



**Registration of a Charge**

Company name: **DRAX SMART GENERATION HOLDCO LIMITED**

Company number: **07821911**



X9H7ZPPF

Received for Electronic Filing: **06/11/2020**

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**Details of Charge**

Date of creation: **04/11/2020**

Charge code: **0782 1911 0012**

Persons entitled: **DEUTSCHE BANK AG, LONDON BRANCH (AS SECURITY AGENT)**

Brief description: **NOT APPLICABLE**

**Contains fixed charge(s).**

**Contains negative pledge.**

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**Authentication of Form**

This form was authorised by: **a person with an interest in the registration of the charge.**

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**Authentication of Instrument**

Certification statement: **I CERTIFY THAT SAVE FOR MATERIAL REDACTED PURSUANT TO S.859G OF THE COMPANIES ACT 2006 THE ELECTRONIC COPY INSTRUMENT DELIVERED AS PART OF THIS APPLICATION FOR REGISTRATION IS A CORRECT COPY OF THE ORIGINAL INSTRUMENT.**

Certified by: **ADDLESHAW GODDARD**



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

Company number: 7821911

Charge code: 0782 1911 0012

The Registrar of Companies for England and Wales hereby certifies that a charge dated 4th November 2020 and created by DRAX SMART GENERATION HOLDCO LIMITED was delivered pursuant to Chapter A1 Part 25 of the Companies Act 2006 on 6th November 2020 .

Given at Companies House, Cardiff on 9th November 2020

The above information was communicated by electronic means and authenticated by the Registrar of Companies under section 1115 of the Companies Act 2006



**Companies House**



**THE OFFICIAL SEAL OF THE  
REGISTRAR OF COMPANIES**



Dated

6 November

2020

**DRAX SMART GENERATION HOLDCO LIMITED**  
as Chargor

**DEUTSCHE BANK AG, LONDON BRANCH**  
as Security Agent

EDINBURGH  
CERTIFIED A TRUE COPY

  
.....  
Addleshaw Goddard LLP

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**SUPPLEMENTAL SHARE  
PLEDGE**

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## Contents

Clause		Page
1	Interpretation .....	1
2	Covenant to pay .....	5
3	Charging Provisions .....	5
4	Perfection .....	6
5	Further Assurance .....	7
6	Negative Pledge .....	8
7	Representations and Warranties .....	8
8	Undertakings .....	9
9	Continuing Security .....	12
10	Enforcement of Security .....	12
11	Application of Proceeds .....	13
12	Protection of Security Agent .....	14
13	Mandatory and Attorney .....	15
14	Protection for third parties .....	16
15	Costs and Expenses .....	16
16	Reinstatement and Release .....	17
17	Currency Clauses .....	17
18	Set-off .....	18
19	Ruling Off .....	18
20	Redemption of Prior Charges .....	18
21	Notices .....	19
22	Changes to Parties .....	19
23	Miscellaneous .....	19
24	Governing Law and Jurisdiction .....	19
Schedule		
	Existing Shares .....	22

For the purposes of the Legal Writings (Counterparts and Delivery) (Scotland) Act 2015, this Share Pledge is delivered on: 4 November 2019

**Share Pledge by**

- (1) **Drax Smart Generation Holdco Limited**, a company incorporated in England with registered number 07821911 whose registered office is at Drax Power Station, Selby, North Yorkshire YO8 8PH (**Chargor**)

in favour of

- (2) **Deutsche Bank AG, London Branch**, a company with UK establishment number BR000005 and whose UK establishment office address is Winchester House, 1 Great Winchester Street, London EC2N 2DB as security trustee for itself and the other Secured Parties (as defined below) (**Security Agent**).

**Considering that:**

- (A) This Share Pledge is entered into in connection with (1) the issuance by Drax Finco plc of €250,000,000 2% senior secured notes due 2025 on 4 November 2020 (**Notes**), pursuant to an indenture dated on or about the date of this Share Pledge, between, among others, Drax Finco plc, the Guarantors (as defined therein), BNY Mellon Corporate Trustee Services Limited as trustee, The Bank of New York Mellon, London Branch as paying agent, Deutsche Bank AG, London Branch as security agent and The Bank of New York Mellon SA/NV, Luxembourg Branch as registrar and transfer agent (**Indenture**), (2) the Intercreditor Agreement (as defined below) and (3) the other Secured Debt Documents (as defined below).
- (B) This Share Pledge is supplemental to a share pledge originally entered into on 2 January 2019 by the Chargor in favour of the Security Agent (**Original Share Pledge**) and to an assignment in security of the reversionary interest of the Chargor under the Original Share Pledge originally entered into on 18 August 2020 by the Chargor in favour of the Security Agent (**Supplemental Share Pledge**).
- (C) It is intended that this Share Pledge shall constitute security for all liabilities under existing and future Secured Debt Documents from time to time (including, without limitation, the Notes and the Indenture (including any guarantee given by the Chargor in relation to the Notes under or pursuant to the Indenture)) and shall be for the benefit of all existing and future Secured Parties from time to time (including, without limitation, the Initial Purchasers under the Purchase Agreement (defined below)).

**Accordingly it is agreed as follows:**

**1 Interpretation**

**1.1 Definitions**

In this Share Pledge:

**Acceleration Event** has the meaning given to such term in the Intercreditor Agreement

**Agreed Security Principles** has the meaning given to such term in the Indenture

**Charged Property** means (a) the Shares and all Related Rights, (b) the reversionary interests and radical rights in respect of the Shares and all Related Rights which are subject to the

Original Share Pledge and (c) the reversionary interests and radical rights in respect of the Shares and all Related Rights which are subject to the Supplemental Share Pledge

**Company** means Drax Generation Enterprise Limited, a company incorporated in Scotland (registered number SC189124), whose registered office is at 13 Queen's Road, Aberdeen, Scotland, AB15 4YL

**Default Rate** means the rate at which interest is payable under the fourth paragraph of Section 4.01 (Payment of Notes) of the Indenture

**Enforcement Date** means the date on which, following the occurrence of an Acceleration Event, an Enforcement Notice has been served by the Security Agent on the Chargor

