Investing in our community, our future

Wedmore Community Power Co-operative Ltd
Share Offer Document

June 2013

800,000 shares at £1 a share
Offer opens: 13 June 2013
Offer closes: when fully subscribed or the plant is commissioned

CONTENTS

This document is important and requires your immediate attention.

21 March 2013

Dear potential investors and co-operative members

Solar energy is a tried and tested way of producing electricity and replacing non-renewable resources such as gas, coal and oil. In doing so it also reduces the damaging emissions of carbon dioxide to the atmosphere.

Wedmore Community Power Co-operative Ltd has been set up to enable local people to make use of solar energy and share in the financial rewards that exist to encourage it.

The venture we are inviting you to join will consist of a 1,000kW ground-mounted solar photovoltaic system in two paddocks screened by hedgerows, just to the north of Wedmore.

We do hope you will join us in this exciting new venture.

Bob Hayter, Chairman
Wedmore Community Power Co-operative Ltd

"The co-operative model gives us all an opportunity to pull together and take some positive control over local energy production."

450 tonnes

The amount of carbon dioxide the planned solar arrays will save every year from the burning of fossil fuels

£800,000

The amount this Share Offer Document seeks to raise

"Using a renewable source to generate clean energy near where it's used and achieving this through a community-funded co-operative makes sense all round."

Summary of Offer

Summary of Offer

Wedmore Community Power Co-operative Ltd (also referred to as the Co-operative) intends to extend its membership and raise capital through this share offer. The project has a local focus and is currently 90% owned by Isle of Wedmore residents, but all applications for shares are welcome, whether from individuals or organisations, and following this offer a more widely dispersed ownership is anticipated.

Introduction

We are making this share offer to raise the capital needed to install and maintain a one-megawatt (1,000kW) solar photovoltaic system in two new paddocks just to the north of Wedmore. We want to generate low carbon, renewable electricity on the Isle of Wedmore at an appropriate scale and enable local people to invest in clean energy and enjoy the financial benefits of the project. As well as enabling the community to work together in reducing its carbon emissions, the project allows it to take control of its energy production, thus becoming more resilient. We also want to plough some of the profits back into the community in the form of local grants.

Important information

The directors of Wedmore Community Power Co-operative Ltd have prepared this document and are responsible for its contents. It follows the guidelines set by the Financial Conduct Authority. Full details on the legal compliance of this document, the Terms of the Offer and how to invest are set out in the main body of the text. Words and phrases having a particular meaning in this Share Offer Document are defined in the glossary.

This summary should be read only as an introduction and any decision to invest made on the basis of the document as a whole.

This document contains 'forward-looking statements' relating to the Co-operative's prospects, development and business strategies. Statements containing words such as 'believe', 'could', 'expect', 'envisage', 'estimate', 'may', 'plan', 'will' or the negative forms of those words will be forward-looking statements. Similarly, any explicit reference to assumptions or other terms that imply a point is not yet established in fact will be a forward-looking statement.

Forward-looking statements are based on current expectations and so are subject to risks and uncertainties. Certain risks are defined in this Offer Document, but there will be other risks. Actual results may differ materially from those expressed or implied by the forward-looking statements so potential members should not place any reliance on forward-looking statements. The forward-looking statements were current at the date this Offer Document was produced and will not be updated during the offer period.

The project

The project's purpose is to generate as much electricity as possible and as efficiently as possible on the Isle of Wedmore and so reduce the community's reliance on supplies from the National Grid that are primarily fossil fuel-based. We will do this by connecting 4,000 solar photovoltaic (PV) panels to the local power grid close to the main settlement of Wedmore. Based on the 2012 conversion factors used by Defra/DECC, we expect that this will save about 450 tonnes of carbon dioxide (CO_2) a year from the burning of fossil fuels to produce energy. The amount of energy generated will be the same as that produced from around 300 typical domestic installations of PV.

The Co-operative will create revenue by selling electricity to a supply company and receiving a Feed-in Tariff (FiT), the Government incentive for generating renewable energy. This will enable it to pay interest to members and repay their initial investment during the 27-year life of the project.

The Share Offer

Through this Share Offer Document we seek to raise £800,000 to cover construction costs. We will achieve this by issuing Offer Shares at £1, payable in full on application. This follows a Pioneer Share Offer that successfully secured contract terms and covered marketing costs with an £150,000 investment.

The offer period was initially six weeks but has been extended by the Board. If the offer is over-subscribed, applications will be scaled back and the Board may at its discretion prioritise applications from residential addresses closest to the site.

Potential members should regard the Offer Shares as a long-term investment but may also lend money to the Co-operative through a two-year or seven-year fixed interest rate bond. There is a minimum subscription of 2,500 £1 shares, unless you live in one of the local settlements listed at the foot of this page, and a maximum of 20,000 £1 shares. The bonds may appeal to potential members wanting to invest more than £20,000; or in the event of over-subscription of shares; or if they prefer medium-term exposure and want capital back in two or seven years' time. There is no upper limit on the amount of funds that can be lent to the Co-operative through the bond facility, although in practice the Board is likely to limit the size of loan and keep it at or below 25% of the project value.

The Board has received advance assurance from HM Revenue and Customs that the Share Offer will qualify under the Government's Enterprise Investment Scheme (EIS) regulations, in which case tax advantages may apply to the investment in shares but not to the loans. Most members are likely to buy as many shares as possible through this offer before lending money to the Co-operative, but that is not necessarily the case and the bonds may appeal to non-tax payers with a shorter term perspective. Any member seeking to use EIS regulations should seek appropriate advice first.

The Isle of Wedmore

Since Iron Age and Roman times, Wedmore has thrived on its 'Isle' rising out of the Somerset Levels. King Alfred brought the defeated Danish leader, Guthrum here to make 'The Peace of Wedmore' in 878. The ancient church overlooked the developing medieval village with its 13th century Borough market. It had its own gasworks in 1870 and an electric power company in 1908, well before some local towns. Wedmore is a busy, thriving village that still maintains its essential character and is surrounded by a series of attractive smaller villages and hamlets.

Anyone may apply for shares in the Co-operative but to make it more affordable for local people, a lower entry threshold will apply to those living on the Isle of Wedmore. Residents of the villages and hamlets listed here qualify to invest any amount between £250 and £20,000. For those living outside the Isle of Wedmore, the standard minimum investment level is £2,500.

- Alston Sutton
- Ashton
- Badgworth
- Bagley
- Blackford
- Blakeway
- Chapel Allerton
- Clewer
- Cocklake
- Crickham
- Heath House
- Latcham
- Middle Stoughton
- Mudgley
- Newtown
- Panborough
- Sand
- Stone Allerton
- Stoughton Cross
- Theale
- Wedmore
- Westham
- West Stoughton

4,000

solar photovoltaic panels will be connected to the local power grid

Risks

All investments and commercial activities carry risk. Investing in the Co-operative by buying shares should be considered more risky than lending money to the Co-operative, and this is reflected in the marginally lower interest rates attached to the bonds. Potential members should weigh up financial risk and reward as they would with any other investment opportunity.

Those considering an investment should do so only after reading this document in full and taking appropriate financial or other advice.

Our solar plant
Project background
Financial projections
Risk factors
Community grants

Our solar plant

The sole planned activity of Wedmore Community Power Co-operative Ltd is to generate electricity from a wholly-owned solar PV development on the Isle of Wedmore.

