

**your invitation to invest in
community wind energy**



Share Offer Document

Share Offer open: 31st July 2017

Amount sought: £3,000,000

Minimum investment: £50

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Awel Co-op is the trading name of Awel Limited, a registered society under the Co-operative and Community Benefit Societies Act 2014, registration number 7204. The information contained in this Share Offer has been prepared under the supervision of the directors of Awel Co-op who take responsibility for its contents. To the best of their knowledge, all information is accurate.

Chair's Welcome

You are invited to invest in Awel Co-op and own shares in a new Welsh wind Co-op. This scheme will harness the winds of South Wales to generate electricity using clean, low carbon renewable technology; and by doing so, will take direct action on climate change.

We are a Community Benefit Society and our project will own and run two 2.35 MW Enercon wind turbines on Mynydd y Gwrhyd, 20 miles north of Swansea. Profits will be used to support the work of the local charity, Awel Aman Tawe to address fuel poverty, develop renewable energy and run climate change projects in the community.

You can become a Member of the Co-op by subscribing to this Share Offer for as little as £50. You will receive a projected 5% return per year on your investment. Construction started in March 2016 (read 'Awelog' on our website for an update) and the scheme is expected to be completed by December 2016. Planning permission is in place, a grid connection offer secured, and an application for Feed in Tariff pre-accreditation has been approved. We have already raised £1.34m from our Share Offer and have secured loans of £4.75m from Welsh Government. We have also had an offer of £5.25m from Triodos Bank which will be used to refinance the Welsh Government.

The two turbines are forecast to generate an estimated 12,404 MWh of clean energy annually, supplying the equivalent of over 2,500 homes per year. The team behind this Share Offer have already successfully delivered Egni Solar Co-op (www.egni.coop) which has installed 119 kw of solar PV on five community buildings.

We are following in the footsteps of other leading Wind Societies across the UK, including Urras, Bro Dyfi, and Dingwall.

We hope you decide to join us and become a Member of Awel Co-op.

Daniel McCallum

Dan McCallum, Chair, Awel Co-op.



Summary of Offer

The purpose of this Share Offer is to raise funds towards the installation of two 2.35 MW Enercon wind turbines on Mynydd y Gwrhyd, twenty miles north of Swansea in South Wales. The Co-op aims to be generating electricity by the end of 2016.

Awel Co-op

Awel Co-op's purpose is to generate low carbon electricity and to benefit the local community. Electricity generated will feed directly into the local grid, supplying the equivalent of 2,500 homes each year. The Co-op expects to generate revenue from the sale of electricity and from the Feed in Tariff (FiT). After repayment of loans and member interest, the projected annual surplus will enable the Society to support the local charity, Awel Aman Tawe, to deliver sustainable community projects in the local area. The value of this funding could be more than £3 million over the lifetime of the project.

The Offer

This Offer Document seeks to raise funds by the issue of Offer Shares at £1, payable in full on application. Those applying for Membership should regard these Shares as a long-term investment. They may subscribe for a minimum of 50 and a maximum of 100,000 Shares at their £1 par value (£50-£100, 000).

Returns to Members are calculated using the assumptions stated in this Offer Document. The projected return equates to an internal rate of return (IRR) of 5% over the 20-year project period. Shares cannot be traded on a recognised stock exchange and are not transferable.

Members may apply to withdraw Shares after the end of the third year of operation. Share withdrawal is at the discretion of the Board. The Society intends to repay Members' share capital over the 20-year period, subject to financial performance and available funds. Each subscriber, whatever the relevant stake, automatically becomes an equal Member of the Society on a 'one Member one vote' basis.

Risks

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

Those interested in investing should do so only after reading this document in full and taking appropriate financial advice. This Share Offer is not covered by the Financial Ombudsman Service or the Financial Services Compensation Scheme.

Local people support Awel Aman Tawe's planning application



Business Overview

Awel Co-op & Awel Aman Tawe

Awel Co-op is an independent Society which has been set up by Awel Aman Tawe* (AAT). AAT is a community energy charity working to make a difference to the lives of people at the top of the Swansea and Amman Valleys.

AAT is embedded in the community. Its small staff and active volunteer group live in the area, and it is committed to protecting the outstanding natural environment of the neighbourhood. AAT works to raise awareness of the importance of clean energy in the fight against climate change through a sustained programme of information, communication and consultation. Founded in 1998, it has developed community renewable energy schemes (solar, biomass, hydro and small-scale wind) as well as energy efficiency programmes; and, more recently engaged thousands of people in issues of climate change through an innovative range of arts activities. The quality of its work has been recognised nationally and internationally by a growing number of awards.

This community windfarm is Awel Aman Tawe's flagship project for which it has conducted large-scale local consultation and has community support. Awel Co-op was established in September 2015 for the purpose of funding, building and owning the wind farm.

*Awel means 'wind' in Welsh; Aman & Tawe are the two local valleys.

Below: View of the two turbines as they will look from the A4069 crossing the Black Mountain above Brynaman

Sustainability

Awel Aman Tawe community wind farm is a social enterprise which will support local regeneration, address climate change and generate a sustainable source of funding for local community projects.



Renewable Energy Societies

The first renewable energy Society in the UK was *Baywind* in Cumbria, established in 1997. There are now renewable energy Societies across the UK and across the technologies. Wales and Scotland have several successful renewable energy Societies including the *Bro Dyfi Coop*, *Narberth Community Benefit Society* and *Dingwall Wind Co-op*. Community Benefit Societies such as Awel Co-op are democratic structures with the ability to raise money directly from members of the public. With a 'one Member one vote' system and a board elected from the Membership, they offer a fair and transparent way to operate a community-owned renewable energy enterprise. Societies are registered with the Financial Conduct Authority (FCA).

