

Oldham Community Power



Share Offer Document April 2017

Share Offer target: £190,000

Offer opens 1st April 2017

Directors' Letter

April 2017

Dear Potential Society Members,

Oldham Community Power is an exciting volunteer led project, created in order to install solar panels on public buildings in Oldham.

We have now installed solar panels on five schools and one community centre. We raised £50,000 from a first share offer and then Oldham Council provided us with a bridging loan facility so that the project could go ahead in the school summer holidays.

We are really excited to have got this far but need people to join us so we can raise the funds to repay the Council and make the power 'people owned'.

Everyone benefits from this project:

The project is paid back over 20 years from selling the electricity

The schools and community centres get cheaper electricity, meaning their running costs are lower.

Oldham becomes greener

Members get to invest in a project with a projected 4% return.

If this Share Offer goes well, we will also be able to think about putting solar panels on more schools and community centres.

This Share Offer will repay a short-term loan from Oldham Council. We are aiming to raise enough funds to repay the loan of £265,000 in full. The terms of the loan only gives us two years to repay and we pay interest daily, so we need to raise this money as quickly as possible.

You are invited to become a Member of the Society. **You can subscribe to this Share Offer for as little as £100.** Members should receive a fair return on investment projected at an Internal Rate of Return (IRR) of 4%.

To make sure that membership is open to as many people as possible, there is an option to subscribe for shares in instalments for as little as £10 per month.

Our structure is based on other successful renewable energy Societies across the UK, including several community-owned multiple solar power installation projects.

This Share Offer Document gives you the information you need in order to decide if this investment is right for you. We hope you do decide to join us and become a Member of Oldham Community Power.

The Directors

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Risks

All investments and commercial activities carry risk. Potential Members should take appropriate advice and make their own risk assessment whilst bearing in mind the social and environmental aspects of the Project.

Those interested in investing should do so only after reading this document in full and taking appropriate financial and other advice.

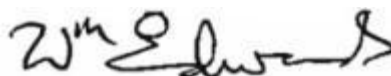
This Share Offer is not covered by the Financial Ombudsman Service or the Financial Services Compensation Scheme.

Declaration

The Directors hereby declare that the information contained in this Offer Document is to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import.



Alan Price
Director



Bill Edwards
Director



Abdul Jabbar
Director
(Representing Oldham Metropolitan Borough Council)



Colin Salt
Director

On behalf of Oldham Council, I am delighted to support this community share offer from Oldham Community Power.

As a co-operative council, we understand the power of community-driven action on climate change, with the benefits it brings to both our residents and the environment.

Community ownership of resources such as energy production gives a real boost to local democracy and economy, and I look forward to seeing Oldham Community Power going from strength to strength.

Councillor Abdul Jabbar

OVERVIEW

- We are raising funds for a solar electricity generation project.
- We are run by volunteers as a not-for-profit Registered Society.
- The solar panels are on schools and community buildings.
- The schools and community groups get cheap electricity from us.
- We have a loan from the Council which helped us pay for the solar panels to secure a higher level of Government incentive. We need to pay this back as quickly as possible.
- If you join us and buy shares you will help us pay back the Council for their loan for the panels.
- You can pay for shares in instalments for as little as £10 per month
- We aim to pay interest which will average 4% over time.
- Members are encouraged to view this as a 20 year investment as the interest rate will be less if shares are withdrawn early.
- Income is put aside each year so Members' original funds can be repaid.
- You don't have to live in Oldham to join but people from Oldham will be given priority.
- Members get a vote at the AGM and can put themselves forward to be elected as a Director.
- The Society's rules specify that it is run to benefit the community of Oldham.
- While we have done as much as possible to make sure the Society will be successful, the rate of interest is not guaranteed and in a worst-case scenario, funds you put in could be lost.
- This document gives more detailed information and should be read in full before joining.



1. Introduction

The purpose of this Share Offer is to raise funds to repay a short term loan. The loan has been used for the installation of six solar power systems on schools and community buildings in Oldham, Greater Manchester. The Society has already started generating electricity.

2. The Society

The Society's purpose is to generate low-carbon electricity in the Oldham area and to benefit the local community. Electricity generated by the solar panels will be mostly used on site (by users of the buildings where panels are installed). The building occupants will then benefit from lower electricity bills.

It is estimated that the project will displace the equivalent of up to 90 tonnes of carbon dioxide every year.



The Society will generate revenue from the sale of electricity to the building occupants, and from the Feed in Tariff (FiT). This income will enable the Society to pay interest to Members and return all share capital over 20 years of operation, subject to financial performance.

3. The Offer

This Offer Document seeks to raise funds of £190,000 by the issue of Offer Shares at £1.

