



Liverpool Community Renewables

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Pioneer Share Offer Document

March 2015

Liverpool Community Renewables Limited
Registered with the Financial Conduct Authority number 32432

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Directors' Letter

February 2015

Dear Community Solar Energy Supporters,

We are delighted to be able to offer you the opportunity to join and invest in this community energy project in Liverpool.

Liverpool Community Renewables (LCR) was incorporated in 2014 to develop, own and operate renewable energy systems. Liverpool Community Renewables Ltd (LCR) is an Financial Conduct Authority (FCA) registered Society for the Benefit of the Community (Bencom). Bencoms are trading organisations owned by their members and governed on the principle of one member, one vote.

The main objectives are to help Liverpool respond to the challenge of climate change by reducing its carbon emissions, and bring the generation and distribution of energy under the democratic control of those who produce and use it. It is also intended that the community fund will help mitigate the problem of fuel poverty. While pursuing these objectives we aim to raise awareness of and promote a more sustainable future for the City of Liverpool.

The team will identify solar resources on the roofs of suitable buildings where solar photovoltaic (PV) systems can be installed. The focus will be on non-domestic buildings such as community centres, schools, leisure centres, faith buildings, cultural institutions, FE colleges and universities. LCR will own the panels.

Revenue will come from the Feed-in-Tariff (FiT) for both generation and export, together with energy sales. LCR want to focus on buildings where a significant amount of the electricity generated, at least 50%, will be used on site, the electricity generated would then be sold to the host organisation at a price per unit lower than that charged by the "Big Six" helping them make significant savings on their energy bills.

LCR will work with the organisations that will host the solar panels providing all the services and capital necessary for them to access solar electricity at no up-front cost.

The primary objective is to create a financially stable social enterprise, not dependent on grant funding. It will generate sufficient revenue to cover its overheads, meet its commitments to investors and develop further schemes.

LCR will raise the capital needed to pay for installations and associated costs through community share issues and where necessary, additional borrowing. Only projects capable of delivering a return on investment high enough to attract investors will be brought forward. While the financial rewards may not be the main motivation for investors we do believe that returns around 4.7% represent a reasonable

return for a community energy project.

We have applied for Advance Assurance for the Seed Enterprise Investment Scheme which will offer an additional benefit of 50% relief for UK taxpayers.

Community energy means a shift away from centralised, corporate ownership of the production and distribution of energy. It is the transition from a fossil fuel based energy system to a system of distributed energy generated from renewable sources.

LCR is part of a wider community energy movement in the UK and in Europe which seeks to bring ownership of the generation and distribution of energy back under local and democratic control of those who consume it. By investing in LCR you will become a member of the Society and help make this a reality.

This is an exciting opportunity and we hope you will decide to become a member of our Society. Please read this document thoroughly, and fill in the application form at the back of the document.

The Directors

Declaration

Each of the Directors of Liverpool Community Renewables Ltd whose names are set out to the right 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 his or her knowledge, in accordance with the facts and contains no omission likely to affect its import.

Martin Dunschen

John Garrett

Ed Gommon

Summary of Offer

Summary of offer to acquire shares in Liverpool Community Renewables Limited ('the Society')

Introduction

The purpose of this pioneer share offer is to raise £80,000 for the purpose of developing projects, totalling at least one Megawatt of solar PV installed capacity on primarily non-domestic roofs to the point where a sizeable proportion are "investment ready" and the rest have had an initial assessment of viability.

The panels will in the main be sited on buildings that will be able to host an array of around 50 kWp, and that are in use during daylight hours, meaning the majority of the electricity generated will be used on-site.

The focus of the first round of projects will be on community buildings and schools. We anticipate that we will be able to benefit host organisations by significantly reducing their energy bills, while helping them cut their carbon emissions and become more sustainable.

The target internal rate of return (IRR) to investors in the project is 4.7%. The directors are seeking advance assurance from the HMRC that shares in the scheme will be eligible for tax relief under the SEIS which enables investors to reclaim tax on their investment at the rate of 50%.

Important Information

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

The Project

The projects will help community buildings, schools, cultural institutions, FE colleges and universities access solar electricity by providing the expertise, time and capital to develop the solar resource they have on their roofs at little or no cost to themselves. The organisations will benefit from significantly reduced energy bills. The

projects will also raise awareness of sustainability issues, such as carbon emissions and climate change.

The Society will generate revenue from the sale of electricity and receive income from the Feed in Tariff (FiT). A projected annual surplus over expenses will enable the Society to pay share interest and to endow a local Community Fund. However, during this first phase of projects, up to one Megawatt of installed capacity, the surplus will be absorbed in the initial start-up, day-to-day running, administrative costs and employing one full-time worker and leave only a small surplus for the community fund.

The projects will be managed and run by LCR and the capital will be raised by selling shares to the public, thus allowing the benefits to be distributed as widely as possible.

Carbon Savings

It is estimated that if LCR installs one MW it will displace the equivalent of 453 tonnes of CO₂ per year and providing the electricity needs of 219 average UK homes.

The Offer

This Offer Document seeks to raise funds by the issue of Offer Shares at £1, payable in full on application. The project will raise funds in two stages.

The first stage (Pioneer Stage) will raise sufficient funds (£80,000) to cover the cost of: legal costs, both LCRs and that of host organisation associated with roof lease and sale of electricity, site analysis, energy yield, financial projections, grid connection, running and marketing the main stage of the share offer and employing a staff member to co-ordinate all of the work associated with identifying, doing initial viability assessments and then bringing a substantial number of the various sites to the stage where they are investment ready.

