



POMONA SOLAR
CO-OPERATIVE

Pomona Solar Co-operative



Share Offer Document For 50kW extension phase

October 2015

Directors' Letter

Dear Potential (and existing) Pomona Co-operative Members,

October 2015

140kW of our main (250kW) installation has been exporting to the grid since June, and the remaining 110kW is due to be connected on 2nd November when Western Power Distribution connect up a new high voltage transformer. We are now going to add a further 50kW, and are looking for new members to fund this.

Why now? At the start of our project, we were advised by Western Power Distribution that we could export a maximum of 300 kW from the site. However, because there was uncertainty about whether OFGEM would treat the site as a single 250kW installation, or four smaller installations, there was a risk that if we built 300kW in one go that we would get a lower rate of Feed in Tariff. To protect our members against this uncertainty, we decided to install 250kW in the first phase and to add an extra 50kW in a second phase, which we had though may be during 2016.

However, DECC's current review of the FIT scheme suggests that FIT tariffs will either be cut by around 87%, or possibly axed completely, from January 2016. So we have accelerated our plan for the final 50kW and are now seeking to complete this before the end of this year.

Our installers, Caplor Energy, have reassured us that they can put this 50kW in place in good time, and are willing to install on the basis that we will pay as and when we receive the capital through the share offer.

As the FIT tariff for the 50kW extension is lower than for the other 250kW, and the installation cost per kW is higher than for the larger installation, the addition will slightly reduce the interest rates that Pomona members receive (by about 0.25%),. However, we polled our existing members to ask them if they wished to go ahead and the result was almost unanimously positive (53 of 54 responses were keen to go ahead, because of the challenge to get as much PV capacity built before the FIT support disappears).

The return for investors is still attractive (projecting 5.85% based on the buoyant electricity wholesale market of 6 months ago, or 5.4% on the depressed wholesale electricity market of today). This is without taking account of the EIS tax relief which is available, which will boost the return for UK taxpayers to 9.5% or 9.1% retrospectively.

We would therefore encourage you to join our co-operative (or buy some more shares if you are already a member) because if the FIT review does impact in the way expected, ethical, local community energy schemes such as this will be a lot more difficult to establish beyond the end of this year.

We look forward to hearing from you.

The Directors

Declaration

Each of the Directors of Pomona Solar Co-operative whose names are set out below 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 knowledge, in accordance with the facts and contains no omission likely to affect its import.-



Chris Boote



Jackie Jones



Rob Palgrave



Nick Sherwood

Contents:

Directors' Letter	2
Summary of Offer	3
Introduction.....	3
Business Overview	5
The Site.....	5
Financial Projections.....	8
Risk Factors	11
Management and Administration	12
Share Offer.....	15
Terms and Conditions.....	17
Guidance Notes.....	19
Application Form.....	20
Declaration	21
Glossary	22

Summary of Offer

Summary of offer to acquire shares in the Pomona Solar Co-operative Ltd ('the Co-operative')

Introduction

The purpose of this share offer is to raise sufficient funds to install an additional 50kW of ground-mounted solar photovoltaic panels at Glebe Farm, near Stoke Edith, Herefordshire, to increase the capacity on site to 300kW.

250kW has already been built, but the grid connection and planning permission allow us to install up to 300kW. The final 50kW was planned to be installed at a later date, but we are now seeking to install it before the Feed in Tariff is, as seems highly likely, drastically reduced in January 2016.

The main share offer raised £370,000 to put in the first 250kW. We are now seeking to raise a further £70,000 to enable the final 50kW to be installed.

Important Information

This document has been prepared on behalf of the Directors of the Pomona Solar Co-operative, who are responsible for its contents. Full details of the terms of the offer and how to apply are set out in this document. Technical and other words and phrases are defined and explained in the Glossary. 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 project's purpose is to generate electricity from the sun using solar photovoltaic (PV) panels, to reduce the reliance of Herefordshire on electricity derived from fossil fuels. Electricity generated by the solar panels is to be used primarily in the commercial businesses adjacent to the site, and any balance will feed directly into the local electricity network, being bought by Opus Energy under a power purchase agreement.

The amount generated by the extra 50kW will be the equivalent to the average electricity consumption of about 12 homes. It is estimated that the extra 50kW will displace the equivalent of approximately 20 tonnes of CO₂ every year.

The Co-operative will produce revenue from the sale of electricity and receive income from the Feed in Tariff (FiT). A projected annual surplus over expenses will enable the Co-operative to pay share interest to members and to endow a local Community Fund.