The offer will open on 1st April 2017. There is no minimum target.

On 1st July 2017, if the offer is oversubscribed, shares will be allocated according to the local priority guidelines described in section 9.

If the offer is not fully subscribed on 1st July, all valid applications will be converted to shares and the offer will remain open for further applications. Further shares will be allocated on a first come first served basis until the offer is fully subscribed or until the board decides to close the offer.

Considerations

Those applying for Membership should regard these Shares as a long-term investment. They may subscribe for a minimum of 100 and a maximum total of 100,000 offer shares at their £1 par value.

Returns to Members are calculated using the assumptions stated in this Offer Document. The projected return over the expected life of the Project is a rate of 4% IRR.

Potential Members should read the whole document including the Terms and Conditions carefully as these set out how and when applications to withdraw applications and issued Shares will be considered by the Board of Directors.

4. Business Overview

This section provides details about the Project and the organisations that have put it together.

Renewable Energy Societies

Community Benefit Societies are democratic structures with the legal ability to raise money directly from members of 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 enterprise. They can also prioritise investment from the local area, ensuring that financial benefits from renewable energy flow to people in the locality. Societies are registered with the Financial Conduct Authority (FCA).

Oldham Community Power

Oldham Community Power Limited (OCP) was incorporated and registered with the UK Financial Conduct Authority as a Community Benefit Society number 7281 on 8th February 2016.

There are currently three Directors drawn from the community who have experience and interest in community and renewable energy. In addition, there is a fourth Director who has been appointed by the Council to safeguard the interests of Oldham Council where its assets are being used by the Society.

All the community-based Directors will in future be elected from among the Membership.



The Oldham Community Power team with Councillor Jabbar and Dave Wilkinson, Chairman of the Neon Community Hub which will use some of the solar PV electricity.

Our main Objectives:

To install and operate low carbon energy generating equipment.

To improve the energy efficiency of Community buildings.

To provide education and awareness-raising on issues of climate change and energy.

To provide training and education for members of the Community in the local low carbon economic sector.

To engage in activities which strengthen the local low carbon and environmental economic sector in Oldham.

The Society's Rules are based on Co-operative UK's¹ Model Rules for a Community Benefit Society. A copy of Oldham Community Power's Rules is available by application to the Society (see back of this Offer Document for contact details).

Oldham Community Power has its objectives and aims built into the Rules of the Society. The Society's Directors are bound by these Rules and must operate according to these objectives and in the best interests of their Members at all times.

¹ Co-operatives UK is a membership organisation promoting and supporting co-operative enterprises in the UK

5. The Project

Following a competitive tendering process, Renewable Energy 4 Business Limited were awarded a contract by Oldham Community Power to complete detailed feasibility studies on a short list of twenty sites.

Our original plans were to install on as many of the twenty sites as possible but the original Share Offer had a slow uptake as it was competing with the EU referendum and the summer holidays for attention. The group was offered a loan at short notice by Oldham Council to enable some installations to go ahead and made the decision to proceed rather than abandon the project. All existing applicants were given the opportunity to withdraw and all have chosen to stay and support the project.

The group gave the go-ahead for installation on the six sites which were the most technically and financially suitable. Five sites had panels installed in August and September, the last site was installed in December 2016.

All the buildings are in the control of Oldham Council at present. Leases have been drawn up for use of the roof-space for each of the sites by Oldham Council; these will be transferable to any new building owners if needed. All of the building occupants have also agreed to enter into Power Purchase Agreements with Oldham Community Power.

We would like to add more buildings at a later date which will be funded by further Share Offers provided this Share Offer reaches its target. Later additions will need to be both technically and financially suitable but our goal is to install on as many community buildings and schools as we can.

At the end of Operation (year 21), the Society will most likely transfer the assets to the schools or community centres, or decommission them as desired; however, if suitable to all parties, fresh leases to allow ongoing operation may be sought.

	Schools	Community Buildings
The final sites which had solar systems installed this summer:	Beever Primary – 30kW system	Neon – 11kW system
	Blackshaw Primary – 47kW system	
	Mather St Primary – 33kW system	
	Medlock Valley Primary – 49kW system	
	Whitegate End Primary – 49kW system	



47kW of panels installed on Blackshaw primary school

Project Timeline

The timeline shows the progress of the Project so far and over the next 6 months.