The second stage (Main Stage) of the fund raising

will seek to raise the capital to pay for the actual installation of the solar PV panels on the chosen sites. LCR have a target of at least one Megawatt installed capacity in this first round of projects. LCR will need to raise at least £1 Million at this stage.

It is likely that shares in the Main Share Offer will be eligible for 30% Social Investment Tax Relief (SITR).

First stage share offer timetable

The Pioneer Stage Share Offer will be opened for applications from 4th March 2015. There is no closing date and the offer will be closed when the target is reached. However, share applications and cleared funds must be received by the 28th March to be eligible for SEIS tax relief. This is due to the possibility of the Treasury closing this tax relief to new community energy projects at the end of the 2015 financial year. The minimum target is £30,000. If we fail to raise this amount we will return all the money we have received from investors. Between £30-80,000 we will examine other sources of funding to make up the shortfall. Once we reach our target of £80,000 we will stop accepting any further investment.

Shares

Those applying for membership should regard these Shares as a long-term investment. They may apply in the Pioneer Stage for a minimum of 100 and a maximum of 24,000 offer shares at their £1 par value.

Returns to Members are calculated according to projected income and expenditure during the life of the Installation using the assumptions stated in the Offer Document. The projected rate of return over the expected life of the Project is 4.7% over a 20 year project period. Any benefit of tax relief is in addition to this.

Shares will not be traded on a recognised stock exchange and shares are not transferable. Members may apply to withdraw shares after the

end of the third year of operation. Share withdrawal may be authorized at the discretion of the Board.

It is the intention of the Society to repay members' share capital at or before the end of 20 years, subject to financial performance and available funds.

Each shareholder, whatever the relevant stake, automatically becomes an equal member of Liverpool Community Renewables on a 'one member one vote' basis.

Allocation of Shares

Shares will be allocated on a first come first served basis.

Risks

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

This share offer is **not** covered by the Financial Ombudsman Service or the Financial Services compensation Scheme.

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

Background

Liverpool Community Renewables Limited (LCR) is an Financial Conduct Authority (FCA) registered Society for the Benefit of the Community (Bencom). The objects of the Society are to carry on any business for the benefit of the community by;

- I. Developing, owning and managing renewable energy schemes, on its own or in partnership with other organisations.
- II. Promoting environmental awareness
- III. Reducing carbon emissions and fuel poverty

LCR was incorporated and registered with the UK Financial Conduct Authority on 9th July 2014.

It is domiciled in England, its registered office is at the Ullet Road Eco Offices, 125A Ullet Road,

Liverpool, L17 2AB and its registration number is 32432R.

A Community Benefit Society is a legal form owned and operated by its members. Members elect the directors and each member has one vote in a members' meeting regardless of the number of shares held.

Members are protected by limited liability and are only obliged to contribute the initial cost of their shares.

The Society is governed by Rules, largely in standard form, which are approved by and registered with the FCA. A copy of LCRs Rules is available by application to the Society or from the website.

Project Stakeholders

LCR is a member of Co-operatives UK and Co-operatives North West. Co-operatives UK is the national body that campaigns and works to promote, develop and unite co-operative enterprises. Co-operatives North West is the regional network of co-operative enterprise in the North West of England. Co-operatives North West's vision is to promote develop and sustain a thriving regional co-operative economy and community.

LCR is a member of Community Energy England. Community Energy England was established in 2014 as a not-for-profit organisation, set up to provide a voice for the community energy sector and help create the conditions within which community energy can flourish.

LCR is registered as a RESCoop (Renewable Energy Sources Coop). RESCoop 20-20-20 is an initiative launched by the Federation of groups and co-operatives of citizens for renewable energy in Europe with the support of the Intelligent Energy Europe Program (European Commission).

LCR is a mentee on the Energy Mentoring Programme, supported by Co-operatives UK and the Esmeé Fairbairn

Foundation. The programme is a new initiative which enables new community energy groups to benefit from support delivered by experienced mentors as they seek to develop community energy projects.

The mentor we have been allocated is Jon Halle from Sharenergy. Sharenergy helps communities set up and own renewable energy societies and has been involved with several successful community solar enterprises.

We have also received help and advice and hope to continue to work with My Green Investment CIC.

LCR are working with L8 Living Sustainably, a local lottery funded project which shares similar aims to LCR with regards to energy and sustainability.

Currently we are working with local community groups that own their own buildings to develop solar PV systems on their roofs which will save them energy and money.

LCR are working to develop links with the Local Enterprise Partnership and Liverpool City Council.

Business Overview

LCR offers a service to our end users supported by our members.

The end users are the organisations whose buildings will host the PV panels we install. Initially the focus will be on organisations who own buildings with large roofs; community buildings, schools, council owned buildings such as leisure centres or faith buildings. To them we offer the opportunity to benefit from renewable energy by installing free solar panels. We will manage the whole process and cover all associated development costs that will be incurred by both parties. We will manage the whole process in partnership with the host organisation from feasibility to installation, and will manage and maintain the system once installed.

In partnership with the host organisation we will identify how much energy can be produced from their roof and how much electricity we could sell them for an agreed price per unit. For the end user to benefit, this must be at a significantly lower price than that offered by the “big six”. We also intend to work with a partner organisation that will be able to offer in depth advice on how they would be able to reduce their energy consumption. The benefits for the end users should be first and foremost a reduction in energy use and the price they pay for a significant proportion of their electricity.

LCR will own the solar PV panels and collect the generation revenue from the Feed-in-Tariff. LCR is a community enterprise and is consequently entitled to claim the highest rate for every band on the FIT scale of irrespective of the energy performance rating of the building. LCR will also receive income from the sale of electricity to the host organisation and from the export tariff. The export tariff is paid for each unit of electricity that the host organisation does not use and is consequently exported to the grid.