The Offer

This Offer Document seeks to raise £70,000 by the issue of Offer Shares at £1, payable in full on application. The scheme is designed to be eligible for EIS tax relief at 30% (please see below)

Share offer timetable

The Share Offer will be opened for applications from 13th October 2015. There is no set closing date; the share offer will close when the full amount is received as applications.

The installer has agreed to carry out the installation before all monies are raised. This is essential to ensure that the panels are functioning before the end of the year to protect our FIT payments. Share applications will be processed and converted into shares as they are received. The monies will then be used to pay for the installation costs in stages.

Applying for shares

Application for shares is by completing the application form at the end of this document and returning it, with a cheque or bank transfer, to the address on the form.

Those applying for membership should regard these Shares as a long-term investment. They may apply for a minimum of 100 and a maximum of 10,000 offer shares at their £1 par value. (Note that existing members can buy 10,000 shares through this share offer as long as this does not take their total shareholding above £100,000).

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 only be authorized at the discretion of the Board.

Each shareholder, whatever the relevant stake, automatically becomes an equal co-operative member of the Pomona Solar Co-operative on a 'one member one vote' basis.

Projected returns

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 as published in the main share offer document for the main 250kW was 6.1%. Because the extra 50kW costs more per kW than the original installation and the FIT rate will be lower, the addition of this 50kW does reduce that return slightly for all members. The financial model indicates that this affect is about 0.25%, so if the real return for the 250kW is 6.1%, the return will become 5.85%

Our members were polled to see whether they wished the additional 50 kW installation to go ahead, given that the return will be slightly reduced. The response was almost unanimous (54 out of 91 members returned a response, with 53 in favour of going ahead and 1 against.

The actual return will depend on many variables over the next 20 years. The significant fall in the wholesale price of electricity (in response to the falling price of oil) exported to the grid over the last 6 months does affect our returns, and if this persevered for 20 years the returns (for 250kW) would reduce to about 5.7% rather than 6.1%. However, the wholesale price of electricity is volatile and many commentators predict that the long-term price of electricity and oil will bounce back. There will be many factors that will affect the actual return acting both upwards and downwards.

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.

Business Overview

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

Co-operatives & Renewable Energy

Co-operative ownership of renewable energy is familiar to many in continental Europe and has been growing rapidly in the UK in recent years. The first renewable energy co-operative in the UK was Baywind Co-operative in Cumbria, established in 1997. There are now renewable energy co-operatives across the UK – including three in Herefordshire (supported by Sharenergy), using a range of technologies.

Co-operatives using the Registered Society form such as this one are democratic structures with the legal ability to raise money directly from members of the public. With a ‘one member one vote’ system and a board elected from the membership, they offer a fair and transparent way to operate a community owned renewable energy business. They also have the power to prioritize investment from the local area, ensuring that financial benefits from renewable energy flow to people in the locality. Registered Societies are registered with the Financial Conduct Authority (FCA).

Project Stakeholders

The Stoke Edith Estate is a major landowner in Herefordshire and has offered a lease on land at Glebe Farm for installation of solar panels. This lease is already signed.

Caplor Energy is a Hereford based solar panel installer. Caplor helped to initiate this project by bringing together the landowner with Sharenergy, undertaking work to help develop the project to the Pioneer Stage. Caplor Energy installed the existing 250kW and have been contracted to install the next 50kW.

Sharenergy is a Shrewsbury-based co-operative that helps community groups to establish community owned renewable energy Societies. Sharenergy is a not-for-profit organisation.

Pomona Solar Co-operative Limited is the co-operative set up to develop and operate this community scheme. It was incorporated and registered with the UK Financial Conduct Authority as a Registered Society number 31569R on 28th March 2012. It is domiciled in England, with its registered office at Sharenergy, The Pump House, Coton Hill, Shrewsbury, SY1 2DP.

Pomona Solar Co-operative has 4 directors. It is one of several renewable energy co-operatives across the UK being developed with support from Sharenergy and was established using the Sharenergy Model Rules, which have been used by over 40 renewable energy Co-operatives to date. A copy of Pomona Solar Co-operative’s Rules is available from the project website or by application to the Co-operative (see back of this Offer Document for contact details).

Pomona Solar Co-operative is already the owner of 250kW of solar panels. This share offer is specifically to raise funds for a 50kW extension to raise the capacity at Stoke Edith to 300kW. The Co-operative is keen to own and operate other solar arrays if opportunities arise on terms which do not compromise the purpose or viability of the Co-operative.