Sustainability

We want the installation to be as sustainable as possible, so we will carefully consider the environmental credentials of potential suppliers and ensure that the equipment we procure is as recyclable as possible.

PV panels

The plant will mainly comprise 4,000 PV panels fixed to aluminium frames. At the time of publication of this Share Offer Document, specification details are not concluded but our choices will take these factors into account:

- Proven performance
- Minimum 10-year product warranty
- Producer of a high power class panel (at this stage we cannot prescribe power ratings but hope to achieve an average close to 250W)
- A solid manufacturer with a strong financial footing and hence good long-term prospects
- A manufacturer with a robust environmental policy and membership of PV Cycle – a Europe-wide-recycling scheme for end-of-life PV panels.

Inverters

PV inverters convert the variable direct current (DC) output of the PV panels into an alternating current (AC) that can be fed into the electrical grid.

We are likely to use inverters from the Power One Trio TL range for these reasons:

- A solid manufacturer with a strong financial footing and hence good long-term prospects
- Proven track record
- Large power rating, meaning fewer inverters will be needed
- Good internet-based monitoring package
- Rated for outdoor use.

Mounting system

The panels are likely to be fixed to a German SFLEX mounting system. Its benefits include:

- Proven track record – many megawatts of field-mounted installations to date
- Easy and quick installation
- 10-year product warranty
- Excellent support.

The site

The plant will be set in two new paddocks to the north of Wedmore and screened by hedgerows of native species. The panels will be mounted at a height that allows the pasture to be grazed by livestock. This maintains the value of the land for pasture and eliminates the need to cut the grass, so reducing maintenance costs.

How the plant generates electricity

If a PV panel is rated at 250W, that means under standard conditions (1,000W of solar irradiance and an ambient temperature of 25°C) it will generate 250W of electricity. The panels are connected together to increase the amount of power generated: four panels connected together will generate 1,000W, eight panels 2,000W and so on.

The large Power One inverters can accept up to 30,000W, which is 120 panels rated at 250W. As with the panels, we connect the inverters together to increase the amount of power. For the Wedmore system (1,000,000W target capacity) there will be around 35 inverters.

Installation and operation

It will take about six weeks to install the plant. Work will begin with ramming vertical posts into the ground using specialist equipment. Once in the ground the remainder of the mounting structure will be attached to the posts and the panels will then be attached to the mounting structure. Next, the inverters will be attached to the mounting frames below the panels.


N
Lascot Hill
Pond
Pond
Mill Farm
Quab Lane
Legend
Existing outbuildings
Existing farmhouse
Proposed substation
Electric power line
Public right of way
New paddocks contained by green weldmesh fences
New hedge with security fencing
Solar panels
Point of access

Distribution boards attached to the mounting structure will connect multiple inverters together; these will then feed larger distribution boards that will ultimately feed into one of two transformers (one in each paddock). The two transformers will then feed into the substation, which will be connected to the 11kV power cables that already run across the site.

The 11kV power cables run north-west towards Stoughton and south-east towards Wedmore. There will be no direct connection to any particular property and no way of distinguishing where electricity supplied to the local grid has come from, but because the power is connected to the local 11kV network, almost all the electricity generated will be used on the Isle of Wedmore.

Warranties

Solar Panels	Product warranty usually 10 years; performance is guaranteed not to reduce by more than 0.7% a year over 25 years
Power One inverters	Product warranty 12 years
Mounting system	Product warranty 10 years

Project background

Here we explain how the project developed and who is involved.

Co-operatives and renewable energy

Co-operative ownership of renewable energy is not new. In In 1997, Baywind in Cumbria became the first community-owned renewable installation in the UK. It has been paying out annual interest to its members ever since. As a result, Baywind was inundated with questions from other community groups wanting to do the same thing and this led to the creation of Energy4All in 2002.

Since then Energy4All has helped to set up seven wind energy co-operatives in the UK with over 6,000 members. This has led to communities across the UK starting to set up wind, hydropower and solar co-operatives along similar lines to the original wind co-ops. The highest profile solar-based co-operative, Westmill Solar Co-operative (www.westmillsolar.coop), raised £16.5 million through a share issue and bond finance in summer 2012.

Co-operatives are democratic structures with the legal ability to raise money directly from the public. With a one-member one-vote system and a board elected from the membership, they offer a fair and transparent way to operate a community-owned renewable energy business. They also have the power to give priority to investment from the local area, ensuring that, as much as possible, local people enjoy the financial benefits of renewable energy. Co-operatives are registered with the Financial Conduct Authority.

How our project came about

Wedmore Green Group (www.wedmoregreengroup.co.uk) sponsored a public meeting in 2011 based on the Centre for Sustainable Energy's PlanLoCaL resource to introduce and test the idea of community-owned energy generation on the Isle of Wedmore. By late summer 2012, Community Power Ltd (see p11) and Wedmore Green Group began engagement with local farms and explored various options for a 'village scale' solar project on the Isle of Wedmore. Details were resolved and site details published on 19 December 2012 ahead of a public meeting on 10 January 2013. Buoyed by public and media support for a community-owned power plant on the proposed site, a planning application was submitted and approved by Sedgemoor District Council on 9 April 2013.

Site selection

To minimise the loss of electricity in transmission it is better to locate new power generators as close to consumers as possible. This is possible with solar PV, as the arrays produce no noise, pollution or emissions to disturb neighbours. Apart from needing to be reasonably close to the main centre of habitation, location was determined by three critical criteria:

- The site had to be close enough to a suitable power line
- The site had to be discreet, not overlooked by a large number of homes and capable of being screened by new hedges
- Landowners had to be amenable to the proposal and prepared to keep farming the land under and around the arrays, as early community feedback showed a distinct preference not to displace farmland.

Both proposed paddocks are favoured with a gentle southerly aspect (a south-facing slope is ideal for PV) close to Wedmore and meet the critical criteria. Two paddocks were selected to suit site constraints and a desire to work with smaller fields in keeping with the landscape on the Isle of Wedmore.

The larger west paddock is 1.56Ha or about four acres. The east paddock is a little less than half this size at about 0.71Ha or 1.75 acres. The local 11kV power grid crosses the north-east corner of the west paddock and is robust enough to carry all the power from the site without any upgrade. The power from both paddocks will be carried by buried cables to a new substation on the northern edge of the farmyard at Mill Farm before connecting to the grid via an existing pole. The site of the substation is especially favourable as it will sit discreetly on the edge of the farmyard close to much larger farm buildings and there will be no need for any new paved access across farmland.

Our Co-operative

Wedmore Community Power Co-operative Ltd was incorporated and registered with the UK Financial Conduct Authority through the Industrial and Provident Societies Act 1965 on 13 February 2013 using rules sponsored by Sharenergy. The register number is 31959R.

The Co-operative is operated for the benefit of its members and/or the community. It is currently owned by its 23 members who between them invested £150,000 via the Pioneer Share Offer. We anticipate that membership will grow to around 400 before this Share Offer closes. Members elect directors and each member has one vote in a members' meeting regardless of the number of shares held. Members are protected by limited liability and are only obliged to contribute the initial cost of their shares. The Co-operative is governed by rules, largely in standard form, which are approved by and registered with the Financial Conduct Authority. A copy of the rules of is available from the website or by application to the Co-operative (see back pages of this Share Offer Document for contact details).