**Enforcement Notice** means a notice in writing by the Security Agent to the Chargor specifying that (a) an Acceleration Event has occurred and (b) it has elected to exercise the voting rights and other rights and powers in respect of the Shares pursuant to this Share Pledge

**Existing Shares** means the existing shares in the capital of the Company as at the date hereof described in the schedule to this Share Pledge

**Further Shares** means any shares (or other Security derived from any shares) in the capital of the Company (other than the Existing Shares) in which the Chargor has any interest from time to time (including any warrant or option to acquire or subscribe for any of such shares and any accretions to them and other rights arising in connection with them)

**Intercreditor Agreement** means the intercreditor agreement originally dated 5 May 2017 between, among others, Drax Corporate Limited, Drax Group Holdings Limited, Drax Finco plc, Drax Group plc, the Chargor and the Security Agent

**Parties** means each of the parties to this Share Pledge

**PSC Register** means the "PSC register" within the meaning of section 790C(10) of the Companies Act 2006

**Purchase Agreement** means the New York law governed purchase agreement relating to the Notes dated 21 October 2020 and entered into between Drax Finco plc, the Guarantors (as defined therein) and the Initial Purchasers (as defined therein)

**Quasi-Security** means a transaction in which the Chargor:

- (a) sells, transfers or otherwise disposes of any of its assets on terms whereby they are or may be leased to or re-acquired by the Chargor or any other member of the Group
- (b) sells, transfers or otherwise disposes of any of its receivables on recourse terms
- (c) enters into any arrangement under which money or the benefit of a bank or other account may be applied, set-off or made subject to a combination of accounts or
- (d) enters into any other preferential arrangement having a similar effect

in circumstances where the arrangement or transaction is entered into primarily as a method of raising Financial Indebtedness (as defined in the Revolving Credit Facility Agreement) or of financing the acquisition of an asset

**Related Rights** means all dividends, distributions and other income paid or payable on a Share, together with all shares or other property derived from any Share and all other allotments, accretions, rights, benefits and advantages of all kinds accruing, offered or otherwise derived from or incidental to that Share (whether by way of conversion, redemption, bonus, preference, option or otherwise)

**Revolving Credit Facility Agreement** means the revolving credit and term loan facilities agreement originally dated 20 December 2012, as amended and restated on 10 December 2015 pursuant to a global amended and restatement deed dated 8 December 2015 and as further amended and restated pursuant to an amendment and restatement agreement dated 21 April 2017 between, among others, Drax Corporate Limited as original borrower, Drax Group Holdings Limited as original guarantor, the Original Lenders (as such term as defined therein) and Barclays Bank PLC as facility agent

**Secured Debt Documents** means the Intercreditor Agreement, the Hedging Agreements, the STL Agreements, the Credit Facility Documents, the Pari Passu Debt Documents and the Security Documents

**Secured Obligations** means all Liabilities and all other present and future liabilities and obligations at any time due, owing or incurred by the Chargor and each other Debtor to any Secured Party, in each case under the Debt Documents, both actual and contingent and whether incurred solely or jointly and as principal or surety or in any other capacity

**Secured Parties** has the meaning given to such term in the Intercreditor Agreement

**Security** means any Security Interest created, evidenced or conferred by or under this Share Pledge

**Security Interest** means a mortgage, charge, pledge or lien or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect and

**Shares** means the Existing Shares and the Further Shares

## 1.2 Construction

In this Share Pledge, unless a contrary intention appears, a reference to:

- (a) an **agreement** includes any legally binding arrangement, concession, contract, deed or franchise (in each case whether oral or written);
- (b) an **amendment** includes any amendment, supplement, variation, novation, modification, replacement or restatement and **amend**, **amending** and **amended** shall be construed accordingly;
- (c) **assets** includes present and future properties, revenues and rights of every description;
- (d) **including** means including without limitation and **includes** and **included** shall be construed accordingly;
- (e) **losses** includes losses, actions, damages, claims, proceedings, costs, demands, expenses (including fees) and liabilities and **loss** shall be construed accordingly;

- (f) a **person** includes any person, firm, company, corporation, government, state or agency of a state or any association, trust or partnership (whether or not having separate legal personality) or any two or more of the foregoing; and
- (g) a **regulation** includes any regulation, rule, official directive, request or guideline (whether or not having the force of law) of any governmental, intergovernmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation.

### 1.3 Other References

- (a) In this Share Pledge, unless a contrary intention appears, a reference to:
  - (i) any Secured Party, the Chargor or any other person is, where relevant, deemed to be a reference to or to include, as appropriate, that person's successors in title, permitted assignees and transferees and (a) in the case of a Secured Party, any person that becomes a Secured Party after the date hereof, and (b) in the case of the Security Agent, any person for the time being appointed as Security Agent or Security Agents in accordance with the Secured Debt Documents;
  - (ii) any Secured Debt Document (whether existing as at the date hereof or being a new agreement or instrument entered into after the date hereof) or other agreement or instrument is to be construed as a reference to that agreement or instrument as amended (howsoever fundamentally and whether or not such amendment results in new and / or more onerous obligations and liabilities), including by way of a change in the purpose of the facilities, or by way of a refinancing, deferral or extension of the facilities or by way of an addition or increase of or other changes to the facilities or other obligations or liabilities under the agreements or accession or retirement of the parties to the agreements;
  - (iii) any clause or the schedule is a reference to, respectively, a clause of and the schedule to this Share Pledge and any reference to this Share Pledge includes its schedule;
  - (iv) a reference to a nominee of the Security Agent includes reference to any sub-agent, custodian or Delegate appointed by the Security Agent from time to time in accordance with Clause 19 (The Security Agent) of the Intercreditor Agreement; and
  - (v) a provision of law is a reference to that provision as amended or re-enacted.
- (b) The headings in this Share Pledge are inserted for convenience only and are to be ignored in construing this Share Pledge.
- (c) Words importing the plural shall include the singular and vice versa.