The Site

The solar panels are being installed on Glebe Farm in Stoke Edith parish, Herefordshire. The site comprises ex-agricultural units now being occupied by several small businesses. The panels are being erected in the field adjacent to the buildings and will feed electricity into the business units with any surplus being supplied to the grid.

The site (buildings and adjacent farmland) is part of the Stoke Edith Estate and the businesses are tenants of the estate. A lease is already in place for the existing array and this lease includes permission for the extension of 50kW.



Directors Nick Sherwood (left) and Chris Boote (right) with Chris Strange, owner of Hereford Casks, one of the businesses benefiting from the solar electricity.

The panels will be located inside the compound already marked out for the existing 250kW of panels. Space for the extra 50kW was included from the start.

The ground around the panels has been seeded with a species rich grass mixture and will occasionally be grazed, in line with the Entry Level Stewardship EK3 management practice.

The Solar Resource

The generation output figures in this document are based on solar radiation figures obtained from the PVGIS database which is a European funded, publicly accessible database providing estimates of the solar radiation available across Europe and the output that would be expected from solar PV panels.

Using PVGIS, the output from this array of ground mounted solar panels in this location is expected to be about 939 kWh per kW_p per year. Ground mounted solar panels tend to have slightly higher efficiency than roof mounted panels because the extra ventilation around the panel enables them to stay cooler, improving the conversion efficiency.

The Solar Panels

The panels that were used in the main installation were Vikram panels and were Tier 1 certified. The additional 50 kW will use the same panels, or, if necessary due to supply constraints, ones of equivalent quality and performance.



Installation of the phase 1 panels in April 2015

To qualify as a Tier 1 panel, manufacturers must have provided products to at least three different global projects in the past 2 years which have all been financed non-recourse (i.e. with the only security being the value of the panels) by three different banks, essentially requiring that these banks have carried out

sufficient due diligence on the manufacturer and manufacturing process that they are confident enough to invest in a major installation.

Electricity Sales

The electricity produced by the solar panels will be used in the business units or will be exported into the local network, for which the Co-operative will receive the market value that comprises the wholesale value of the energy.

The Co-operative has signed power purchase agreements with all the current tenants in the business units, selling the solar-generated electricity at a price of 7.5p/kWh indexed with inflation.

In addition the Co-operative will receive the Feed-in Tariff for a period of 20 years from the commissioning dates.

Because the additional 50 kW comprise an “extension” to an existing FIT installation, there is no option for pre-registering for the FIT tariff. As long as the new panels are commissioned (functioning) before the end of 2015 the Co-operative will receive a FIT tariff of 5.94p/kWh index linked for 20 years.

Connection to the Grid

The original grid application provided for and paid for a connection of 300kW. The 50kW extension has been notified to Western Power Distribution and the capacity reserved.

Project Timeline

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

13 th October 2015	Launch of Share Offer for the 50kW extension
26 th October 2015	Installation of panels begins
End November	Planned conclusion of share offer
End November	New panels commissioned.

The installer, Caplor Energy, has offered to begin construction before we have raised all the monies, so that installation before the end of the year is easily practical. Pomona will pay the construction costs as share applications are received. The Co-operative will pay interest on monies outstanding of 0.5% per month (6% per year) until the full amount is raised.

Community Fund

Part of the surplus from the Co-operative will be placed into a community fund. It is anticipated that this will amount to about £1,000 per year for the whole project. It would be up to the members and directors of the Co-operative to decide how this fund should be distributed, but its focus will be to benefit the local community.

Legal Agreements

A lease with the landowner has been signed that allows the Co-operative access to the land for a period of 25 years.

Financial Projections

The anticipated total cost for 50kW of additional ground mounted solar panels and associated installation is £69,000. This is based on a fixed price quotation from Caplor Energy for the panels, mounting system, inverters and full installation. There are in addition some ancillary costs associated with launching a new share offer. However, most of the overhead costs (such as legal costs, planning permission, grid connection) are already covered by the first 250kW of panels.

We are expecting some of the contingency allowance from the first 250kW to remain unspent, and we are starting to receive money from FIT and energy sales, so we have decided to set this share offer to £70,000 (i.e. we have not included any additional contingency allowance in this amount).

Financial Projections prepared and approved by the Board are summarised here. The figures are based on contracts entered into and estimates received by the Co-operative. 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 25-year period.