Community Power Ltd (CPL)

Based in Wedmore, CPL is a project developer. It identifies potential renewable energy projects and then brings landowners, community groups and local authorities together to resolve legal and statutory arrangements, based on detailed designs worked out with the community. CPL helps the community set up the required funding arrangements and once all legal and statutory arrangements are in place, it then delivers the project for the co-operative. This is a fully inclusive service providing all the technical, professional and financial support needed to deliver a project.

CPL is a new company created by the directors of Wedmore-based Rooftop Consulting Ltd and Ethical Solar Ltd. The idea is based on concepts introduced by the Centre for Sustainable Energy and with specialist advice on co-operatives from Sharenergy.

CPL has agreed terms with the Co-operative that support this offer and ensure that the project will proceed, and member's funds will be invested even if the share offers fail to secure complete subscription. This is explained at the end of the Risk Factors section.

400

the number of members we expect to invest in the Co-operative

Centre for Sustainable Energy (CSE)
CSE (www.cse.org.uk) is an independent national charitable company launched in 1979 and based in Bristol. It helps people and organisations from the public, private and voluntary sectors meet the twin challenges of rising energy costs and climate change. CSE introduced the concept of local ownership of power resources in our part of Somerset through the Levels and Moors Energy Project and supported that through its PlanLoCaL resource.

Sharenergy
Sharenergy (www.sharenergy.coop) was initially a project set up in 2008 by Energy4All in the rural West Midlands, with funding from the former Regional Development Agency, Advantage West Midlands. This was aimed at providing development finance in the form of a loan to community renewable energy projects in that area. Following the abolition of Regional Development Agencies, Sharenergy decided to continue as an independent organization. In April 2011 Sharenergy Co-operative Ltd was registered as a co-operative and it is this organisation that provides support to community organisations installing projects eligible for FITs or the Renewable Heat Incentive (RHI) around the UK. Sharenergy provided development support for Wedmore Community Power Co-operative Ltd and is managing the administration of this Share Offer.

Good Energy
Electricity generated by our solar panels will be sold to Good Energy, the Wiltshire-based energy supplier that gets 100% of its electricity from renewable sources such as solar, wind and hydro.

Financial projections

Introduction
Terms agreed with CPL ensure that the capital cost of the project will be fixed at £1.1m. In addition there is a £50,000 provision to cover disbursements relating to share allocation and associated marketing. The Board anticipates that disbursements will be less than £50,000 and any balance will be transferred to the Co-operative's general reserve. There is a further additional provision of £75,000 as a general reserve so that any foreseeable costs and contingency are covered before income is established.

The sum of £150,000 was subscribed in the Pioneer Share Offer and the balance of £1,075,000 is sought through this Share Offer and the issue of bonds.

Wedmore Community Power Co-operative Ltd will be liable for all ongoing operating costs associated with the project and will negotiate the sale of electricity and terms necessary to secure receipt of FiT.

Members will receive interest on their shares at a rate set annually by the Board, but the first interest payment is expected to be 5p per £1 share. There is scope in financial projections to increase interest payments annually, but the level of interest determined in later years will depend on resources and what is considered necessary by the Board to retain investors' funds.

There are two bond issues in addition to the £1 shares offered. The first for £75,000 supports the Co-operative's reserve and allows it to manage cash flow before income streams are established. This reserve should not be required beyond the first two years of trading so is borrowed on a fixed two-year term.

The second bond raises £200,000. Primarily this allows the board to write off £200,000 asset depreciation without having to return the equivalent members' investment; it should also marginally improve profit. The two-year bond will pay a fixed rate of interest of 3.5% while the seven-year bond will pay a fixed interest rate of 4.5%.

Members may purchase up to 20,000 £1 shares but in addition to, or instead of, may also purchase two-year and seven-year bonds to extend or diversify their holdings.

This document is mainly concerned with offering shares; anyone interested in investing in bonds is welcome to contact the Co-operative Secretary to register an interest – see contact information on the back cover.

20,000

is the maximum number of shares members may purchase

The Pioneer Offer

The Pioneer Share Offer was open from 15-26 April 2013.

The Pioneer Offer investment will be used specifically to discharge costs incurred to date by CPL and to secure the continuation of engagement with CPL through a down payment.

This Share Offer

This Share Offer will raise investment to fund the construction and to this end, monies will be released to CPL as construction progresses.

Funds may be received for deposit in the bonds during the Share Offer; this will be lent to the Co-operative but for the time being will be deposited in the highest yielding Co-operative Bank account suited for the purpose until the bond offer is concluded. The cash deposited will earn interest at the variable rate attached to that account until the bond offer is concluded. The fixed rate attached to the bonds will only apply when the bond offer is concluded.

Income

The Co-operative will generate and sell electricity that will be produced by solar PV renewable technology, so qualifying for Feed-in Tariff (FiT).

This means there will be two income streams: one based on FiT at 7.1p/kWh index-linked to the Retail Price Index and one based on income through a power purchase agreement (PPA) at 5.1p/kWh.

Projections are based on an estimate of the amount of sunlight falling on the sites and the stated performance characteristics of the plant. An estimate of performance in kWh per year is deduced and applied to the income streams to give an annual income projection. It is estimated that the plant will generate an annual income of £119,000 in the first full year.

Income falls substantially 20 years after commissioning when FiT payments stop. Projecting relative inflation rates 20 years reveals that the FiT revenue may be half the total income by then, but having returned capital in the meantime, the residual income is sufficient to sustain a viable business. By 2034 the amount of profit set aside for the grant fund is predicted to be over £30,000 and there is scope to pay up to 12% interest, so there should be plenty of scope to manage a 50% reduction of income and keep the business running until the end of the leases in 2040, or indeed beyond that date subject to lease renewal and planning approval.

Outgoings

The greatest costs will be interest payments and capital repayment. The projections underlying this share offer are based on the assumption that capital is returned to members as the assets are gradually written off. This model gives the Co-operative increasing flexibility. The repayment of loans secured as bonds means that members are unlikely to have capital returned for at least eight years and so should benefit from increasing rates of interest before holdings are returned by capital repayments. From Year Eight onwards an increasing proportion of annual payments to members may include capital repayment. Under the rules of the Co-operative, members are entitled to apply for equity withdrawal at any time, but they should treat equity investment in the Co-operative as a long-term prospect with staged repayment of capital in later years.

The projections include a £5,000 allowance for the community grant fund at the end of the first year, and because costs are projected to increase more slowly than income, the model allows a substantial increase year-on-year for payments to this fund. Over time the grant fund becomes a larger and larger 'outgoing' but as payments will be at the discretion of the Board, this may be treated as a contingency. The viability of the Co-operative and payment of sufficient interest to members is paramount and in practice the size of the grant fund may go down as well as up.

Other outgoings are either known or can be reasonably estimated; they include rent to the landlords, insurance, maintenance cost, renewals (post-warranty), accountancy and administration of the Co-operative. The Co-operative will not have employees but instead contract with an external agent to handle book-keeping and a local electrician and/or maintenance contractor to carry out routine checks and servicing.

Enterprise Investment Scheme tax relief

Wedmore Community Power Co-operative Ltd has applied for Enterprise Investment Scheme (EIS) tax relief for the project. At the end of May 2013, we received advance assurance from HM Revenue and Customs (HMRC) that we would qualify for EIS.