### 1.4 Incorporation by reference

Unless the context otherwise requires or unless otherwise defined in this Share Pledge, words and expressions defined in the Intercreditor Agreement have the same meanings when used in this Share Pledge, and the provisions of Clause 1.2 (Interpretation) of the Intercreditor Agreement shall be incorporated in this Share Pledge.



**1.5 Third Party Rights**

Unless it expressly states otherwise, this Share Pledge does not confer on any person other than the Parties any right to enforce or otherwise invoke any term of this Share Pledge under the Contract (Third Party Rights) (Scotland) Act 2017 (but this does not affect any right or remedy of any person which exists or is available apart from that Act).

**1.6 Secured Debt Document**

This Share Pledge is designated as a Secured Debt Document.

**2 Covenant to pay**

The Chargor as primary obligor covenants with the Security Agent (for the benefit of itself and the other Secured Parties) that it will pay or discharge the Secured Obligations in the manner provided for in the Secured Debt Documents.

**3 Charging Provisions****3.1 General**

- (a) All the Security:
  - (i) is created in favour of the Security Agent; and
  - (ii) is continuing security for the payment, discharge and performance of all the Secured Obligations.
- (b) The Security Agent holds the benefit of this Share Pledge on trust for the Secured Parties.

**3.2 Assignment and Pledge of Existing Shares**

- (a) The Chargor:
  - (i) assigns to the Security Agent all its reversionary interest and the radical right in and to the Existing Shares and all corresponding Related Rights which are subject to the Supplemental Share Pledge;
  - (ii) assigns to the Security Agent, with effect immediately upon the release and discharge of the Supplemental Share Pledge, all its reversionary interest and the radical right in and to the Existing Shares and all corresponding Related Rights which are subject to the Original Share Pledge; and
  - (iii) pledges and assigns to the Security Agent, with effect immediately upon the release and discharge of the Original Share Pledge and the Supplemental Share Pledge, all its rights, title and interests from time to time in the Existing Shares and all corresponding Related Rights.
- (b) The Parties acknowledge that the principle of accretion shall apply to the assignment of reversionary interest and radical right in Clause 3.2(a)(ii) above to the extent that the Chargor shall not be the owner of the reversionary interest and radical right until the release and discharge referred to in Clause 4.1(b) (Reversionary Interests and Radical Right) below has been completed.

- (c) The Parties acknowledge that the principle of accretion shall apply to the pledge of the Existing Shares and all corresponding Related Rights in Clause 3.2(a)(iii) above to the extent that the Chargor shall not be the legal owner of the Existing Shares until the retransfer of the Shares referred to in Clause 4.2 (Existing Shares) below has been completed.

### **3.3 Assignment and Pledge of Further Shares**

The Chargor undertakes to pledge and assign to the Security Agent:

- (a) all its reversionary interest and the radical right in and to any Further Shares and all corresponding Related Rights to which it becomes entitled after the date of this Share Pledge which are subject to the Supplemental Share Pledge;
- (b) with effect immediately upon the release and discharge of the Supplemental Share Pledge, all its reversionary interest and the radical right in and to any such Further Shares and all corresponding Related Rights which are subject to the Original Share Pledge; and
- (c) with effect immediately upon the release and discharge of the Original Share Pledge and the Supplemental Share Pledge, all its rights, title and interests in any such Further Shares and all corresponding Related Rights,

in substantially the same form as this Share Pledge.

## **4 Perfection**

### **4.1 Reversionary Interests and Radical Right**

- (a) The Security Agent (acting in its capacity as Security Agent under the Supplemental Share Pledge) hereby acknowledges intimation of the assignment provided for in Clause 3.2(a)(i).
- (b) Immediately upon the release and discharge of the Supplemental Share Pledge, the Chargor shall intimate the assignment provided for in Clause 3.2(a)(ii) to the Security Agent (acting in its capacity as Security Agent under the Original Share Pledge).

### **4.2 Existing Shares**

Immediately upon the release and discharge of the Original Share Pledge and the Supplemental Share Pledge and the retransfer of the Shares by the Security Agent (acting in its capacity as Security Agent under the Original Share Pledge or the Supplemental Share Pledge) (or its nominee as applicable) to the Chargor, the Chargor shall:

- (a) execute a stock transfer form in respect of the Existing Shares in favour of the Security Agent or its nominee;
- (b) procure that the intended Security over the Existing Shares is created by the registration of the Security Agent or its nominee in the books of the Company as the shareholder; and
- (c) procure that the Security Agent or its nominee is provided with a share certificate in respect of the Existing Shares in the name of the Security Agent or its nominee.

### 4.3 Further Shares

The Chargor shall, as soon as reasonably practicable upon acquiring title in any Further Shares, notify the Security Agent and:

- (a) immediately intimate the assignation of the reversionary interest and the radical right in and to such Further Shares and all corresponding Related Rights which are subject to the Supplemental Share Pledge to the Security Agent (acting in its capacity as Security Agent under the Supplemental Share Pledge);
- (b) immediately upon the release and discharge of the Supplemental Share Pledge and the retransfer of the Shares by the Security Agent (acting in its capacity as Security Agent under the Supplemental Share Pledge) (or its nominee as applicable) to the Chargor (or, if such Further Shares are acquired following the release and discharge of the Supplemental Share Pledge, on request by the Security Agent), intimate the assignation of such Further Shares and all corresponding Related Rights which are subject to the Original Share Pledge to the Security Agent (acting in its capacity as Security Agent under the Original Share Pledge); and
- (c) immediately upon the release and discharge of the Original Share Pledge and the Supplemental Share Pledge and the retransfer of the Shares by the Security Agent (acting in its capacity as Security Agent under the Original Share Pledge or the Supplemental Share Pledge) (or its nominee as applicable) to the Chargor (or, if such Further Shares are acquired following the release and discharge of the Original Share Pledge and the Supplemental Share Pledge, on request by the Security Agent), deliver to the Security Agent duly executed transfers of those Further Shares to enable the Security Agent or its nominee to be registered as the owner or otherwise acquire legal title to those Further Shares and shall procure the registration of those Further Shares in the name of the Security Agent or its nominee as soon as reasonably practicable after the date on which it acquires that interest and shall procure that the Security Agent or its nominee is promptly thereafter provided with a share certificate in respect of such Further Shares in the name of the Security Agent or its nominee.