Business Overview

The Site

The two turbines will be situated on Mynydd y Gwrhyd which is 20 miles north of Swansea. One turbine is on common land and the other on adjacent farmland. Options/Leases are in place with both landowners. The site has full current planning permission for two wind turbines, access track, substation and work compound and a secure grid connection.

The Wind Resource

A Wind Resource Assessment has been undertaken by Dulas Ltd based on two years' onsite data from a 60m met mast. This data has been correlated to local Met Office data. Dulas have predicted a 20-year average yield of 12,404MWh/year (P50) based on the warranted Power Curve for the selected turbine. This P50 figure is an energy output prediction which takes account of losses in the system. Enercon E82 2.35MW turbines have been selected and we have paid 85% of the turbine costs. Enercon has an excellent reputation for turbine design and has shown significant commitment to the community energy sector in the UK, supplying many of the turbines in use.

Common Land

Welsh Government consented Section 194 and 147 applications in March 2013 for the wind turbine and access track on the common. A supplementary application for additional construction land was granted in December 2015.

Geotechnical

Natural Power completed a Site Investigation in July 2014 which included 50m boreholes at the turbine and substation locations, and trial pitting across the whole site. No problematic ground



conditions were identified and construction of the turbine foundations was completed in August 2016 with no issues.

Construction Contract

Following a competitive tendering process, an experienced civil engineering contractor, Raymond Brown Construction, has been appointed to build the scheme. They are a local company and have constructed a large number of wind farms across the UK. They have an excellent relationship with Enercon, having built 50% of their turbines in the UK.



Business Overview

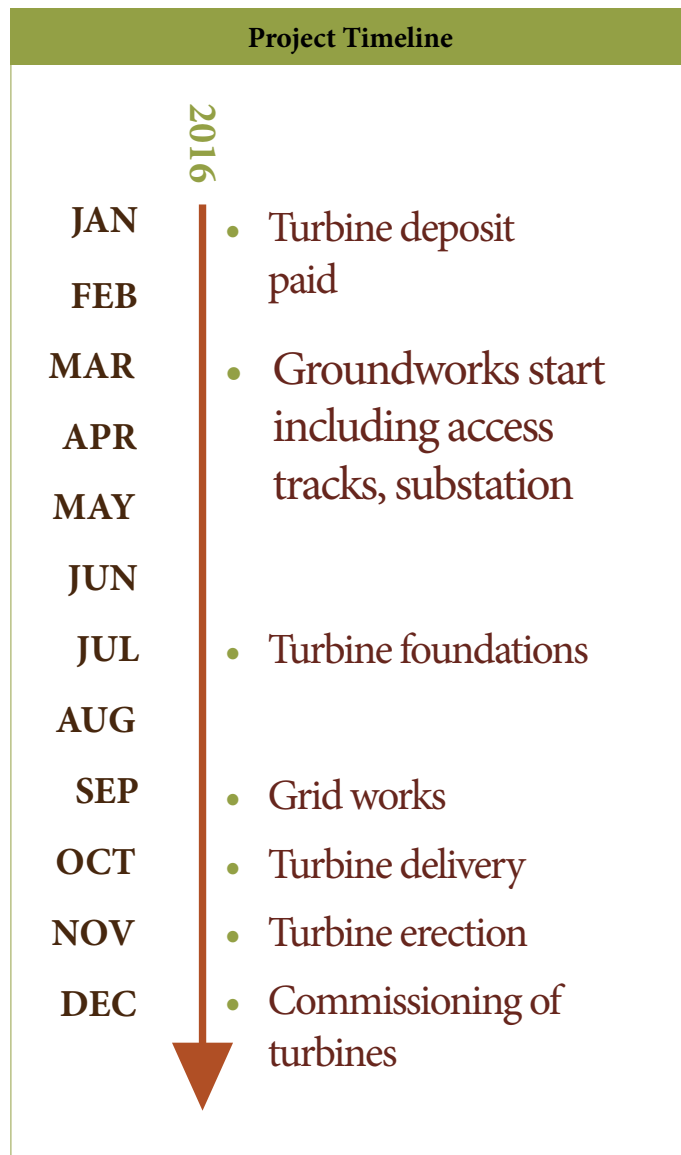
Electricity Sales

The electricity produced by the turbines will be exported into the local grid via a 33 kW connection, 300m from the site. The grid connection has been secured by a deposit for the full 4.7 MW capacity. Awel Co-op will seek to maximise income by obtaining quotes from the leading buyers of renewable energy for power purchase. In addition, Awel Co-op will receive the Feed-in Tariff (FiT). Preliminary Accreditation for the FiT was applied for in September 2015 and holds the FiT rate for this project at 2.8p/kWh for 18 months; with the proviso that the turbines must be generating before the end of March 2017.