Month	Milestones
June 2016	First Share Offer opened
August 2016	Share Offer ended Short term loan to cover short-fall agreed with Oldham Council First Installations began
September 2016	Installations completed on 5 sites
December 2016	Installation completed on last site
April 2017	This Share Offer opens
June 2017	First Society AGM
July 2017	First batch of new shares issued, council loan repaid
Spring 2018	Second Society AGM - first payments to Members

The Technology

The solar panels being used are AUO Green Triplex 250W multi-crystalline photovoltaic panels (AUO previously traded as BenQ and is a top-rated 'Tier 1' solar manufacturer). They come with a 10 year product/workmanship warranty and are manufactured in the Czech Republic. Their performance over 25 years is also warranted.

Most of the sites have the Solis range of inverters installed, using various sizes to meet PV system requirements. These have a 10 year warranty and are manufactured in China by Ginlong Technologies.

In total, the panels should generate around 180,000 kWh in an average year of operation. Each individual installation will vary in output according to the number of panels installed, any shading on site, and the orientation of the roof.

Electricity Sales

The electricity produced by the panels will mostly be used on site. The amount used on site will be metered and billed to the building users. The remainder will be exported into the local network.

Oldham Community Power have agreed to sell the electricity to the sites at a rate which is lower than their electricity contract. The agreed rate is 8.74p/kWh which will be increased annually, though this will be subject to a review every 3 years.

In addition, the Society will receive a Feed-in Tariff of 4.46p/kWh for every kWh generated and any electricity not used on-site will be sold to the grid at 4.91p/kWh. Feed in Tariff rates increase with inflation as they are index linked to the Retail Prices Index.

As five of the sites are already installed and 'booked in' for Feed in Tariff these rates cannot change. The last installation at Blackshaw Primary, will receive a slightly lower Feed in Tariff rate. Once registered, Feed in Tariff rates are set for 20 years.

Project Management and Support

Oldham Community Power has been working closely with Sharenergy, and Oldham Council to ensure that the project is delivered to a high standard and on schedule.

This project is being developed by the Directors with the very welcome support and experience of:

Action Together, www.vaoldham.org.uk - Who are a support and development organisation for voluntary, community and faith groups across the borough. They connect people, ideas and resources and aim to build vibrant communities by increasing volunteering and strengthening social action.

Oldham Council's Strategy, Partnerships and Policy Team, www.oldham.gov.uk - The teams role is to help Oldham Council deliver their vision of a cooperative, low-carbon, inclusive council.

Sharenergy, www.sharenergy.coop - A co-operative which specialises in helping communities develop, fund, and own renewable energy projects throughout the UK.



Oldham Partnership



6. Financial Projections

The total funds that needed to be raised to complete all the installations was £248,000. Oldham Community Power will be liable for all on-going operating costs associated with the installations and will continue to be responsible for securing the sale of electricity and benefit from the Feed-in Tariff and any other current or future incentives.

Financial Projections prepared and approved by the Board are summarised here. The figures are based on contracts entered into and estimates received by the Society. The Directors take responsibility for the reasonableness of the projections in this Offer. Projected returns to Members are calculated according to projected income and expenditure during the life of the Installation. The projected finance model includes the return of Members' capital over the 20-year period during which FiT is paid.

At present it is envisaged that after 20 years the installations will be donated to the individual community groups' buildings who can then benefit from the remaining useful lifespan of the panels (up to 30 years).

Grants

Grants have been received both from the Urban Community Energy Fund and from the Community Energy Innovation Competition 2016 supported by the Greater Manchester Combined Authority. These grants covered specific elements of the development costs and advice was sought to make sure that these grants did not affect the eligibility to receive the FIT tariff. The value of these grants has been accounted for in the figures above for total funding needed.

In particular, the grant from the Innovation Competition was used to research how we could make the share offer accessible to as many people as possible in the community and resulted in the inclusion of the option of payment for shares in installments, an innovation that our Society and this share offer is pioneering.

The Loan

The projections assume that £190,000 will be raised through this Share Offer to repay the loan. Interest on the loan is calculated daily and is simple interest set at 4% over the entire 2 year term. This closely models the projected returns to members and so has a minimal impact on returns, provided it is repaid as early as possible.

Legally, during the loan period, the Council have the right to demand repayment and acquire assets to the value of the outstanding amount. The Board have sought assurance that the Council would follow a course of action which would minimise the risk to Members and whilst this cannot be formally given, the Board have had verbal assurances that Oldham Council are supportive of the project and wish to see these panels owned by, and run for the benefit of the community and independently of themselves.

Enterprise Investment Scheme tax relief has been withdrawn for most community renewable energy projects. Should a major event occur which substantially reduces the value of Shares, members may be able to claim Loss Relief based on their income tax band and the total reduction in value of their membership.

An illustrative example of how the projections would relate to a Member investing £1,000 assuming the project stays in line with the assumptions stated below.

Example of Member returns (£)

The Projections below are based on only the current installations being completed.

		Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Total over 20 years
Headline figures	Operating Surplus		£ 16,923	£ 17,222	£ 17,311	£ 17,615	£ 17,924	£ 378,935
	Member Distributions		£ 4,575	£ 17,872	£ 17,961	£ 18,265	£ 18,574	£ 378,935
	Cash in bank		£ 12,348	£ 11,698	£ 11,048	£ 10,399	£ 9,749	
PROFIT AND LOSS								
	Income							
	Generation		£ 8,226	£ 8,327	£ 8,430	£ 8,533	£ 8,637	£ 184,637
	Exported elec.		£ 3,010	£ 3,062	£ 3,115	£ 3,168	£ 3,223	£ 70,936
	On-site sales		£ 12,117	£ 12,327	£ 12,540	£ 12,755	£ 12,974	£ 285,577
	Total income		£ 23,353	£ 23,716	£ 24,084	£ 24,456	£ 24,833	£ 541,150
	Expenses							
	Operating Expenses		£ 6,430	£ 6,494	£ 6,773	£ 6,841	£ 6,909	£ 162,215
	Total expenses		£ 6,430	£ 6,494	£ 6,773	£ 6,841	£ 6,909	£ 162,215
	Operating Surplus		£ 16,923	£ 17,222	£ 17,311	£ 17,615	£ 17,924	
	Depreciation		£ 12,348	£ 12,348	£ 12,348	£ 12,348	£ 12,348	£ 246,966
	Interest earned		£ -	£ 123	£ 117	£ 110	£ 104	
	Surplus		£ 4,575	£ 4,874	£ 4,963	£ 5,267	£ 5,575	
	Distributions							
	Community Fund		£ -	£ -	£ -	£ -	£ -	£ -
	Member Interest payments		£ 4,575	£ 4,874	£ 4,963	£ 5,267	£ 5,575	£ 131,970
	Total distributions		£ 4,575	£ 4,874	£ 4,963	£ 5,267	£ 5,575	£ 131,970
	Retained funds		£ -	£ -	£ -	£ -	£ -	£ -
CASHFLOW								
	Retained Funds		£ -	£ -	£ -	£ -	£ -	
	Add back depreciation		£ 12,348	£ 12,348	£ 12,348	£ 12,348	£ 12,348	£ 246,966
	Member Capital repayment		£ -	£ 12,998	£ 12,998	£ 12,998	£ 12,998	£ 246,966
	Cashflow in year		£ 12,348	£ 650	£ 650	£ 650	£ 650	
	Cash in bank	£ -	£ 12,348	£ 11,698	£ 11,048	£ 10,399	£ 9,749	

Assumptions

The Projections are based on the following principal assumptions:

1. This offer and any subsequent Share Offers will raise all the funds required and that further loan facilities will not need to be accessed. Should further loan facilities be required, returns to members may reduce. *Loan facilities which offer the best terms to the Society will be approached in the first instance.*
2. Annual energy production of the installations will be in line with the estimates made and will reduce at a linear rate no greater than the production warranted by the manufacturer. In the event that the predicted energy production falls below the projected levels and the warranty not being enforced, the revenues of The Society will be reduced. In the case of a technical fault, the Society will endeavour to make sure that this is covered by technical warranties and/or insurances. However, these may not cover all eventualities.
3. Current expectations relating to the global energy market and the UK electricity industry will remain reasonably consistent and reasonably favourable to the project over the next 20 years, resulting in continuing demand for electricity produced by the installation.
4. Historical Government commitment to retaining Feed-in Tariff rates for existing projects at existing rates will be retained in spite of any cuts for future projects ('grandfathering').
5. The value of electricity supplied to the schools and community centres will not fall below an average of 8.74p/kWh and will increase in line with the retail price index.
6. Prices at a reasonably similar level to those currently obtainable for ongoing maintenance and other operating costs will be achieved through the life of the Installation (after allowance for annual inflation).
7. Operation and maintenance costs will be incurred from the start of operations and will rise no faster than inflation.

Projections and assumptions such as these are inherently less reliable over longer time spans.

Notes on the Financial Projections

1. The projections in this offer document are based on work carried out by the Board, aided by Sharenergy, Oldham Council, Voluntary Action Oldham and Renewable Energy 4 Business Limited.
2. The loan and loan interest has been treated as a capital cost in year 1 and so does not show as a separate line.
3. Inflation is modelled at 1.5% per annum over the 20-year period.
4. Income is based on the projected FiT rates of 4.46p/kWh for the summer installations of between 10kW and 50kW and 4.39p/kWh for the December installation; electricity sales will be paid as negotiated with host sites; and the Power Purchase rate will be that agreed with Coop Energy.
5. Depreciation of equipment is straight-line over the 20-year period and creates a fund to pay back Members' capital. Capital is here modelled as being returned to Members annually after year 1 subject to the maintenance of a contingency reserve within the Society.
6. Business rates are set according to the current published rates for Oldham Council and assume at least 50% discretionary rate relief which we expect to be available. The Business Rate review may threaten this assumption but until the review is released this is the best estimate available.

