsche Bank **Barclays** **Credit Suisse**

Bookrunners

Lloyds Bank **NatWest Markets**

The date of this Offering Memorandum is September 13, 2017