Corporate Structure

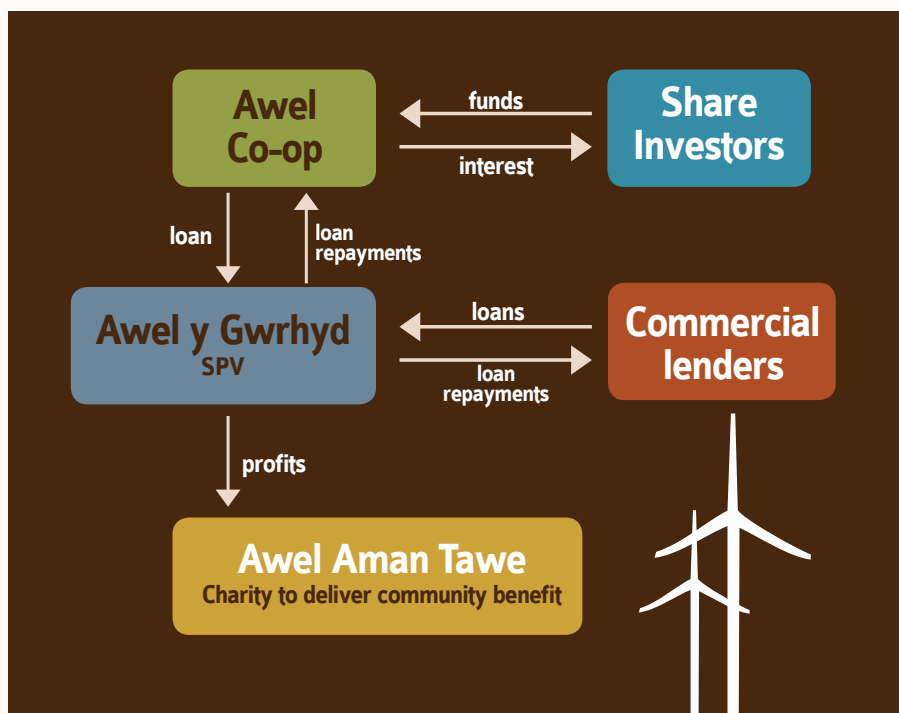
This project has been developed with substantial input and time from Awel Aman Tawe (AAT), a registered charity. In order to construct the wind farm, AAT set up a trading arm or Special Purpose Vehicle (SPV), called Awel y Gwrhyd CIC. This company will operate and maintain the turbines.

While the majority of the funds for the construction of the windfarm will be secured from Triodos Bank, AAT are keen to offer a significant proportion of funding to potential community investors. Therefore, Awel Co-op, a new Community Benefit Society, has been set up to enshrine democratic community ownership and to help finance the project.



Pictures: top left: Dan McCallum attending a Social Enterprise Summit in Downing Street; bottom left: Visit to Carno as part of AAT's community consultation about the windfarm.

Business Overview



Corporate Structure

- ▶ **Awel Aman Tawe** - Registered Charity set up to develop community renewable energy projects and address issues of climate change.
- ▶ **Awel y Gwrhyd** - Trading arm/ Special Purpose Vehicle set up to operate the windfarm. The windfarm will be built with loans from Commercial lenders and from Share Investors via Awel Co-op.
- ▶ **Awel Co-op** - Community Benefit Society set up to wholly own the windfarm and raise funds from Share Investors.

Awel Co-op wholly owns the SPV, Awel y Gwrhyd, along with all of its assets and any liabilities, including the leases and ownership of the turbines. All the profits from the windfarm, after satisfying creditors and payment of interest to Members, will be gift-aided to AAT to be used to undertake sustainable community projects in the area, addressing fuel poverty, developing renewable energy schemes and running climate change awareness projects. The value of this local community funding is projected to be more than £3 million over the lifetime of the project.

A diagram to illustrate how this structure will work in practice is shown above.

Advisors

The following external advisors have been utilised for the project to date. The Directors of Awel wish to make it clear that this Share Offer Document itself has not been audited by our advisors and the accuracy of its content is the sole responsibility of the Directors.

- ▶ **Civils:** QuadConsult www.quadconsult.co.uk
- ▶ **Technical Review:** Wind Prospect www.windprospect.com
- ▶ **Planning:** Dulas www.dulas.org.uk & Adas www.adas.uk
- ▶ **Legal:** Burges Salmon LLP www.burges-salmon.com
- ▶ **Co-op advice:** Sharenergy www.sharenergy.coop

AAT education project about climate change.



Financial Information

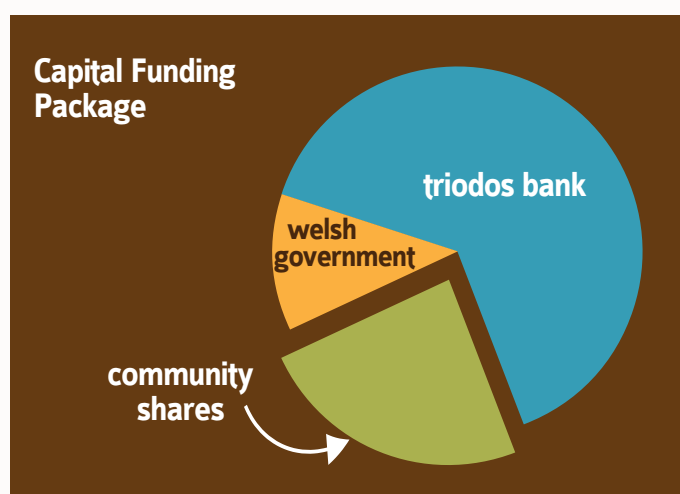
Project Cost

The anticipated total cost for the Project including the turbines, installation and project management costs is projected at £8,215,000.

