

You are invited to join a community owned renewable energy society in South Lanarkshire

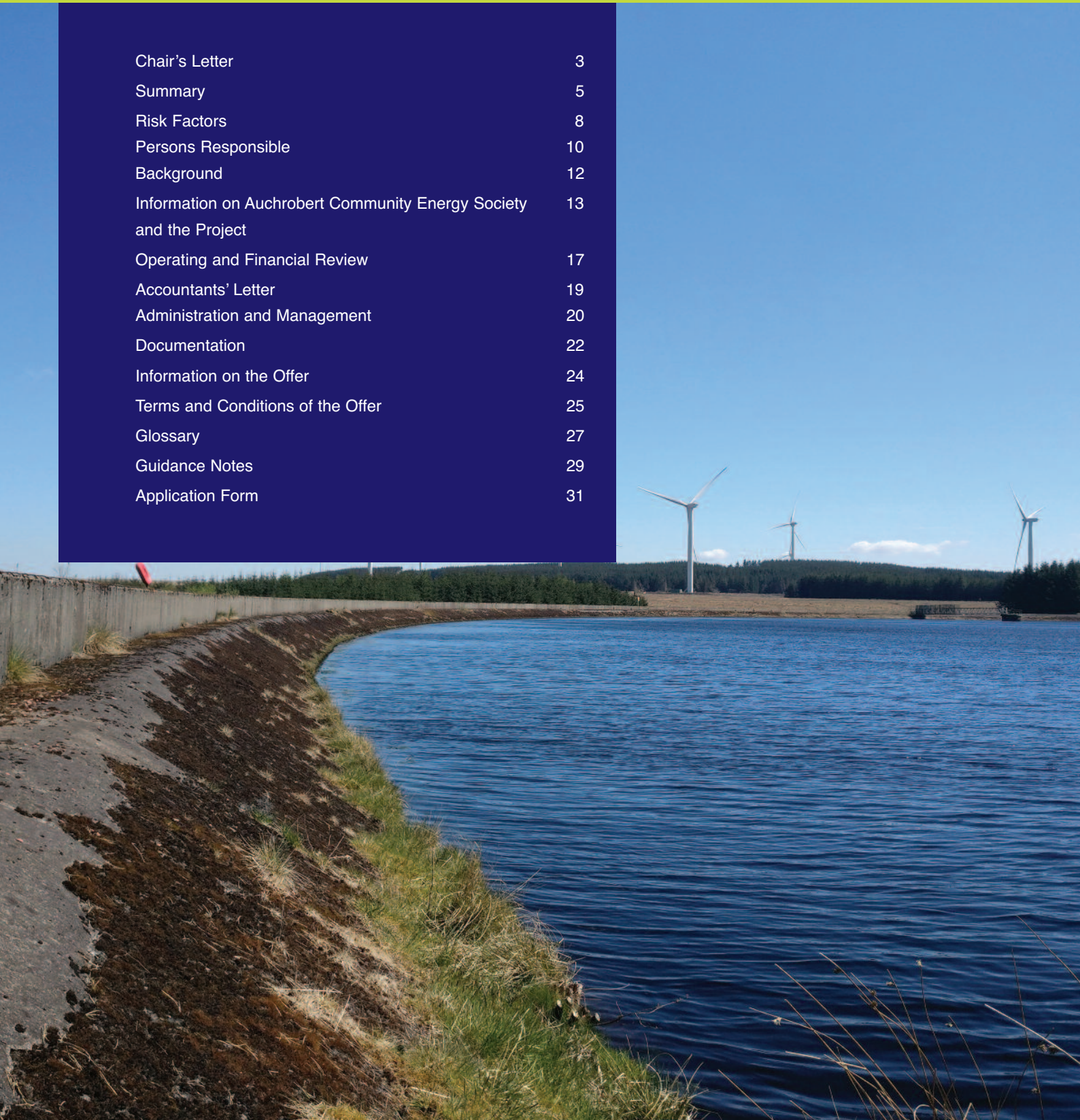
# Share Offer

Offer Shares: £1,500,000 - Closing Date : 6 November 2019



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# Chair's Letter

AUCHROBERT COMMUNITY ENERGY SOCIETY

30 September 2019

Dear Potential Member

I am delighted that you are interested in becoming a member of Auchrobert Community Energy Society ('Auchrobert CES'). Auchrobert CES is a new Community Benefit Society set up to provide the opportunity for people to become members of the Society and take a stake in the Auchrobert Wind Farm that has been constructed near South Lanarkshire, 28km south east of central Glasgow and 8km west of Lesmahagow. The Wind Farm is situated close to the other Falck RWL Wind Farms at Nutberry and West Browncastle in respect of which similar arrangements are in place through the Spirit of Lanarkshire Co-op set up in 2014, which has provided community benefit and paid out returns to members every year.

It has become increasingly accepted that human activity has led to Climate Change and rising average temperatures across the globe. Both issues have the potential to alter radically and irreversibly the lifestyle to which we have become accustomed in the past 50 years. More and more people are seeking to live more sustainably. Becoming part of this Society is one way of taking action on Climate Change and joining the growing band of people wanting to make a difference.

Auchrobert CES is the result of a long standing framework agreement between the commercial developers Falck Renewables Wind Limited (Falck RWL) and Energy4All Limited, a not-for-profit company created by the successful and long-established Baywind Energy Society in Cumbria. Under this framework agreement:

- Falck RWL built the Wind Farm which started generating on 9 March 2017
- Falck RWL has carried all the construction risks and costs
- Energy4All has created a local community energy Society to buy a Stake in the Site
- A Board of Directors is established, drawn from the community and supplemented by representatives of Energy4All
- The Society is launching a public Share Offer in which priority is given to people in South Lanarkshire to maximise local benefit
- The Society will purchase a Stake in the Site through a legal Agreement
- Falck RWL will pay to the Society one third of the original Stake money in each of years 5, 10 and 15
- Falck RWL will pay a minimum annual return on investment to the Society through a Loan Note.

We want as many people as possible, especially local people, to join Auchrobert CES and become active Members. All Members are important to us, and we welcome all contributions from £100 to £30,000. We think the Society structure will appeal to people who may not have considered this type of involvement before. This Share Offer Document sets out the opportunity to join Auchrobert CES, enabling you to support the generation of renewable energy, help tackle energy security and climate change, reduce your carbon footprint and support the local community's Climate Change proposals financially.

The projected rate of return is 2% for the first period to June 2020 and then 5% per annum over the remainder of the term.

Energy4All Limited is assisting Auchrobert CES with this Share Offer.

**The Share Offer will close on 6 November 2019.**

## How to Apply

An Application Form with details of how to apply for shares is attached at the end of this Share Offer Document. The maximum subscription for individuals and businesses is £30,000 and the minimum is £100. Please read this Share Offer Document and consider the risks, including those set out on pages 8 and 9. You should consider taking appropriate financial and other advice before making any investment decision.

I look forward to welcoming you as a member of Auchrobert CES.

Yours faithfully,

*Jim Lee*

**Chair, Auchrobert Community Energy Society Limited**



# Summary

## Potential Members should note that:

- The Summary should be read as an introduction to the Offer Document
- Any decision to participate in the Shares should be based on consideration of the Offer Document as a whole

## 1. The Content of this Offer Document

This Offer Document has been prepared by Auchrobert CES and its Directors, who are responsible for its contents. This Offer, on behalf of Auchrobert CES as a Community Benefit Society, is exempt from the prescriptive regulation of share offers. Essentially this is because an investment in a Community Benefit Society is primarily for its public benefit purposes. Technical and other words and phrases used in this Offer Document with a particular meaning are defined and explained in the Glossary. No advice on investments is given in this Offer Document, or by the promoters in relation to it. If any person has any doubt about the suitability of the investment which is the subject of this Offer Document they should contact an appropriate authorised person for advice on investments.

## 2. Purpose of this Summary

This Summary is intended to provide an overview of the Offer.

## 3. Auchrobert Community Energy Society

Auchrobert CES is a Community Benefit Society registered with the Financial Conduct Authority (number 8097). As such it is a Society owned by and managed for the benefit of the community by its Members, who are protected by limited liability status. Its constitution is in the form of Rules approved by and registered with the Financial Conduct Authority. As a Society, Auchrobert CES is driven by high ethical standards as defined by the international co-operative movement and by the values of co-operation and democracy as well as a commercial ethos. Constitutionally, key characteristics of Auchrobert CES, as a Society, are:

- a Member must have the minimum number of Shares;
- there is a single class of Shares with a nominal value of £1;
- all Auchrobert CES Members have one vote regardless of how many Shares they hold;
- no Member, except another Society, may hold more than 100,000 Shares;
- the Board is elected by the Auchrobert CES Members; and only Auchrobert CES Members are eligible to serve on the Board.
- shares are only transferable only on death and are not tradeable

## 4. The purpose of Auchrobert Community Energy Society

Auchrobert CES's aim is to provide social and environmental benefits to people local to the wind Farm. Auchrobert CES was established in 2019 for the specific purpose of owning a Stake in the Auchrobert Wind Farm, that has been constructed by Falck RWL in South Lanarkshire. Auchrobert CES will give local people an opportunity to invest in renewable energy generation and support local action on Climate Change. It will be the seventh community owned wind farm Society formed under the Falck RWL Framework Agreement with Energy4All, and Energy4All's twenty seventh Society.

## 5. The Auchrobert Wind Farm

Auchrobert Wind Farm construction is complete and the Wind Farm has been operational since 9 March 2017. The Site includes twelve GE Wind Turbines each rated at 3.2MW with a 103m diameter rotor and a connection to the electricity grid which has a maximum capacity of 36MW. The Wind Turbines are connected via cables to an electricity sub-station, from where electricity is metered and sold. Falck RWL manages Site operations through the subsidiary company, Auchrobert Wind Energy Limited and asset management company, Vector Cuatro UK Limited.

