

Wey Valley Solar Schools Energy Co-operative Limited (the “Co-op”)

Share Offer to fund the Co-op’s solar PV installation at St Paul’s Church Addlestone

Dear Member and Potential Member

At the last Annual General Meeting of the Co-op held on 16th May 2020 members approved plans to fund further installations with new share offers. Accordingly, we are now offering Shares to provide for long-term funding of the recent installation at St Paul’s Church, Addlestone. The total amount to be raised is £13,500.

This Offer Document sets out information about the Co-op and the reasons for and details of the Share Offer.

A share application form is attached to the end of this Offer Document for those who wish to invest.

Priority will be given to members of St Paul’s Church and then, if Shares remain available, to existing members of the Co-op.

If members wish, they may arrange for their priority application to be taken up by members of their family or their partner. In view of the small number of Shares on offer we will give additional priority to shareholders holding smaller numbers of Shares in the Co-op to enable them to top up their holding. Members may apply for as many Shares as they wish. Priorities only arise if we are oversubscribed.

Summary of the reasons for the Offer

The Offer proceeds will fund the recently installed solar PV installation at St Paul’s Church which was commissioned on 10th June 2020. This installation will:

1. Add a little over 10kW of new generating capacity.
2. Increase renewable electricity generated by the Co-op by up to approximately 10,000kWh each year, materially improving the sustainability of the Church and supporting sustainable development in our community.
3. Increase the prominence of solar panels in the community.
4. Deliver a fair return on your investment, sufficient for us to raise and retain the capital needed and consistent with the current returns offered by similar investments; we anticipate that interest of 4.5% will be paid. We anticipate that the Share Offer will not alter the current rate of interest paid or projected to be paid on existing shares, so members who do not invest under this Offer will not be disadvantaged.

Background to the Offer

When the Co-op has previously installed solar panels, generous support has been available through the Feed-in tariff. Over the years the level of support has gradually been reduced.

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The Co-op wishes to continue to help community organisations take advantage of solar PV, but the financial returns on offer are not as high as they were when previous share offers were made. The returns available do however remain competitive in the current investment environment.

Accordingly, the Co-op proposes to fund new installations, including the one at St Paul's Church, with new Shares offering a rate of interest in line with the returns that can now be generated. This should allow new projects to go ahead without disadvantaging existing shareholders and still offer new shareholders sufficient return on their investment.

The Co-op wishes to support St Paul's Church to maximise their generation of renewable energy and their sustainability and to maximise the efficient use of their roofs for solar PV.

St Paul's Church installation

We installed a 10.43kW solar PV system on St Paul's Church Addlestone last June at a cost of approximately £14,000. We have a contract with the Church to sell them electricity at 10.75 pence per kWh for 20 years with the price increasing with RPI from 2021. The installation also qualifies for the Feed-in tariff. We are now issuing Shares to provide long-term funding for this work.

Financial implications of this Share Offer and investor returns

St Paul's Church will pay for all the electricity generated by the solar panels at a rate of 10.75p per kWh, offering the Church immediate savings in electricity costs. This price will be RPI linked for 20 years and will reflect the cost of the installation and its anticipated generation, being set at a rate to produce financial returns to members consistent with the anticipated returns to be offered on the new Shares (of 4.5%). So, going forward the effect of the installation is projected to be broadly financially neutral and not to reduce the returns presently payable on the existing shares or reduce returns below the level indicated in the original share offers.

Financial projections are by nature uncertain, illustrative only, dependent on weather and performance (including unexpected repair costs) and are not guaranteed.

Interest payable to investors on the new Shares

The full year target interest rate will be 4.5%, which is lower than the target for the existing shares reflecting the lower expected returns of the project. In any year that the Co-op is unable to pay the full target interest rates for all members, it is proposed that all shares would have their interest payments reduced by a similar proportion, regardless of the reasons for the inability to pay the full targeted interest amount. This has the benefit to shareholders that their risk is spread over many installations, reducing the chance of a large shortfall in revenue and therefore interest paid.

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The new Shares qualify for interest from the date they are issued on a time apportionment basis. So, if they are issued on 31st March 2021 (as anticipated), they will receive a sum equal to 75% of whatever full year interest rate is to be paid for for 2021.

Interest payments made to Co-op 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.