For our members we provide an opportunity to own large-scale renewable energy and do

something positive with their money. Members will receive a fair return on that investment. We will seek to raise the funds necessary for the installations through community share issue. As individuals decide to invest and buy shares they become members of LCR and have an equal say in how it is run.

The LCR team will identify buildings with large roofs and approach the owners of the building to enquire whether they would be interested in working together to develop the project. If organisations are interested, LCR will carry out an initial desktop study and energy yield assessment. If a scheme looks viable we will carry out a detailed feasibility study and get quotes from local installers. From these we can write a detailed business case for each specific installation.

A Heads of Terms document will need to be drawn up between the building owners and the Society. Before the Main Stage Share Offer is launched full Options to Lease will be negotiated and signed. These documents will form the legal basis on which the Society will lease the roofs on which the solar panels will be situated for the 20 year duration of the project, as well as the arrangements for access to the site and grid connection.

Power Purchase Agreements (PPA`s) will also need to be negotiated and agreed between the Society and the building owners.

During the development phase projects will be pre-registered with Ofgem to secure optimal FIT.

Once that process is completed for all the projects and we have reached our 1 MW target, LCR will prepare a share offer document, outlining the business case and expected return for members. We will then manage a community share issue with the intention of getting all of the investment from this source. If not all of the money can be obtained in this way we may look to other sources of financing, such as loans specifically aimed at developing renewables.

LCR is bringing together unused roof space and investors who want to see a social and not just a financial return on their investment, harnessing both in order to unlock the massive potential for electricity generation from PV panels on non-domestic roofs that exists in Liverpool.

UK Government policy is broadly supportive of increasing the amount of electricity being produced by renewables and is working towards targets negotiated with the EU that at least 15% of total UK energy demand is met from renewable sources by 2020.

The purpose of LCR is therefore aligned with EU and UK government policy and strategy to increase amounts of energy generated from renewable sources. At a local level Liverpool City Region's Sustainable Energy Action Plan (SEAP), recognises that the energy strategy for the City Region must be to move towards local control and generation of "clean" energy. It also estimates generating capacity for electricity from PV in the city region at 237 MW.

From 2010 to September 2014, a total of 7,717 Merseyside PV installations were registered under the FiT scheme. Of these 7,561 (97%) were domestic installations.

Non-domestic buildings play a central role in the economy and are where the majority of us spend most of our waking hours. Currently 18% of the UK emissions can be attributed to the non-domestic building sector, a figure that has remained static for 20 years. There is clearly scope to help public sector organisations and businesses reduce their energy consumption and meet a proportion of the remaining demand from renewables. So far very little attention has been given to this sector by businesses operating in the PV market.

Grid Connection

The District Network Operator (DNO) that covers Liverpool City Region is SP Energy Networks, part of the Scottish Power group of companies. They are responsible for transmitting energy, generated in power stations, and distributing it to homes and

business across their network. They are also responsible for providing new or upgrading connections to the network .

Microgeneration Certification Scheme

In order to be eligible for the FiT, the equipment that is installed and the company that carries out the installation must be certified under the Microgeneration Certification Scheme (MCS).

LCR will ensure that all these requirements are met so that the installations will be eligible for the FiT.

On-site use of electricity

A key element of our business strategy is to site solar panels on buildings that are used during daylight hours, while the panels are generating electricity, and then selling that electricity, at a discounted rate, to the host organisation. This is necessary because the FiT alone is not enough to produce a sufficient surplus for LCR to become a viable business. The surplus generated will pay back the capital costs of installing the panels and pay interest to the investors. The sale of electricity and the export tariff is the source from which LCR will accrue its surpluses.

Big-bang versus slow burn

The strategy of rapidly scaling up has been developed from researching other examples of energy co-operatives around the UK, and an assessment of the strengths and weaknesses of previous approaches. Rapidly scaling up was chosen because LCR does not have a pool of committed volunteers to draw on who could support the Society as it slowly developed projects one at a time taking several years to develop 1 MW of installed capacity. During this period the FiT would continue to drop. With the possibility of volunteer burn out it is unlikely that the Society would survive to become a self-financing, sustainable business in these circumstances.

Installing 1 MW, although ambitious, is only the first stage of the business strategy. Once a stable revenue stream has been established and experience of developing projects has been gained, further rounds of projects can be planned.

Other sectors to be explored in the future will include retail and industrial parks and other commercial buildings. Other renewable energy technologies such as solar thermal, heat pumps, wind and hydro schemes may also be considered.

The Sites

We will be focusing our search on the following types of buildings;

- Community buildings
- Catholic schools
- Independent schools (academies)
- Other schools
- Cultural buildings
- FE Colleges
- Universities
- Registered Providers (housing associations)

These buildings have one or more of the key attributes which research has indicated are important for success, for example:

- On-site energy use
- Long-term occupancy
- High community value
- Autonomous decision making capacity
- Good grid connection

The geographical focus begins with Liverpool 8 (Princes Park and Riverside wards), as this is where the L8 Living Sustainably project has its focus. We will also expand our search more widely across South Liverpool as this is where the Society is based and the directors have their networks. Projects across Liverpool as a whole will also be considered.

We are working with L8 Living Sustainably to examine the feasibility of installing Solar PV on the roofs of community buildings in South Liverpool; Toxteth TV, Princes Park Methodist Centre, Granby Toxteth Development Trust and South Liverpool Neighbourhood Council.