At the end of the lease, the Co-operative will either negotiate an extension to the lease, remove the panels or transfer ownership of the panels to the landowner.

Enterprise Investment Scheme Tax Relief

The scheme is designed to be eligible for EIS tax relief at 30%.

Enterprise Investment Scheme (EIS) Tax Relief is a tax relief that offers relief on income tax. Where this applies, individuals that buy eligible shares get a rebate of 30% on the UK income tax that they have paid.

The Co-operative has received advance assurance from HMRC that the main share offer was eligible for EIS and are confident that this extension share offer will be also. However, the Directors are not in a position to guarantee this. Applicants should take their own advice as to whether they are eligible for EIS tax relief.

Please note that you cannot claim more 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.

In the event that, when members 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).

For further details about the EIS scheme you are advised to consult the HMRC website.

EIS Example

Jenny invests £1,000 in EIS qualifying shares. The EIS relief available is £300 (£1,000 at 30%). Her tax liability for the year (before EIS relief) is £5,000 which she can reduce to £4,700 as a result of her subscription.

For full details see <http://www.hmrc.gov.uk/eis/>.

Assumptions

The Projections are based on the following principal assumptions:

- 1) That annual energy production of the Installation will be in line with the estimates obtained from the PVGIS solar database for the given location. In the event that the predicted energy production falls below the projected levels the revenues of the Co-operative will be reduced. The Board of the Co-operative will ensure that appropriate warranties and/or insurance are in place to cover performance related and insurable risks.
- 2) 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.

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

Notes on the Financial Projections

- 1) The total cost of £70,000 is based on:

Item of Expenditure	
Installation of 50kW solar panels plus mounting frames plus inverters	69,000
Additional share offer document and share offer administration	1,000
Total	70,000

Allowance for contingency is accommodated within unspent contingency from the first 250kW and income now being received from Feed-in Tariff.

- 1) Projections are based on a 20-year FIT period, followed by an additional 5 years when income will be received from the sale of electricity but FIT payments will have ceased.
- 2) The Co-operative has 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 Co-operative will be neutral to VAT.
- 3) Inflation on all income and expenditure is set at 2.5% per annum over the 25-year period.
- 4) Income is based on the combined value of the Feed-in Tariff, electricity sales and other benefits.
- 5) Electricity will be used in the business units. The Co-operative will sell the electricity to, and will bill, the individual business tenants.
- 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 Co-operative.
- 7) Business rates are set at £900/yr, although a 5-year rates holiday is assumed because of the small business rates exemption currently in force. It is assumed this will continue in operation for 5 years.
- 8) Insurance costs are set at £1200/year – this is based on a quote from a reputable broker.
- 9) Administration costs of the Co-operative are set at £3,000/year. This is as per the quote from Sharenergy, accepted by the Board, for their standard 'Small Co-operatives' 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. The Co-operative will produce annual accounts and as a small business will apply for the exemption from audit. The amount includes an additional fee to cover the cost of billing and collecting remittances from the businesses.
- 10) Interest on cash in bank is set at 1.5%.
- 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 covered by the generation and FIT income. The projections anticipate that Pomona Solar Co-operative will be cash positive each year from the commencement of operations.

25-year income and expenditure projections

The following is an illustration of the financial projections for the 25 year life of the scheme.

Scenario 1: Financial projection for the whole 300kW based on the assumptions used in the original share offer