## 6. The Offer

This Offer Document seeks to raise sufficient cash by the issue of Offer Shares at £1, payable in full on application, to finance the purchase of the Stake. Purchase is expected to take place in November 2019. The Agreement provides Auchrobert CES with the right, on raising the Minimum Capital Sum (£500,000), to purchase a Stake in the Wind Farm, consisting of a Loan Note and a Revenue Share such that a proportion of all sales from the Project will be made on behalf of Auchrobert CES, with Auchrobert CES bearing the same proportion of direct operating costs. In the event that a sum greater than the Minimum and less than the Maximum Capital Sum is raised, Auchrobert CES's Stake in the Project will be increased pro-rata. The maximum Stake in the Project available to Auchrobert CES is £1,500,000. If Applications exceed £1,500,000, priorities will be applied and any amounts received over the £1,500,000 will be returned.

The Agreement gives Auchrobert CES the following benefits:

- Payment by Falck RWL of all the costs of the share launch up to pre-agreed levels
- Support by Falck RWL for payments to Energy4All under a separate Service Payment Agreement, for the on-going costs incurred by Energy4All in administering Auchrobert CES at agreed levels throughout Auchrobert CES's involvement in the Project
- An annual return based on the net revenues of the Site, through the Loan Note and the Revenue Share
- Repayment of the capital raised in the Share Offer in three equal tranches, in years 5, 10 and 15.

The Directors reserve the right to scale down and/or refuse some Applications. Any decision of the Board to scale down or refuse Applications will be final. Applications from the Directors will be met in full, after which priority will be given to Applications from/for the benefit of:

- Residents living in South Lanarkshire

## **7. The opportunity to subscribe for Shares**

Applicants should regard Offer Shares as a long-term proposition. The rate of return to Members over the expected life of the Agreement is projected to average 5% gross p.a. on capital (2% for the first period to June 2020), provided the Maximum Capital Sum of £1,500,000 is raised in this offer. The Agreement allows for the sum raised to be invested so that 90% of the Application Monies are applied to a Loan Note with Falck RWL, with the remaining 10% in the form of a Revenue Share, that is a percentage of the net revenue of the Project which will vary according to the output of the Wind Farm and the costs of operating and maintaining it. After the first five years of trading one third of Auchrobert CES's original Stake will be repaid and it is proposed to use this to repay Members in proportion to their holdings. This will be followed by another third in year ten, when a similar programme to repay Member capital is proposed, and the final third in year fifteen (2034) when it is intended that all remaining Shares will be repaid to Members in full and the Agreement with Falck RWL will end (or if applicable, on Auchrobert CES's earlier disengagement from the Project). Shares remain at par value (£1 each) and will not be traded on a recognised stock exchange. If only the Minimum Capital Sum of £500,000 is raised projected average return gross p.a. reduces to 4.5% because of the greater impact of fixed costs on a smaller income.

## **8. Project management by Energy4All**

Energy4All has negotiated the commercial arrangements with Falck RWL, and will provide all administrative functions on behalf of Auchrobert CES, monitor performance and provide regular management reports to the Board which will be responsible to the Members.

## **9. Financial information**

Trading by Auchrobert CES will only commence with the purchase of the Stake. There is, therefore, no historical financial information.

## **10. Risks**

All investment and commercial activities carry risk. Your attention is drawn to the specific risks on pages 8 to 9, which you should take into account before investing. Risks include:

- General Investment risks (shares are not transferable and may not be realisable at any particular time)
- Risks specific to renewable energy (government policy, weather patterns, technological and operational efficiency, electricity prices and business costs can fluctuate)
- Risks specific to this commercial opportunity (Auchrobert CES is dependent on Falck RWL as the commercial operator of the Wind Farm, both for the underlying business operation and engagements, and also for fulfilment of its commitments and obligations to the Society)
- Risks specific to the Society business (projections are necessarily based on assessments and estimates relating to various variable factors and the Wind Farm's business and/or Falck RWL's general business may encounter circumstances and problems which will impact on returns to the Society and its Members and the repayment of Members' capital, Society costs may increase at a greater rate than allowed for in the Projections).

## 11. Business overview

Electricity generation commenced on 9 March 2017. Electricity and related Environmental Attributes will be sold through a PPA between Auchrobert Wind Energy Limited and Npower which expires in 2035. Falck RWL has undertaken to ensure that as long as Falck RWL is the majority shareholder, the Wind Turbines are maintained and insured by Auchrobert Wind Energy Limited. If there is any proposed change of control, Falck RWL will endeavour to ensure that any successor continues the undertaking to the Society in respect of maintenance and insurance, which would in any case be normal commercial practice.

## 12. Financial projections

A significant factor is the estimate of wind speeds likely to be experienced over the life of the Project. Financial projections are based on an independent assessment of the likely future wind speeds over the life of the Wind Farm.

## 13. Capital resources

Directors, staff and consultants of Auchrobert CES and Energy4All and members of their respective families intend to invest a total of £24,000 under the Offer.

## 14. Timetable

The Offer will remain open until 6 November 2019 (unless fully subscribed by local Applications) leading to the intended purchase of the Stake in November 2019.

## 15. How to invest

An Application Form, with details of how to invest, is attached at the end of this Offer Document. The minimum investment is £100 and the maximum investment is £30,000.

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



# 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 are non-transferable and may only be withdrawn by permission of the Board
- If the Offer does not generate sufficient cash for the purchase of the Maximum Stake, but raises more than the Minimum Stake, the Board will purchase a smaller Stake. The lower the realised value of the Application Monies, the lower Auchrobert CES's investment in the Wind Farm will be. If only the Minimum Capital Sum of £500,000 is raised projected average return gross p.a. reduces to 4.5%.

## Renewable Energy Industry Risks

- Government policy towards renewable energy has changed in recent years, including removal of the ROCs available for onshore wind projects, and may change again
- New technology inventions and developments may render existing technologies and equipment obsolete though such applications tend to require long lead times and may be unlikely to render existing renewable energy projects redundant
- Long-term changes to weather patterns may reduce the availability of wind which could result in lower levels of production
- Atypical short-term weather conditions could affect expected levels of generation, although overall patterns outside anticipated parameters appear to be unlikely
- Although modern Wind Turbines are extremely reliable, mechanical or technical failure can interrupt the generation of electricity or the distribution network. Manufacturer warranties and guarantees, and regular servicing, offer some protection.

## Risks Specific to Auchrobert Community Energy Society

- The performance of Auchrobert CES is totally dependent upon the performance of the Wind Farm business, which is owned by Auchrobert Wind Energy Limited and managed by Vector Cuatro UK Ltd
- The annual payments to Members and the return of initial investments are payable from receipts by Auchrobert Wind Energy Limited and are dependent on Falck RWL's compliance with the terms of the Agreement and potentially the enforcement of Auchrobert CES's unsecured contractual rights under it
- Auchrobert Wind Farm and/or Falck RWL may encounter business problems over which Auchrobert CES will have no control, including in relation to satisfying financiers, securing payments to it from debtors and insolvency, which could impact on the business and thereby investments in Auchrobert CES
- Auchrobert CES has had to make certain assumptions concerning the commerciality of the Auchrobert Wind Farm business plans and its business operations, including in relation to the securing and enforcement of manufacturers' warranties, insurance and maintenance and servicing standards which may not, in practice, be substantiated
- Falck RWL has reserved a right to buy back the Stake at the Purchase Price less any repayments already made by Falck RWL, in the event of the sale of a controlling interest in Auchrobert Wind Farm, which would result in an early redemption of Auchrobert CES shares. Falck RWL confirms that it has no current intention to exercise such rights.



## Risks Specific to this Commercial Opportunity

- The Projections are based on the assumption that the wind will be sufficient for the Project to produce 111,100MWh of electricity annually (often referred to as the P50 value) based on P50 predictions. There is a risk that this amount of electricity will not be generated either due to a reduced level of wind or due to the performance of the Wind Turbines falling below the manufacturer's projections or the availability of the grid connection to the electricity network being less than has been reasonably predicted or exceptionally adverse events that are beyond reasonable control and influence, for example storm weather conditions. The first three factors have resulted in underperformance of the Wind Farm to date
- The production figure is based on wind-speed calculations that have a 50% chance of being exceeded when averaged over any 10 year period
- Auchrobert CES's entitlement to a return may be delayed, (in whole or in part) by the exercise of contractual rights of Auchrobert Wind Farm's financiers to require retention of monies within Auchrobert Wind Energy Limited to secure Auchrobert Wind Farm's financing terms and the continuing performance of the Project in accordance with those terms prior to any distribution to Falck RWL as Auchrobert Wind Farm's shareholder. Auchrobert CES shall be entitled to payment of its share of such retention following the release of any such requirement
- The annual payments to Members, and the return of initial investments, are entirely dependent on the Agreement and the enforceability of rights under it
- The level of return to Members, due to the fixed nature of certain of the running costs of Auchrobert CES, is to a limited extent dependent on the total capital sum raised pursuant to this Offer
- The return of initial investments at each of the proposed redemption dates (or, if applicable, earlier) is dependent on the undertakings provided by Falck RWL and the potential enforceability of Auchrobert CES's rights
- The Projections in this Offer Document have been prepared as best estimates having due regard to the experience gained by Energy4All in its operations at Baywind, Westmill, Drumlin and other Falck RWL projects, and expectations of the future of the industry, but:
  - ▼ the prices obtained from the sale of electricity and Environmental Attributes throughout the period may not be as high as those estimated
  - ▼ operational costs may rise faster than anticipated during the life of the Agreement.