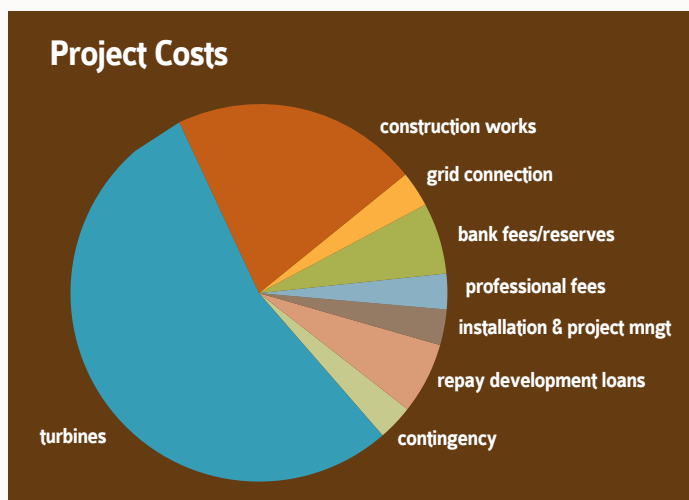
Financial Projections prepared and approved by the Board are summarised here. The figures are based on existing contracts and estimates received by the Society. The financial forecasts begin at the point when electricity and FiT revenues commence. The finance model includes the return of Members' capital over a 20-year period. At the end of its working life the Society may choose to replace the turbines or not, and to continue in business or wind up, according to the business of the Society at that time. The forecasts are based on a default position where the turbine is decommissioned at the end of 20 years operation.

- ▶ A loan for £1,200,000 has been received from the Welsh Government over a 15-year term @ 7.5% p.a.
- ▶ We have been given a further £3,550,000 bridging loan by Welsh Government which will be refinanced by Triodos Bank.
- ▶ An indicative loan offer for £5,250,000 on a 15-year term has been received from Triodos Bank.
- ▶ We have already raised £1,340,000 in our Share Offer. This includes £1,196,000 raised @7% and £144,000 raised @5%. We aim to reach £1,965,000 by December 25th - if we do not achieve this, the Welsh Government has agreed to leave more of its finance in the project.
- ▶ We are likely to continue our Share Offer, or seek subordinate debt at a lower rate, in order to refinance the remaining £1m of the Welsh Government loan. If we continue the Share Offer, Directors may decide to reduce the interest rate from 5% to new members as there will be less risk in the project once the wind farm is fully constructed.

Capital Funding Package		
Funder	Amount	%
Triodos Bank	5,250,000	64
Welsh Government	1,000,000	12
Community Share Issue	1,965,000	24
Total	8,215,000	100



- ▶ Share funds raised by Awel Co-op will be provided to Awel y Gwrhyd on terms that will allow Awel Co-op to pay out share interest, build up a capital fund and undertake basic administration activity.



Project Costs		
Item	Amount	%
Turbines	4,452,920	54
Construction Works	1,723,958	21
Grid Connection	264,000	3
Bank fees/reserves	471,400	6
Professional Fees & Share Offer	280,000	3
Installation & Project Management	257,470	3
Repay development loans	521,896	6
Contingency	243,356	3
Total	8,215,000	100

Financial Information

Financial Forecasts

The table below summarises the key financial indicators over the lifespan of the turbines operating under Awel y Gwrhyd.

Financial Projections								
	£000	£000	£000	£000	£000	£000	£000	£000
Profit & Loss								
	yr 1	yr 2	yr 3	y 4	yr 5	yr 6-10	yr 11-20	Total
Operating Income	956	980	1,005	1,030	1,056	5,687	13,715	24,430
Operating Expenditure	256	262	269	275	282	1,850	5,334	8,527
Operating Surplus	701	718	736	755	774	3,837	8,381	15,902
less Depreciation	361	361	361	361	361	1,805	3,611	7,222
less all Loans Interest	275	265	248	231	212	740	227	2,197
less interest on shares at 7%	42	63	84	84	82	385	737	1,477
less interest on shares at 5%	19	29	38	38	38	177	270	609
add interest on cash in bank	0	4	4	4	4	18	107	141
Net Surplus	4	5	9	45	84	749	3,642	4,538
Cashflow								
Surplus + Depreciation	365	366	370	406	445	2,554	7,253	11,759
less all Loans capital	249	341	357	375	393	2,434	1,850	6,000
less capital repaid on 7% shares	0	0	0	24	24	192	958	1,197
less capital repaid on 5% shares	0	0	0	15	15	123	614	768
Opening cash	250	366	391	403	395	408	213	250
Closing cash	366	391	403	395	408	213	4,044	4,044

- ▶ The projections in this Offer Document are based on work carried out by the Board.
- ▶ Capital costs of the project have increased over the course of construction - this is largely due to the impact of Brexit which caused a devaluation of sterling against the euro. In terms of the project, this has been mitigated by the reduction in bank lending rates. 85% of the turbine costs have now been paid and the next 10% payment which is due in December has been hedged at a favourable exchange rate.
- ▶ Inflation (RPI) is projected at 2% per annum over the 20-year period.
- ▶ The value of electricity sold is projected to increase by RPI.
- ▶ Income is based on the combined value of the Feed-in Tariff, electricity export sales, totalling 7.71p/kWh (2.80p/kWh FiT and 4.91p/kwh export rate), reflecting relevant FiT and current electricity pricing. In the future, our export rate could be higher via a Power Purchase Agreement, but we have allowed for the more conservative export rate allowed by Ofgem.
- ▶ Depreciation of equipment is straight-line over the 20-year period. Capital is here modelled as being returned to Members annually after Year 3 subject to the maintenance of a contingency reserve within the Society.
- ▶ Business rates are projected at £46,250 per annum