EIS is a government incentive offering 30% tax relief on shares invested in qualifying societies. Many larger community share offers have included EIS, such as FC United and Drumlin Wind. EIS shares cannot be withdrawn for three years. EIS community shares are fully at risk but this risk can be reduced using loss relief.

Notes on EIS are available on our website but please also refer to current guidance on HMRC's websites.

Potential members should take their own advice as to whether they are eligible for EIS tax relief.

There are a number of exclusions from EIS:

- Corporate members cannot benefit from EIS tax relief, only individual members
- Non-tax payers cannot benefit from EIS tax relief Individual members can only benefit from EIS tax relief if they pay tax, such as income tax or capital gains tax
- Employees of this Co-operative cannot benefit from EIS but its Directors can.

30%

is the amount of tax relief on shares invested in qualifying societies through EIS, a government incentive

Profit and Loss and Cash flow Projections

Figures below are taken from the accounts projections without being rounded up or down.

Profit & Loss Projections

Year	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6 -27	27 Year Totals
Energy produced in MWh	950	943	936	929	922	18,619	23,299
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Income from power generation	119	123	126	130	134	3,496	4,128
Operating expenses							
Maintenance	2	2	2	2	2	53	61
Replacement fund	–	–	–	–	1	104	105
Decommissioning fund	–	–	–	–	–	40	40
	2	2	2	2	3	197	206
Administration expenses							
Business rates	1	1	1	1	1	42	49
Rent	6	6	6	7	7	212	244
Insurance	4	4	4	4	5	142	163
Sundry expenses	5	5	5	5	6	177	204
Depreciation (over 27 years)	43	43	43	43	43	937	1,150
	59	59	60	60	61	1,511	1,809
Total operating & administration costs	60	61	61	62	64	1,708	2,016
Net profit/(loss) before tax & interest	59	62	65	68	71	1,788	2,112

Cash flow projection

(Inclusive of VAT unless otherwise stated)

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6 -27	27 Year Totals
Bank brought forward	–	112	152	109	134	159	–
Income							
Ordinary share issue	950	–	–	–	–	–	950
7-year bond issue	200						200
2-year bond issue	75	–	–	–	–	–	75
Power generation	129	133	137	141	146	3,922	4,608
Total cash	1,354	245	289	251	280	4,082	5,833
Expenditure							
Capital equipment (excluding VAT)	1,150	–	–	–	–	–	1,150
Operational & administration costs	20	21	21	22	24	888	996
Interest on shares	48	48	50	50	52	1,092	1,339
Interest on 2-year bonds 3.5%	3	3	–	–	–	–	5
Interest on 7-year bonds 4.5%	9	9	9	9	9	18	63
Local community grants	5	6	6	7	7	575	605
Repayment of 2-year bonds	–	–	75	–	–	–	75
Repayment of 7-year bonds	–	–	–	–	–	200	200
Repayment of shares	–	–	10	20	20	663	713
VAT	7	8	8	8	9	309	349
Total cash expenditure	1,242	93	180	116	121	3,745	5,496
Closing balance	112	152	109	134	159	337	337
Average annual return	5.0%	5.0%	5.3%	5.4%	5.8%	10.5%	9.5%

Interest rate projections

Period	Average interest rates per annum for the period
2014-2017 as set out above	5.2%
2018-2023	8.2%
2024-2033	11.8%
2034-2040	13.7%
2014-2040 full life of the project	9.5%

Interest rates increase over time in the projection as capital is returned when the asset is written off. The following table compares the illustrative Internal Rate of Return (IRR) with average interest payments and illustrates the potential advantages associated with EIS.

Full life of the project	Average	IRR	IRR with EIS
2014-2040	9.5%	7.2%	11.2%

IRR calculations are commonly used to evaluate the desirability of investments or projects. The higher a project's IRR, the more desirable it is to invest in the project. Assuming all projects require the same amount of up-front investment, the project with the highest IRR would be considered the best.

There are three IRR rates as set out above:

- Potential members who do not pay tax or for other reasons do not qualify personally for EIS incentives should consider the lowest IRR
- The higher range IRR may apply to EIS eligible members.

The Westmill Solar project was developed at a time when costs and returns were both much higher and it was offered with an predicted IRR of 11%.

Potential members of Wedmore Community Power Co-operative Ltd should weigh up financial risk and reward as they would with any other investment opportunity, but not lose sight of the social and environmental aspects of the project.

Actual interest payments will be determined by the Board.

The Directors are not in a position to guarantee that EIS incentives will apply for any particular individual.s

Assumptions

In our projections we have made the following assumptions:

- Performance degradation 0.75% pa. This is a normal degradation rate. Panel manufacturers have different ways of expressing guaranteed performance levels, but these are normally based on degradation in the panels at about this rate
- Retail Price Index (RPI) 3%. This is based on recent experience, but may during the life of the project be much higher if medium–to long-term historic trends are followed
- Energy cost increase 5% pa. This is based on reference to the Department of Energy & Climate Change quarterly energy price survey that shows that electricity prices have risen by about 4.4% pa over the last 20 years and approximately 10.4% pa over the last 10 years. Actual energy sale prices will depend on market factors beyond the control of the Co-operative
- Interest payments to Members start at 5%. This is based on a projection of profit and reserves in hand when the Board first considers the matter
- Payments into the community grant fund are projected to start at £5,000. This is also based on a projection of profit and reserves in hand when the Board first considers the matter
- Business rates are based on an expected rateable value of £8,000. The amount payable is based on the prevailing rate and current policy related to small business rates.
- The insurance figures are based on quotes, but terms are not yet concluded
- Administration costs and running costs are estimates, but are based on quotes and indicative prices, and assume approximately 400 members
- Projections are based on the project securing FiT at 7.1p/kWh. Planning approval and payment for a grid connection enabled preliminary registration before the FiT deadline of 1 May 2013, making this a reasonable assumption.

Risk factors

All investment and commercial activities carry risk, and investors should take appropriate advice and make their own risk assessment. Attention is drawn to the following:

General investment risks

- The value of shares can fluctuate according to the value of the underlying business. The Offer shares will never rise in value but may fall
- Offer shares will not be transferable or traded on a recognised stock exchange
- Members wishing to withdraw their share capital will be able to apply to the Board for this purpose. Withdrawal of share capital is at the discretion of the Board.

Renewable energy industry risks

- Government policy towards renewable energy may change, although long-term commitments relating to the FiT make this unlikely. Throughout the operation of the FiT and previous similar schemes such as ROC and NFFO, the Government has maintained the commitment to the process of 'grandfathering' which ensures that whatever tariff a project is registered for at the commencement of operation, the tariff will remain the same for the duration of the FiT period, (20 years in the case of this project). This payment is also linked to the Retail Price Index
- In May 2013 the Government reduced FiT from 7.1p/kWh to 6.85p. Projections are based on 7.1p/kWh on the assumption that we are able to comply with preliminary registration through Ofgem ROO-FIT regulations and specifically that we complete the installation by 26 October 2013. The Board is unable to guarantee that this will be possible so a lower FiT rate may apply
- Any changes to the FiT that occur before the end of the share issue, should they change the terms on which this Offer is made, could result in the Co-operative returning funds received from prospective members at the end of the Share Offer Period.
- Developments in technology may render existing technologies and equipment obsolete, although such developments require long lead times and are unlikely to render existing renewable energy projects redundant
- Long-term equipment degradation should not vary greatly in practice, and insolation (solar radiation reaching the sites) ought to be relatively reliable as a long-term average over the life of the project Generation rates should therefore be predictable within reasonable tolerances. A significant shift in insolation either favouring or disfavouring solar PV is unlikely over the life of the project, but possible
- Short-term weather conditions could affect expected levels of generation, although overall patterns outside anticipated parameters are unlikely.