7. Insurance costs for the installations are set at nearly £1,000/year – this is based on the insurance contract entered into for the first year via Naturesave.
8. An administration contract with Sharenergy has been accepted and this is modelled at £3,000/year. A further allowance of £200/year has been allowed to cover the costs of billing for on-site consumption.
9. A maintenance contract is in place for checking and testing the equipment. This will be reviewed annually. There is a contingency to cover cleaning, faulty inverters and minor repairs.
10. A modest fund has been set aside to cover the costs of removal and replacement on the roofs for any rooftop repairs over the 20 years.
11. It is assumed that the inverters will each need to be replaced or repaired once over the twenty years. The costs of extending the warranty or replacing the inverters are assumed to be an additional cost to the coop every 5 years.
12. Interest on cash in bank is conservatively modelled at 0.5% for the entire 20 years.
13. All profits are allocated to depreciation charge, retained for possible decommissioning costs (retained funds), or paid as interest to members so the projections do not predict a liability for Corporation Tax. Note that Members may be liable for Income Tax on their returns from investment, although we expect these interest payments to be eligible for income tax relief under the new Personal Savings Allowance.
14. Normal monthly cash expenditure is expected to be small and will be amply covered by the generation and FiT income. The Projections anticipate that the Society will be cash positive each year from the commencement of operations. The Directors plan to place any net surpluses from the scheme into a community fund, providing for good causes in the Oldham area. This fund is anticipated to be small/nil at present but will be agreed annually based on first meeting all other costs and obligations outlined in this Share Offer document.

7. Risk Factors

All investment and commercial activities carry risk, and investors should take appropriate advice and make their own risk assessment whilst bearing in mind the social and environmental aspects of this investment opportunity. Attention is drawn to the following:

General investment risks

- The value of shares can fluctuate according to the value of the underlying business.
- 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 after the second year of operation. Withdrawal of share capital is at the discretion of the Board.

Renewable energy industry risks

- Government policy towards renewable energy may change. However throughout the operation of the Feed in Tariff successive Governments have maintained the commitment to the process of 'grandfathering' which ensures that whatever tariff a project is registered for at the commencement of operation, will remain the same for the duration of the FiT period. This payment is also index linked to RPI.
- New technology, inventions and developments may render existing technologies and equipment obsolete. However, PV is a mature technology and we have selected a respected manufacturer for the panels and inverters so that technological advances of this magnitude within the life of the project are considered unlikely.

- Long-term changes to weather patterns could result in lower levels of production. However, there is no evidence that the Society is aware of that this will affect energy production at the selected sites. Atypical short-term weather conditions could affect expected levels of generation, although overall patterns outside anticipated parameters are unlikely.
- Operational costs may rise faster than anticipated during the life of the Project. For this scale of installation, typical operational costs are very low.

Risks specific to the Society

- The projections are based on the predicted energy yields. If the energy yields were to be lower on average over the project period then Members' returns are likely to reduce. However, conservative assumptions using industry-standard methods have been used.
- Equipment failure due to exceptional circumstances would increase maintenance costs and this would impact on Society income. However, warranties are in place for equipment and loss of production. Accidental and malicious damage are covered under our insurance.
- None of the sites have yet completed a Lease with Oldham Community Power. However, the Council who own the buildings have made a commitment to the project proceeding, they have provided a loan to enable the installations to be carried out in time for the FIT deadlines, and a draft lease has been prepared and discussed in detail between our solicitors and the councils legal team and completion is expected in the near future. The Society has a letter from the council permitting the society access to the properties for installation pending the full lease being in place.
- Advance assurance is not available for the exemption of business rates for which the Directors believe the Society is eligible. An allowance for business rates has been included in the model for Rates based on the latest information available but may not cover the worst case scenario.

8. Management and Administration

This section provides details on the Board and the running of The Society.

The Board

The current board will run the share issues and has overseen the installation of the panels.

Board elections will be held at the first AGM following the Share Offer in July 2017 at which Members will be eligible to stand for the Board.

Biographies

Bill Edwards

Bill is also a Director of Saddleworth Community Hydro. He has worked as part of the team that has successfully delivered the award-winning 50kW hydroelectric scheme at Dove Stone Reservoir in Saddleworth



Colin Salt

A former PV installer, Colin has managed installation of multiple 50kWp installations leading up to the FiT reduction in 2011. Including in-depth analysis of yield predictions and system design for potential clients.