Financial Projections

- ▶ Insurance costs are projected at £11,555 per annum – this is based on a quote from a reputable broker.
- ▶ Administration costs of the Society are set at £5,000 per annum. This is as quoted by Awel Aman Tawe for their service which covers book-keeping, production of annual accounts, maintenance of Membership database, phone, email and postal support of Members, preparation of AGM papers and annual return, FCA and other regulatory fees.
- ▶ Bank interest on Society deposits is projected at 1% per annum (most deposits are held long-term).
- ▶ All profits are gift aided to the charity, Awel Aman Tawe, so the projections do not predict a liability for Corporation Tax. Income from shares held in this project will be eligible for the new Personal Savings Allowance (visit www.gov.uk for further info). This means that for many members, there will be no income tax liability on the interest payments.
- ▶ Normal monthly cash expenditure is expected to be small and will be amply covered by the generation and FiT income. The Projections anticipate that the Society will be cash positive each year from the commencement of operations, although an overdraft facility may be sought to assist cash flow in the early years of the project.
- ▶ Projections are based on a 20-year FiT period.
- ▶ The IRR (5%) is shown for a 20 year period; the amount payable in interest each year will fluctuate according to performance of the turbines and other expenditure and the cash flow of the project has been modelled on this basis.
- ▶ Awel Co-op will be liable for all ongoing operating costs associated with the installation and will negotiate the sale of electricity and benefit from the Feed-in Tariff and any other current or future incentives.

Example of a Member's cashflow: £1000 in shares at 5%								
	£	£	£	£	£	£	£	£
	yr 1	yr 2	yr 3	yr 4	yr 5	yrs 6-10	yrs 11-20	yrs 1-20
Interest payment	25	38	50	50	49	230	352	794
Capital repayment	0	0	0	20	20	160	800	1000
Total	25	38	50	70	69	390	1152	
Cumulative	25	63	113	183	252	642	1794	1794

The table above shows the projected returns to a member who has invested £1,000. We aim to make share interest payments from year 1, building up over time. The internal rate of return (IRR) is 5%. If we have a less windy year, you may receive less interest than projected. We would aim to increase payments in windier years to bring the IRR back to 5% over the 20 years of the project. Our shares are withdrawable shares - meaning they cannot be traded but you can apply to withdraw at any point if you need to. We've made a substantial provision to cover this but this ability to withdraw cannot be guaranteed.

Pupils monitoring the amount of renewable energy generated



Risks

It is important to consider the risks carefully before you decide to subscribe funds. If you are in any doubt about the information in this document, you should consult an independent financial adviser authorised by the Financial Conduct Authority, or get advice from a solicitor or accountant.

The key risks identified by the Board are:

General Investment Risk

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

Renewable Energy Industry Investment Risks

- ▶ Government policy towards renewable energy may change. However throughout the operation of the FiT and previous similar schemes, successive governments have kept the commitment to maintain project tariffs at the levels the project obtained on registration. FiT is also index-linked to RPI.
- ▶ Operational costs may rise faster than anticipated during the life of the Project. **Mitigation:** The Society has agreed a 15 year contract for operation, maintenance and administration with Enercon to reduce this risk as far as practicable.

Risks specific to the Society

- ▶ Debt financing from Triodos Bank is proposed to fund a large proportion of the capital costs. Triodos will be entitled to be paid in full before any other persons with a financial interest in the project, including Members. **Mitigation:** Awel Co-op is working with the lenders to ensure that the debts can be serviced and that there will be sufficient surplus to meet all other commitments.
- ▶ The projections are based on the predicted wind yield. If the wind yield were to be lower on average over the project period then Members' return would reduce.
- ▶ Equipment failure due to exceptional circumstances would increase maintenance costs and this would impact on Society income. **Mitigation:** warranties and insurance will be in place to cover mechanical breakdown and loss of income for associated periods of business interruption. Accidental and malicious damage will also be covered under insurance, and public liability insurance is provided.
- ▶ If commissioning goes beyond March 29th 2017, our FiT would reduce, resulting in a change to projections, or in the worst case, non-viability of the project. **Mitigation:** the Society has secured Preliminary Accreditation which ensures that the modelled FiT level is available till 29th March 2017. We started construction 14th March 2016 and have kept to our build schedule. The turbines are due to arrive on site in October and to be fully commissioned by December 2016.



“This project will help to build a Zero Carbon Wales”.

Paul Allen, Centre for Alternative Technology



“The Awel turbines will provide cheap renewable energy for generations to come. Long after the construction costs have been paid they will still be turning, producing electricity at almost no cost: no gas imported, no uranium mined, no nuclear waste to be looked after for thousands of years”.

Chris Blake - Community Energy Wales

“This is a fantastic, co-operative way of taking action on climate change.. and it's great news for Welsh jobs too”.

Assembly Member, Jenny Rathbone.



The Board

The current board of Directors is transitional and was established for the purposes of setting up the Co-operative, running the Share Offer and managing the project. Board elections from the new Membership will be held at the first AGM.



Dan McCallum

Dan is a co-founder of Awel Aman Tawe, a community energy charity and has been manager since 2000. Dan has been involved in every aspect of the project since the start and has shared his experience with a range of community energy projects across the UK. He works with DECC as part of the Contact Group which helped developed the UK's first Community Energy Strategy. He has a 2.1 BA degree in modern history from Oxford University. His work experience includes two years as a Programme Co-ordinator for Oxfam in Iraqi Kurdistan, and two years as Middle East and Africa Programme Manager for the Minority Rights Group.