Risks associated with the assumptions

- The RPI and cost increase rates are variable and unpredictable. FiT is linked to the RPI but so directly and indirectly are some of the costs, therefore variance within recent RPI ranges will not have a major impact on profit
- Energy cost inflation may prove to be more volatile; it is expected to rise ahead of inflation on average but will probably do so in an irregular fashion. Revenue may surge ahead of projections in the short term but fall back to trend later, or vice versa; alternative energy sources might in the long run reduce energy cost in real terms and so reverse recent inflationary trends and erode profit. The Board will need to review actual revenue and developing trends before making interest payments or allocating funds to the grant fund.

Risks specific to Wedmore Community Power Co-operative Ltd

- Planning permission has been granted for the development but planning conditions have not yet been discharged
- The underlying model shows potential to increase interest payments every year and so improve options for the board, but if underlying interest rates increase significantly in the short term the Board may not be able to keep pace with prevailing returns.

- Warranties and insurance will be in place in the event of mechanical breakdown of the equipment. Complete failure and loss of revenue through mechanical breakdown is reduced through the use of multiple inverters and the system will be monitored and managed to minimise interruptions to supply. Accidental and malicious damage will also be covered under insurance and public liability insurance of up to £2m. Both the Co-operative and the landowners will be insured
- If subscription is incomplete, the shortfall will become a bridging loan owed by the Co-operative to Community Power Ltd pending the issue of a future share offer or share offers. Use of a 5% annual interest rate, which is comparable with the predicted return to members, will effectively neutralise any effect on members' returns. If there is still a shortfall 36 months after commissioning then the Co-operative may need to extend existing loans or seek new loans. The Board expects that all subscription targets will be achieved and considers it extremely unlikely that there will be any significant deficit 12 months after commissioning
- The projection for the first year is based on a year commencing on the date of commissioning; any delays will lengthen the time between members' investment and the first annual payment or reduce the amount of the first payment.

Community grants

This section is about the community grants that the Co-operative intends to make.

Although the Co-operative is a commercial undertaking, set up and run according to the rules to generate profit, it has as one of its objectives the funding of local initiatives through making grants.

The Co-operative will set up the means to administer and allocate grants derived from surplus profit within 12 months of commissioning the new plant. This grant will be given to local groups, organisations or individuals meeting criteria laid down by the Board. The Board will be under no obligation to make any grant or make any particular payment. The long-term viability of the business is the priority, but projections indicate that grant-making will be an affordable and worthwhile part of the business.

Part 2 of the Co-operative rules make provision for this important subsidiary activity.

12 months

within this time after the plant is commissioned we will have a system for making local grants

Management and administration

Management and administration

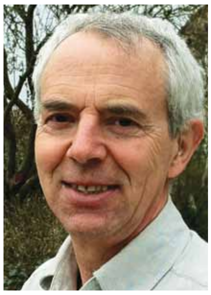
This section gives details about the Board and the running of the Co-operative.


1


2


3


4


5


6

The Board

The current Board is a transitional board for the purposes of setting up the Co-operative, running the share issue and overseeing the installation of the solar array. Board elections from the new membership will be held at the first AGM in June 2014.

1. Director: Vanessa Becker Hughes

Vanessa was born and brought up in Wedmore and now lives with her family in Theale. She works alongside Robin Mewes in Rooftop Consulting, and is a Director of Community Power Ltd. She is also a director of Queen Bee Ltd, innovative designers and retailers of specialist beekeeper clothing.

"The co-operative model gives us an opportunity to pull together as a community and take some positive steps over local energy production. My aim is to create an opportunity for people to engage with renewable energy: you will not need vast sums of cash and you will not have to own your own home. It's probably one of the best ways we can pool resources as a community in a bid to achieve so many positive things."

Vanessa has over the past few years demonstrated the benefits of community buying and the concept of bulk purchase by starting a local home energy buying group. She sees Wedmore Community Power Co-operative Ltd as an extension of this to green energy, employing the trusted values and principles of the co-operative model. She is committed in this role to assisting as many people as possible to embrace renewable energy.

Vanessa is a governor at her daughter's school and a member of Wedmore Green Group.

2. Chairman: Bob Hayter

Bob was born in Bristol and has a degree in engineering from Bristol University.

He had extensive experience in project management in ICI and then with an American company during their expansion into Europe, when he was resident in The Netherlands and subsequently managed one of their factories in Sweden.

Following this, he worked for several years as a consultant in health, safety and environmental matters in a variety of European countries.

His engineering background makes him particularly attracted to the simplicity and low maintenance cost aspect of ground-mounted solar power generation.

"This type of power generation is to be encouraged since it will stimulate further research on its development, thus bringing down costs and increasing efficiency still further. I firmly believe that local communities must take every available opportunity to reduce our dependency on fossil fuels. We cannot expect central government to do everything."

"It's probably one of the best ways we can pool resources as a community in a bid to achieve so many positive things."

3. Company Secretary: Robin Mewes
Robin is a chartered surveyor and registered valuer with 25 years' experience in the property industry. He is deeply immersed in the world of solar PV and set up Rooftop Consulting Ltd in 2010 to explore investment opportunities in green energy. Rooftop helps property managers and community groups realise schemes that might otherwise fall outside their resources of time and money.

Robin is a director of Community Power Ltd and a member of Wedmore Green Group.

"Direct investment in local renewable energy must be seen as an increasingly important part of any balanced investment portfolio. In a distinctly uncertain economic climate, an investment that effectively operates without reliance on banking and international finance and that has no ongoing reliance on imported raw materials or fuel must be seen as robust diversification. I am delighted that members are expected to achieve a steadily increasing return while also supporting a cost-effective business model that will deliver significant benefits to the Isle of Wedmore. This is the way communities can pull together to mitigate increasing cost and reduce broader environmental and economic risk."

4. Director: Steve Mewes
Steve was born and brought up in Wedmore and now lives nearby in Heath House. He works in the Wedmore office of Tessa Munt MP dealing with communications and case work.

His background is in quality assurance and project management on the internet, education, charity, food and travel industries.

He is a founder and current chairman of Wedmore Green Group which was formed in 2006. The group aims to inform and promote environmental projects in the Wedmore area with the long-term goal of helping the community find a more sustainable future.

"For the community on the Isle of Wedmore to make its contribution to producing its own power, with local investors and a community benefit to help others in need, means everything to me."

5. Director: Rob Richley
Following a career as a journalist on national newspapers, Rob now runs a communications agency specialising in PR for the low carbon sector. He has lived in Wedmore for 20 years and is a founder and current secretary of Wedmore Green Group.

"The environment is my passion so I am really enthusiastic about what Wedmore Community Power Co-operative aims to do. Using a renewable source to generate clean energy near where it's used and achieving this through a community-funded co-operative makes sense all round. It not only reduces our local carbon footprint but also means that those who can't afford to install solar panels on their own homes can invest in community micro-generation."

