

## MINUTE OF AGREEMENT

between

STRATHNAIRN COMMUNITY BENEFIT FUND LIMITED incorporated under the Companies Acts (registered number SC272756) and having its registered office at Corrieknow, Farr, Inverness, Inverness-shire, IV2 6XB (hereinafter referred to as "SCBF") of the First Part

and

FARR WINDFARM LIMITED, incorporated under the Companies Acts and having its Registered Office at 302 St Vincent Street, Glasgow G2 5RZ (hereinafter referred to as "the Company") of the Second Part.

WHEREAS the Company is the tenant under a lease and will be the operator of Farr Wind Farm, Farr, Glenkyllachy, Inverness-shire, the approximate extent of which is shown delineated in red on the plan annexed and executed as relative hereto ("**the wind farm**") and has agreed to provide during the period of operation of the wind farm funds for the benefit of the residents of the areas of Strathnairn but that only on certain terms and conditions and it is appropriate that such agreement be properly documented and that the Company enters into an agreement with SCBF as the appropriate body to administer the said funds on behalf of the residents of the said area of Strathnairn, SCBF having been incorporated as a company limited by guarantee, pursuant to a meeting of the Strathnairn Community Council (meeting number 145) held on 27<sup>th</sup> July 2004, THEREFORE the parties hereto Have Agreed and Do Hereby AGREE as follows:-

1. The Company shall make an initial capital payment ("**the capital payment**") of SIX HUNDRED THOUSAND POUNDS (£600,000) to SCBF and that within twenty eight days after the date when electricity has been exported from the wind farm to the United Kingdom electricity grid or any alternative end user ("**the Completion Date**").
2. The Company shall, subject to SCBF adhering to the provisions of this Agreement, pay to SCBF an annual sum ("**the annual sum**") which is equivalent to SEVEN HUNDRED AND SIXTEEN POUNDS AND FORTY PENCE (£716.40) per Megawatt of the wind farm's initial proposed Installed Capacity (being the total capacity, in Megawatts, of the wind turbines that npower actually install upon the wind farm) of 92 Mega Watts (the initial sum payable under this clause therefore being SIXTY FIVE THOUSAND NINE HUNDRED AND EIGHT POUNDS AND EIGHTY PENCE (£65,908.80) per annum, with such sum being increased or decreased pro rata if the Installed Capacity of the wind farm is altered at any time during the period of operation of the wind farm. The capital payment and the annual sum will be index-linked from first October 2004 throughout the period of operation of the wind farm in accordance with any increases in the Retail Prices Index. The capital payment and the annual sum will be used solely for purposes that meet the requirements specified in Clauses 3 and 4 hereof.
3. The first annual sum will be payable by the Company to SCBF's treasurer on the first anniversary of the Completion Date and the annual sum will thereafter be paid on each subsequent anniversary of the Completion Date while the wind farm continues to export electricity to the United Kingdom electricity grid or any alternative end user. No further annual sums will be paid to SCBF

after the date of de-commissioning of the wind farm when this Agreement will be deemed to have terminated.

4. SCBF acknowledges to the Company that the capital payment and the annual sum together represent an appropriate and meaningful contribution by the Company to the local community. SCBF also acknowledges to the Company that in its view there is a reasonable relationship between the undertaking to pay the capital payment and the annual sum and the wind farm development and that the amounts of the capital payment and the annual sum are fairly and reasonably related to the scale of the development. SCBF further acknowledges to the Company that it understands that the use of the capital payment and the annual sum should follow the guidance given by the Government (in particular all relevant Department of the Environment circulars) and the Courts and therefore understands that the Company's preference will be for proposals of an environmental, energy efficiency, tourism, recreation and local amenity nature within the Strathnairn area, including also any charitable purposes within the meaning of the charities legislation, provided that all sums expended are so expended within, and for the benefit of, the Strathnairn area.
5. SCBF undertakes not to use or release any of the funds paid to it by the Company under the terms of this Agreement for any purpose which adversely affects or works against the interests of the wind farm or the owner of the land on which the wind farm is constructed or the Company (or any of its subsidiary or related companies) nor for any project which would create divisiveness in the community or which is the legal responsibility of a third party, failing which SCBF shall indemnify the Company (and any subsidiary

and related companies, together with its parent company, Npower Renewables Limited, having its registered office at Third Floor, Reading Bridge House, Reading Bridge, Reading, Berkshire, RG1 8LS) against any loss or damage of whatsoever nature sustained by any of the said companies as a result of any breach of the foregoing undertaking.

6. In the event of ownership or control of the wind farm passing from the Company to any other party, the Company will take their successor bound in any such transfer agreement to enter into a similar agreement to this present agreement with SCBF or its successors.
7. Where any payments due by the Company in terms of this Agreement are paid more than twenty eight days late, Interest (as hereinafter defined) shall be payable on the debt (or part thereof in the case of part payment only) from the date when payment was due until such time as the debt is satisfied in full; Interest accruing from the date on which the payment is due shall be calculated on a day to day basis at a rate equal to 2% per annum above the base rate of the Royal Bank of Scotland plc without compounding or in the event that such base rate shall cease to exist such analogous rate of interest as may be established.
8. The Company shall pay the reasonable legal expenses of SCBF in connection with the negotiation and execution of this Agreement but that up to a maximum of One thousand pounds (£1,000) and any Value Added Tax thereon.

9. This Agreement shall be governed by and construed in accordance with the Laws of Scotland and the parties hereto consent to the registration hereof for preservation and execution: IN WITNESS WHEREOF these presents typewritten on this and the four preceding pages are, together with the plan annexed hereto, subscribed for and on behalf of the said Strathnairn Community Benefit Fund Limited by John Mackenzie MacLeod, Director and David Anstruther Henderson, Company Secretary, together at Farr, Inverness on Twenty seventh August Two thousand and five; and they are subscribed for and on behalf of the said Farr Windfarm Limited by Kevin McCullough, Director, and Jonathan Guy Madgwick, Director, together at Reading on Fifteenth November Two thousand and five.

John Mackenzie MacLeod  
 Director

Kevin McCullough  
 Director