Year	0	1	2	3	4	5	years 6 - 10	years 11 - 20	years 21 - 25	years 1 - 25
output		100.0%	99.2%	98.4%	97.6%	96.8%				
Generation (kWh)		281,700	279,476	277,252	275,028	272,804	1,330,662	2,494,528	1,163,866	6,375,316
Surplus/Loss										
FIT income		29,331	29,827	30,329	30,838	31,353	164,723	371,810	0	688,210
Export income		9,150	9,395	9,647	9,904	10,168	55,021	133,739	80,619	317,642
On site income		8,874	9,024	9,176	9,330	9,485	49,835	112,486	63,125	271,333
Income		47,354	48,245	49,151	50,071	51,006	269,579	618,036	143,743	1,277,185
Depreciation over 20 years		22,643	22,643	22,643	22,643	22,643	113,216	226,433	0	452,866
Operating and admin costs		10,840	11,111	11,389	11,673	11,965	71,032	171,292	102,875	402,177
Bank loan interest		0	0	0	0	0	0	0	0	0
Expenditure		33,483	33,754	34,032	34,317	34,609	184,248	397,725	102,875	855,043
Profit		13,870	14,491	15,119	15,755	16,398	85,331	220,311	40,868	422,143
bank interest		0	170	509	849	470	2,349	2,349	2,349	2,349
Surplus (including bank interest)		13,870	14,661	15,628	16,604	16,868	87,680	90,879	94,110	97,373
Cashflow										
Bank opening balance		0	22,643	45,287	20,000	20,000				
capital expenditure	-452,866									
Bank loan capital	0	0	0	0	0	0	0	0	0	0
Income		47,354	48,245	49,151	50,071	51,006	269,579	618,036	143,743	1,277,185
Expenditure (minus depreciation)		-10,840	-11,111	-11,389	-11,673	-11,965	-71,032	-171,292	-102,875	-402,177
Interest to members		-12,870	-13,636	-14,578	-15,527	-15,764	-81,733	-210,668	-33,925	-398,700
Community fund		-1,000	-1,025	-1,051	-1,077	-1,104	-5,947	-14,341	-8,613	-34,158
bank interest		0	170	509	849	470	2,349	4,698	1,670	10,715
Share capital (receipt and repayment)	452,866	0	0	-47,930	-22,643	-22,643	-113,216	-226,433	-20,000	-452,866
Bank closing balance	0	22,643	45,287	20,000	20,000	20,000				
Member return (IRR)	5.8%									
Member return with EIS	9.5%									

Scenario 2: Conservative projection based on present depressed wholesale electricity prices continuing for 25 years

Year	0	1	2	3	4	5	years 6 - 10	years 11 - 20	years 21 - 25	years 1 - 25
output		100.0%	99.2%	98.4%	97.6%	96.8%				
Generation (kWh)		281,700	279,476	277,252	275,028	272,804	1,330,662	2,494,528	1,163,866	6,375,316
Surplus/Loss										
FIT income		29,331	29,827	30,329	30,838	31,353	164,723	371,810	0	688,210
Export income		8,006	8,221	8,441	8,666	8,897	48,144	117,022	70,541	277,937
On site income		8,874	9,024	9,176	9,330	9,485	49,835	112,486	63,125	271,333
Income		46,210	47,071	47,945	48,833	49,735	262,701	601,318	133,666	1,237,480
Depreciation over 20 years		22,643	22,643	22,643	22,643	22,643	113,216	226,433	0	452,866
Operating and admin costs		10,840	11,111	11,389	11,673	11,965	71,032	171,292	102,875	402,177
Bank loan interest		0	0	0	0	0	0	0	0	0
Expenditure		33,483	33,754	34,032	34,317	34,609	184,248	397,725	102,875	855,043
Profit		12,727	13,317	13,913	14,517	15,127	78,453	203,593	30,791	382,437
bank interest		0	170	509	849	470	2,349	2,349	2,349	2,349
Surplus (including bank interest)		12,727	13,486	14,423	15,366	15,597	80,802	83,820	86,866	89,938
Cashflow										
Bank opening balance		0	22,643	45,287	20,000	20,000				
capital expenditure		-452,866								
Bank loan capital		0	0	0	0	0	0	0	0	0
Income		46,210	47,071	47,945	48,833	49,735	262,701	601,318	133,666	1,237,480
Expenditure (minus depreciation)		-10,840	-11,111	-11,389	-11,673	-11,965	-71,032	-171,292	-102,875	-402,177
Interest to members		-11,727	-12,461	-13,372	-14,289	-14,493	-74,855	-193,950	-23,848	-358,995
Community fund		-1,000	-1,025	-1,051	-1,077	-1,104	-5,947	-14,341	-8,613	-34,158
bank interest		0	170	509	849	470	2,349	4,698	1,670	10,715
Share capital (receipt and repayment)		452,866	0	0	-47,930	-22,643	-22,643	-113,216	-226,433	-20,000
Bank closing balance		0	22,643	45,287	20,000	20,000				
Member return (IRR)		5.4%								
Member return with EIS		9.1%								

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 is changing (as evidenced by the current FIT review). 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 remain the same for the duration of the FiT period, which is 20 years. Therefore, revenue from FiTs for the Co-operative 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.