6. Director: Rob Tipping
Rob moved to Wedmore two years ago with his wife and young daughter. He is currently the Finance & Commercial Director of an agricultural animal feeds company but has also worked in the telecoms and energy sectors and so brings valuable knowledge and experience to the Board.

"At last we have an opportunity to do something about the ever-increasing energy bills and the banks' reluctance to pay reasonable interest on our deposits. Although I do come at this from a financial point of view, producing energy from nature passively is the way forward. I sincerely believe that solar plants will make very little difference to our enjoyment of the countryside while quietly producing something that we can all benefit from."

Existing/intended shareholdings of Directors and Secretary

Name	Existing holding	Intention from this offer
Vanessa Becker Hughes	–	£1,000
Bob Hayter	£16,500	£3,500
Robin Mewes	£20,000	–
Steve Mewes	–	£1,300
Rob Richley	–	£500
Rob Tipping	£5,000	£5,000
Total	£41,500	£11,300

There are no stock options.

Disclosure
None of the Directors of Wedmore Community Power Co-operative Ltd have, for at least the past five years, received any convictions (for any fraudulent offence or otherwise), or been involved in any bankruptcies, receiverships or liquidations, or received any public recrimination or sanction by a statutory or regulatory authority or designated professional body, or been disqualified from any function by any court.

Conflicts of interest

Robin Mewes and Vanessa Becker Hughes are directors of Community Power Ltd. The directors are not aware of any other potential conflicts of interest. The rules of the Co-operative include provisions relating to potential conflicts of interest; related party activities are disclosed and dealt with according to the rules.

Remuneration

The Co-operative has paid no remuneration to the Directors or Secretary. When the project is generating electricity each Director will be entitled to claim annual expenses not exceeding £50 in addition to travel expenses. Directors' share applications will be met in full, but there are no pension schemes or share option schemes, and except for the reimbursement of expenses there are no other benefits for Directors.

Board practices

Directors serve in accordance with the rules of Wedmore Community Power Co-operative Ltd. There are no service contracts for them or the Secretary. The Co-operative will have no employees and the business is not dependent on key individuals. The Co-operative under the supervision of the Board will manage the day-to-day operations. The Board will bear ultimate responsibility to the members. As an Industrial and Provident Society, Wedmore Community Power Co-operative Ltd complies with statutory requirements and the regulation of the Financial Conduct Authority. As its shares will not be listed on any exchange, the Co-operative is not obliged to comply with the Combined Code on Corporate Governance.

Wedmore Community Power Co-operative Ltd will strive to promote co-operative values and principles:

- Self help and self-responsibility
- Democracy and equality
- Honesty and openness
- Social responsibility
- Autonomy and independence
- Economic participation by members
- Opportunities for education
- Concern for community
- Co-operation among co-operatives.

Development handover

CPL will be reimbursed for development costs incurred before and in relation to this Offer that CPL have paid to date. Costs are estimated to be £50,000 at the time of issuing this offer. A down payment of £100,000 secures the quoted price, loan option and continued support for the project. Following the payment of £150,000, CPL will relinquish all rights in the project to the fully-independent Wedmore Community Power Co-operative Ltd, except to the extent that CPL will then be under contract to deliver the project.

Accounts

Wedmore Community Power Co-operative Ltd was incorporated on 13 February 2013. Its financial year-end is 31 December.

Dividend policy

'Dividend' has a particular meaning in co-operatives and there is currently no policy to pay dividends. Members' shares will attract a payment of interest annually in arrears. Interest rates will vary according to financial performance.

Legal proceedings

There have been no governmental, legal or arbitration proceedings relating to the project or Wedmore Community Power Co-operative Ltd and none are pending or threatened that could have a significant effect on the financial position or profitability of the Co-operative.

Rules of the Co-operative

Industrial and Provident Societies, such as Wedmore Community Power Co-operative Ltd, are governed by rules approved by the Financial Conduct Authority (not by Memorandum and Articles of Association). A copy of the rules is available from the Co-operative website at www.wedmorecpc.co.uk

Further information

Documents mentioned in this Share Offer Document are available from the Co-operative (see contact details on the back cover).

General information sourced from third parties in this Offer Document has been accurately reproduced and as far as the Directors are aware and are able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Share Offer

Terms and conditions of the Share Offer

Share offer

Reasons for the Offer and use of proceeds

Ultimately this Offer is being made so that:

- members can employ their capital on the Isle of Wedmore
- members can further community ends while earning a fair financial return
- members can support national and local authority policy objectives for renewable energy
- the Isle of Wedmore can reduce CO_2 emissions
- local members can have a say in control of power production
- the community can work together and take control of its energy production, thus becoming more resilient.

Offer shares

£800,000 worth of ordinary Shares of £1 are offered at par and payable in full on acceptance of an application on the terms and conditions of this Offer Document. The shares, which will not be traded on any stock exchange, will be created under the Industrial and Provident Societies Act 1965.

Successful applicants will receive share certificates and their details and holdings will be recorded in a share register to be kept by Wedmore Community Power Co-operative Ltd at the registered address. Each person or organisation issued with shares becomes a member of the Co-operative, with membership rights defined in the rules. The principal rights are:

- one vote per holding on resolutions of the members, including in relation to the appointment of Directors
- the right to receive a proportionate annual interest payment as a return on the investment in shares (subject to available profits)
- the right to the return of the original investment at the end of the life of the Co-operative or sooner (subject to available surplus assets and any new business of the Co-operative)
- as a member, eligibility for election to the Board.

Interest payment/dividend rights

Interest will be paid on the balance of each member's account at rates that will reflect annual financial performance. Each share carries a right to an equal part in any declared dividend, although it is not the intention to declare dividends in addition to annual interest payments. The date on which entitlement to interest (or any dividend) arises will be announced each year. It is envisaged that any interest (or dividend) unclaimed for a period of seven years will be cancelled for the benefit of all members.

Voting rights

Each member has one vote, regardless of the number of shares held. There are no pre-emption rights. All members have equal rights regardless of their location.

Rights to share in profits/surpluses

All members are entitled to share in interest (and dividends) declared out of annual profits, such payments to be divided equally between the total shares in issue. This means, for example, that a member with 10,000 shares has a single vote but will receive interest or dividends on all 10,000 shares. When the project comes to the end of its life, members may choose to liquidate the Co-operative, in which case the assets will be realised and the net proceeds applied in repaying members' share capital. Any surplus will be paid to members pro rata in accordance with the number of shares then in issue.

Redemption provisions

Redemption of shares may take place in accordance with the rules. Members do not have the right to withdraw share capital but the Board has the power to permit shares in the Co-operative to be withdrawn by agreement between the Board and the member. In addition the Board has the power to return capital to members at its discretion and unless there are more viable prospects at the time are likely to begin returning capital once loans/bonds are discharged.

Taxation

Interest payments made to members will be subject to United Kingdom taxation. It is expected that payments will be made gross unless arrangements are made to the contrary. Members will be responsible for their own tax affairs.

Provisions on death of a member

In accordance with Wedmore Community Power Co-operative Ltd Rule 22, on the death of a member their shares can be transferred to their personal representative, who can keep them, apply for withdrawal of the share capital or transfer them to any other person who qualifies to be a member of the Co-operative.