# Persons Responsible

## & Directors' Declaration

Auchrobert Community Energy Society and its Directors are responsible for the information given in this Offer Document.

### Auchrobert CES Directors:



JIM LEE



GORDON JORGENSEN



ANNETTE HESLOP MBE



JANET MOXLEY

### DECLARATION

*Auchrobert CES and each of its Directors hereby declare that having taken all reasonable care to ensure that such is the case, the information contained in this Offer Document is to the best of its/his/her knowledge, in accordance with the facts and contains no omission likely to affect its import.*

### ACCOUNTANTS

*Melville's Chartered Accountants Trinity Enterprise Centre, Furness Business Park, Barrow-in-Furness LA14 2PN, registered in England No.09645329 are responsible for assuring the Financial Projections set out in the Offer Document to the extent stated in the accountants' letter on Page 19.*



# Background

## Energy4All

Energy4All was created in 2002 as a non-profit distributing social enterprise that promotes and facilitates community ownership of renewable energy in the UK.

The basic idea is that:

- New Societies will be established to undertake renewable energy projects
- Ownership of each Society will be offered primarily to its local community and will focus on community involvement in action against Climate Change
- Energy4All will provide technical expertise and management
- Energy4All will be jointly owned by its directors and by the Societies it serves
- The whole family of Energy4All Societies will behave in an ethical manner and promote awareness of the issues regarding sustainable life-styles.

Energy4All seeks to recover costs and provide for future development work from its fees. Any profits that arise are used by the company for the furtherance of its aims and objectives.

To date, Energy4All has promoted twenty six community energy Societies to develop projects in wind, roof top solar, ground mounted solar, hydro, wood heat and a Society that specialises in undertaking the early stages of development of renewable energy projects. Energy4All has raised over £71 million for community renewable energy projects and manages over 16,000 members in its family of co-ops.

Energy4All were involved in creating the first community renewable energy project in Northern Ireland - Drumlin Wind Energy - and also worked with Marks & Spencer creating the first community energy project with a major retailer.

In 2012 Energy4All won a prestigious Ashden Award for its outstanding work in enabling community ownership of renewable energy through the establishment of Societies and in 2018 was awarded Outstanding Contribution to Community Energy from Community Energy England.

## Falck Renewables

Falck Renewables Wind Limited (Falck RWL) is a UK-based subsidiary of Falck Renewables SpA a publicly listed renewable energy company based in Milan, Italy. Falck Renewables SpA's core business is to construct and operate wind and solar energy projects primarily in Italy, the UK, Spain, Netherlands, Sweden, Norway, France and the USA. It now has approximately 1,026 MW of generation assets in operation with at least 413MW based in the UK. Founded in 2002, Falck Renewables has become a major player in supplying energy from renewable sources in Europe.

Falck RWL approached Energy4All at the beginning of 2003 to explore the idea of offering partial ownership of their Wind Farms in Scotland. This led to the signing of the Falck RWL Framework Agreement in February 2005 covering a range of projects.

## Other Societies established from Falck RWL Projects

The first Falck RWL project launched by Energy4All was at Boyndie ([www.boyndie.coop](http://www.boyndie.coop)) near Banff in Aberdeenshire. This Society was successfully launched in summer 2006, raising its target share capital and attracting over 700 members, predominantly from the local community. The Isle of Skye ([www.skye.coop](http://www.skye.coop)), Great Glen ([www.greatglen.coop](http://www.greatglen.coop)) and Kilbraur ([www.kilbraur.coop](http://www.kilbraur.coop)) Societies were launched shortly after. Spirit of Lanarkshire ([www.spiritoflanarkshire.coop](http://www.spiritoflanarkshire.coop)) was launched in 2014 and Assel Valley ([www.asselvalley.coop](http://www.asselvalley.coop)) in March 2019. Auchrobert CES is the seventh Society to be launched with Falck RWL.

**“** *We are delighted to see the launch of the Auchrobert Community Energy Society. This builds on Falck Renewables' commitment to offer our communities a financial share of our projects. Not only does this provide an excellent investment opportunity for local people, but also provides further community benefits over and above the funds we are already providing. This is great news for the community and we look forward to sharing in the success of the project.* **”**

*Richard Dibley,*

*Managing Director of Falck Renewables Wind Limited*

# Information on Auchrobert CES and the Project

Auchrobert CES was incorporated and registered with the UK Financial Conduct Authority as a Community Benefit Society number 8097. Its Registered Office is Unit 26, Trinity Enterprise Centre, Barrow in Furness, LA14 2PN.

A Community Benefit Society is a legal form providing the structure of this Society. It is owned by its members and operated for the benefit of the community. 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. A Community Benefit Society is governed by Rules, largely in standard form, which are approved by and registered with the Financial Conduct Authority. A copy of Auchrobert CES's Rules is available for viewing at [www.auchrobert.coop](http://www.auchrobert.coop).

## Principal Activities

The sole planned activity of Auchrobert CES is the ownership and management of an interest, under a revenue sharing agreement, in the Auchrobert Wind Farm, in South Lanarkshire (though it would be open to Members of Auchrobert CES to consider other projects). The Site has 12 Wind Turbines.

## Operation of the Wind Farm

Wind Turbines are categorised by a theoretical rated output, based on a presumption that the wind blows consistently at the optimum speed. In this case, if the wind at the Auchrobert CES Site were to blow at speeds in excess of 12 to 13 metres per second (at hub height) each 3.2 MW Wind Turbine would generate a steady 3.2MWh of energy every hour. In fact, experience and wind records tell us that the wind will not behave in this way, and statistics can be used to predict a more likely outcome. Detailed analysis by DNV GL, internationally recognised experts in wind prediction, forecast that the average wind speed at the Auchrobert Wind Farm site is 7.6 metres per second. On the basis of the measurements and calculations made, the Site is expected to operate on average over an 18 year period at approximately 35% of its maximum capacity. It should be noted that significant electricity grid upgrade works by the utility Scottish Power are required to allow the Site to operate without constraint and without availability issues (in a similar way for four other neighbouring wind farms) and these grid works are currently not expected to be completed before 2022. The effect of grid works had been considered and estimated by DNV GL however there remains a small risk, in the opinion of DNV GL, that the impact will exceed their best assumptions. Projections are based on meeting P50 output.

The Wind Turbines are designed to respond automatically to changing wind conditions. They benefit from a manufacturer's warranty and service and maintenance agreement. As the Wind Turbines age, mechanical parts may need replacing but modern Wind Turbines are extremely reliable and are expected to continue to generate electricity throughout the 20-year design of the Site with little need for human intervention and with few disruptions. Power passes through underground cables from each Wind Turbine to a sub-station on the Site, from where it is metered and fed into the existing transmission network via a 12km long new circuit consisting of overhead line and buried cable. Falck RWL, together with its asset management company Vector Cuatro, will manage all Site operations and negotiate the sale of electricity and related Environmental Attributes. In accordance with the Agreement for the Site a proportion of all sales will be made on behalf of Auchrobert CES, and Auchrobert CES will also bear the same proportion of direct operating costs. Through this mechanism the Society will also pay its proportionate share of the community benefit from the Site. Energy4All will perform all management and administrative functions on behalf of Auchrobert CES, including invoicing, payment of bills, and managing the share register. Energy4All will monitor technical and financial performance of the Wind Farm and provide regular management reports, but the Board will have ultimate responsibility to Members.

## Principal Markets

The principal market for the sale of electricity and related Environmental Attributes produced at the Wind Farm is the UK wholesale electricity market. Prices obtained from the sale of electricity are to a certain extent dependent on the market forces that determine supply and demand. The market price for electricity can fluctuate according to supply and demand for power from renewable sources. Income from the sale of electricity from Auchrobert Wind Farm is through a PPA with Npower which expires in 2035

## The Wind Farm Site

The Auchrobert Wind Farm is located 8km west of Lesmahagow in South Lanarkshire. Planning permission was granted on 6 December 2014 for a period of 25 years. The Wind Farm is owned by Auchrobert Wind Energy Limited which is a subsidiary of Falck RWL. The Site has undergone a thorough Environmental assessment during the planning application process with a comprehensive Habitat Management Plan including a programme of tree planting. Land use in the area consists of commercial forestry and pastoral farmland with some turbines located in compartments of trees at varying stages of maturity as well as areas of cleared forestry.

## The Wind Farm Construction

GE Energy (UK) Limited was appointed as the contractor for the supply and construction of the wind turbines and foundation and R J McLeod Limited was appointed as the contractor for the Balance of Plant scope of supply including the construction of the on-site roads and crane pads as well as the electrical infrastructure allowing the power generated from the Wind Turbines to be exported into the grid. The Wind Turbines are up to 126.5 metres high from the base to the highest point of the blade.

The Wind Farm construction is already complete and electricity production began on 9 March 2017. The long term (15 year) O&M contract with GE Energy (UK) Limited commenced 27 November 2017 which provides a high degree of long term price certainty as well as a comprehensive 2 year warranty.

The Site is located on the map below:



## The Wind Farm Operations

In the first full year of operations, 2018, production was 11% less than the long term average with approximately 4% losses attributable to low wind speeds. Issues with the grid and enforced power limitations resulted in around 5% loss of production however some of this was financially compensated by National Grid. Finally, the availability performance of the turbines was a little under the warranted value which caused 2% loss of production. The financial impact was mitigated by liquidated damages received under the terms of the O&M contract with GE (UK) Limited. The same factors have produced a similar underperformance so far in 2019.

The Wind Farm warranty with GE (UK) Limited expires in November 2019 and a comprehensive inspection will be undertaken by Vector Cuatro to confirm any issues and prepare, if appropriate, a claim against GE (UK) Limited for the remedy of any identified defects. The warranted power curve of the turbine has already been tested and independently verified (by DNV GL) as being achieved in accordance with international standards.