Alan Price

Director and main project manager will be Alan Price of Athene Environmental. His experience includes working for Royal Mail where he was responsible for project design plus the development and implementation of multi-million pound projects.



Oldham Council Board Member

Oldham Council have been granted a permanent seat on the Board. This recognises the role and place of Oldham Council in the initial set up of the project and in the number of Council buildings involved in the project.

The Director from the Council will be nominated by the Council annually. The current nominated Director is Councillor Abdul Jabbar.

Councillor Abdul Jabbar is currently both Deputy Leader of Oldham Council and Cabinet Member for Finance and Human Resources. He has extensive experience of delivering renewable energy programmes from his previous officer role at Rochdale Council, and is a passionate advocate for the low carbon economy and a clean energy future.

Current and intended shareholdings of Directors

The total shareholdings of Directors and their direct family Members, including Oldham Metropolitan Borough Council, amounts to £21,000.

Disclosure

None of the Directors of Oldham Community Power have, for at least the past five years, received any convictions (for any fraudulent offence or otherwise), or been involved in any bankruptcies or receiverships, 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 Interests

Where any Director declares or is identified as having a conflict of interest, that Director is required to be absent from discussions. Due to the extent of possible conflicts of interest for the Council-appointed Director, the Society's Rules contain specific provisions for managing any conflicts of interest arising in that case.

Remuneration

No remuneration has been paid to Directors by the Society. When the Installations are generating electricity each Director will be entitled to claim fees and/or expenses not exceeding £50 p.a. in addition to travel expenses. Directors' share applications will be met in full, but there are no pension schemes, 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. There are no service contracts for them or the Secretary. The Society currently has no employees and the business is not dependent on key individuals. Day-to-day operations will be managed by the Society, under the supervision of the Board.

As a Community Benefit Society, Oldham Community Power complies with statutory requirements and those of the Financial Conduct Authority. As the Shares will not be listed, Oldham Community Power is not obliged to comply with The Combined Code on Corporate Governance.

Accounts

Oldham Community Power was registered on 08/02/2016. Its financial year-end is 31st December. At registration 4 shares were issued at par to the Directors and founding Members. A further 51,500 shares were issued following the first Share Offer, bringing the total shares issued to date to 51,504.

Interest Policy

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 Oldham Community Power and none are pending or threatened which could have a significant effect on the financial position or profitability of the Society.

Data Protection

Sharenergy Co-operative Ltd, who will keep the official record of members, are registered under the Data Protection Act.

Rules of the Society

Community Benefit Societies are governed by Rules approved by the Financial Conduct Authority. A copy of the Rules is available from the Society (see contact details on final page of this Offer Document).

Further information

Other documents mentioned in this Offer are available from the Society (see contact details on final page of this document).

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

9. Share Offer

Reasons for the Offer and use of proceeds

This Offer is being made so that:

- Oldham Community Power and its Members are able to generate renewable energy and benefit the local community, both financially and through the generation of low-carbon electricity.
- The Society can raise the funds required to complete the installation of PV panels on community buildings across Oldham, Greater Manchester.
- Members may be as far as possible drawn from the local community.

Offer Shares

£190,000 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, have been created under the Co-operative and Community Benefit Societies Act 2014.

Successful applicants will receive share certificates and their details and holdings will

be recorded in a share register to be kept on behalf of Oldham Community Power by Sharenergy, The Pump House, Coton Hill, Shrewsbury, SY1 2DP, or any successor business address. Each person or organisation issued with Shares becomes a Member of the Society, 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 surplus).

The right to the return of the original investment at the end of the life of the Project (subject to any repayments already made, available surplus assets and any new business of the Society).

As a Member, eligibility for election to the Board.

Share allocation

Shares will be allocated after the initial closing date up to the full amount of 190,000 shares available. In the case of over-subscription, priority will be given to applications from residents, charities, and business based in Oldham borough.

For the avoidance of doubt there are no separate share classes – all shares whenever issued are equivalent Member Shares, carrying exactly the same rights. Similarly, all Members of the Society have equal status.

Payment by instalment

Share applicants can opt to pay by instalments and this must be indicated on the application form. The Applicant would need to set up a standing order to the Society for £10 a month or more². Once the total amount subscribed exceeds the minimum shareholding (£100) the applicant would be made a member and allocated shares to the value of the amount subscribed. Further standing order payments received before 30th September 2018 would added to the members shareholding in the member register.

If the total value of instalments received by standing order has not reached the minimum shareholding (£100) by 30th September 2018 the monies would be returned to the applicant and no shares would be allocated to the applicant.