## 5 Further Assurance

- 5.1 Subject to the Agreed Security Principles, the Chargor shall promptly (and at its own expense) do all such acts (including payment of all stamp duties or fees) or execute or re-execute all such documents (including assignments, transfers, mortgages, charges, notices and instructions) as the Security Agent may reasonably specify (and in such form as the Security Agent may reasonably require):
  - (a) to perfect the Security created or intended to be created under or evidenced by this Share Pledge (which may include the execution or re execution of any other Security over all or any of the assets which are, or are intended to be, the subject of this Share Pledge) or for the exercise of any rights, discretion, powers and remedies of the Security Agent (or its nominee) or the other Secured Parties provided by or pursuant to this Share Pledge or by law; and/or
  - (b) to facilitate the realisation of the assets which are, or are intended to be, the subject of the Security created under this Share Pledge.
- 5.2 The Chargor shall take all such action as is available to it (including making all filings and registrations) as may be necessary for the purpose of the creation, perfection, protection or

maintenance of any Security conferred or intended to be conferred on the Security Agent or the Secured Parties by or pursuant to this Share Pledge.

## **6 Negative Pledge**

The Chargor may not:

- 6.1 create or agree to create or permit to subsist any Security Interest or Quasi-Security over all or any part of the Charged Property; or
- 6.2 sell, transfer or otherwise dispose of all or any part of the Charged Property or the right to receive or to be paid the proceeds arising on the disposal of the same, or agree or attempt to do so; or
- 6.3 dispose of its reversionary interest or radical right in any part of the Charged Property,

except as permitted by the Secured Debt Documents or with the prior consent of the Security Agent.

## **7 Representations and Warranties**

### **7.1 Timing**

The Chargor represents and warrants to the Security Agent as set out in this Clause 7 on the date of this Share Pledge, on each date (after the date of this Share Pledge) that the Repeating Representations are repeated under (and as defined in) the Revolving Credit Facility Agreement and on the date on which the Chargor gains an interest in any Further Shares.

### **7.2 General**

The Chargor represents and warrants to the Security Agent and each of the Secured Parties that:

- (a) it is a limited liability company, duly incorporated and validly existing under the laws of its jurisdiction of incorporation;
- (b) it has the power to enter into and perform, and has taken all necessary action to authorise the entry into and performance of, this Share Pledge;
- (c) this Share Pledge is in the proper form for its enforcement in the jurisdiction of its incorporation;
- (d) the entry into and performance by it of, and the transactions contemplated by, this Share Pledge do not conflict with (i) any law or regulation applicable to it or (ii) its constitutional documents;
- (e) except for registration of this Share Pledge under the Companies Act 2006, all authorisations required by it in connection with the entry into, performance, validity and enforceability of, and the transactions contemplated by, this Share Pledge have been obtained or effected (as appropriate) and are in full force and effect or will be obtained or effected and in full force and effect on or before the date required;
- (f) its (i) irrevocable submission under this Share Pledge to the courts of Scotland and (ii) agreement that this Share Pledge is governed by Scots law are legal, valid and binding under the laws of its jurisdiction of incorporation;

- (g) any judgement obtained in Scotland will be recognised and be enforceable by the courts of its jurisdiction of incorporation.

### 7.3 Shares

The Chargor represents and warrants to the Security Agent and each of the Secured Parties that:

- (a) subject to the terms of the Original Share Pledge, the Supplemental Share Pledge and this Share Pledge, it is the sole legal and beneficial owner of the Shares which represent the entire issued share capital of the Company and all of the Shares are duly authorised, validly issued and fully paid, and not subject to any option to purchase or similar right;
- (b) there are no restrictions on the sale or transfer of all or any of the Shares under the articles of association of the Company;
- (c) this Share Pledge constitutes its legal, valid, binding and enforceable obligations and shall, on registration of the transfer of Shares to the Security Agent or its nominee in the register of members of the Company pursuant to this Share Pledge, constitute a first ranking security interest over the Shares in accordance with its terms; and
- (d) the Shares are held by it free from any Security Interest (except as created by the Original Share Pledge, the Supplemental Share Pledge or this Share Pledge).

### 7.4 PSC Register

The Chargor represents and warrants to the Security Agent and each of the Secured Parties that:

- (a) it has not issued, and does not intend to issue, any warning notice or restrictions notice under Schedule 1B of the Companies Act 2006 in respect of the Shares; and
- (b) it has not received any warning notice or restrictions notice under Schedule 1B of the Companies Act 2006 in respect of the Shares.

## 8 Undertakings

### 8.1 General

- (a) The Chargor undertakes to the Security Agent in the terms of this Clause 8 from the date of this Share Pledge and for so long as any of the Secured Obligations are outstanding.
- (b) The Chargor will observe and perform all covenants and stipulations from time to time affecting the Shares, make all payments, carry out all registrations or renewals and generally take all steps which are necessary to preserve, maintain and renew when necessary or desirable all of the Shares.

### 8.2 Changes to rights

The Chargor may not (except to the extent not prohibited by the Secured Debt Documents) take or allow the taking of any action on its behalf which may result in the rights attaching to the Shares being materially and adversely altered or in any circumstance take any such action that may adversely affect the enforcement of the Security.

**8.3 Calls**

- (a) The Chargor must pay all calls and other payments due and payable in respect of the Shares.
- (b) If the Chargor fails to do so, the Security Agent (or its nominee) may, but shall not be obliged to, pay those calls or other payments on behalf of the Chargor. The Chargor must promptly on request reimburse the Security Agent (or its nominee) for any payment made by the Security Agent (or its nominee) under this sub-clause and, pending reimbursement, that payment will constitute part of the Secured Obligations.