## Auchrobert Community Energy Society Agreement

This is based on the Falck RWL Framework Agreement arrangements. In particular the allocation of revenue and operational costs is in direct proportion to the Stake owned by the Society.

Energy4All can inspect certain of the original records to verify data and relevant calculations of operating costs and revenue. Falck RWL has shared with Energy4All certain of Falck RWL's assumptions on projected revenues and costs for the Auchrobert Wind Farm Project. In their model Falck RWL assumed production levels based on average wind speeds, derived from measurements made on that Site over an extended period. Energy4All has been given generation data from commissioning to 31 July 2019. Performance to date has fallen short of expected generation because of low wind speeds, grid improvement works and Wind Turbine availability issues.

## Rights Under the Agreement

Auchrobert CES has, through the Agreement, acquired the following rights which are conditional on the success of this Offer:

- The right to purchase an economic Stake in the Wind Farm if at least the Minimum Stake is raised (£500,000)
- The right to annual interest payments from the Loan Note
- The right to receive a share of net revenues from the Revenue Share purchased
- The right to have the costs of the launch met. This right applies whether or not the Minimum Stake is achieved
- The right to the return of the original capital in three parts.





# Operating & Financial Review

## Commencement of Operations

Auchrobert Wind Energy Limited took over operations of the Wind Farm on 9 March 2017. The Wind Farm has planning consent for a 25-year period and and ROCs for 20 years. Auchrobert CES will commence operations when the purchase of the Stake in Auchrobert Wind Farm is completed. The purchase of the Stake is dependent on this Offer which, if successful, is expected to enable the purchase to take place in November 2019.

## Financial Overview

The Maximum Capital Sum for the purchase of the available Stake under the Agreement is £1,500,000, which is to be met from the proceeds of this Offer. 90% of the amount raised under this Offer will be applied to the Loan Note and the remaining 10% is associated with the Revenue Share on which the payment will vary according to the performance of the Site.

Interest on the Loan Note (90%) from Falck RWL to Auchrobert CES will be paid twice a year in March and September.

The rate on the Loan Note increases to cover the fixed costs of the Society as income reduces in line with the reduction in capital. Income from the Revenue Share will be dependent on the performance of the Auchrobert Wind Farm.

Falck RWL will manage operational costs of the Project, a percentage of which will be charged to Auchrobert CES. With regard to these costs, Falck RWL and Auchrobert CES share a common goal: that the Wind Farm operates efficiently and profitably.

After the first five years of trading one third of Auchrobert CES's total share capital will be repaid to the Society by Falck RWL. This will be followed by another third in year ten and the final third in year 15 (2034). It is intended that at each of these points Members will be repaid their capital in proportion to their holdings such that by the end of the term all remaining Shares will be repaid to Members in full.

### Projected Repayment of Loan Note and Revenue Share by Falck RWL based on Maximum Sum invested:

November 2024	£500,000
November 2029	£500,000
November 2034	£500,000

## Operational Cash Flow

In the conventional sense there is no requirement for working capital - there will be no wages or purchase of raw materials. Normal wind farm cash expenditure, although not directly controlled by Auchrobert CES, is expected to be amply covered by income. The Projections anticipate that Auchrobert CES will be cash positive each year. It is not anticipated that Auchrobert CES will require any additional funding or borrowings during the life of the contract.

## Financial Projections

Financial Projections have been prepared and approved by the Board. These Projections are based on information provided by Falck RWL, which has been tested by Energy4All against independent data as far as circumstances have allowed. The figures are based on contracts entered into, and estimates received, by Falck RWL, and Auchrobert Wind Energy Limited, supported by expertise gained by Energy4All from Boyndie, Skye, Great Glen, Kilbraur, Spirit of Lanarkshire and other development projects, with careful and detailed consideration by Energy4All of relevant factors. With some constraints derived from their obligations of commercial confidentiality, Falck RWL and Auchrobert Wind Energy Limited have made information available in good faith but take no responsibility for its accuracy. The Directors take responsibility for the reasonableness of the Projections.

## Share Interest Projections

Returns to Members are calculated according to projected annual interest payments from the Loan Note and share of income and expenditure from the Revenue Share less administration costs during the life of the Wind Farm, taking into account the reducing capital. The Projections are based on key assumptions summarised below, and show a projected rate of return per annum of 5% over the 15 year (approximately) life of the Agreement. The first payment is expected to be made in June 2020. A pro rata rate based on 5% for the first few months of trading would be 3.125% but because payments will be limited by the amount of cash received in March the projected rate for the first payment is 2%.

### Projected Returns on £1000 investment based on Maximum Capital Sum and P50 wind projections

	Year 1	Years 2 to 5	Years 6 to 10	Years 11 to 15
Annual Return on Investment	2%	5%	5%	5%
Capital invested	£1,000	£1,000	£666	£333
Annual Share Interest Payment	£20	£50	£33.33	£16.65

The strategic objective is to optimise returns from the Wind Farm whilst promoting the concepts of renewable energy and energy efficiency. The Projections are based on the Agreement over a period of approximately 15 years based on the Wind Farm which has planning consent for 25 years and qualifies for the ROC for 20 years.

Under the Agreement Falck RWL undertakes to repay the original Stake capital in three stages, a third in year 5, a third in year 10 and the final third in year 15. The Society currently intends then to repay capital to each Member as soon as reasonably possible after receipt of the money from Falck RWL. The Projections are based on the terms of the Agreement, disclosed information of the underlying contracts entered into by Falck RWL and Auchrobert Wind Farm Limited, and assumptions based on the experience of Energy4All.

Due to the fixed expenses of running the Society, the projected percentage returns to Members vary if an amount less than the Maximum Capital Sum is invested. The proportion of fixed costs to revenue may increase as capital is redeemed, which may affect returns to Members. If only the Minimum Capital Sum of £500,000 is raised the projected average return gross p.a. reduces to 4.5%.

If the Wind Farm continues at the present level of underperformance, the amount of community benefit is reduced but Member returns appear unlikely to be affected. In any case it is expected that the grid issues will be resolved in 2022.

## Assumptions

The Projections are based on the following principal assumptions (none of which is ultimately within the control of Auchrobert CES):

1. That commercial information relating to the Wind Farm Project which Falck RWL have not been able to disclose to Auchrobert CES on grounds of confidentiality is reasonably in line with Energy4All's experience of the Wind Farm and electricity industries.
2. That Auchrobert Wind Energy Limited will operate the Wind Farm in the reasonably commercial manner anticipated and in line with information and assurances provided.
3. That annual production levels will be in line with the estimates made by DNV GL.
4. Current expectations relating to the global energy market, the UK electricity industry, UK government policy, and the desirability for and promotion of electricity from non-renewable sources, will remain reasonably consistent and reasonably favourable to the Wind Farm until 2035, resulting in continuing demand for electricity.
5. Prices at a reasonably similar level to those currently obtainable (including increases to reflect inflation) will be achieved through the life of the Wind Farm.
6. The Site will continue to be entitled to ROCs under present rules.
7. Operation and maintenance costs will be incurred from the start of operations. There is a 15 year operation and maintenance contract in place with GE Energy (UK) Limited which commenced on 27 November 2017. Maintenance costs will continue to rise as the equipment gets older. It is assumed that operation and maintenance costs will rise no faster than the price achieved for the output of the Site.
8. Administration expenses of the Society will increase in line with inflation.
9. Any remaining profit is intended to be for the benefit of the community in accordance with the legal status of the Society as a Community Benefit Society.

Any of the assumptions not being realised is likely to result in adjustments to the Projections within the overall Agreement plans. Projections and assumptions such as those above are inherently less reliable over longer time spans.

# Accountant's Letter

The Directors, Auchrobert Community Energy Society Limited

30 September 2019

## Dear Board of Directors

We report on the financial projections comprising the projected Returns to members statement of Auchrobert Community Energy Society Limited ("the Company") for the fifteen years ending 31 March 2034 (the "Financial Projections"). The Financial Projections, and the material assumptions upon which they are based, are set out on Page 17 & 18 of the section headed "Operating and Financial Overview" (the "Document") issued by the Company as a section of the Share Offer dated 30 September 2019.

## Responsibilities

It is the responsibility of the Directors of the Company to prepare the Financial Projections. It is our responsibility to form an opinion as to the proper compilation of the Financial Projections and to report that opinion to you. This report is made solely to the Company's Board of Directors, as a body, in accordance with our terms of reference. Our work has been undertaken so that we might state to the company's Board of Directors those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company's Board of Directors, as a body, for our work, for this report, or for the opinions we have formed.

## Basis of Preparation of the Financial Projections

The Financial Projections have been prepared on the basis stated on Page 17 of the Document.

The Financial Projections are required to be presented on a basis consistent with the accounting policies of the Company.

## Basis of Opinion

Our work included evaluating the basis upon which the Financial Projections have been prepared and considering whether the Financial Projections have been properly computed based upon the disclosed assumptions and the accounting policies of the Company. Whilst the assumptions and the accounting policies upon which the Financial Projections are based are solely the responsibility of the Directors, we considered whether anything came to our attention to indicate that any of the assumptions adopted by the Directors, which in our opinion are necessary for a proper understanding of the Financial Projections, have not been disclosed, or if any material assumption made by the Directors appears to us to be unrealistic.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Financial Projections have been properly compiled on the basis stated.

Since the Financial Projections and the assumptions on which they are based relate to the future and may therefore be affected by unforeseen events, we can express no opinion as to whether the actual results reported will correspond to those shown in the Financial Projections and differences may be material.

## Opinion

In our opinion, the Financial Projections have been properly compiled on the basis of the assumptions made by the Directors and the basis of accounting used is consistent with the accounting policies of the Company.

## Declaration

We have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import.