Return of capital invested – Withdrawing Shares

The investment in principle is for 20 years. Members do not have the right to withdraw share capital but the Directors have the power to permit the Co-op's shares to be withdrawn or to redeem shares. There are no arrangements or binding commitments in place to enable a realisation of shares. Over the last 3 years, the Co-op has had annual share redemption offers, initially allowing members who wished to redeem to elect to realise their shares. This year we have also completed a compulsory redemption of 10% of members' shareholdings; the target is to repay all members' capital over the lifetime of the installations. We hope to be able to continue to with redemptions each year subject to funds being available. We would envisage members being able to elect to have their shares realised as part of this process, subject to sufficient funds being available. We would also anticipate further compulsory redemptions, which would be done pro-rata to members holdings. We hope to be able to redeem between 5% and 10% of initial shareholder capital each year. The return of capital is subject to various risks (see section on investment risk for fuller details).

Investing for children and gifting your Shares under a will

As a long-term investment with a return which can span the generations, parents and grandparents can invest in the Co-op 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 in their will.

Background to co-operatives and our objects

As a co-operative social enterprise our Co-op has multiple goals, the principal ones of which are to run a successful co-operative business; to develop and generate renewable electricity; to provide an attractive return for our members sufficient to attract and retain the capital we need; to support our schools and other host buildings financially and with reduced energy costs; to provide an environmental and business educational resource to our schools and their students and to support our schools and other hosts in their sustainability work; to enable our community and our members to take practical tangible measures to mitigate climate change, reduce carbon emissions and tackle energy security; and to support sustainable development in our community. In our view this installation contributes materially towards delivering these goals at a competitive price.

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Other potential projects

The Co-op will continue to consider further projects if they are consistent with the Co-op's objectives and can offer returns high enough to attract the required capital. We will seek members' approval each year for a maximum amount to be invested in new projects over the following year. We are unlikely to seek approval on a project by project basis due to timing considerations.

Other Matters

1. Persons Responsible for this Offer

The Co-op and its Directors are responsible for the information given in this Offer Document.

2. The Directors

The Directors are Mike Smyth, Andrew Dalton, Mariana Spater, Peter Craig and Andrew Smith.

3. Investment in the Co-op by the Directors and others

Directors of the Co-op and their immediate families/partners currently have invested £84,330 in the Co-op. Energy4All, the Co-op's manager, will be subscribing £250 for 250 Shares in the Co-op (in addition to the 13,500 available to the public); whenever practicable Energy4All's policy is to be a member of the community energy organisations it supports.

4. Directors' Disclosure Statement

None of the Directors of the Co-op have, at least for the past five years, been convicted of any fraudulent offence or otherwise or been involved in any bankruptcies, receiverships or insolvent liquidations or received any public recrimination or sanction by a statutory or regulatory authority or designated professional body or been disqualified from any function by any court.

5. Conflicts of Interest and related party transactions

Mike Smyth is the volunteer chair of Energy4All which is providing development and management services to the Co-op.

6. Directors' remuneration

The Directors are acting as Directors because they are committed to the success of the Co-op's business, the ethos it represents, the ability of a community to make a difference by their own actions and the financial, environmental and community returns the business delivers. The Directors are unpaid for their work. There are no pension schemes or share option schemes for Directors and, except for the reimbursement of properly incurred expenses, there are no other benefits for Directors.

7. The Co-op

Wey Valley Solar Schools Energy Co-operative Limited is a co-operative incorporated by the Financial Conduct Authority under the Industrial and Provident Societies Act 1965 on 18th

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August 2011 with number 31358R. Its registered office is at Unit 26 Trinity Enterprise Centre, Furness Business Park, Barrow-in-Furness, Cumbria LA14 2PN.

8. Accounts

The Co-op's financial year-end is 31st December. Its last accounts were prepared to 31st December 2019 and are available on the Co-op's web site: www.veyvalleysolar.co.uk.

9. Adoption of co-operative principles

The Co-op is an ethical social enterprise and not a profit maximising organisation. As a co-operative it will, whilst trading as a commercial organisation with a view to profit, strive to promote 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 the environment, and co-operation among co-operatives.

10. Major shareholders

The Co-op presently has 117 members. The Co-op does not have "major shareholders" since each member has one vote regardless of the size of their shareholding.