Dr. Suzanne Bevan

Research officer, School of the Environment and Society (SOTEAS), Swansea University. She is an expert on climate change and has previously worked for the Met Office. She is currently undertaking a 3-year contract on a Leverhulme-funded project investigating the long-term stability of the Greenland ice sheet. Suzanne has invested in Egni Co-op.



Brian Jones

Brian taught at Neath Port Talbot College since moving until he retired in August 2014. He was a Community Councillor for 8 years, and a school governor for 5 years. For pleasure, he enjoys reading fiction (in both English and Welsh), and he plays the clarinet with the Swansea Community Orchestra. He went to Bath University to study Mathematics, and for his placement year worked at the Atomic Energy Research Establishment at Harwell. He has been involved in anti-nuclear weapons and power campaigns ever since, and with some other progressive campaigns. He has invested in Egni Co-op.

Mary Ann Brocklesby

Mary Ann is a social development specialist with 20 years experience of policy advice, programme management, and research in Asia, Africa, Europe and the UK. She has been Chair of Awel Aman Tawe for seven years and has developed expertise in renewable energy issues over this period. She supports a number of community energy projects. She has previously lived and worked in Cameroon and Indonesia for three years and five years respectively. In Cameroon, Mary Ann was involved in developing social development capacity, including conflict management skills in government and civil society organisations concerned with biodiversity conservation. and in Indonesia, gender mainstreaming and capacity building for NGOs.



Carl Richards

Carl has been employed by Awel Aman Tawe since 2000. He was trained initially to assist with the community consultation regarding the wind farm. Carl has given a huge amount of volunteer time to Awel Aman Tawe. In recent years, he has been the Finance Officer. He has a Level 3 Diploma from the Institute of Certified Bookkeepers. Carl lives locally in the village of Brynaman, is a keen historian and is a Welsh speaker. He has a degree in Chemistry. Carl is a member and director of Egni.



The Society

Current and intended shareholdings of Directors

The total shareholdings that the Directors have taken up through this Share Offer is £9,000.

Disclosure

None of the directors of Awel Co-op 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

Two directors, Dan McCallum and Carl Richards are employees of the charity, Awel Aman Tawe. Mary Ann Brocklesby, Brian Jones and Suzanne Bevan are volunteer Trustees of Awel Aman Tawe. AAT is a charity which will benefit from the project in the form of payments through the community fund over the twenty years of the project. AAT is also contracted to provide administration services for Awel Co-op for the first five years and will be paid at a standard rate for this service.

Remuneration

No remuneration has been paid by Awel Co-op to the Directors. When the wind farm is generating electricity each Director will be entitled to claim fees and/or expenses not exceeding £50 per annum 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. Awel Co-op 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.

Awel Co-op complies with statutory requirements and those of the Financial Conduct Authority. As the Shares will not be listed, Awel Co-op is not obliged to comply with The Combined Code on Corporate Governance.

Accounts

Awel Co-op was incorporated in September 2015 with its financial year-end being 31st December. At the time of commencing the share issue, except for the issue of 5 shares at par, no other transactions had taken place.

Dividend Policy

Members' Shares will attract a payment of interest annually in arrears. Interest rates may vary according to financial performance.

Legal Proceedings

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

Rules of the Co-operative

Registered Societies, such as Awel Co-op, 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 Awel Co-op's website www.awel.coop (or for hard copies see contact details on back page of this Offer).

Further information

Other documents mentioned in this Offer are available from the Awel website, or by contacting us by phone or in writing. Please 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 that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Peter Hain meeting AAT education officer Elin Paul



Share Offer

Share Offer

The full offer period is from 8th May 2016 to noon on 31st July 2017.

Reasons for the Offer and use of proceeds

This Offer is being made so that:

- ▶ Awel Co-op and its Members are able to generate renewable energy and benefit the local community, both financially and through the generation of low-carbon electricity;
- ▶ The Society can raise the funds required to complete the acquisition and building of the Installation;
- ▶ Members may benefit from Awel Co-op owning the Wind Installation;
- ▶ Members may be as far as possible drawn from the local community.

Offer Shares

1,965,000 (£1,965,000) 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 Cooperative 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 Awel Aman Tawe, on behalf of the Society, at 76-78 Heol Gwilym, Cwmllynfell, Swansea SA9 2GN, or any successor business address. Each person or organisation issued with Shares by Awel Co-op becomes a Member of the Society, with Membership rights defined in the Rules. The principal rights are:

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

Interest payments

Interest will be paid on the balance of each Member's account at rates reflecting annual financial performance. The date of Member interest payments will be announced each year. Interest payments are restricted to that rate which in the opinion of the Directors is required to obtain and retain the capital required by the Society. No special procedures have been established for non-resident holders.

Voting rights

Each Member has one vote, regardless of the number of Shares held.

Rights to share in profits/surpluses

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

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

Redemption provisions

Redemption of Shares may take place in accordance with the Rules. Members do not have the right to withdraw Share capital but the Board of the Society has the power to permit Shares in the Society to be withdrawn by agreement between the Board and the Member.

Sian Rhys Williams, AAT's Fuel Poverty Advisor



Share Offer

Taxation

Interest payments made to Members will be subject to UK taxation. It is expected that payments will be made gross and investors will be responsible for declaring this income on their tax returns.