- New technology inventions and developments may render existing technologies and equipment obsolete. However, ground-mounted solar arrays are 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 Co-operative 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 Pomona Solar Co-operative

- Equipment failure due to exceptional circumstances would increase maintenance costs and this would impact on Co-operative income. However, warranties and insurance will be in place in the event of breakdown of the equipment and will cover at least some loss of income for associated periods of business interruption. Accidental and malicious damage will also be covered under insurance as well as public liability cover.
- We believe that the Co-operative qualifies for some business rates exemptions for renewable energy. Should this prove to not be the case, or the exemptions be reduced or withdrawn, the Project might be liable for increased business rates which would reduce net income.
- Most of the income will come from the Feed-in Tariff or from sale of electricity to the grid. These payments are paid for by the major energy companies and government regulations obligate them to pay. These can therefore be regarded as secure. A part of the income will come from the sale of electricity to the businesses on site. There is therefore a risk of default on these payments.

Management and Administration

This section provides details on the Board and the running of the Co-operative.

The Board

There was an AGM in July 2015, at which two additional Co-operative members were duly elected to the Board. ETTY George, who had been a board member, stepped down at the AGM to avoid any conflict of interest arising because of her involvement with Shareenergy, which is the major advisor for the project. The Board currently consists of:

<p>Chris Boote is a housing professional with 30 years of experience in the sector. He has worked and volunteered in Herefordshire since 1998 and was, until recently, the Director of Operations at a Herefordshire based housing association where he had responsibility for strategy, policy development and the performance of a number of key business functions including housing management services, supported housing, building maintenance, stock investment and business development. He managed annual revenue budgets of c£6 million, a team of 50+ staff and a development programme of up to 80 new homes per year. His successes included leading the first installations of PV panels and renewable energy solutions for the housing association are part of an investment strategy aimed at tackling fuel poverty and reducing greenhouse gas emissions in the housing stock.</p> <p>Chris has a strong and long lasting commitment to the voluntary and community sector in Herefordshire. He was Chair of the Herefordshire Citizens Advice Bureau Trustee Board from 2007-2013 and is a current trustee of the LARC Development Trust (based in Leominster) and chairs the LARC Finance Committee. In this role he has helped LARC raise £3million in funding and successfully complete a community asset transfer and refurbishment of an iconic building, Grange Court.</p>	
<p>Nick Sherwood has lived in Herefordshire for 35 years and has been an environmental professional for the last 20, working regionally and locally in the sustainability field as a consultant and as officer for the local authority covering waste management, climate change and economic resilience. Since 2008 he has collaborated with the Transition Network. He was a founder member of Transition Hereford, the Herefordshire in Transition Alliance and Herefordshire REconomy. In 2013 he produced the TEEconomy suite of reports for the Transition Network's REconomy project (www.reconomy.org), which evaluate the potential for the local economy to become more resilient in energy-production, food-production and housing energy-efficiency.</p>	
<p>Jackie Jones has been involved in renewable energy and energy efficiency since the mid 1990s. She co-founded, and for 12 years was Editor of a leading international publication for professionals involved in renewable energy, has written extensively on renewables technologies, markets and policy, and has organized specialist renewables conferences in the UK and overseas. She has been involved in local community energy projects for the past four years, focusing particularly on events and initiatives promoting home energy retrofit and solar, but also in the early stages of community solar, and worked with two London boroughs to promote domestic retrofit. She served for two years on the project steering group of Carbon Leapfrog, helping assess community energy projects.</p>	
<p>Rob Palgrave is a retired IT director with a degree in electronics engineering. Prior to moving to Herefordshire in 2013, he spent 7 years actively volunteering with a community sustainability group in Surrey, setting up and managing a scheme to provide homeowners and village halls with guidance on energy conservation. He also sat on the council's climate change working group and co-ordinated the local community's input to the council's carbon management plan.</p> <p>A long-time user of home based renewable energy, Rob has invested in several community solar PV, wind and small hydro schemes around the country. He is an officer of the Hereford Green Party and treasurer for an environmental campaigning group.</p>	

Current shareholdings of Directors

The total shareholdings of Directors at present in the Co operative amounts to £10,850.

Disclosure

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

Conflicts of Interests

None of the directors have any conflict of interest between the Co-operative and any other organisation linked to the project.

Remuneration

No remuneration has been paid by the Pomona Solar Co-operative to the Directors. Each Director is 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 of Pomona Solar Co-operative.

Board Practices

Directors serve in accordance with the Rules. There are no service contracts for them or the Secretary. Pomona Solar Co-operative will have no employees and the business is not dependent on key individuals. Day-to-day operations will be managed by the Co-operative under the supervision of the Board. The Board will bear ultimate responsibility to the Members.