**8.4 Other obligations in respect of Shares**

- (a)
  - (i) The Chargor must comply with all requests for information regarding the Shares which is within its knowledge and which it is required to comply with by law (including section 793 of the Companies Act 2006) or under the constitutional documents relating to the Shares. If the Chargor fails to do so, the Security Agent may, but shall not be obliged to, elect to provide any information which it may have on behalf of the Chargor.
  - (ii) The Chargor must, if the Security Agent so requests, promptly supply a copy to the Security Agent of any information referred to in Clause 8.4(a)(i) above.
- (b) The Chargor must comply with all other conditions and obligations assumed by it in respect of any of the Shares.
- (c) No Secured Party will be required in any manner to:
  - (i) perform or fulfil any obligation of the Chargor;
  - (ii) make any payment;
  - (iii) make any enquiry as to the nature or sufficiency of any payment received by it or the Chargor; or
  - (iv) present or file any claim or take any other action to collect or enforce the payment of any amount,
 in respect of the Shares.

**8.5 Voting and distribution rights**

- (a) Before the occurrence of the Enforcement Date, the Chargor may continue to exercise the voting rights, powers and other rights in respect of the Shares (provided that such voting rights, powers and other rights shall not be exercised in a manner which would adversely affect the validity or enforceability of the Security or cause an Event of Default to occur) and the Security Agent or any nominee of the Security Agent in whose name the Existing Shares are registered shall execute a form of proxy and any other document as may reasonably be required by the Chargor to do so.

- (b) Before the occurrence of the Enforcement Date, all dividends or other income or distributions paid or payable in relation to any of the Shares must be paid to the Chargor. To achieve this:
  - (i) the Security Agent (or its nominee) will promptly execute any dividend mandate necessary to ensure that payment is made direct to the Chargor; or
  - (ii) if payment is made directly to the Security Agent (or its nominee) before this Share Pledge becomes enforceable, the Security Agent (or that nominee) will promptly pay that amount to the Chargor.
- (c) Before the occurrence of the Enforcement Date, the Security Agent shall use its reasonable endeavours to promptly forward to the Chargor all material notices, correspondence and/or other communication it receives in relation to the Shares.
- (d) On or after the occurrence of the Enforcement Date, all dividends or other income or distributions paid or payable in relation to the Shares shall be paid to or made to and retained by the Security Agent as though they were proceeds of sale and may be applied by the Security Agent in accordance with Clause 11 (Application of Proceeds).
- (e) On or after the occurrence of the Enforcement Date, the Security Agent or its nominee may (in order to preserve and/or realise the value of the Security) exercise or refrain from exercising:
  - (i) any voting rights; and
  - (ii) any other powers or rights which may be exercised by the legal or beneficial owner of the Shares, any person who is the holder of the Shares or otherwise,

in each case, in the name of the Chargor, the registered holder or otherwise and without any further consent or authority on the part of the Chargor and irrespective of any direction given by the Chargor.
- (f) The Chargor must indemnify the Security Agent against any loss or liability incurred by the Security Agent as a consequence of the Security Agent acting in respect of the Shares on the direction of the Chargor.

## 8.6 Clearance systems

- (a) On or after the Enforcement Date, the Chargor must, if so requested by the Security Agent:
  - (i) instruct any clearance system to transfer any Shares held by it for the Chargor or its nominee to an account of the Security Agent (or its nominee) with that clearance system; and
  - (ii) take whatever action the Security Agent may reasonably request for the dematerialisation or rematerialisation of any Shares held in a clearance system.
- (b) On or after the Enforcement Date the Security Agent may, at the expense of the Chargor, take whatever action is required for the dematerialisation or rematerialisation of the Shares as necessary.

**8.7     PSC Register**

- (a)     The Chargor shall promptly:
  - (i)     notify the Security Agent of its receipt of, any "warning notice" or "restrictions notice" (as defined in paragraph 1(2) of Schedule 1B of the Companies Act 2006) in respect of any of the Shares; and
  - (ii)    provide to the Security Agent a copy of any such warning notice or restrictions notice,

in each case before it issues, or after it receives, any such notice.
- (b)     For the purposes of withdrawing any restrictions notice or for any application (or similar) to the court under Schedule 1B of the Companies Act 2006, the Chargor shall provide such assistance as the Security Agent may reasonably request in respect of any Shares and provide the Security Agent with all information, documents and evidence that it may reasonably request in connection with the same.
- (c)     The Chargor acknowledges that, given the terms of this Share Pledge, it will not at any time prior to the Enforcement Date seek to include the Security Agent or any nominee in its PSC Register.

**9       Continuing Security****9.1     Continuing Security**

The Security constituted by this Share Pledge shall be a continuing security notwithstanding any intermediate payment or settlement of all or any part of the Secured Obligations or any other act, matter or thing.

**9.2     Other Security**

The Security constituted by this Share Pledge is to be in addition to and shall neither be merged in nor in any way exclude or prejudice or be affected by any other Security Interests or other right which the Security Agent and/or any other Secured Party may now or after the date of this Share Pledge hold for any of the Secured Obligations, and this Security may be enforced against the Chargor without first having recourse to any other rights of the Security Agent or any other Secured Party.

**10      Enforcement of Security****10.1    Enforcement**

- (a)     The Security created by or pursuant to Clauses 3.2(a)(i), 3.2(a)(ii), 3.3(a) or 3.3(b) of this Share Pledge shall be enforceable at any time on or after an Acceleration Event.
- (b)     The Security created by or pursuant to Clauses 3.2(a)(iii) or 3.3(c) of this Share Pledge shall be enforceable at any time on or after the Enforcement Date.

**10.2    Powers on Enforcement**

- (a)     At any time on or after the Security created by or pursuant to this Share Pledge becomes enforceable in accordance with Clause 10.1 (Enforcement), the Security Agent and any nominee of the Security Agent in whose name the Shares are registered



shall be entitled to immediately and without further notice exercise (or refrain from exercising) all rights and powers conferred on or exercisable by the owner of the Charged Property.

- (b) In particular but without limitation, the Security Agent and any nominee of the Security Agent in whose name the Shares are registered shall be entitled immediately and without further notice to retain, sell, call in, collect and convert into money any of the Charged Property with full power to sell any of the same either together or in parcels and for such consideration as the Security Agent may think fit (subject to any duty implied by law) and with full power to buy in or rescind or vary any contract of sale of the Charged Property or any part thereof and to resell the same without being responsible for any loss which may be occasioned thereby and with full power to compromise and effect compositions and for the purposes aforesaid or any of them to execute and do all such assurances and things as it shall think fit.