Project Timeline

This is an indicative timeline showing planned progress of the Project:

4 March 2015	Launch of Pioneer Stage Share Offer
28 March 2015	Possible end of SEIS share availability- Shares to be issued before 28 th March
April- September 2015	Identify and assess 10-30 sites with total installed capacity totaling least one Megawatt Develop a sizeable number of these candidate sites to the stage of being 'investment ready'.
April- September 2015	Pre-register schemes with Ofgem to secure optimal Feed in Tarrif
July 2015	End of first accounting period
September- October 2015	First AGM
October 2015	Launch of Main Stage Share Offer
December 2015	Planned conclusion of Main Stage Share Offer
April 2016	Installations begin

Community Fund

Part of the surplus from the Society will be placed into a community fund. However, during this first phase of projects, up to one Megawatt of installed capacity, the majority of the surplus will be absorbed in the initial start-up, day-to-day running, administrative costs and staff costs and leave only a small surplus for the community fund. As the Society scales up, and with further rounds of installations, this amount will increase.

The key community benefit provided by the first round of installations will be the cost savings

delivered to the community organisations LCR works with.

Surpluses generated will be invested in developing more installations and local projects aimed at reducing energy consumption and tackling fuel poverty. Delivery partners will be organisations with a track record in delivering projects in this sector, such as Energy Projects Plus and Viridis.

It would be up to the members and directors of the Society to decide how the community fund should be distributed.

Financial Projections

The anticipated total cost for 1MW of solar panels and associated installation is £1 Million. Quotes based on current PV pricing and a provisional design and layout have been provided by a number of leading PV installers. Equipment prices may fluctuate and the final design may be different by the time the installation is constructed so the final price may differ from this budgetary estimate.

Liverpool Community Renewables will be liable for all ongoing operating costs associated with the installations and will negotiate the sale of

electricity and benefits from the Feed-in Tariff and any other current or future incentives.

Financial Projections prepared and approved by the Board are summarised here. The figures are based on estimates received by the Society. The Directors take responsibility for the reasonableness of the projections in this Offer. Projected returns to Members are calculated according to projected income and expenditure during the life of the Solar Installation. The projected finance model includes the return of Members' capital over a 20 year period subject to available funds.

Seed Enterprise Investment Scheme Tax Relief

The shares under this scheme are expected to be eligible for Seed Enterprise Investment Scheme tax relief (SEIS). An application has been made for Advance Assurance from HMRC that tax relief will be available but Directors are not in a position to guarantee this. Investors should take their own advice as to whether they are eligible for SEIS tax relief.

HMRC rules place a limit of £150,000 on the amount that can be eligible for 50% SEIS tax relief

SEIS tax relief is available to individuals who are taxpayers. The relief is 50% of the value of the shares, which can be claimed back against income tax for the financial year in which the shares were issued (2014/15), or the previous year (2013/14). Shares must be held for at least 3 years.

Please note that you cannot claim more income tax relief than you have paid in income tax. The relief is given by way of a reduction of tax liability, providing there is sufficient tax liability against which to set it.

SEIS tax relief can only be claimed once LCR has spent 70% of the money raised through the

pioneer share offer. Once this has happened LCR must contact HMRC informing them of how the money has been spent. HMRC will then issue certificates that will enable investors to claim their tax relief.

In the event that when investors eventually withdraw their shares they are worth less than their purchase price, the loss incurred (minus the initial 50% relief) can be set against income for tax purposes in that year (or the previous year). Capital gains tax relief is also available if capital gains are re-invested in SEIS eligible shares

For further details about the EIS and SEIS schemes you are advised to consult the HMRC website.

SEIS Example

Helen invests £10,000 in SEIS qualifying shares. The SEIS relief available is £5,000 (£10,000 at 50%). If her tax liability for the year (before SEIS relief) is, say, £7,000, she can reduce this to £2,000 as a result of her investment.

For full details see [www.
http://www.hmrc.gov.uk/seedeis/](http://www.hmrc.gov.uk/seedeis/)

Assumptions

The projections are based on the following main assumptions:

- 1) Figures are based on an initial estimate of 20 projects with an average of 50kWp capacity.
- 2) Annual energy production of the Installation will be in line with the estimates made.
- 3) Current expectations relating to the global and UK electricity industry and UK Government policy will remain reasonably consistent and reasonably favourable to the Installation over the next 20 years.
- 4) Operation and maintenance costs will be incurred from the start of operations. It is

assumed that operations and maintenance costs will rise no faster than the income.

- 5) At least 50% of the energy will continue to be used on site and that it will be possible to continue to sell electricity to the site or adjacent property at a rate above that or similar to that guaranteed by the export tariff.
- 6) Both the Feed in Tariff rates and electricity sales will be index linked to RPI.

Projections and assumptions such as these are inherently less reliable over longer time spans. Revised projections will be calculated as part of phase one once quantities and estimates for various costs have been received.