*Yours faithfully*

Melville & Co Chartered Accountants, 17-18 Trinity Enterprise Centre, Ironworks Road, BARROW-IN-FURNESS, LA14 2PN

# Administration & Management

The business address is Auchrobert Community Energy Society, Unit 26, Trinity Enterprise Centre, Furness Business Park, Barrow in Furness LA14 2PN.

## Management Structure

Auchrobert CES will have no employees and the business is not dependent on key individuals. Administration and day to day operations will be managed by Energy4All under the supervision of the Board. The Board will bear ultimate responsibility to the Members, acting on reports and advice from Energy4All.

Under the terms of the Service Payment Agreement Falck RWL undertakes to support all invoices prepared by Energy4All in respect of Auchrobert CES for administrative costs incurred in running Auchrobert CES in relation to the Agreement. Energy4All will receive an annual fee of £6,463 plus a £17 per member annual charge (in each case index linked) to reflect the variable costs of share register maintenance and similar costs. A management agreement between Auchrobert CES and Energy4All is intended to endure throughout Auchrobert CES's involvement with the Project in order to provide Auchrobert CES with guaranteed management services support. Energy4All will also be reimbursed for development costs of the Society incurred before and in relation to the Offer.

## Directors and Company Secretary of Auchrobert CES

### Jim Lee

Jim has been active in the Co-operative Movement for a number of years. He chairs the Co-operative Education Trust Scotland, a body set up by the Co-operative Movement to promote Society ideas in the curriculum of Scottish schools and universities. He was also Secretary of Co-operation and Mutuality Scotland Limited which promoted Society and mutual solutions in Scotland working closely with Co-operatives UK. He is a member of the Glasgow and Lanarkshire Area Committee of the Co-operative Group. Jim is Energy4All's Project Officer in Scotland and his role is to develop opportunities for Energy4All in Scotland, helping them to extend the scope of community-owned renewable energy. Jim is currently on the boards of several community energy societies created by Energy4All.

### Annette Heslop MBE

Annette is the Finance Director of Energy4All, which she joined in 2002. Annette has been working in the renewables industry for 20 years and was a director of Baywind Energy Co-op up to 2015. She is currently a director of Arrochar, Assel Valley, Energise South and High Winds. Annette is responsible for the professional management and administration of all the

Energy4All co-ops. As Finance Director of Energy4All, she leads on financial control, modelling, costing, projections, banking and treasury. Annette acts as the Company Secretary for the majority of Societies in the Energy4All family and serves as a trustee of the Baywind Energy Community Fund.

### Gordon Jørgenson

Gordon lives in the town of Carluke in South Lanarkshire.

Gordon is currently a Chartered Environmental Health Officer working within the Pollution Control & Public Health Team of North Lanarkshire Council. Part of his duties involve being consulted on planning applications, including renewable energy projects and assessing any possible environmental impacts they may create.

Gordon first became interested in the work of Energy4All following a presentation they made to him as part of a planning application. As an environmentalist and regulator, Gordon is always looking for opportunities to "practice what he preaches" and support sustainable development and green initiatives. The generation of safe, clean, sustainable energy for the benefit of the community giving a better than average financial return to investors seemed like a great idea and as a result, Gordon is now a member of five wind energy co-operatives. Gordon has experience sitting on a number of boards in an advisory capacity and as he lives and works within Lanarkshire he felt he would like to become more involved and make a positive contribution to Auchrobert CES by joining this board.

### Janet Moxley

Janet is a Chartered Chemist with a PhD in environmental science. She has worked on a number of environmental issues, but has a particular interest in land use and greenhouse gas emissions. Janet is a strong supporter of the co-operative business model and has served as a member of the Glasgow and Lanarkshire committee of the Co-operative Group. She is also on the committees of a number of community groups in Clydesdale, including Biggar Science Festival, Biggar and District Civic Society and Friends of Burnbraes Park. Janet is also on the board of The Spirit of Lanarkshire Wind Energy Co-op.

### Company Secretary

Annette Heslop is the company secretary for Auchrobert.

## Founder Members

Auchrobert CES was founded by Marna McMillin, Annette Heslop and Lee Tooze as representatives of the Board of Directors. Founder Members do not enjoy any special status. Marna McMillin and Lee Tooze resigned from the Board on 13 September 2019.

## Energy4All: Consultant Manager

Energy4All was established in 2002. At the date of this Offer Energy4All has 32 shares in issue:

One held by each of the 5 directors of Energy4All and the remainder held by the Societies within the Energy4All family of co-ops.

Once a Stake in the Site has been purchased, Auchrobert CES will receive one share in Energy4All.

## Energy4All – Key Personnel

Energy4All employs an expert staff of nineteen. Those members of staff who will be principally engaged in supporting Auchrobert CES will be Jim Lee, Marna McMillin, Annette Heslop and Lee Tooze. Annette and Marna are directors of Energy4All and Annette Heslop acts as Company Secretary of Auchrobert CES and Energy4All.

## Disclosure Statement

Neither Energy4All and its officers nor the officers of Auchrobert CES 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 reprimand or sanction by a statutory or regulatory authority or designated professional body, or been disqualified from any function by any court.

## Conflicts of Interests Statement

Jim Lee and Annette Heslop work for and are remunerated by Energy4All. The Directors are not aware of any other potential conflicts of interest.

## Remuneration Statement

No remuneration has been paid by Auchrobert CES to the Directors, Secretary or Advisers. There are no pension schemes, share option schemes, or other benefits for Directors of Auchrobert CES.

## Board Practices

Directors serve in accordance with the Rules. There are no service contracts for them or the Secretary. As the Shares will not be listed, Auchrobert CES is not obliged to comply with The Combined Code on Corporate Governance. In view of its size it would be impractical for such an attempt to be made. As a Community Benefit Society, Auchrobert CES complies with statutory requirements and the regulation of the Financial Conduct Authority.

## Adoption of Co-operative Principles

As a Society, Auchrobert CES will, whilst trading as a commercial organisation, strive to promote the Co-operative Values and Principles: Self-help and self-responsibility; Democracy and equality; Honesty and openness; Social responsibility; Autonomy and independence; Member economic participation; Opportunities for education; Concern for community; and Co-operation among co-operatives.

## Investment in Auchrobert CES by those connected with the Offer

Directors, staff and consultants of Auchrobert CES and Energy4All and their immediate families intend to invest £24,000 for Shares in Auchrobert CES, on the same terms as the public.

## Major Shareholders

There are currently no major shareholders and in the context of a Community Benefit Society such a concept is of limited significance. There is a principle of one vote per member whatever a Member's holding and a limit of 30,000 shares for individuals and for organisations except other Societies. Currently the 4 Directors control Auchrobert CES. After the Offer no individual, organisation or groups of individuals or organisations will have control, given the one member, one vote governing principle.

## Related Party Transactions

Energy4All expended time, effort and money on the agreements with Falck RWL, the establishment of Auchrobert CES and the preparation of this Offer. Under the terms of a separate agreement with Energy4All, Falck RWL has undertaken to pay all reasonable costs (including management costs) incurred in developing and launching Auchrobert CES. Energy4All has undertaken that none of these costs will fall on Auchrobert CES. Once Auchrobert CES is trading, the Service Payment Agreement provides for the operational costs of the Society to be supported at agreed levels by Falck RWL. For so long as this agreement is in force, Auchrobert CES will hold a share in Energy4All.

# Documentation

## Accounts

Auchrobert CES was incorporated on 15 April 2019. Its financial year-end is 30 June. As at September 2019, Auchrobert CES had not been party to any financial transactions.

## Legal Proceedings

There have been no governmental, legal or arbitration proceedings relating to the Project or Auchrobert CES and none is pending or threatened which could have a significant effect on the financial position or profitability of Auchrobert CES.

## Constitutional Document: Rules

Auchrobert CES is a Society owned by its Members. 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. As a Community Benefit Society, Auchrobert CES is governed by Rules which are approved by the Financial Conduct Authority. A copy of the Rules is available to view at [www.auchrobert.coop](http://www.auchrobert.coop) and further copies are available on request from Unit 26, Trinity Enterprise Centre, Furness Business Park, Barrow-in-Furness, LA14 2PN (phone 01229 821028).

## Attention is drawn to the following Rules in particular:

### Rule 4

Sets out Auchrobert CES's objects, which are, in summary: as a Society, to carry on any business for the benefit of the community by:

- Generating and supplying electricity from renewable sources
- Conservation of energy
- Generation of income to provide community support
- Promotion of environmental awareness and educational initiatives relating to renewable energy and
- Enabling the local and wider community to share in the ownership of renewable energy.

### Rule 27-28

State that 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 holding the shares. The Board may resolve to require any proportion of its share capital to be withdrawn on behalf of every Member (and not some only) proportionate to the Shares held by them.

### Rule 32 -37

State that an Annual General Meeting must be held within six months of the close of each financial year giving 14 clear days' notice. Other general meetings may be requested by 10% of Members or 100 members whichever is less.

### Rule 62- 65

Provide for the Board, with a minimum of three Directors. Up to seven Directors may be elected by the Members. Directors must be Members (aged 18 or over). At the second AGM all Directors shall stand down. At every subsequent meeting, one third of the Directors retire by rotation. At its discretion, the Board may appoint up to two additional Directors where in the Board's reasonable opinion such Member can provide a significant benefit, with the appointment reviewed every 12 months. If Energy4All is the contracted manager for the Society it has the right to fill one of the two additional positions.

### Rule 98(b) and 102

Set out the provisions requiring community benefit use of profit and any surplus on winding-up.