### **10.3 Appropriation under the Financial Collateral Regulations**

- (a) To the extent that any of the Charged Property constitutes "financial collateral" and this Share Pledge and the obligations of the Chargor hereunder constitute a "security financial collateral arrangement" (in each case as defined in, and for the purposes of, the Financial Collateral Arrangements (No. 2) Regulations 2003 (as amended) (**Regulations**)), the Security Agent shall have the right to appropriate all or any part of such financial collateral in or towards discharge of the Secured Obligations and may exercise that right to appropriate by giving notice to the Chargor at any time on or after the Enforcement Date.
- (b) The Parties agree that the value of any such appropriated financial collateral shall be: (i) in the case of securities, the price at which such securities can be disposed of by the Security Agent; and (ii) in the case of any other asset, the market value of such financial collateral as determined by the Security Agent, in each case, in a commercially reasonable manner (including by way of an independent valuation). The Parties agree that the methods of valuation provided for in this paragraph shall constitute commercially reasonable methods of valuation for the purposes of the Regulations.

## **11 Application of Proceeds**

### **11.1 Order of Application**

All moneys received or recovered by the Security Agent or its nominee pursuant to this Share Pledge shall (subject to the claims of any person having prior rights thereto) be applied in the order and manner specified by the Intercreditor Agreement notwithstanding any purported appropriation by the Chargor.

### **11.2 Application against Secured Obligations**

Subject to Clause 11.1 (Order of Application) above, any moneys or other value received or realised by the Security Agent or its nominee from the Chargor under this Share Pledge may be applied by the Security Agent or its nominee to any item of account or liability or transaction forming part of the Secured Obligations to which they may be applicable in any order or manner which the Security Agent may determine.

**11.3 Suspense Account**

Until the Secured Obligations are paid in full, the Security Agent may place and keep (for such time as it shall determine) any money received, recovered or realized pursuant to this Share Pledge or on account of the Chargor's liability in respect of the Secured Obligations in an interest bearing separate suspense account (to the credit of either the Chargor or the Security Agent as the Security Agent shall think fit) and the Security Agent may retain the same for the period which it considers expedient without having any obligation to apply all or any part of that money in or towards discharge of the Secured Obligations.

**12 Protection of Security Agent****12.1 No Liability**

Neither the Security Agent (nor any of its nominees) shall be liable in respect of any of the Charged Property or for any loss or damage which arises out of the exercise or the attempted or purported exercise of, or the failure to exercise any of, its powers and rights or the attempted or purported performance of, or the failure to perform any of, its duties and functions hereunder unless caused by its gross negligence or wilful misconduct.

**12.2 Primary liability of Chargor**

The Chargor shall be deemed to be a principal debtor and the sole, original and independent obligor for the Secured Obligations and the Charged Property shall be deemed to be a principal security for the Secured Obligations. The liability of the Chargor under this Share Pledge and the charges contained in this Share Pledge shall not be impaired by any forbearance, neglect, indulgence, abandonment, extension of time, release, surrender or loss of securities, dealing, variation or arrangement by the Security Agent or any other Secured Party, or by any other act, event or matter whatsoever whereby the liability of the Chargor (as a surety only) or the pledge contained in this Share Pledge (as secondary or collateral charges only) would, but for this provision, have been discharged.

**12.3 Waiver of defences**

The obligations of the Chargor under this Share Pledge will not be affected by an act, omission, matter or thing which, but for this Share Pledge, would reduce, release or prejudice any of its obligations under this Share Pledge (without limitation and whether or not known to it or any Secured Party) including:

- (a) any time, waiver or consent granted to, or composition with, any Debtor or other person;
- (b) the release of any Debtor or any other person under the terms of any composition or arrangement with any creditor of any member of the Group;
- (c) the taking, variation, compromise, exchange, renewal or release of, or refusal or neglect to perfect, take up or enforce, any rights against, or security over assets of, any Debtor or other person;
- (d) any non-presentation or non-observance of any formality or other requirement in respect of any instrument or any failure to realise the full value of any security;
- (e) any incapacity or lack of power, authority or legal personality of or dissolution or change in the members or status of any Debtor or any other person;

- (f) any amendment, novation, supplement, extension restatement (however fundamental and whether or not more onerous) or replacement of a Secured Debt Document or any other document or security including, without limitation, any change in the purpose of, any extension of or increase in any facility or the addition of any new facility under any Secured Debt Document or other document or security;
- (g) any unenforceability, illegality or invalidity of any obligation of any person under any Secured Debt Document or any other document or security or the failure by any member of the Group to enter into or be bound by a Secured Debt Document; or
- (h) any insolvency or similar proceedings.

#### **12.4 Security Agent**

The provisions set out in Clause 19 (The Security Agent) of the Intercreditor Agreement shall govern the rights, duties and obligations of the Security Agent under this Share Pledge and, in acting pursuant to this Share Pledge, the Security Agent is entitled to the protections, rights and indemnities contained in, and on the terms set out in, the Intercreditor Agreement.

#### **12.5 Delegation**

The Security Agent may delegate by power of attorney or in any other manner all or any of the powers, authorities and discretions which are for the time being exercisable by it under this Share Pledge to any person or persons upon such terms and conditions (including the power to sub-delegate) as it may think fit. The Security Agent will not be liable or responsible to the Chargor or any other person for any losses arising from any act, default, omission or misconduct on the part of any delegate or sub-delegate.

#### **12.6 Cumulative Powers**

The powers which this Share Pledge confers on the Security Agent and the other Secured Parties are cumulative, without prejudice to their respective powers under the general law, and may be exercised as often as the relevant person thinks appropriate. The Security Agent and the other Secured Parties may, in connection with the exercise of their powers, join or concur with any person in any transaction, scheme or arrangement whatsoever. The respective powers of the Security Agent and the other Secured Parties will in no circumstances be suspended, waived or otherwise prejudiced by anything other than an express consent or amendment.