As a Registered Society, Pomona Solar Co-operative complies with statutory requirements and those of the Financial Conduct Authority. As the Shares will not be listed, Pomona Solar Co-operative is not obliged to comply with The Combined Code on Corporate Governance.

Administration

Sharenergy will provide an ongoing administration service for the Co-operative for an agreed annual fee, which will depend on the number of members of the Co operative. This would be £3,000 per year rising with RPI if the Co operative has 150 members.

Accounts

Pomona Solar Co-operative was incorporated on 28th March 2012. Its financial year-end is 31st December.

At the time of commencing this Share Offer, there have been 370,395 shares issued already through the previous share offers to 91 members.

Dividend Policy

Members' Shares will attract a payment of interest annually in arrears and there is currently no policy to pay dividends (see glossary for the definition of dividends). Interest rates will vary according to financial performance.

Legal Proceedings

There have been no governmental, legal or arbitration proceedings relating to the Project or Pomona Solar Co-operative and none are pending or threatened which could have a significant effect on the financial position or profitability of the Co-operative.

Rules of the Co-operative

Registered Societies, such as Pomona Solar Co-operative, are governed by Rules approved by the Financial Conduct Authority (not by Memorandum and Articles of Association). A copy of the Rules is available from the Co-operative (see contact details on back page of this Offer).

Further information

Other documents mentioned in this Offer are available from the Co-operative (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.

Pomona Solar Co-operative 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:

- 50 kW of solar panels can be installed at Glebe Farm, Stoke Edith in addition to the existing 250kW.
- Members may benefit from Pomona Solar Co-operative owning the solar Installation.
- Members may be as far as possible drawn from the local region.
- Pomona Solar Co-op 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.
- Pomona Solar Co-op and its Members can help to support the rural economy through supplying lower cost and low carbon electricity to small businesses and improving soil quality and biodiversity, while reducing flood risk.

Offer Shares

70,000 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 by Shareenergy, on behalf of the Co-operative, at The Pump House, Coton Hill, Shrewsbury, SY1 2DP, or any successor business address. Each person or organisation issued with Shares becomes a Member of the Co-operative, with membership rights defined in the Rules. The principal rights are:

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



Members and guests at the official opening event on 18th September 2015, attended by Bill Wiggan, MP

Interest payment/dividend

Interest will be paid on the balance of each Member's account at rates reflecting annual financial performance. Each Share also carries a right in theory to an equal part in any declared dividend, although it is not the intention to declare dividends in addition to annual interest payments. The date on which entitlement to interest (or any dividend) arises will be announced each year. It is envisaged that any interest (or dividend) unclaimed for a period of 7 years will be cancelled for the benefit of all Members. There are no restrictions on interest and dividend payments and no special procedures have been established for non-resident holders.

Voting rights

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

Rights to share in profits/surpluses

All Members are entitled to share in interest (and dividends) declared 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 or dividends on all 10,000 shares.

When the lease comes to the end of its term Members may choose to liquidate the Co-operative, in which case assets will be realised and the net proceeds applied in repaying any Members' share capital remaining. Any surplus will be paid to Members pro-rata in accordance with the number of Shares then in issue.

All shares issued by Pomona Solar Co-operative, whether issued in this present share offer or in previous share offers, are equivalent and will be entitled to the same share of interest.

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 Co-operative has the power to permit Shares in the Co-operative 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.

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 on their tax returns or through PAYE.

Death of a member

On death of a member, the shares could be withdrawn by the executor and the value would be added to the members estate.

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 10,000.

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 Pomona Solar Co-operative and to be bound by its Rules.
- Once an application has been made it cannot be withdrawn.
- Multiple subscriptions will be admitted providing that they do not result in a Member holding more than 100,000 Shares.

The Offer timetable

The Offer will open on 13th October. There is no closing date. The share offer will run until the target is reached.

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 100,000 Shares in total (including previous offers).
- Is not relying on any information or representation in relation to the Offer Shares, Pomona Solar Co-operative, or the Installation which is not included in this Offer Document.
- Shall provide all additional information and documentation requested by Pomona Solar Co-operative 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 Pomona Solar Co-operative 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 Co-operative 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 Co-operative 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, Registered Societies and other organisations. It is only possible to purchase Shares in Pomona Solar Co-operative 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. Your attention is particularly drawn to:

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

Amount to invest

The price of each share is £1. You should decide how many shares you want to buy and put that number in the box. The minimum is 100 and the maximum is 10,000. Annual interest payments will be based on the number of Shares you hold, but you will only have one vote, regardless of the number of Shares you hold.