Notes on the Financial Projections

- 1) The financial projections are based on indicative sites. Liverpool Community Renewables intends to develop future projects, and will seek to do so on terms which do not adversely impact on members' returns or the community fund.
- 2) The total cost of £1,080,000 is based on:

Item of expenditure	Cost
Capital costs	£1,000,000
Phase One Development Costs	£80,000

- 1) Projections are based on a 20-year FiT period.
- 2) The installation cost above is indicative only. Solar panel prices fluctuate so it is not possible to fix exact prices at this time. A tender will be used to determine who will carry out the installation.
- 3) The Society will be registered for VAT and therefore able to reclaim VAT on the installation costs. In general all costs and income are presented exclusive of VAT and the Society will be neutral to VAT.
- 4) Inflation on expenditure is set at 2.5% per annum over the 20 year period. Inflation on income from energy sales is set at 3.5% to reflect a conservative view of historic trends.
- 5) Income is based on the combined value of the Feed-in Tariff, electricity sales and other benefits.
- 6) Depreciation of equipment is straight-line over a 20-year period and creates a fund to pay back Members' capital. Capital is here modelled as being returned to Members annually after year 3, subject to the maintenance of a contingency reserve within the Society.
- 7) Business rates on solar PV installations are £3,768/year
- 8) Insurance costs are set at £9,500/year
- 9) Administration costs of the Society, including office rental, are set at £13,600/year. This is as per the quote of £5,000 from Sharenergy, for their standard 'Small Societies package' which covers book-keeping, production of annual accounts, maintenance of membership database, phone, email and postal support of

members and preparation of AGM papers and annual return and the annual rental on an office for use by the Society. Local administration costs have been estimated at £5,000. The Society will produce annual accounts and as a small business will apply for the exemption from audit.

- 10) Interest on cash in bank is set at 2.5% as most deposits are long term.
- 11) All profits are allocated to depreciation charge or paid as interest to Members or gifted to the Community Fund so the projections do not predict a liability for Corporation Tax. Note that Members are likely to be liable for income tax on their share interest.
- 12) Normal monthly cash expenditure is expected to be small and will be amply covered by the generation and FIT income. The Projections anticipate that Liverpool Community Renewables will be cash positive each year from the commencement of operations.

20 year income and expenditure projections based on installation of 1MW of solar PV

Year	£ yr1	£ yr2	£ yr3	£ yr4	£ yr5	£ Summary yrs 6-10	£ Summary yrs 11-20	£ Summary yrs 1-20
Profit and Loss								
Operating income	145,328	136,217	139,619	142,108	146,684	790,306	1,906,344	3,407,607
Operating expenses	63,586	65,157	66,786	68,456	70,167	378,042	911,646	1,623,823
Depreciation	54,000	54,000	54,000	54,000	54,000	270,000	540,000	1,080,000
Operating surplus	27,760	17,060	18,833	20,652	22,517	142,264	454,698	703,784
Less interest on development fee	-	-	-	-	-	-	-	-
Add interest on cash in bank	-	810	1,650	75	75	375	750	3,705
Total surplus available to members	26,760	17,870	20,453	20,727	22,592	142,639	455,448	707,489

Cashflow								
Operating cashflow	54,000	54,000	54,000	54,000	54,000	270,000	540,000	1,080,000
Less capital repaid to members	-	-	157,000	54,000	54,000	270,000	545,000	1,080,000
Less repayment of development fee	-	-	-	-	-	-	-	-
Opening cash	-	54,000	108,000	5,000	5,000	5,000	5,000	-
Closing cash	55,000	108,000	5,000	5,000	5,000	5,000	-	0

	No SEIS	SEIS
Members projected return	4.7 %	8.4 % IRR

Example of members cashflow	£	£	£	£	£	£ summary	£ summary	£ summary
A £1000 (SEIS) Member receives	yr1	yr2	yr3	yr4	yr5	yrs 6-10	yrs11-20	yrs 1-20
Interest on investment	26	17	19	19	21	132	422	655
Capital repayment	-	-	145	50	50	250	505	1,000
Income tax refund	500	-	-	-	-	-	-	500
Total	526	17	164	69	71	382	926	2,155
Cumulative	526	542	707	776	847	1,229	2,155	2,155

Risk Factors

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

General investment risks

- The value of shares can fluctuate according to the value of the underlying business.
- Offer Shares will not be transferable or traded on a recognized stock exchange.
- Members wishing to withdraw their share capital will be able to apply to the Board for this purpose after the third year of operation. Withdrawal of share capital is at the discretion of the Board.

Renewable energy industry risks

- Government policy towards renewable energy may change. However, throughout the operation of the FiT and previous similar schemes such as ROC and NFFO, the Government has maintained the commitment to the process of 'grandfathering' which ensures that whatever tariff a project is registered for at the commencement of operation will not be affected by future changes, i.e. the tariff will remain in place for the duration of the FiT period, which is 20 years. Therefore, revenue from FiTs for the Society should not be affected by any future changes to the FiT. This payment is also index linked to RPI. The figures used here are those currently in force.
 - Any changes to the FiT that occur before the solar panels are commissioned could result in a change to projections, or in the worst case, non-viability of the project. However, it is the intention of the Society to apply for Preliminary Accreditation to ensure that the FiT level is locked in for 12 months. We have factored in a drop of 10% from the current FiT level to take this into account.
 - New technology inventions and developments may render existing technologies and equipment obsolete. However, PV solar is a stable technology and so technological advances of this magnitude within the life of the project are considered unlikely.
 - Long-term changes to weather patterns could result in lower levels of production. However, there is no evidence that the Society is aware of that this will affect energy production at this site.
 - Abnormal short-term weather conditions could affect expected levels of generation, although overall patterns outside anticipated parameters are unlikely.
 - Operational costs may rise faster than anticipated during the life of the Project.
-

Risks specific to this PV project

Threats	Severity	Mitigation
Limited capacity of core team	moderate	Currently in the process of recruiting experienced people to the board process to be completed by end of March
Lack of previous renewables sector experience in core team	moderate	Strong working relationship with partners- will recruit board members with experience of the sector
Core team lack of previous experience running a community share issue	weak	Sharenergy to provide advice and assistance
Competitors active in the non-domestic market	moderate	Lack our community benefit USP Competitors focus on much larger scale projects than LCR
FiT digression more rapid than anticipated	severe	Pre-register projects as soon as possible to avoid FiT rate falls during project development
Currently no organisations/buildings signed up	weak	Massive pool of untapped buildings to develop Directors have good contacts in area of operation

Management and Administration

LCR is a Community Benefit Society (Becom).