### **13 Mandatory and Attorney**

The Chargor irrevocably and severally appoints the Security Agent and any person nominated for the purpose by the Security Agent (in writing and signed by an officer of the Security Agent) as its mandatory and attorney (with full power of substitution and delegation) ((a) on or after the Enforcement Date or (b) if the Chargor has failed to comply with a further assurance or perfection obligation, in which case, only to the extent necessary in order to complete such further assurance or perfection requirement) in its name and on its behalf to execute, seal and deliver (using the company seal where appropriate) and otherwise perfect and do any deed, assurance, agreement, instrument, act or thing which it ought to execute and do under the terms of this Share Pledge, or which may be required or deemed proper in the exercise of any rights or powers conferred on the Security Agent under this Share Pledge or otherwise for any of the purposes of this Share Pledge, and the Chargor covenants with the Security Agent to ratify and confirm all such acts or things made, done or executed by that attorney.

**14 Protection for third parties****14.1 No Obligation to Enquire**

No purchaser from, or other person dealing with, the Security Agent (or its nominee or agents) shall be obliged or concerned to enquire whether:

- (a) the right of the Security Agent to exercise any of the powers conferred by this Share Pledge has arisen or become exercisable or as to the propriety or validity of the exercise or purported exercise of any such power; or
- (b) any of the Secured Obligations remain outstanding and/or are due and payable or be concerned with notice to the contrary and the title and position of such a purchaser or other person shall not be impeachable by reference to any of those matters.

**14.2 Receipt Conclusive**

The receipt of the Security Agent shall be an absolute and a conclusive discharge to a purchaser, and shall relieve him of any obligation to see to the application of any moneys paid to or by the direction of the Security Agent.

**15 Costs and Expenses****15.1 Initial Expenses**

The Chargor shall, within five Business Days of demand, pay to the Security Agent the amount of all documented costs and expenses (including legal fees) properly incurred by it in connection with:

- (a) the negotiation, preparation, execution, completion and perfection of this Share Pledge and any other documents or notices referred to in, or related or incidental to, this Share Pledge; and
- (b) any amendment, waiver or consent relating to this Share Pledge (and documents, matters or things referred to in this Share Pledge).

**15.2 Enforcement Expenses**

The Chargor shall, within five Business Days of demand, pay to each of the Security Agent and each other Secured Party the amount of all documented costs and expenses (including legal fees) properly incurred by any of them in connection with the enforcement of or the preservation of any rights under (and any documents referred to in) this Share Pledge and any proceedings instituted by or against the Security Agent and any Secured Party as a consequence of taking or holding the Security created under this Share Pledge or enforcing these rights.

**15.3 Stamp Duties, etc.**

The Chargor shall pay and, within three Business Days of demand, indemnify each Secured Party against any cost, loss or liability that Secured Party incurs in relation to all stamp duty, registration and other similar Taxes payable in respect of this Share Pledge.

**15.4 Default Interest**

If not paid when due, the amounts payable under this Clause 15 shall carry interest compounded with monthly rests at the Default Rate (after as well as before judgment), from the date of demand and shall form part of the Secured Obligations.

**16 Reinstatement and Release****16.1 Amounts Avoided**

If any amount paid by the Chargor in respect of the Secured Obligations is capable of being avoided or set aside on the liquidation or administration of the Chargor or otherwise, then for the purposes of this Share Pledge that amount shall not be considered to have been paid. No interest shall accrue on any such amount, unless and until such amount is so avoided or set aside.

**16.2 Discharge Conditional**

Any settlement or discharge between the Chargor and any Secured Party shall be conditional upon no security or payment to that Secured Party by the Chargor or any other person being avoided, set aside, ordered to be refunded or reduced by virtue of any provision or enactment relating to insolvency and accordingly (but without limiting the other rights of that Secured Party under this Share Pledge) that Secured Party shall be entitled to recover from the Chargor the value which that Secured Party has placed on that security or the amount of any such payment as if that settlement or discharge had not occurred.

**16.3 Covenant to Release**

Once all the Secured Obligations have been irrevocably paid in full and none of the Security Agent nor any Secured Party has any actual or contingent liability to advance further monies to, or incur liability on behalf of, the Chargor, the Security Agent and each Secured Party shall, at the written request and cost of the Chargor, execute any documents (or procure that its nominees execute any documents) or take any action which may be necessary to release the Charged Property from the Security constituted by this Share Pledge.

**17 Currency Clauses****17.1 Conversion**

All monies received or held by the Security Agent under this Share Pledge may be converted into any other currency which the Security Agent considers necessary to cover the obligations and liabilities comprised in the Secured Obligations in that other currency at the Security Agent's spot rate of exchange then prevailing for purchasing that other currency with the existing currency.

**17.2 No Discharge**

No payment to the Security Agent (whether under any judgment or court order or otherwise) shall discharge the obligation or liability of the Chargor in respect of which it was made unless and until the Security Agent has received payment in full in the currency in which the obligation or liability is payable or, if the currency of payment is not specified, was incurred. To the extent that the amount of any such payment shall on actual conversion into that currency fall short of that obligation or liability expressed in that currency, the Security Agent shall have a further

separate cause of action against the Chargor and shall be entitled to enforce the Security constituted by or pursuant to this Share Pledge to recover the amount of the shortfall.

## **18 Set-off**

### **18.1 Set-off rights**

The Security Agent may set off any matured obligation due from the Chargor under the Secured Debt Documents (to the extent beneficially owned by the Security Agent) against any matured obligation owed by the Security Agent to the Chargor, regardless of the place of payment, booking branch or currency of either obligation. If the obligations are in different currencies, the Security Agent may convert either obligation at a market rate of exchange in its usual course of business for the purpose of the set-off.

### **18.2 Different Currencies**

The Security Agent may exercise its rights under Clause 18.1 (Set-off rights) notwithstanding that the amounts concerned may be expressed in different currencies and the Security Agent is authorised to effect any necessary conversions at a market rate of exchange selected by it.