11. Legal proceedings

There have been no governmental, legal or arbitration proceedings relating to the Co-op or its projects and none are pending or threatened.

12. Expenses of the offer

The expenses of the Share Offer will be 4% of the capital raised which will be paid to Energy4All, which will meet the costs of the Offer out of that sum.

13. Material Contracts

The Co-op has entered into a licence and power purchase agreement dated 12th March 2020 with St Paul's Church Addlestone under which the Church consents to the installation of solar panels on its roof and agrees to buy the electricity generated by those solar panels for 20 years at an initial price of 10.75p/kWh, with the price increasing annually by inflation. At the end of the 20 year term the Co-op will give the solar panels to the Church. The Co-op meets all the maintenance costs of the solar panel system during that 20 year period.

14. New Shares, Working Capital and Use of Proceeds

Initially 13,500 Shares of £1 are offered for subscription at £1 each on the terms of this Offer Document. Shares are payable in full on acceptance of an Application on the Terms and Conditions. The Shares will provide long term funding for the new installation on St Paul's Church and will allow capital used to fund early projects to continue to be gradually repaid. An additional offer of Shares may follow shortly if further anticipated installations proceed. It is expected that this would be for approximately 85,000 Shares if one of these two projects proceeds and 170,000 Shares if both projects proceed.

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The Co-op confirms that it will have sufficient working capital for at least 12 months following the date of this Offer Document.

Successful applicants for Shares will receive a confirmation of Shares allotted and their details and holdings will be recorded in the Co-op's share register. Each person or organisation issued with Shares becomes a member of the Co-op with membership rights defined in the Rules.

15. The Rules

The Co-op is a co-operative 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 co-operative the Co-op is governed by Rules which are approved by and registered with the Financial Conduct Authority. A copy of the Rules is set out on the Co-op's web site at www.veyvalleysolar.co.uk. A printed copy is available on request.

Attention is drawn to the following Rules in particular:

Rule 2 sets out the Co-op's objects, which are, in summary: as a co-operative, to carry on the business of installing and operating renewable energy generation, conserving energy and supporting educational initiatives related to renewable energy.

Rule 5 states that the directors may admit to membership any person who is 16 or older and who supports the objects of the Co-op and has agreed to subscribe for shares.

Rule 7 states that an Annual General Meeting must be held within seven months of the close of each financial year. Other general meetings may be requested by 10% of members. Fourteen clear days' notice must be given of the date, time, and place of the meeting and the business to be transacted.

Rule 8.2 provides that each member shall have one vote per holding, regardless of the number of shares held by them, on resolutions of the members, including in relation to the appointment of directors.

Rule 9 provides for amendment to the Rules by majority vote of the members, provided the amendment is registered by the Financial Conduct Authority.

Rule 11 provides that there shall be a minimum of three and a maximum of seven directors. Directors must be members (aged 18 or over) and are appointed by the members. One third of the directors retire by rotation each year.

Rule 16 sets out the very limited circumstances in which a member may transfer shares.

Rule 17 sets out the position relating to withdrawal of shares, as described above.

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Risk Factors

All commercial activities carry risk and potential members should take appropriate advice and make their own risk assessment whilst bearing in mind the wider social, educational and environmental benefits the Co-op will deliver. Taking up Shares in a trading business is not a loan or deposit. Your capital is at risk. Holding Shares is a long-term proposition for up to the life of the Project (which is 20 years) with capital repaid during that period; and although arrangements have been made to enable early repayment your Shares may not be readily realisable.

In addition to the specific risks of a social enterprise which has only been trading since 2011 and which is undertaking development and construction, other risks include:

General Risks – Shares

- Investing in Shares is not the same as investing money in a bank account as your capital is at risk and you could lose up to, but not more than, your entire investment. An investment in the Shares is not covered by the Financial Services Compensation Scheme or the Financial Ombudsman Service, so the money you pay for Shares is not safeguarded by any deposit protection scheme or dispute resolution scheme. There is no guarantee that you will receive any return on your investment.
- Your Shares will not be tradable. Your Shares can be withdrawn (i.e. redeemed by the Co-op for the price paid for them – in this case £1 each) in accordance with the Rules but may not be withdrawable at short notice or when you wish to do so. If the Co-op lacks sufficient cash to enable Shares to be withdrawn when desired, withdrawal may be delayed or not possible. Investment in the Shares should be seen as a long-term proposition.
- Shares in the Co-op are not regulated investments for the purposes of the Financial Services and Markets Act 2000 (as amended) and therefore you do not have the protection provided by that Act. This Share Offer is exempt from regulation under that Act and regulations made under it. This Share Offer does not need approval and has not been approved by an approved person under that Act. This Share Offer is not regulated by The Prospectus Regulations 2005 (as amended), which do not apply because there is a specific exemption for the type of fundraising being offered in this Offer Document (non-transferable shares).

Renewable energy Industry risks

- Changes in legislation and regulation, especially to taxation, the value or availability of the Feed-in tariff and regulations relating to the charging and supply of electricity, may affect the Co-op's income or make its offer to schools and other community buildings less appealing.
- weather patterns, electricity prices and business costs can fluctuate.
- new inventions and developments may render existing technologies and equipment obsolete.
- Generation from new sites is based on projections using established data sources which may not prove accurate.
- unexpected maintenance costs in excess of budget provision can arise.
- although solar panel installations are extremely reliable, electrical or other failure can interrupt the generation of electricity or the distribution network and lead to unexpected

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costs and interruptions of generation. Manufacturers' warranties and guarantees offer some protection but do not normally cover all the costs. The solar panels are insured against loss and damage from fire, flood, theft and vandalism.

- Income from exported electricity is difficult to claim under present regulations and budgeted income from that source (which is modest as a proportion of the Co-op's entire projected income) may not be achieved.

Risks specific to this offer and to Wey Valley Solar Schools Energy Co-operative

- the target share interest payments are not guaranteed and may not be achieved.
- equipment purchased by the Co-op will be supported by guarantees from companies believed to be financially robust, but equipment suppliers, contractors or other contracting parties with the Co-op could fail to meet their obligations.
- the electricity being generated by the panels is being sold to schools and the Church and the income of the Co-op depends on those organisations honouring their obligations to the Co-op and them continuing to have a demand for electricity from the solar panels.
- on about the 20th (or 25th in a few cases) anniversary of their commissioning the solar panels will transfer to the owner of the relevant host building without payment. They will take over any liability relating to the subsequent repair or removal of the panels and will benefit from the electricity generated after then.
- legislation and regulations relating to the ability of schools to contract with the Co-op may change and adversely affect the Co-op.
- schools (or the Church) may decide to dispose of or sell any of the buildings on which solar panels are located or to use them in such a way that the panels need to be removed. If that happens, the school or the Church may seek to transfer the contract with the Co-op to the successor to those buildings, or will pay the Co-op the depreciated value of the solar panels at the time of disposal plus a premium and the school will then withdraw from the project.
- the financial projections incorporated in this Offer Document are based on financial modelling incorporating a range of variable, changeable and uncertain factors, having due regard to historic evidence and the experience gained by the Directors, Energy4All and Joju solar. They include estimates of hours of sunshine, operational costs, the reliability of the equipment installed and replacement and repair costs. While every effort has been made to present an accurate forecast of the financial returns, this is no guarantee of the actual return received by members which could be less than projected.

No advice on investments is given in this Offer Document or by the Co-op or its Directors in relation to it. If any person has any doubt about the suitability of the investment which is the subject of this Offer Document he/she should contact an appropriate authorised person for advice on investments.

How to Apply for Shares

An Application Form, with details of how to invest, accompanies this letter. There is no minimum investment for existing members. New members must apply for at least £250 of Shares. The maximum investment in the Co-op is £100,000 inclusive of your existing holding.

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You can pay by BACS direct into the Co-op's bank account or send your cheque to the Co-op in accordance with the instructions on the Application Form.