Provisions on the death of a Member

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

Eligibility

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

Application procedure

Shares shall be applied for using the Application Form following the Guidance Notes. By delivering an Application Form an Applicant offers to subscribe, on these Terms and Conditions, for the number of Shares specified, or such lesser number as may be allocated. An Applicant who receives Shares agrees to automatic Membership of Awel Co-op and to be bound by its Rules. An application once made cannot be withdrawn. Multiple subscriptions will be admitted providing that they do not result in a Member holding more than the maximum amount.

The Offer timetable

The Offer will remain open until 31st July 2017. None of the Society, its Directors or advisors will be responsible for loss of interest or any other benefit suffered by Applicants during the period the monies are held by the Society.

Procedures on application receipt

- ▶ Offer cheques/bankers' drafts will be presented on receipt and may be rejected if they do not clear.
- ▶ Surplus Application Monies may be retained pending clearance of cheques.
- ▶ Applications may be rejected in whole, or in part, or be scaled down.
- ▶ Monies in respect of any rejected or scaled-down Applications shall be returned no later than one month after the end of the Offer.
- ▶ No interest is payable on submitted Application Monies which become returnable.
- ▶ 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 monies.
- ▶ Results of the Offer will be published on the Project website within one month after the Offer has been closed.
- ▶ In case of oversubscription, Directors shall, at their discretion, determine the allocation of Shares. This includes issuing shares above the amount sought in the Share Offer provided this is not a detriment to the Society or its Members.



Melbourne Bartlett, powering his wheelchair from renewables, with help from AAT

Share Offer

Applying for Shares

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

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

Amount to invest

The price of each share is £1. The minimum number is 50. The maximum is 100,000. 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.

Allocation

The number of Offer Shares you apply for will not necessarily be the number of Shares you will receive. If the Offer is over-subscribed your application may be scaled down.

Declaration

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

Payment

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

*Installation of solar PV panels at
Gwaun-cae-Gurwen Primary School*



Application Form

Important: 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 in relation to the Terms and Conditions of the Offer contained in the Offer Document
- ▶ Read the Rules of Awel Co-op available at www.awel.coop

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

Amount to invest

I wish/my organisation wishes to invest a total amount of £_____ in Awel Co-op on the Terms and Conditions of the Offer Document at the price of £1.00 per Share. (You may invest not less than £50 and not more than £100,000).

Payment of Interest

If you would like your annual interest payments to be paid by BACS rather than by cheque, please provide bank details:

Name on Account	
Sort Code	
Account Number	

Individual Applicant Details

Title (Mr/Mrs/Ms/other):	Forenames:
Surname:	
Address:	
Post code:	Day-time Telephone:
Email:	

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

Organisation Details

If the Applicant is an organisation please fill in the contact details above and also the following:

Organisation name:	
Organisation address:	
Type of organisation:	Registration Number:
Name of authorised signatory signing this application form:	
Position of authorised signatory	

Please continue to and sign the Declaration overleaf



Declaration

I confirm my understanding that:

- ▶ When accepted by Awel Co-op this Application forms a contract subject to the law of England and Wales on the Terms and Conditions of the Offer Document.
- ▶ An Applicant who/which is not UK resident is responsible for ensuring that this Application complies with any laws or regulations applicable outside the UK to which he/she/it is subject.
- ▶ If the Offer is oversubscribed it is possible that an otherwise eligible Application will not be accepted in part or in whole.
- ▶ If insufficient funds are raised by the Offer, Application Monies may not be returned and that alternative sources of funding will be sought by Awel Co-op to make up the shortfall.

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 Awel Co-op.
- ▶ I am over 16 and the Applicant meets the Offer eligibility criteria.
- ▶ Awel Co-op is hereby authorised to make such enquiries as are deemed necessary to confirm the eligibility of this Application.
- ▶ The Applicant is not (unless a Registered Society) making an application or multiple applications for a total of more than 100,000 Shares.
- ▶ The Applicant is not relying on any information or representation in relation to the Offer Shares in Awel Co-op which is not included in the Offer Document.
- ▶ The Applicant shall provide all additional information and documentation requested by Awel Co-op 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 the cheque supporting this application (if enclosed) will be presented for payment upon receipt and I warrant that it will be paid on first presentation.

Signature (<i>Applicant/on behalf of applicant organisation as applicable</i>):	Date:
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Payment

I wish to pay by (*tick as appropriate*)

<input type="checkbox"/> Cheque	<input type="checkbox"/> BACS (bank transfer)
Please attach a single cheque or banker's draft for the amount shown above, payable to Awel Ltd and crossed a/c Payee.	Please pay by BACS to the following account: Account name: Awel Ltd Sort code: 16 58 10 Account number: 20647522 Please use your name as the reference attached to the transfer.

- ▶ If we need to return any or all of your monies because of oversubscription or cancellation of the project, please indicate whether you would like this returned by cheque or by BACS to your account specified overleaf.

Please return any monies by cheque: BACS:

- ▶ Send your completed Application Form and payment to:

Awel Co-op, 76-78 Heol Gwilym, Cwmllynfell, Neath Port Talbot, SA9 2GN, or sign, scan and email to info@awelamantawe.co.uk

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

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

Thank you for considering joining Awel Co-op.



Glossary

AAT Awel Aman Tawe Charity; Welsh for the ‘Wind/Breeze of the Aman & Swansea Valleys’ (Registered Charity No. 1114492)

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.

Awel Co-op Awel Ltd., 76 - 78 Heol Gwilym, Cwmllynfell, Swansea, SA9 2GN. (Registered Society number 7204).