Bencoms, are trading organisations, often set up to trade for a social purpose and they are owned and run by their members.

LCR was registered in June 2014, via Co-operatives UK with the FCA, the body that regulates Societies. The FCA will only register an organisation as a Becom if the rules by which it is run comply with agreed standards and practices which have been tried and tested over many years.

The standard set of rules LCR has adopted were developed by Co-operatives UK and are the Community Finance Model rules. They have been developed and adapted specifically for Bencoms. They record the governance arrangements of LCR, our purpose, our relationship with our members and the outside world. The rules are publically available on our website, and on request. All new members will be issued with a copy on admission to the Society.

The rules explain the systems and processes by which the direction, supervision and accountability of LCR will be maintained. Good governance is crucial to the health and sustainability of any organisation, and we will constantly strive to ensure we maintain the highest standards. We will conduct an annual governance audit to evaluate whether our systems and processes are effective. As we grow we will need to adapt and upgrade our practices and procedures to appropriately reflect the size and complexity of LCR as it evolves.

The vast majority of our members will not have a direct trading relationship (as a worker or customer) with LCR. This creates additional responsibilities for the Directors concerning due diligence and accountability to members.

To fulfil our ambitions of installing a significant renewable energy generating capacity will mean having hundreds if not thousands of members. It is the responsibility of the Board that an accurate and up-to-date register of those members is maintained. Having hundreds of members would make it impracticable for all of them to be directly involved in the day-to-day running of LCR. Our rules therefore allow for the membership to elect a governing body (Board of Directors) on a one member, one vote basis, regardless of the number of shares held by individual members. The maximum number of Directors will be determined by general meeting, but there shall be no less than three Directors.

The business of LCR shall be managed by the Board, who may appoint two external independent Directors (ie from outside the membership).

The Board can meet more easily and make decisions between general meetings of the entire membership. Meetings can only go-ahead and make binding decisions if they are quorate. Accurate minutes of all proceedings of meetings of the Board must be kept. It is our aspiration to run Board meetings by a consensus-decision making process, where the meeting endeavours to work towards a decision which is mutually acceptable to everyone present. Ultimately decisions that cannot be reached by this method can be decided by a majority of votes.

The first AGM called by LCR will be held in September or October 2015. At this AGM the current Board will all step down, and if they wish, stand for re-election by the membership. Any member may put themselves forward for election to the Board.

AGMs must be called within six months after the end of the financial year (LCR financial year ends in July). No business can take place unless the meeting is quorate. At the AGM the accounts and balance sheets of the financial year just ended must be produced and there will be reports from the Board and Auditor. Accurate records of the proceedings of the general meetings must be kept. The Board must appoint an Auditor every year to audit LCRs accounts and balance sheet for the financial year.

LCR has an inbuilt asset-lock as part of its rules. This means that in the event of being dissolved or wound up, following any payment of creditors, any remaining assets need to be transferred to another Bencom, a Community Interest Company, a Registered Provider (housing association) or charity.

The Board

The current Board are the founder members **John Garrett** and **Ed Gommon**. **Martin Dunschen** was recruited after the Society was publically launched. All members of the Board are committed to developing the Society and making it a successful enterprise. We are in the process of recruiting new members with the experience and expertise that we lack and aim to have completed this process by the end of March. Board elections from the new membership will be held at the first AGM following the Share Offer.

Martin Dunschen- Martin is German and obtained a degree in Engineering (Diplom Ingenieur, equivalent to a Masters degree) from the Technical University of Berlin, Germany in 1988. He worked in Berlin at the University, then in R&D for the automotive industry before moving to the UK in 1996. After a successful period of working self employed he developed in a partnership innovative algorithms now widely used in the CAM (Computer Aided Manufacturing) industry. Martin now works as a Software Engineer for a large multinational CAD/CAM company. As a former resident of the Granby regeneration area in Liverpool he campaigned for community led development for the proposed regeneration projects. He worked with his neighbours, who set up a Community Land Trust and finally took ownership of a number of houses in 2014. Martin still maintains strong links to this area in Toxteth and volunteers as a tutor for a homework club. Martin sees Climate Change as one of the biggest threats to our future and wants to make a positive contribution to an alternative in promoting sustainable use of renewable energy that is accessible and benefits all levels of society.

John Garrett- John worked in commercial software development for 36 years, latterly as a project manager. He retired early, retrained as an energy assessor and has spent the last three years on a major eco retrofit of a disused solid wall medical centre, providing both offices and residential accommodation, which he currently manages. From a young age, he was influenced by the work of the New Alchemists and other early proponents of distributed renewable energy, and writes for both community and Green Technology websites and magazines

Ed Gommon- Ed qualified as a nurse in 2004 and worked in London, University College London Hospital and University Hospital Lewisham before returning to Liverpool to study Philosophy and Politics at the University of Liverpool in 2008. While studying he founded the Northern Alliance Housing Co-operative and although no longer a member NAHC is close to realising its mission of acquiring and retrofitting houses in Liverpool 8. Ed is committed to positive social change and environmental issues.



LCR board from left to right : Martin Dunschen, Ed Gommon and John Garrett

Current and intended shareholdings of Directors

The total intended shareholdings of Directors and their direct family members for this pioneer offer amounts to £25,000.