## Material Contracts, Conditions and Restrictions

### The Agreement

The key material contract is the Agreement with Falck RWL, consisting of the Revenue Share and Loan Note together, providing Auchrobert CES with a share of the net income from the Site for approximately 15 years. The Loan Note delivers annual interest on 90% of the Stake. 10% of the Stake is associated with the Revenue Share on which the payment will vary according to the performance of the Site. The payment will also vary in relation to the percentage of capital repaid by Falck RWL. The original Stake will be repaid by Falck RWL in years 5, 10 and 15 in equal amounts such that by the end of year 15 (2034) all capital will have been repaid to the Society.

The Agreements were signed on 27 September 2019.

The Stake offered is dependent on Auchrobert CES raising at least the Minimum Capital Sum (£500,000) from this Offer.

Auchrobert CES agrees that it shall not, without the prior consent of Falck RWL (in its sole discretion), be concerned (whether as developer, operator, lender or investor) in the operation of any renewable energy project operating within 15km of the Site for a period of two years from completion of the sale and purchase of the Stake.

If at any time Auchrobert CES shall desire to sell or otherwise dispose of the Stake, it must first give notice in writing to Falck RWL of such desire and offer to sell the Stake to Falck RWL (or its nominee) at a predetermined price.

It is the intention that Auchrobert CES will benefit from the Stake throughout the full term of the Agreement. However, if there is a change in ownership of Auchrobert Wind Farm, Falck RWL has the right to buy back the Stake which could result in an early redemption of Shares.

Auchrobert CES's rights are subordinate to the contractual rights of Auchrobert Wind Farm's financiers to ensure sufficient capital is retained to maintain its reasonable viability.

## Service Agreement

A Service Payment Agreement with Energy4All has been agreed for the management of Auchrobert CES. This gives Members the assurance that the Society will be supported by Energy4All.

## Third Party Information and Further Documents available for inspection

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.

Separate environmental impact assessments provide information on the Wind Farm site. Copies may be inspected at the headquarters of the South Lanarkshire Council.

For reasons of Falck RWL's confidentiality the Falck RWL Framework Agreement, the Agreement, (including the Loan Note and Revenue Share), the DNV GL wind assessments, the construction and turbine contracts and the PPA are not available for public inspection.



# Information on the Offer

## Working Capital Statement

Auchrobert CES does not have sufficient working capital to purchase the Stake, which is the reason for this Share Offer. If the Offer is successful and the Board decides to proceed with the purchase of the Stake, Auchrobert CES will have sufficient working capital for its contemplated operations.

## Reasons for the Offer and use of proceeds

This Offer is being made so that:

- The Stake can be purchased
- Auchrobert CES and its Members are able to make a contribution to promoting renewable energy and reducing the effects of reliance on non-renewable energy sources and their effects on Climate Change.
- Members may be as far as possible drawn from the local community
- The local community may benefit socially and environmentally from Auchrobert CES owning a Stake in the Wind Farm.

## Shares

A Maximum of £1,500,000 (one million five hundred thousand) ordinary Shares of £1 are offered at par and payable in full on acceptance of an Application on the Terms and Conditions. The Shares, which will not be transferable, are created under the Co-operative and Community Benefit Societies Act 2014. Successful applicants will receive share statements and their details and holdings will be recorded in a share register to be kept by Energy4All, on behalf of Auchrobert CES, at Unit 26, Trinity Enterprise Centre, Furness Business Park, Barrow-in-Furness, LA14 2PN or any successor business address. Each person or organisation issued with Shares becomes a Member of Auchrobert CES, with membership rights defined in the Rules.

## The Principle Members' rights are:

- One vote per holding on resolutions of the Members, including in relation to the appointment of Directors
- The right to receive an annual share interest payment on the investment in Auchrobert CES Shares
- The right to the return of the original investment (subject to available surplus assets and any new business of Auchrobert CES)
- Eligibility for election to the Board.

## Member Share Interest Payments

It is intended that interest will be paid on the balance of each Member's account at rates which are presented in the section Operating and Financial Review on page 17. It is envisaged that any interest unclaimed for a period of 7 years will be cancelled for the benefit of the Society.

## Redemption of Shares

According to the Rules of the Society 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 holding the Shares in accordance with any procedures and other conditions that the Board may announce. The Agreement provides that the Stake will be repaid in three stages; at the end of years 5, 10 and 15 as presented in the section Operating and Financial Review from page 17. It is intended that Member Share Capital will be redeemed on the same timescale, proportionate to Members' holdings (subject to available surplus assets and any new business of Auchrobert CES).

## Taxation of Returns to Members

Interest payments made to Members will be subject to United Kingdom taxation. It is expected that payments will be made gross and investors will be responsible for declaring this income on their tax returns. Taxation rules may be subject to change but under current legislation the first £1,000 in aggregate of interest from all sources received by Members who pay basic rate income tax is tax free. Members who pay income tax at 40% receive a tax-free allowance of £500.

## Complaints

Any complaints about this Offer or the Offer Shares should be sent to the Chairman, Auchrobert Community Energy Society Limited, Unit 26, Trinity Enterprise Centre, Barrow in Furness, LA14 2PN. Reference may also be made to the Financial Ombudsman Service at South Quay Plaza, 183 Marsh Wall, London E14 9SR.

## Investing for Children and gifting your Shares in your will

As a long term investment, parents and grandparents can invest in Auchrobert CES now for their children and grandchildren or can invest on their own behalf now with a view to giving their investment to their children and grandchildren. Shares can be inherited in accordance with any instructions you set out in your will. Members should seek independent taxation advice on the correct treatment of income from the shares.

Shares purchased on behalf of a child nominee will be held in the name of the Applicant and transferred to the child upon reaching the age of 18. Any returns payable in respect of the Shares will be paid direct to the child.

## Supporting the Community

The Wind Farm will contribute £5,000 per MW per annum (index linked) to the local communities, and the Society's share of operating expenses reflects this contribution. £2,500 goes to Foundation Scotland and is distributed generally in local areas surrounding the Wind Farm and the remainder to south Larnakshire Council community fund. In addition, Auchrobert CES profits will be available for local community benefit.



# Terms & Conditions of the Offer

## Eligibility

The Offer is open to anyone, over 18 years of age, who meets the membership requirements of the Rules. Rule 14 states that: "All those wishing to become a Member must support the objects of the Society and complete an application for membership which shall include an application for at least one share in the Society. Such an application form must be approved by the Directors and the Directors must approve each application for membership".

This Offer is drawn up for and is expected to be accepted by UK residents and is subject to English law. Non-UK residents must take responsibility for any law or regulation which may have a bearing in their own country, on any aspect of an Application in response to this Offer.

## Minimum and maximum holdings

The minimum number of Shares which can be applied for is 100 and the maximum is 30,000.

## Application Procedure

- Anyone interested in responding to this Offer is strongly advised to take appropriate independent financial and other advice
- Shares are applied for using the Application Form on Page 31 following the Guidance Notes on Page 29
- By delivering an Application Form an Applicant offers to subscribe, on the Terms and Conditions, for the number of Shares specified, or such lesser number as may be accepted
- An Applicant who receives Shares agrees to automatic membership of Auchrobert CES and to be bound by its Rules
- Once an Application has been made it cannot be withdrawn.



## The Offer Timetable

The Offer is expected to remain open until 6 November 2019. The Board expects the following timetable to apply, although if the Offer is closed early the Stake may be purchased earlier than in the timetable below.

<b>2019</b>	
6 November	Offer period ends
12 November	Offer results published
13 November	Stake purchased
29 November	Excess monies returned
6 December	Share statements issued
<b>2020</b>	
June	First payment of Member share interest
October	AGM

Any monies received in excess of £1,500,000 (after applying priorities) will be returned to investors. Any scaling back will be at the discretion of the Board.

## Reduction of Offer Period

The Offer will close on 6 November 2019, but may be closed early upon receipt of Applications amounting to £1,500,000.

## Consequences if the Offer is unsuccessful

The Agreement provides for the purchase of a pro-rata interest in the Wind Farm if a sum equal to or greater than the Minimum (£500,000) is received through this Offer. If a sum less than the Minimum is raised, the Board will not proceed with the purchase of the Stake and Monies will be returned in full to the Applicants as soon as practical. None of Auchrobert CES, its Directors or advisers will be responsible for loss suffered by Applicants as a result of this provision.

## Commitments and Confirmations by Applicants

Each Applicant, on submitting an Application Form, confirms that he/she/they:

- Meets the eligibility criteria
- Supports the objects of the Society
- Is not making multiple applications for a total of more than 30,000 Shares
- Is not relying on any information or representation in relation to the Offer Shares, Auchrobert CES, or the Wind Farm which is not included in this Offer Document
- Shall provide all additional information and documentation requested by Auchrobert CES in connection with the Application, including in connection with taxation, anti-money-laundering or other regulations.

Any person signing an Application Form on behalf of another person undertakes they are authorised to do so.

## Procedures on receipt by Auchrobert CES of Applications

- Offer cheques/bankers' drafts may 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 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
- Auchrobert CES reserves the right not to enter into correspondence with Applicants pending the issue of share statements or the return of Application Monies
- Results of the Offer will be published on the website [www.auchrobert.coop](http://www.auchrobert.coop) within one month after the Offer has been closed
- In the case of oversubscription the Directors shall, in their discretion, determine the appropriate allocation of Shares, taking account of the stated priorities
- Share Statements will be issued to successful Applicants by 6 December 2019.

## Plan of Distribution and Allotment

This Offer Document is the only market offering in respect of the Shares. The Offer is a single offer for the market as a whole. The Directors reserve the right to scale down and/or refuse some Applications. If this is necessary, Directors' Applications will be met in full and priority will then be given to Applications from;

- Residents living in South Lanarkshire

If an amount in excess of £1,500,000 is received, any excess will be returned to investors. The Offer will be closed on 6 November 2019. The Board may close the offer earlier if the Offer is fully subscribed, taking into account the priorities. Multiple subscriptions will be admitted providing that they do not result in a Member holding more than 30,000 Shares.