One member. One vote.

a member with 10,000 shares has a single vote but will receive interest or dividends on all 10,000 shares

Terms and conditions of the Share Offer

Eligibility

The Offer is open to anyone over 16 years of age who meets the membership requirements under the rules.

Minimum and maximum holdings

The minimum number of shares that can be applied for in this Offer is 2,500 and the maximum (save for other Industrial and Provident Societies) is 20,000.

To make the project more affordable for local people, a lower entry threshold of 250 shares will apply to people living on the Isle of Wedmore, as defined on page 5.

Anyone is welcome to invest and the Board anticipates that many new members from outside the Isle of Wedmore will do so. All shares are equal, whether issued under the Pioneer Share Offer or this Share Offer and regardless of the member's location.

Application procedure

- Anyone interested in responding to this Offer is strongly advised to take appropriate independent financial and other advice
- Shares shall be applied for using the application form following the guidance notes.
- By delivering an application form an applicant offers to subscribe, on the terms and conditions contained in this Offer Document, for the number of shares specified, or such lesser number as may be accepted
- An applicant who receives shares agrees to automatic membership of Wedmore Community Power Co-operative Ltd and to be bound by its rules
- Once an application has been made it cannot be withdrawn
- Multiple subscriptions will be admitted providing that they do not result in a member (other than an Industrial and Provident Society) holding more than the statutory limit of 20,000 shares.

The Directors reserve the right to extend the Offer Period at their discretion.

Consequences if the Offer fails to secure sufficient investment

The Share Offer is supported by a bridging loan under terms agreed with CPL and described on page 18.

Commitments and confirmations by applicants

Each applicant, on submitting an application form, confirms that they:

- Meet the eligibility criteria
- Are not (unless an Industrial and Provident Society) making multiple applications for a total of more than 20,000 shares

The Share Offer timetable

The Board expects the following timetable to apply, although if the Share Offer period is extended, other timings will extend correspondingly.

Share Offer opens	Thursday 13 June 2013
Share Offer period ends	Thursday 25 July 2013 unless closed early or extended
Purchase terms secured	Within two weeks of closing offer period
Payments returned to unsuccessful applicants	Within one month of closing offer period
Partial refunds made if any subscriptions need to be scaled back	Within one month of closing offer period
Share certificates issued	Within two months of closing offer period

- Are not relying on any information or representation in relation to the Offer shares, Wedmore Community Power Co-operative Ltd, or the project that is not included in this Offer Document
- Understand the reservations attached to 'forward-looking' statements and are not relying on those statements
- Shall provide all additional information and documentation requested by Wedmore Community Power Co-operative Ltd in connection with their application, including in connection with taxation, money-laundering and other regulations.

Any person signing an application form on behalf of another person undertakes that they are authorised to do so.

Procedures on receipt of applications

- Offer cheques/bankers' drafts will be presented on receipt and may be rejected if they do not clear on first presentation
- Surplus application monies may be retained pending clearance of successful applicants' cheques
- Applications may be rejected in whole, or in part, or be scaled down, without reasons being given
- Application monies in respect of any rejected or scaled-down applications shall be returned by crossed cheques, payable to the applicant, to the postal address on the application form no later than one month after the end of the Offer period (as extended)
- No interest is payable on submitted application monies which become returnable
- Applications on incomplete or inaccurate application forms may be accepted as if complete and accurate
- Wedmore Community Power Co-operative Ltd reserves the right not to enter into correspondence with applicants pending the issue of share certificates or the return of application monies
- Progress of the Offer will be published on the website www.wedmorecpc.co.uk within one month after the Offer has been closed
- In the case of oversubscription the Directors shall, at their discretion, determine the appropriate allocation of shares
- Directors' applications will be met in full and priority will then be given to applications from those living closest to the site by postcode
- Share certificates will be issued to successful Applicants two months after the end of the Offer period.

Pricing, trading and dealing arrangements

The Board has resolved to offer shares at their par value of £1. As the Co-operative intends paying interest on members' shares each year from 2014 such that retained profits will not accumulate, the underlying asset value of each share is likely to remain at £1 and any share redemption will take place at par.

Offer costs

Offer costs and all marketing costs will be met by CPL. Actual disbursements up to a contingent maximum sum of £50,000 will be repayable by the Co-operative on presentation of valid receipts and on completion of the final share issue. This is included in the share capital being raised.

Governing law

This Offer Document and the terms and conditions of the Offer are subject to English law.

Glossary

Applicant	An applicant for Offer Shares through submission of an application form.
Application form	The form in this Offer Document which must be completed and returned in accordance with the Terms and Conditions of this Offer and the Guidance Notes.
Board	The Board of Directors of Wedmore Community Power Co-operative Ltd.
Bond	A loan made to Wedmore Community Power Co-operative Ltd for a fixed term at a fixed rate of interest.
Climate change	The phrase widely used to describe changing weather patterns as a direct result of global warming, including an increase in the incidence and intensity of storms and droughts.
CO_2	Carbon dioxide, a natural gas emitted during the burning of fossil fuels and regarded as the main cause of global warming.
Directors	The directors of Wedmore Community Power Co-operative Ltd.
Dividend	In a co-operative society is a discretionary allocation of profit paid to members, based on the members' transactions with the co-operative and not on the amount of capital invested and so is unlikely to apply.
FiT (Feed-in Tariff)	Incentive for micro-generation up to 5MW introduced by HM Government on 1 April 2010 under powers from the Energy Act 2008.
kW (kilowatt)	A unit that measures power and is equal to one thousand watts.
kWh (kilowatt hour)	A unit that measures energy and is equal to the energy that can provide the power of 1 kW for the period of one hour.
MW (megawatt)	A unit that measures power and is equal to one million watts.
Offer	The Offer of Shares in Wedmore Community Power Co-operative Ltd contained in this Offer Document.
Offer costs	The expenses incurred by or on behalf of Wedmore Community Power Co-operative Ltd in issuing this Offer Document.
Offer period	The period during which the Offer will remain open (including any extension) as set out in the Offer Timetable in this document.
Offer shares	New shares of £1 in Wedmore Community Power Co-operative Ltd, offered at par on the terms and conditions and payable in full on application.
Pioneer Offer	The initial share offering that concluded on 26 April 2013.
PPA	Power Purchase Agreement for the sale of electricity.
Project	The proposed ownership and operation by Wedmore Community Power Co-operative Ltd of a 1MW solar PV system on the Isle of Wedmore.
Projections	The financial projections for Wedmore Community Power Co-operative Ltd set out in this document.
Rules	The rules of Wedmore Community Power Co-operative Ltd, which are available via the website and the contact details set out on the back of this Offer document.
Sites	The location of the proposed project.
Solar array	Collection of solar photovoltaic panels connected in series to generate electricity.
Solar photovoltaic modules or panels	Panels which are able to convert sunlight into useful, electrical energy for distribution into the electricity network.
Terms and Conditions	The Terms and Conditions of the Offer contained in and constituted by this Share Offer Document.

Guidance notes

Applying for shares

The Offer is open to individuals, Industrial and Provident Societies and other organisations. It is only possible to apply for shares in Wedmore Community Power Co-operative Ltd by completing the application form. Should you wish to apply for shares, you are advised to do so as early as possible.