If the offer is oversubscribed by 1st July 2017, applications for payment by instalments would be treated the same as other applications and as if the value of instalments indicated on the application form will be adhered to. If subsequently there is a shortfall between the amount offered on the application form and amount ultimately converted to shares, the Society will offer these remaining shares to applicants that were cut back in the local prioritisation or to all other members and if there was still a

shortfall the society would seek a loan to cover the balance.

Interest payments

Interest will be paid on the balance of each Member's account at the rate determined by the Directors but with a lifetime target of 4.0% IRR being achieved by the end of the 20 years, subject to annual financial performance. The date on which entitlement to interest arises will be announced each year. It is envisaged that any interest unclaimed for a period of 7 years will be cancelled for the benefit of the Society. Interest payments are restricted to that rate which in the opinion of the Directors is required to obtain and retain the capital required by the Society. No special procedures have been established for non-resident holders.

Voting rights

Each Member has one vote, regardless of the number of Shares held. There are no pre-emption rights.

Rights to share in profits/surpluses

All Members are entitled to share in interest declared out of annual profits, such payments to be divided equally between the total Shares in issue. This means that a Member with 10,000 shares has a single vote but will receive interest on all 10,000 shares.

When the Project comes to the end of its life Members may choose to liquidate the Society, in which case any assets will be realised and the net proceeds applied in repaying any outstanding Members' share capital. Any surplus will be not be paid to Members but will be transferred to another body with similar aims as required by the Society's Rules.

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 of The Society has the power to permit Shares in The Society to be withdrawn by agreement between the Board and the Member.

The Society intends to repay Members' share capital over a 20-year period, starting in Year 1 of Operation, subject to financial performance and available funds.

² Please consult your bank or building society about setting up standing orders. If you use internet banking, most banks provide a very simple tool to set up standing orders on their websites.

Members can apply for withdrawal of share capital after the second year of operation. In addition, the Board has the power to return capital to Members at its discretion.

Taxation

Interest payments will be made gross and subscribers will be responsible for declaring this income on their tax returns except where they are exempted from doing so by Personal Savings Allowance or any similar scheme.

Provisions on death of a Member

In accordance with the Society's Rules, on the death of a Member of the Society, their personal representative can apply for withdrawal of the share capital. Return of share capital under this provision will be prioritised by the Board over any other return of Member's capital.

10. Terms and Conditions

Eligibility

The Offer is open to any person (over 16 years old) or organisation meeting the Membership requirements.

Application procedure

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 the Society and to be bound by its Rules.

An application once made cannot be withdrawn.

Multiple subscriptions will be admitted providing that they do not result in a Member (other than a Registered Society) holding more than the maximum permitted amount.

The Offer timetable

The Offer will remain open until the offer is fully subscribed or the directors choose to close the offer. None of the Society, its Directors or advisors will be responsible for

loss of interest or any other benefit suffered by Applicants during the period the monies are held by the Society.

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 no later than one month after the end of the Offer.

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.

The Society reserves the right not to enter into correspondence with Applicants pending the issue of share certificates or the return of Application Monies.

Results of the Offer will be published on the Project website within one month after the Offer has been closed.

In the case of oversubscription, Directors' applications will be met in full and the Directors shall, at their discretion, determine the appropriate allocation of Shares

Share certificates will be issued to successful Applicants within one month after the end of the Offer Period, or for applicants paying by instalment, within two months of the minimum share threshold being met.

Amount to invest

The price of each share is £1. The minimum number is 100. The maximum is 100,000³,

³ £100,000 is the legal maximum that one individual or organisation can hold as shares in a Registered Society except in the case of another Registered Society for which there is legal limit.

including any existing shares held. 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.

Pricing, trading and dealing arrangements

Shares are offered at their par value of £1. The underlying asset value of each Share is likely to remain at £1 and any Share redemption will take place at par.

Shares will not be traded on a recognised stock exchange and are not transferable.

Applying for Shares

Before completing the Application Form you should consider taking appropriate financial and other advice. Your attention is particularly drawn to:

The Risk Factors section which describes risks relating to an investment in the Offer Shares.

Terms and Conditions of the Offer. By completing the Application Form you will make an irrevocable offer which may be accepted by the Society.

The Rules of the Society. In buying Offer Shares you will become a Member of the Society and will be bound by those Rules.

Payment

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'.

You may also pay by bank transfer. Cash payments cannot be accepted.

For applications for payment by instalment, please return your application form before submitting any payment.

Allocation

The number of Offer 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.