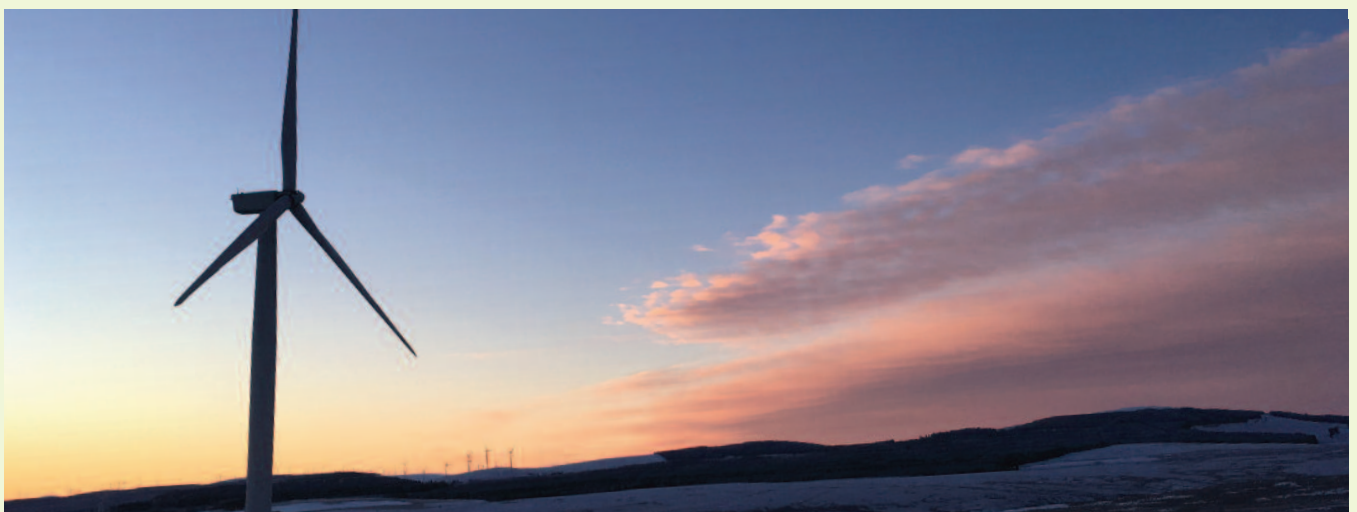
Welcoming letters and Share Statements will be issued to successful Applicants by 6 December 2019.

## Offer Costs

It is expected that the Offer will raise a gross sum between the Minimum Capital Sum and the Maximum Capital Sum. All costs of the Offer (within pre-agreed limits) will be met by Falck RWL as part of their agreement with Energy4All and will not fall on Auchrobert CES.

## Governing Law

This Offer is one of a series throughout the UK being managed by the English company Energy4All and so to minimise costs this Offer Document and the Terms and Conditions are subject to the law of England and Wales.



# Glossary

<b>Agreement</b>	Means the Revenue Share and Loan Note Agreement together between Falck RWL and Auchrobert Community Energy Society both of which will come into force when the Society purchases the agreed Stake under the Agreement
<b>Applicant</b>	An applicant for Offer Shares through submission of an Application Form
<b>Application Form</b>	The form to this Offer Document on Page 31 which must be completed to be returned in accordance with the Terms and Conditions of this Offer and the Guidance Notes on Page 29
<b>Application Monies</b>	The total gross sum realised by this Offer
<b>Auchrobert CES</b>	Auchrobert Community Energy Society (Registered Community Benefit Society number 8097) Registered office: Unit 26, Trinity Enterprise Centre, Barrow in Furness, LA14 2PN
<b>Auchrobert CES Shares</b>	Ordinary shares of £1 in Auchrobert Community Energy Society
<b>Auchrobert Wind Energy Ltd</b>	a wholly owned subsidiary of Falck RWL registered in Scotland (company no: SC478613) which will own and operate the Auchrobert Wind Farm. Registered Office: Beauly House, Dochfour Business Centre, Dochgarroch, Inverness IV3 8GY
<b>Auchrobert Wind Farm</b>	the Site, consisting of 12 x 3.2MW GE Wind Turbines
<b>Baywind</b>	Baywind Energy Co-operative Limited (Registered Co-operative Society number 28354R), part- owner of Energy4All <a href="http://www.baywind.coop">www.baywind.coop</a>
<b>Board</b>	The Board of Directors of Auchrobert Community Energy Society
<b>Boyndie</b>	Boyndie Wind Farm Co-operative Limited (Registered Co-operative Society number 2655RS) another wind farm Society established by Energy4All <a href="http://www.boyndie.coop">www.boyndie.coop</a>
<b>Climate Change</b>	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
<b>Community Benefit Society</b>	is an incorporated legal entity, referred to as a society that conducts business for the benefit of their community. Profits are not distributed among members, or external shareholders, but returned to the community
<b>DNV GL</b>	DNV GL-Energy is a firm specialising in providing forecasts for wind energy yield (Company number 1878456) Registered Office: Advisory NEMEA, One Linear Park, Avon Street, Temple Quay, Bristol BS2 0PS
<b>Directors</b>	The directors of Auchrobert Community Energy Society
<b>Drumlin</b>	Drumlin Wind Energy Co-operative Limited (Registered Co-operative Society number IP000398) another wind farm Society established by Energy4All
<b>Energy4All</b>	Energy4All Limited (Registered Company Number 4545379); Registered Office: Unit 26, Trinity Enterprise Centre, Furness Business Park, Barrow-in-Furness, LA14 2PN; a company established by Baywind to promote, advise and manage Society and other community-related renewable energy projects in the UK
<b>Environmental Attributes</b>	In addition to electricity, a wind farm will generate Environmental Attributes (such as ROCs and embedded benefits) which have a commercial market value
<b>Falck Renewables SpA</b>	Falck Renewables SpA, Corso Venezia 16, Milan, Italy; registered in Italy under (VAT no: 03457730962); an Italian company with headquarters in Milan listed on the Milan Stock Exchange
<b>Falck RWL</b>	Falck Renewables Wind Limited Registered Office: 7-10 Beaumont Mews, London W1G 6EB; registered in England (company no: 4501104); a wind energy subsidiary of Falck Renewables SpA
<b>Falck RWL Framework Agreement</b>	An agreement dated 17 February 2005 between Falck and Energy4All, the objective of which is developing community involvement arrangements for wind farm projects and producing specific agreements for specific sites, as in the case of the Agreement in respect of the Auchrobert Wind Farm
<b>GE Energy (UK) Limited</b>	GE Energy (UK) Limited (Registered Number 00123550); Registered address: 3rd Floor 1 Ashley Road, Altrincham, Cheshire, United Kingdom, WA14 2DT. A supplier of Wind Turbines, electrical sub-station, cabling and ancillary equipment and operational and maintenance services
<b>Great Glen</b>	Great Glen Wind Energy Co-operative Limited (Registered Co-operative Society number 2700RS) another wind farm Society established by Energy4All

<b>GW (Gigawatt)</b>	A unit that measures power and is equal to 1,000 MW
<b>GWh (Gigawatt hour)</b>	A unit that measures energy and is equal to the energy that can provide the power of 1 GW for the period of one hour
<b>Habitat Management Plans Isle of Skye</b>	Auchrobert Wind Farm's plans to manage local habitats Isle of Skye Renewables Co-operative Limited (Registered Co-operative Society number 2685RS) another wind farm Society established by Energy4All
<b>Kilbraur</b>	Kilbraur Wind Energy Co-operative Limited (Registered Co-operative Society number 2701RS) another wind farm Society established by Energy4All
<b>Loan Note(s)</b>	A loan note between Falck RWL and Auchrobert Community Energy Society. The Loan Note will come into force when the Society purchases the agreed Stake under the Agreement
<b>Maximum/Maximum Capital Sum</b>	The Maximum sum of £1,500,000 which will be accepted to purchase the Stake
<b>Member(s)</b>	The members of Auchrobert Community Energy Society
<b>Minimum/Minimum Capital Sum</b>	The Minimum sum (£500,000) required to Purchase the Stake. Falck RWL reserve the right that in the event the minimum sum is not raised by this Share Offer that the Agreement shall be terminated
<b>MW (megawatt)</b>	A unit that measures power and is equal to 1 million watts
<b>MWh (megawatt hour)</b>	A unit that measures energy and is equal to the energy that can provide the power of 1 MW for the period of one hour
<b>Offer</b>	The Offer of Shares in Auchrobert Community Energy Society contained in this Offer Document
<b>Offer Period</b>	The period during which the Offer will remain open as set out in the Offer timetable on Page 25
<b>Offer Shares</b>	Up to 1,500,000 new shares of £1 in Auchrobert Community Energy Society, offered at par on the Terms and Conditions and payable in full on application
<b>P50</b>	The figure for energy production which has a 50% chance of being exceeded when averaged over any 10 year period
<b>PPA</b>	Power Purchase Agreement for the sale of electricity
<b>Project</b>	The Auchrobert Wind Farm at the Site, consisting of 12 x 3.2MW GE Wind Turbines
<b>Projections</b>	The financial projections for Auchrobert Community Energy Society described on Page 17
<b>Purchase Price</b>	The price paid by the Society for a Stake in the Project
<b>ROC</b>	Renewable Obligation Certificate issued for the generation of 1 MWh of electricity from renewable sources
<b>Revenue Share &amp; Loan Note Agreement</b>	The Agreement between Auchrobert Community Energy Society and Falck RWL which governs the way in which a share of the revenues from the Wind Farm is to be paid to Auchrobert CES. 10% of the Application Monies are used to purchase the Revenue Share and 90% of the Application Monies go into the Loan Note.
<b>Rules</b>	The Rules of Auchrobert Community Energy Society, available for viewing at <a href="http://www.auchrobert.coop">www.auchrobert.coop</a>
<b>Service Payment Agreement</b>	An agreement between Energy4All and Falck RWL under which Falck RWL agrees to support certain Society costs
<b>Site</b>	The location of the Wind Farm situated at Auchrobert, 8km west of Lesmahagow South Lanarkshire
<b>Share(s) or Share Capital Society</b>	Shares in Auchrobert Community Energy Society (When used in isolation) means Auchrobert Community Energy Society
<b>Stake</b>	The Stake in the Wind Farm acquired through the Agreement consisting of both Loan Note and Revenue Share
<b>Terms and Conditions</b>	The terms and conditions of the Offer contained in and constituted by this Offer Document
<b>Vector Cuatro</b>	Vector Cuatro UK Limited is a subsidiary of Falck Renewables SpA and act as asset managers to Auchrobert Wind Farm. Registered address 7/10 Beaumont Mews, London, W1G 6EB. Registered in England company number 09722542
<b>Westmill</b>	Westmill Wind Farm Co-operative Limited (Registered Co-operative Society number 29816R) another wind farm Society established by Energy4All
<b>Wind Farm</b>	In this Offer Document refers to 12 x 3.2MW GE Wind Turbines and ancillary equipment installed at the Site
<b>Wind Turbine(s)</b>	A modern wind mill that harnesses the power of the wind to produce electricity for distribution into the electricity network referred to together or individually according to context