Awel Co-op Shares Ordinary shares of £1 in Awel Co-op.

Board The Board of Directors of Awel Society.

Climate Change The phrase widely used to describe changing weather patterns as a direct result of global warming, including an increase in the incidence and intensity of storms and droughts.

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

Directors The directors of Awel Co-op.

Environmental Attributes relating to renewable energy installations, the additional benefits of reductions in carbon emissions and other pollutants that arise in addition to the electricity generation & income from this.

FiT (Feed in Tariff) Incentive for micro generation up to 5MW introduced by HM Government on 1st April 2010 under powers from the Energy Act 2008.

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.

P50 / P90 Terms used to express the projected power output of a renewable energy project and the degree of confidence in that figure.



“I look forward to seeing the Awel turbines turning above the Swansea and Neath Valleys.” **Paul Thorburn, Wales’ former Rugby Captain.**



“This is the way power generation should go, village by village, community by community, water turbines, wind turbines, with all profits going back to the people.” **Gillian Clarke, former National Poet of Wales and Wales’ Green Champion**

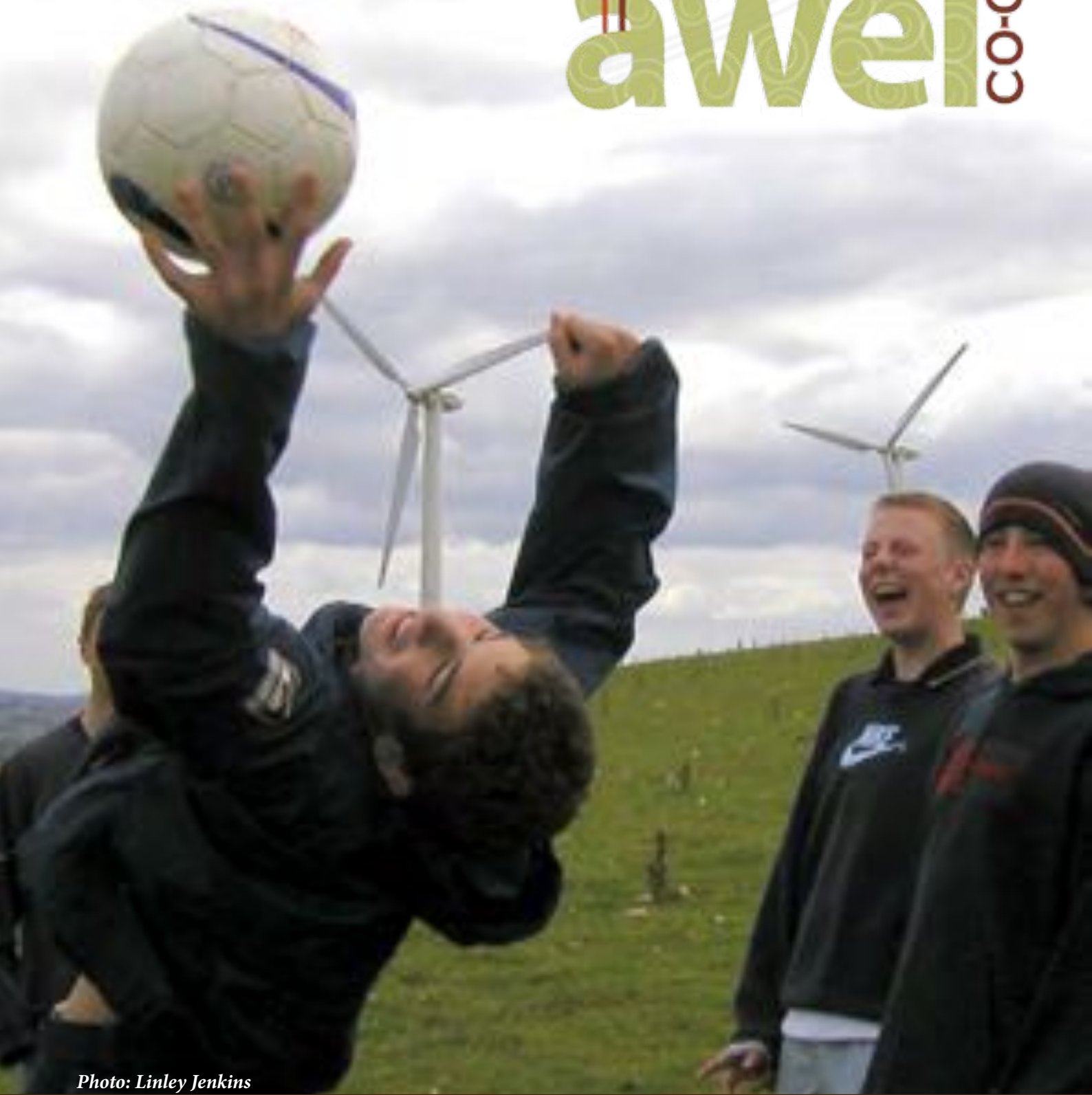


Photo: Linley Jenkins

For enquiries relating to this Share Offer contact Carl Richards or Dan McCallum at Awel Co-op:

 01639 830870  info@awelamantawe.co.uk

 Awel, 76-78 Heol Gwilym, Cwmllynfell, Swansea, SA9 2GN

 www.awel.coop

This Society has been developed in association with Sharenergy through support from Renew Wales. We would like to acknowledge the support we have received from the Welsh Government's Ynni Lleol scheme, Robert Owen Community Energy Fund and Big Society Capital's Community Generation Fund.