Disclosure

None of the directors 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

Ed Gommon is a founder member and director. He will be employed by the Society to identify and develop the projects to the state where they will be investment ready. His work will be overseen and directed by the Board. He will be paid as an employee, not a director.

Remuneration

No remuneration has been paid by the Liverpool Community Renewables to the Directors. When

the Solar Installation is generating electricity each Director will be entitled to claim fees and/or expenses not exceeding £50 p.a. in addition to travel expenses. Directors' share applications will be met in full, but there are no pension schemes, share option schemes and except for the reimbursement of expenses, there are no other benefits for Directors.

Board Practices

Directors serve in accordance with the Rules. There are no service contracts for them or the Secretary.

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

Administration

Following the main share offer Shareenergy will provide an ongoing administration service for the Society for an annual fee, which is set at £5,000 per annum, rising with RPI as a fixed contract for 5 yrs.

Accounts

Liverpool Community Renewables was incorporated on 9th July 2014. Its financial year-end is 6th July 2015. At the time of commencing the Pioneer Share Offer, except for the issue of 3 shares at par to the founding Directors, no other transactions had taken place.

Legal Proceedings

There have been no governmental, legal or arbitration proceedings relating to the Project or Liverpool Community Renewables and none are pending or threatened which could have a significant effect on the financial position or profitability of the Society.

Rules of The Society

Community Benefit Societies are governed by Rules approved by the Financial Conduct Authority (not by Memorandum and Articles of Association). A copy of the Rules is available from the Society (see contact details on back page of this Offer).

Further information

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

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

Liverpool Community Renewables strives to promote Co-operative Values and Principles which are:

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

Share Offer

Reasons for the Offer and use of proceeds

This Offer is being made so that:

- The project development costs associated with establishing Liverpool Community Renewables can be met
- Liverpool Community Renewables can establish a number of solar installations in the future benefitting the community.
- Members may be as far as possible drawn from the local community.
- Liverpool Community Renewables and its Members are able to make a contribution to promoting renewable energy and reducing the negative effects of reliance on non-renewable energy sources and their effects on Climate Change.

Offer Shares

80,000 ordinary Shares of £1 are offered at par and payable in full on acceptance of an application on the Terms and Conditions of this Offer Document. The Shares, which will not be traded on any stock exchange, have been created under the Co-operative and Community Benefit Societies Act 2014

Successful applicants will receive share certificates and their details and holdings will be recorded in a share register to be kept. Each person or organisation issued with Shares becomes a Member of the Society, with membership rights defined in the Rules. The principal rights are:

- One vote per holding on resolutions of the Members, including in relation to the appointment of Directors.
- The right to receive a proportionate annual interest payment as a return on the investment in shares (subject to available profits).
- The right to the return of the original investment at the end of the life of the Installation (subject to available surplus

assets and any new business of the Society).

- As a Member, eligibility for election to the Board.

Pioneer funding required

The proceeds of the Pioneer Share Offer of £80,000 will be used for the following purposes.

Any unspent contingency will be used for marketing of the main share offer or as a stage payment for the remaining grid connections.

Legal costs	£25,000
Planning and grid connection costs	£7,000
Other costs (structural surveys, EPCs)	£15,000
Wages	£13,000
Main Share offer and marketing costs (initial)	£10,000
Contingency – planning / legal costs increase	£10,000

Interest payments

Interest will be paid to Members at rates set by the Directors. The date on which entitlement to interest arises will be announced each year. It is envisaged that any interest unclaimed for a period of 7 years will be cancelled for the benefit of all Members.

Voting rights

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

Rights to share in profits/surpluses

All Members are entitled to interest paid out of annual surplus, such payments to be divided equally between the total Shares in issue. This means that a Member with 10,000 shares has a single vote but will receive interest on all 10,000 shares. Members may choose to liquidate the Society, in which case assets will be realised and the net proceeds applied in repaying any

Members' share capital remaining. Any surplus will be given to another Society with similar aims.

Redemption provisions

Redemption of Shares may take place in accordance with the Rules. Members do not have the right to withdraw share capital but the Board of the Society has the power to permit Shares in the Society to be withdrawn by agreement between the Board and the Member. Members can apply for withdrawal of share capital after the third year of operation. In addition, the Board has the power to return capital to Members at its discretion.

Terms and Conditions

Eligibility

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

Minimum and maximum holdings

The minimum number of Shares that can be applied for is 100 and the maximum is 24,000

Application procedure

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

Taxation

Interest payments made to Members will be subject to United Kingdom taxation. It is expected that payments will be made gross and Members will be responsible for declaring this income to HMRC.

Provisions on death of a Member

On the death of a member of the Society, their personal representative can apply for withdrawal of the share capital. Such a request will be prioritised by the Board.

- Multiple subscriptions will be admitted providing that they do not result in a Member holding more than the maximum amount of shares at the Pioneer Stage.

The Offer timetable

The Offer will remain open until the target is reached on a first come first served basis and will be spent, as required, before Offer is closed. None of Liverpool Community Renewables its Directors or advisors will be responsible for loss of interest or any other benefit suffered by Applicants during the period the monies are held by the Society.

Confirmations by Applicants

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

- Meets the eligibility criteria.
- Is not applying for more than the maximum amount.
- Is not relying on any information or representation in relation to the Offer Shares, Liverpool Community Renewables, or the Installation which is not included in this Offer Document.
- Shall provide all additional information and documentation requested by Liverpool Community Renewables in connection with their application, including in connection with

taxation, money laundering or other regulations.