In the event that applications are received by 1st July 2017 that exceed the maximum number of Shares available, priority will be given as follows:

- Firstly to applications from community groups benefiting from the Installations;
- then to local applicants (defined as persons, charities and businesses who are directly served by Oldham Council);
- then by date of receipt of application and payment, with earlier applications being accepted first.

Declaration

In signing the Application Form you are making an irrevocable offer to enter into a contract with the Society.

Under 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.

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 Society.



Mather Street Primary School

11. Glossary

Applicant An applicant for Offer Shares through submission of an Application Form.

Application Form The form in this Offer Document that must be completed and returned in accordance with the Terms and Conditions of this Offer and the Guidance Notes.

Application Monies The total gross sum realised by this Offer.

Board The Board of Directors of Oldham Community Power.

Directors The directors of Oldham Community Power.

FiT (Feed in Tariff) Incentive for electricity generation introduced by HM Government on 1st April 2010 under powers from the Energy Act 2008.

Installations in this Offer Document refers to all of the photovoltaic panels, inverters, and ancillary equipment of the Project in its whole or an Installation in part where it applies to a single site.

kW (kilowatt) A unit that measures power and is equal to 1 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.

Offer The Offer of Shares in the Society contained in this Offer Document.

Offer Costs The expenses incurred by or on behalf of the Society 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 the Society, offered at par on the Terms and Conditions and payable in full on application.

Oldham Community Power (or the Society) Oldham Community Power Ltd. A Community Benefit Society Registered with the FCA No. R 7281. Registered address c/o Oldham Council, Strategy, Partnerships & Policy Team, Room 317, Civic Centre, West Street, Oldham, OL1 1UG

Oldham Community Power Shares Ordinary shares of £1 in Oldham Community Power.

PPA Power Purchase Agreement for the sale of electricity.

Project The proposed ownership and operation by the Society of a portfolio of PV installations.

Projections The financial projections for the Society set out in this document.

Rules The Rules of the Society, available on demand.

Shareenergy Shareenergy Co-operative Limited. A Registered Society (registered no. 31237R)

Site the location of one or more of the proposed Installations.

Terms and Conditions The terms and conditions of the Offer contained in and constituted by this Offer Document.

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Declaration

I confirm my understanding that:

- This Application may be withdrawn if a supplementary Offer Document is issued, but not otherwise and if and when accepted by the Society forms a contract in 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 reaches its target it is possible that an otherwise eligible Application will not be accepted in part or in whole and that Applications will be prioritised, as set out elsewhere in the Offer Document.

I confirm that:

- I have read the Offer Document (including the Risk Factors and the Guidance Notes to this Application Form) and the Rules of the Society.
- I am over 16 and the Applicant meets the Offer eligibility criteria.
- The Society is hereby authorised to make such enquiries as are deemed necessary to confirm the eligibility of this Application.
- The Applicant is not relying on any information or representation in relation to the Offer Shares or the Society that is not included in the Offer Document.
- The Applicant shall provide all additional information and documentation requested by the Society 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/on behalf of Applicant organisation as applicable):	Date:
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I wish to pay by: cheque: ☐ transfer: ☐ instalment: ☐ (tick as appropriate)

Cheque (single payment)	Transfer (single payment)
Please attach a single cheque or banker's draft for the amount shown above, payable to Oldham Community Power Limited and crossed a/c Payee.	<p>Please transfer to the following account:</p> <p>Oldham Community Power Limited</p> <p>Sort code: 08-92-99 Account no.: 6579 8807</p> <p>Please use the Applicant name as the reference attached to the transfer.</p>

<p>Payment by instalment (standing order)</p> <p>Please send us your completed application form before making any payment. We will send you a reference code for you to use when you set up your standing order so that we can link your application form to your payments.</p> <p>If you do make payments that total more than the minimum £100 you will get shares to the value you have made payment for. If the total of your payments by 30th September 2018 is less than £100 the payments would be returned to you and no shares issued.</p>

Send your completed Application Form to:

Oldham Community Power Limited, c/o Sharenergy, The Pump House, Coton Hill, Shrewsbury, SY1 2DP
or sign, scan and email to admin@sharenergy.coop

This application form can be photocopied and additional application forms are available. For all enquiries use the contact details on the back of this Offer document.

THANK YOU FOR APPLYING TO JOIN OLDHAM COMMUNITY POWER.



For enquiries relating to this Share Offer contact Jeremy on:

01743 835 243; jeremy@shareenergy.coop

For administration enquiries such as how to make payments please contact Etty on:

01743 835 242; admin@shareenergy.coop

Please also visit our project website for further documents
and information

www.oldhamcommunitypower.org.uk

Find us on:



www.facebook.com/oldhamcommunitypower



[@oldhamcommunit1](https://twitter.com/oldhamcommunit1)