# Guidance Notes

for completion of application form for Shares in Auchrobert Community Energy Society

## Applying for Shares:

The Offer is open to individuals, societies and other organisations. It is only possible to purchase Shares in Auchrobert CES by completing the Application Form on page 28. These notes are designed to help you. Before completing the Application Form you should consider taking appropriate financial and other advice, particularly in relation to any aspect of the Offer Document which is not clear to you.

### Your attention is particularly drawn to:

- The Risk Factors on Page 8 to 9 which describe risks relating to an investment in the Offer Shares
- Specific Terms and Conditions of the Offer set out on Page 25 because by completing the Application Form you will make an irrevocable offer which may be accepted by Auchrobert CES
- The Rules of Auchrobert CES, because in buying shares you will become a Member of Auchrobert CES and bound by these 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 indicated box. The minimum number (for ease of administration) is 100. The maximum is 30,000 (except for investment by other societies). Annual interest payments will be based on the number of Shares you hold. You will only have one vote, regardless of the number of Shares you hold.

## Priority Application:

The number of Offer Shares you apply for will not necessarily be the number of Shares you will receive. If the Offer is oversubscribed your application may be scaled down, or even rejected in its entirety. The Board also has the right to reject applications at its discretion. All applications are welcome, but in the event that the Offer is oversubscribed, the Directors will endeavour to give priority in accordance with the stated priority categories. To indicate you are entitled to be considered for priority treatment please tick the applicable box:

- Residents living in South Lanarkshire

## Personal Details:

You may apply as an individual, or as long as you are properly authorised, on behalf of a society or other organisation.

## Applying for Shares on behalf of children:

Under the Rules children 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, and please note that the maximum investment of 30,000 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 18 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 as shown.

## Declaration:

In signing the Application Form, as an individual, you are personally making an irrevocable offer to enter into a contract with Auchrobert CES. 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 their application complies with any applicable laws or regulations in their own country, as the Offer Document is intended for UK residents.

Under Anti-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 (because the Minimum Capital Sum is not raised, or the Directors otherwise decide to withdraw the Offer), it will become necessary to return money to investors.

## Payment:

Please pay direct through the banking system into the Auchrobert CES bank account. Please quote your surname and date of birth as a reference and pay to **Account Number 65869752 Sort Code 08-92-99** then email your application form to [info@auchrobert.coop](mailto:info@auchrobert.coop).

Alternatively, attach a cheque or banker's draft, drawn on a UK bank or building society, for the exact amount shown in the box under 'Amount to subscribe'. If there is a discrepancy between the two, or if the cheque is not honoured on presentation, your Application Form may be rejected without further communication.

## Optional:

It will help with the launch of other Societies if we can identify the most effective means of communicating with potential investors. We would be grateful, therefore, if you would indicate on the Application Form how you first heard of Auchrobert CES, if you are not already a Member of an existing Energy4All related Society.

## Data Protection:

The data provided by you will be stored within a computerised database. This data will be used only for Auchrobert CES and Energy4All Limited purposes and will not be disclosed to any third party.

## Communication with Members:

As a Member, you will receive various communications throughout the year. It will help to reduce paperwork (and carbon dioxide emissions) if we contact you by email. Please provide your email address on the Application Form.

Thank you for considering joining our Society!



# Application Form

A U C H R O B E R T C O M M U N I T Y E N E R G Y S O C I E T Y

**Important:** before completing this Application Form you must:

- Read the accompanying Share Offer of Auchrobert CES (“The Offer Document”)
- Pay special attention to the Risk Factors set out on Pages 8-9 of 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

**Declaration** (if applicable, also on behalf of an applicant organisation)

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 Auchrobert CES 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
- If the Minimum Capital Sum is not raised by the Offer, Application Monies will be returned

I confirm that:

- I have read the Offer Document, including the Risk Factors, the Rules and the Guidance Notes to this Application Form
- I am over 18 and the Applicant meets the Offer eligibility criteria
- I support the community benefit objects of Auchrobert CES as set out under Rule 4 and in particular support wind power
- Auchrobert CES is hereby authorised to make such enquiries as are deemed necessary to confirm the eligibility of this Application
- The Applicant is not (unless another society) making an application or multiple applications for a total of more than 30,000 Shares
- The Applicant is not relying on any information or representation in relation to the Offer Share, or the Auchrobert Wind Farm which is not included in the Offer Document
- The Applicant shall provide all additional information and documentation requested by Auchrobert CES in connection with this Application, including in connection with anti-money-laundering, taxation or other regulations
- Consent to receiving notices and information by email from Auchrobert CES and Energy4All and links to documents on Auchrobert CES’s website
- If signing this Application on behalf of any person/organisation I am doing so with explicit authority.

# Online Application

Due to requests from members we have added an online form for applying for Shares.

If you would like to apply for Shares online please complete the form here:

<https://auchrobert.coop/share-offer-application-form/>

The site uses HTTPS data encryption to prevent your data being read during transit.

Once you have completed your application you will need to transfer your money via BACS through your bank.

Please pay to Sort Code: **08-92-99** Account Number: **65869752**

***Note: All electronic payments must include a reference when arranging your payment. Please use applicant surname & date of birth.***

***Your Application Form will not be accepted until payment has been received.***

We hope you find this process easier.

Alternatively you can complete the application on the following page and post along with your cheque to Auchrobert Community Energy Society.





# Offer Application

OFFICE USE ONLY:  
URN:  
BATCH:  
INITIAL:

Auchrobert Community Energy Society Registered No.8097

PLEASE USE CAPITALS AND BLACK INK

## Amount to invest

I apply to be a Member of and wish to invest a total amount of £  in Auchrobert Community Energy Society Limited on the Terms and Conditions of the Offer Document dated 30 September 2019 at the price of £1 per Share. (You must invest at least £100 but not more than £30,000).

## Individual Applicant details

Title (Mr/Mrs/Ms/other):  Forenames:  Surname:   
Address:   
Town:  County:   
Post code:  Date of Birth:   
Email:   
Telephone:  Mobile:

## If Applicant is nominee for a child

Child's name:  Child's date of birth:   
Child's address (if different from above):   
 Post code:

## Payment Details

I have paid by bank electronic transfer/Bacs to Auchrobert Community Energy Society  
**Please pay to Sort Code: 08 92 99 Account Number: 65869752 Date payment made:**   
**All electronic payments must include a reference when arranging your payment. Please use applicant surname & date of birth.**

I enclose a cheque or banker's draft crossed A/c Payee to the value indicated above, payable to Auchrobert Community Energy Society.  
I understand that the cheque supporting this application will be presented for payment following receipt and I warrant that it will be paid on first presentation.

Signature  Date:

**Note:** If submitting your application online a signature is not required. Your Application Form will not be accepted until payment has been received.  
Day-time Telephone No. (for any enquiries in relation to this Application):

Send your completed Application Form and payment to:

**Auchrobert Community Energy Society Ltd, Unit 26, Trinity Enterprise Centre, Furness Business Park, Barrow in Furness, Cumbria, LA14 2PN**

## Annual Share Interest Payments

Auchrobert Community Energy Society Ltd will pay share interest due by electronic transfer via BACS. To receive your share interest please provide the following details:

Bank Account No:  Sort Code:  Name on account:

We would be grateful if you would inform us how you first heard of this Share Offer:

Energy4All	<input type="checkbox"/>	Online Advertising	<input type="checkbox"/>	
Friends & Family	<input type="checkbox"/>	Local Press	<input type="checkbox"/>	
Social Media	<input type="checkbox"/>	Ethical Consumer	<input type="checkbox"/>	Other
Word of Mouth	<input type="checkbox"/>	The Friend	<input type="checkbox"/>	Please specify <input type="text"/>

**Notices by email and documents on our website** - To help reduce paper costs (and CO<sub>2</sub> emissions), Auchrobert Community Energy Society and Energy4All would like to send you notices and information by email and refer you (by email) to documents posted on the Auchrobert Community Energy Society and Energy4All website. By signing this form or applying online you are consenting to receiving such notices by email and accessing documents through the website.







RENEWABLE ENERGY - BENEFITING THE FUTURE

AUCHROBERT COMMUNITY ENERGY SOCIETY