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

Procedures on receipt by Liverpool Community Renewables of Applications

- Offer cheques/bankers' drafts will be presented on receipt and may be rejected if they do not clear on first presentation.
- Surplus Application Monies may be retained pending clearance of successful Applicants' cheques.
- Applications may be rejected in whole, or in part, or be scaled down, without reasons being given.
- Application Monies in respect of any rejected or scaled-down Applications shall be returned by crossed cheque, payable to the Applicant, to the postal address on the Application Form, or by bank transfer, 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.
- The Society reserves the right not to enter into correspondence with Applicants pending the issue of share certificates or the return of Application Monies.
- Results of the Offer will be published on the Project website and by press release within one month after the Offer has been closed.

Pricing, trading and dealing arrangements

The Board has resolved to offer Shares at their par value of £1. As the Society intends paying interest on Members' shares each year such that retained profits will not accumulate, the underlying asset value of each Share is likely to remain at £1 and any Share redemption will take place at par.

Guidance Notes

Applying for Shares

The Offer is open to individuals and organisations. It is only possible to purchase Shares in Liverpool Community Renewables by completing the Application Form.

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.

- The Risk Factors section which describes risks relating to an investment in the Offer Shares.
- Terms and Conditions of the Offer. By completing the Application Form you will make an irrevocable offer which may be accepted by Liverpool Community Renewables.
- The Rules of Liverpool Community Renewables. In buying Offer Shares you will become a Member of the Society and will be bound by those Rules

Your attention is particularly drawn to:

Amount to invest

The price of each share is £1. You should decide how many shares you want to buy and put that number in the box.

Personal details

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

Persons under 16 years of age cannot become Members.

Priority Application

The number of Offer Shares you apply for will not necessarily be the number of Shares you will receive. If the Pioneer Share Offer is over-

subscribed your application may be cut back and a reduced number of Shares offered.

Declaration

In signing the Application Form as an individual you are personally making an irrevocable offer to enter into a contract with Liverpool Community Renewables. If you are signing on behalf of an organisation or on behalf of another individual you are personally representing that this is in accordance with due explicit authorisation.

Non-UK residents must take responsibility for ensuring that there are no laws or regulations in their own country that would prevent them from investing in or receiving income from a UK Society. Under Money Laundering Regulations, you may be required to produce satisfactory evidence of your identity and it is a condition of the Offer that you do so as requested.

Payment

Please attach a cheque or bankers draft, drawn on a UK bank or building society, for the exact amount shown in the box under 'Amount to Subscribe'. 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. You may also pay by bank transfer.

Declaration

I confirm my understanding that:

- This Application may be withdrawn if a supplementary Offer Document is issued, but not otherwise and if and when accepted by the Society forms a contract in law on the Terms and Conditions of the Offer Document.
- An Applicant who/which is not UK resident is responsible for ensuring that this Application complies with any laws or regulations applicable outside the UK to which he/she/it is subject.
- The Board of Directors reserves the right to reject any application for shares in whole or in part at their absolute discretion and without giving reasons. If you are not allocated all the shares you applied for or if your application is rejected this is at your own risk.

I confirm that:

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

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

Signature (Applicant/on behalf of Applicant organisation as applicable):	Date:
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Payment

I wish to pay by cheque: transfer: (tick as appropriate)

Cheque: payable to Liverpool Community Renewables Ltd and crossed a/c Payee.

Transfer: to Liverpool Community Renewables Ltd Sort code: 08-92-99 Account no.: 65738579

Please use the Applicant name as the reference

Send your completed Application Form and payment to:

Liverpool Community Renewables , Ullet Road Eco Offices, 125A Ullet Road, Liverpool, L17 2AB

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

This application form can be photocopied and **additional application forms** are available.

Glossary

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

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

Application Monies The total gross sum realised by this Offer.

Board The Society's Board of Directors

Climate Change The phrase widely used to describe changing weather patterns as a direct result of global warming.

CO₂ Carbon dioxide, a natural gas emitted during the burning of fossil fuels and regarded as the main cause of global warming.

Community Fund A fund endowed by the Society which is to be distributed as an annual grants scheme available to local organisations

Liverpool Community Renewables (the Society) Liverpool Community Renewables Ltd. Reg no. 32432R

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

Installation in this Offer Document refers to the 10-15 projects LCR will develop with a total installed capacity of at least one Megawatt

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

kWh (kilowatt hour) A unit that measures energy and is equal to the energy that can provide the power of 1 kW for the period of one hour.

MWh (megawatt hour) 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.

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

Offer Costs The expenses incurred by or on behalf of the Society in issuing this Offer Document.

Offer Period The period during which the Offer will remain open (including any extension) as set out in the Offer timetable in this document.

Offer Shares New shares of £1 in the Society, offered at par on the Terms and Conditions and payable in full on application.

PPA Power Purchase Agreement for the sale of electricity.

Project The proposed ownership and operation of solar installation in in Liverpool

Projections The financial projections set out in this document.

Rules The Rules of the Society, available on demand by using the contact details set out on the back of this Offer document.

Sharenergy Sharenergy Co-operative Limited. A Registered Society (registered no. 31237R) Registered at The Pump House, Coton Hill, Shrewsbury, SY1 2DP.

Site the location of the proposed Solar Installation.

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



Liverpool Community Renewables

For all enquiries use contact details at www.lcr.coop or contact us by post at this address:

Liverpool Community Renewables Ltd, Ullet Road Eco Office, 125A Ullet Road, Liverpool, L17 2AB

info@lcr.coop
or call **07794 084 038**

The project website with further documents is available at:
www.lcr.coop

This project has been developed with support from



SOLAR