### **18.3 Unliquidated Claims**

If, at any time after notice demanding payment of any sum which is then due but unpaid in respect of the Secured Obligations has been given by the Security Agent to the Chargor, the relevant obligation or liability is unliquidated or unascertained, the Security Agent may set-off the amount which it estimates (in good faith) will be the final amount of that obligation or liability once it becomes liquidated or ascertained.

### **18.4 No Set-off**

The Chargor will pay all amounts payable under this Share Pledge without any set-off, counterclaim or deduction whatsoever unless required by law, in which event, other than in the case of a payment of interest, the Chargor will pay an additional amount to ensure that the payment recipient receives the amount which would have been payable had no deduction been required to have been made.

## **19 Ruling Off**

If the Security Agent or any other Secured Party receives notice of any subsequent Security or other interest affecting any of the Charged Property (except as permitted by the Secured Debt Documents) it may open a new account for the Chargor in its books. If it does not do so then (unless it gives express notice to the contrary to the Chargor), as from the time it receives that notice, all payments made by the Chargor (in the absence of any express appropriation to the contrary) shall be treated as having been credited to a new account of the Chargor and not as having been applied in reduction of the Secured Obligations.

## **20 Redemption of Prior Charges**

The Security Agent may, at any time on or after the Enforcement Date, redeem any prior Security Interests on or relating to any of the Charged Property or procure the transfer of those Security Interests to itself, and may settle and pass the accounts of any person entitled to those prior Security Interests. Any account so settled and passed shall (subject to any manifest error) be conclusive and binding on the Chargor. The Chargor will on demand pay to the Security

Agent all principal monies and interest and all losses incidental to any such redemption or transfer.

## **21 Notices**

Clause 25 (Notices) of the Intercreditor Agreement shall apply to any communication to be made under or in connection with this Share Pledge (including by any Secured Party who is not a party to this Share Pledge) as if it were set out in full in this Share Pledge except that any references to "this Agreement" shall be construed as references to "this Share Pledge".

## **22 Changes to Parties**

The Security Agent may at any time assign or otherwise transfer all or any part of its rights under this Share Pledge in accordance with the Secured Debt Documents.

## **23 Miscellaneous**

### **23.1 Certificates Conclusive**

A certificate or determination of the Security Agent as to any amount payable under this Share Pledge will be conclusive and binding on the Chargor, except in the case of manifest error.

### **23.2 Counterparts**

- (a) This Share Pledge may be executed by each of the parties on separate counterparts.
- (b) Where executed in counterparts:
  - (i) this Share Pledge will not take effect until each of the counterparts has been delivered; and
  - (ii) where any counterpart is being held as undelivered, delivery will take place only when the date of delivery is agreed between the Parties after execution of this Share Pledge.
- (c) If this Share Pledge is not executed in counterparts, this Share Pledge shall be delivered on the date inserted on the front page of this Share Pledge or, if no such date is inserted, the date on which the last party signed this Share Pledge.
- (d) The Parties, in accordance with section 2(1) of the Legal Writings (Counterparts and Delivery) (Scotland) Act 2015 (**Counterparts Act**), nominate Addleshaw Goddard LLP to take delivery of all counterparts of this Share Pledge. The Parties agree that the provisions of section 2(3) of the Counterparts Act shall not apply to any counterpart of this Share Pledge.

### **23.3 Invalidity of any Provision**

If any provision of this Share Pledge is or becomes invalid, illegal or unenforceable in any respect under any law, the validity, legality and enforceability of the remaining provisions shall not be affected or impaired in any way.

## **24 Governing Law and Jurisdiction**

- 24.1 This Share Pledge and any non-contractual claims arising out of or in connection with it shall be governed by and be construed in accordance with Scots law.

- 24.2 Subject to Clause 24.3 below, the Parties agree that the courts of Scotland shall have exclusive jurisdiction to settle any dispute arising out of or in connection with this Share Pledge, whether contractual or non-contractual (including a dispute regarding the existence, validity or termination of this Share Pledge) (a **Dispute**). The Parties agree that the courts of Scotland are the most appropriate and convenient courts to settle Disputes and accordingly no party will argue to the contrary.
- 24.3 The Parties agree that, for the benefit of the Secured Parties only, nothing in this Share Pledge shall limit the right of the Secured Parties to bring any legal action against the Chargor in any other court of competent jurisdiction.

In witness whereof this Share Pledge consisting of this and the preceding 19 pages and the Schedule annexed as relative hereto are executed as follows and, if executed in counterpart in terms of the Legal Writings (Counterparts and Delivery) (Scotland) Act 2015, are delivered for the purposes of that Act on the date set out on page 1 of this Share Pledge:

For **Drax Smart Generation Holdco Limited**

Subscribed for and on behalf of  
**Drax Smart Generation Holdco Limited**

at Leeds

on 29 October 2020

in the presence of

Witness signature

Full name

Address

REDACTED

.....  
Director/Secretary/Authorised Signatory

Peter Hugill

.....  
Full Name

REDACTED

.....  
*Amirah Khan*

.....  
C/O Pinsent Masons LLP

.....  
1 Park Row

.....  
LS1 5AB



For Deutsche Bank AG, London Branch as Security Agent

Subscribed for and on behalf of  
Deutsche Bank AG, London Branch as  
Security Agent  
Paul Gaines  
Assistant Vice President

REDACTED

REDACTED

Françoise Rivière  
Vice President

Authorised Signatory

at *London*  
on *29 October 2020*

Full Name

in the presence of

REDACTED

Witness signature

Full name

Alex Blewer  
Vice President

Address

Winchester House  
1 Great Winchester Street  
London  
EC2N 2DB

**This is the Schedule referred to in the foregoing Share Pledge by Drax Smart Generation Holdco Limited in favour of Deutsche Bank AG London Branch as Security Agent**

**Existing Shares**

<b>Company</b>	<b>Number of shares</b>	<b>Nominal value of each share</b>	<b>Description</b>
Drax Generation Enterprise Limited (SC189124)	460,700,000	£1.00	Ordinary shares of £1.00 each