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

Yours sincerely

Mike Smyth
Chair, Wey Valley Solar Schools Energy Co-operative Limited
info@weyvalleysolar.co.uk
8th March 2021

Glossary of terms used in this Offer Document

Church – St Paul's Church, Church Lane, Addlestone, Surrey KT15 1SJ

Co-op – Wey Valley Solar Schools Energy Co-operative Ltd, registered office: Unit 26 Trinity Enterprise Centre, Furness Business Park, Barrow-in-Furness, Cumbria LA14 2PN. Industrial and Provident Society number 31358R

Directors - the directors of the Co-op

FIT or Feed-in tariff – the government regulated inflation linked price payable to producers of qualifying renewable electricity for 20 years

Offer or Share Offer - the offer of Shares in the Co-op contained in this Offer Document

Offer Document or Share Offer Document – this document inviting persons to subscribe for the Shares

Offer Period - the period during which the Offer will remain open (including any extension)

Project – the project to install and operate solar panels on the Church

Rules - the rules of the Co-op, summarised in this Offer Document and a copy of which is available from the Co-op and at www.weyvalleysolar.co.uk

Shares - new shares of £1 in the Co-op, offered at £1 each on the Terms and Conditions under this Offer Document

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TERMS AND CONDITIONS OF THE OFFER

1 Eligibility

This Share Offer is open to individuals over 16 years of age and to organisations which support the objects of the Co-op.

2 Minimum and maximum holdings

There is no minimum number of Shares which existing members can apply for. New members must apply for a minimum of 250 Shares. The maximum number of Shares which a member may hold in the Co-op is 100,000. Shares cost £1 each.

3 Application procedure

- Read the accompanying Share Offer Document
- Pay special attention to the Risk Factors set out on Pages 7 and 8 of the Offer Document
- Consider whether you need to take financial advice or other advice in relation to the Terms and Conditions of this Share Offer
- Read the Rules of the Co-op set out at www.veyvalleysolar.co.uk since if you receive Shares you agree to be a member of the Co-op and to be bound by its Rules
- Shares must be applied for using the Application Form
- Attach your cheque or pay by bank transfer as described below under “Payment”
- Send the completed Application Form to the Co-op
- By delivering an Application Form you offer to subscribe, on the Terms and Conditions contained in this Offer Document, for the number of Shares specified, or such lesser number as may be accepted by the Co-op.
- Once an application has been made it cannot be withdrawn.

4 Over-subscription

The number of Shares you apply for will not necessarily be the number of Shares you will receive. If the Share Offer is over-subscribed the Directors will determine how to allot Shares and your application may be scaled down, or even rejected in its entirety.

5 Governing law

The Terms and Conditions of the Share Offer are subject to English law.

6 Money laundering

Under Money Laundering Regulations, you may be required to produce satisfactory evidence of your identity and it is a condition of this Share Offer that you do so if requested.

7 Payment

Please 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 invest’. If there is a discrepancy between the two, or if the cheque is not honoured on presentation, your application may be rejected without further communication. Alternatively, you can pay directly through the banking system into the Co-op’s bank account. Please quote your surname and date of birth as a reference and pay to account number 65612653 Sort Code 08-92-99.

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8 Communications and Privacy Policy

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. Your details will only be used by the Co-op and Energy4All Ltd (if you opt in to receive information from Energy4All) and will not be passed on to other organisations. You can view our privacy policy at <https://www.veyvalleysolar.co.uk/>. If you subscribe for Shares and are unsuccessful you can request to have your data deleted from our database by contacting info@veyvalleysolar.co.uk.

9 Extension or reduction of Offer Period

The closing date for the Offer is 29th March 2021 but it may be closed early if it becomes fully subscribed. The Directors reserve the right to extend the Offer Period at their discretion.

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 the Co-op, this Application forms a contract subject to the law of England 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; and
- if the Offer is oversubscribed, it is possible that an otherwise eligible Application will not be accepted in part or in whole.

I confirm that:

- I have read the Offer Document, including the Risk Factors, the Rules and the Terms of the Offer;
- I support the aims and objectives of the Co-op;
- I am over 16 and I meet the Offer eligibility criteria;
- The Co-op is hereby authorised to make such enquiries as are deemed necessary to confirm the eligibility of this Application;
- I am not relying on any information or representation in relation to the Shares, the Co-op or the Offer which is not included in the Offer Document; and
- I shall provide all additional information and documentation requested by the Co-op in connection with this Application, including in connection with anti-money-laundering, taxation or other regulations applicable to the Co-op and the Co-op with the assistance of Energy4All will perform identity checks on applicants using a secure third-party provider as part of their anti-money laundering, prevention of fraud and customer due diligence checks.

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