Personal details

You may apply as an individual or, as long as you are properly authorised, on behalf of a Registered Society or other 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 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 Pomona Solar Co-operative. 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 Registered 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.

Application Form

Before completing this Application Form you must:

- Read the accompanying Share Offer Document
- Pay special attention to the Risk Factors set out in this Offer Document
- Consider where you need to take financial advice or other advice
- Read the Rules of Pomona Solar Co-op available on the project website

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

I wish/my organisation wishes to subscribe for a total amount of £ .00 in Pomona Solar Co-operative (the Co-operative) on the Terms and Conditions of the Offer Document at the price of £1.00 per Share.

For this offer, the minimum application is £100 and the maximum is £10,000.

Please indicate if you intend to claim tax relief Yes No

Individual Applicant details	
Title (Mr/Mrs/Ms/other):	Forenames:
Surname:	
Address:	
Post code:	Day-time Telephone:
Date of Birth: / /	

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

Email:	<input type="text"/>
--------	----------------------

If you would like payments from the Co operative paid by bank transfer and not by cheque, please give bank details:

Name on account:	Sort code:	Account number:
-------------------------	-------------------	------------------------

If the Applicant is an organisation please also provide:
Organisation name:
Type of organisation:
Registration number:
Position of authorised signatory:

Please continue to and sign the Declaration overleaf

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 Co operative 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 Co-operative.
- 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 10,000 Shares through this share offer or that would add up to more than 100,000 shares through this and previous share offers in The Co-operative
- The Applicant is not relying on any information or representation in relation to the Offer Shares or the Co operative that is not included in the Offer Document.
- The Applicant shall provide all additional information and documentation requested by the Co operative in connection with this Application, including in connection with money laundering, taxation or other regulations.
- If signing this Application on behalf of an 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:
---	--------------

Payment

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

Cheque: payable to Pomona Solar Co-op Ltd and crossed a/c Payee.

Transfer: to Pomona Solar Co-operative Ltd Sort code: 08-92-99 Account no.: 65669855

Please use the Applicant name as the reference

Send your completed Application Form and payment to:

Pomona Solar Co-op Ltd, c/o Sharenergy, The Pump House, Coton Hill, Shrewsbury, SY1 2DP

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.

For all enquiries use contact details at www.pomonasolar.org.uk or contact us by post at this address:

c/o Sharenergy, The Pump House, Coton Hill, Shrewsbury, SY1 2DP

THANK YOU FOR APPLYING TO JOIN POMONA SOLAR CO-OPERATIVE

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 Board of Directors of Pomona Solar Co-operative.

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 Co-operative which is to be distributed by a Charitable Trust as an annual grants scheme available to local organisations

Pomona Solar Co-operative (or the Co-operative) Pomona Solar Co-operative Ltd. Registered Office: c/o Shareenergy, The Pump House, Coton Hill, Shrewsbury, SY1 2DP (Registered Industrial and Provident Society number 31569R).

Pomona Solar Co-operative Shares Ordinary shares of £1 in Pomona Solar Co-operative.

Directors The directors of Pomona Solar Co-operative.

Dividend (in a Registered Society) is a discretionary allocation of profit paid to members, based on the members' transactions with the Co-operative and not on the amount of capital invested.

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 Ground mounted solar array, civil works and ancillary equipment of the Project.

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

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

Offer The Offer of Shares in Pomona Solar Co-operative contained in this Offer Document.

Offer Costs The expenses incurred by or on behalf of Pomona Solar Co-operative 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 Pomona Solar Co-operative, 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 by Pomona Solar Co-operative of a Solar Installation at Stoke Edith, Herefordshire

Projections The financial projections for Pomona Solar Co-operative set out in this document.

Rules The Rules of Pomona Solar Co-operative, available on demand by using the contact details set out on the back of this Offer document.

Shareenergy Shareenergy 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.

For enquiries relating to this share offer contact Jeremy Thorp at Sharenergy:

01743 277119

info@pomonasolar.org.uk

Sharenergy, The Pump House, Coton Hill, Shrewsbury, SY1 2DP

The project website with further documents is available at:

www.pomonasolar.org.uk

This Co-operative project has been developed in association with