Before completing the application form you should consider taking appropriate financial and other advice, particularly in relation to any aspect of the Offer Document that is not clear to you. Your attention is particularly drawn to:

- The assumptions and risk factors
- Terms and Conditions of the Offer because by completing the application form you will make an irrevocable offer which may be accepted by Wedmore Community Power Co-operative Ltd
- The rules of Wedmore Community Power Co-operative Ltd, because in buying Offer Shares you will become a member of the Co-operative and bound by those rules.

Amount to invest

The price of each share is £1. You should decide how many shares you want to buy and put that number in the box. The minimum number in this Share Offer is 2,500, unless you live on the Isle of Wedmore (as defined on page 5) where the minimum is 250. The maximum is 20,000 (except in the case of Industrial and Provident Societies). Annual interest payments will be based on the number of shares you hold but you will only have one vote, regardless of the number of Shares you hold.

Who can apply

You may apply as an individual, or as long as you are properly authorised, on behalf of an Industrial and Provident Society or other organisation.

For legal reasons persons under 16 years of age cannot become members. If you wish to invest as a trustee or nominee on behalf of a child, you may need to take advice on any tax implications; please note that the maximum investment of £20,000 includes any shares purchased as a nominee for a child. Shares issued in these circumstances could be transferred to a child when he or she becomes 16 and the Board will endeavour to assist with that intention when confirmed at a later date. If you do wish to take the shares as a nominee or trustee of a child, please indicate that intention where shown on the application form.

Priority application

The number of shares you apply for will not necessarily be the number of shares you will receive. If the Offer is over-subscribed your application may be scaled down or even rejected in its entirety. All applications are welcome, but in the event that the Offer is oversubscribed, the Directors will endeavour to give priority to those living closest to the sites.

Declaration

In signing the application form as an individual, you are personally making an irrevocable offer to enter into a contract with Wedmore Community Power Co-operative Ltd. If you are signing on behalf of an organisation or on behalf of another individual, you are personally representing that this is in accordance with due explicit authorisation.

Non-UK residents must take responsibility for ensuring that there are no laws or regulations in their own country that would prevent them from investing in or receiving income from a UK co-operative. Under the Money Laundering Regulations, you may be required to produce satisfactory evidence of your identity and it is a condition of the Offer that you do so as requested. You should note that if the Offer is unsuccessful, it will become necessary to return money to investors.

Payment

Payment can be made online – see Application Form. Otherwise, please attach a cheque or bankers draft, drawn on a UK bank or building society, for the exact amount shown in the box under 'Amount to invest'. If there is a discrepancy between the two, or if the cheque is not honoured on presentation, your application may be rejected without further communication.

Wedmore Community Power Co-operative Ltd Share Issue, 2013

Important: before completing this application form you must:

- Read the accompanying Share Offer Document
- Pay special attention to the Assumptions and Risk Factors set out in this, the Offer Document
- Consider where you need to take financial advice or other advice in relation to the Terms and Conditions of the Offer contained in the Offer Document
- Read the Rules of Wedmore Community Power Co-operative Ltd available on the project website at www.wedmorecpc.co.uk (contact details on back of this Offer).

PLEASE USE CAPITALS AND BLACK INK AND COMPLETE BOTH PAGES OF THE APPLICATION FORM

Amount to invest

I wish/my organisation wishes to invest a total amount of £ in Wedmore Community Power Co-operative Ltd on the Terms and Conditions of the Offer Document at the price of £1 per Share.

(With the exception of Industrial and Provident Societies, nobody may invest more than £20,000).

☐ I live on the Isle of Wedmore as defined on page 5, so qualify for a lower investment threshold of £250.

☐ I live outside the Isle of Wedmore as defined on page 5, so qualify for a minimum investment threshold of £2,500.

Individual applicant details

Title (Mr/Mrs/Ms/other):

Forenames:

Surname:

Address:

Postcode:

Daytime telephone:

Email:

Please provide your email address if possible, to keep costs of administrating the Co-operative to a minimum.

If applicant is nominee for a child (noting any tax implications)

Child's name:

Child's date of birth:

Child's address (if different from above):

Postcode:

If the applicant is an organisation

Organisation name:

Organisation address:

Type of organisation:

Registration number:

Name of authorised signatory signing this application:

Position of authorised signatory:

Wedmore Community Power Co-operative Ltd Share Issue, 2013

Declaration

I confirm my understanding that:

- This application may be withdrawn if another Offer Document is issued, but not otherwise and if and when accepted by Wedmore Community Power Co-operative Ltd forms a contract subject to English law on the Terms and Conditions of the Offer Document
- An applicant who/which is not UK resident is responsible for ensuring that this application complies with any laws or regulations applicable outside the UK to which he/she/it is subject
- If the Offer is oversubscribed it is possible that an otherwise eligible application will not be accepted in part or in whole.

I confirm that:

- I have read the Offer Document (including the Assumptions, Risk Factors and the Guidance Notes to this application form) and the rules of Wedmore Community Power Co-operative Ltd
- I am over 16 and the applicant meets the Offer eligibility criteria
- Wedmore Community Power Co-operative Ltd is hereby authorised to make such enquiries as are deemed necessary to confirm the eligibility of this application
- The applicant is not (unless an Industrial and Provident Society) making an application or multiple applications for a total of more than 20,000 Shares
- The applicant is not relying on any information or representation in relation to the Offer Shares in Wedmore Community Power Co-operative Ltd that is not included in the Offer Document
- The Applicant shall provide all additional information and documentation requested by Wedmore Community Power Co-operative Ltd in connection with this application, including in connection with money laundering, taxation or other regulations
- If signing this application on behalf of any person/organisation I am doing so with explicit authority.

I understand that any cheque supporting this application will be presented for payment upon receipt and I warrant that it will be paid on first presentation.

Signature (Applicant, or on behalf of applicant organisation as applicable):

Date:

Payment: £

Payment can be made online to Wedmore Community Power Co-operative Ltd, account no. 65651698, sort code 08-92-99 (please put your name in the 'Reference' box online). Otherwise, please attach a single cheque or banker's draft for the amount shown above, payable to Wedmore Community Power Co-operative Ltd.
Send your completed application form, with any cheque/banker's draft and marking the envelope 'WCPC Share Offer', to:
Sharenergy, The Pump House, Coton Hill, Shrewsbury SY1 2DP.

Please tick if you intend to claim EIS tax relief: ☐

We will pay interest direct to your bank account so please provide your account number and sort code:

Account no: Sort code:

Please say how you heard of this Share Offer:

This application form can be photocopied. Additional application forms are available on the website www.wedmorecpc.co.uk.
For all enquiries use the contact details on the back of this Offer Document.

Thank you for considering investing in Wedmore Community Power Co-operative Ltd.

Design and production www.neillittman.com

Wedmore Community Power Co-operative Ltd is registered with the Financial Conduct Authority in England and Wales under the Industrial and Provident Society Act 1965 (reg. no. 31959R.)

For enquiries about this Share Offer contact:
Wedmore Community Power Co-operative Ltd,
Sharenergy, The Pump House, Coton Hill, Shrewsbury SY1 2DP

admin@sharenergy.coop

www.wedmorecpc.co.uk

The Share Offer Document is available in printed form and also as a PDF that can be downloaded from the website

Registered address:
The Retreat, Mudgley Road, Wedmore, Somerset BS28 4TP