

INVESTING IN PLYMOUTH'S ENERGY FUTURE

PEC Renewables Limited Solar Share Offer

Prospectus — 26th February 2014



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This document is important and should be read in full and considered carefully.

If you are in any doubt as to the action you should take, you are recommended to seek your own independent financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser duly authorised under the Financial Services and Markets Act 2000, or from another appropriately authorised independent financial adviser.

The Directors of the Co-operative have prepared this Document and are responsible for the information contained in this Document. The information and analysis contained in this Document have been compiled or arrived at from sources believed to be reliable but the Directors do not accept any liability for any loss arising from the use thereof.

The share capital of the Co-operative is not traded on or through any investment exchange. No application is being made for admission of these securities to the ICAP Securities & Derivatives Exchange or the Official List of the UK Listing Authority or the AIM market operated by the London Stock Exchange or any other investment exchange.

An investment in PEC Renewables Limited involves a degree of risk and, in particular, attention is drawn to the risk factors set out in this Document. An investment in the Co-operative may not be suitable for all recipients of this Document.

PEC Renewables Limited

(Industrial and Provident Society Registered in England and Wales, number 32286 R).

Offer for subscription of up to £500,000 in Offer Shares at £1 each.

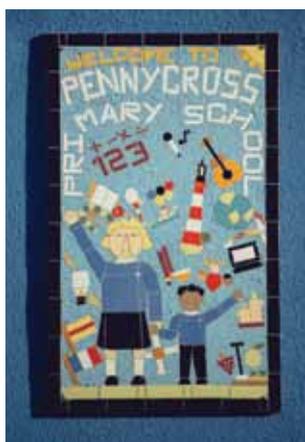
The Document does not constitute an offer to sell or the solicitation of an offer to buy any securities in circumstances in which such offer or solicitation is unlawful. The distribution of the Document and the issue of Shares in certain jurisdictions outside of the UK may be restricted by law. Persons into whose possession this Document comes are required by the Co-operative to inform themselves about and to observe any such restrictions.

The Co-operative reserves the right to reject any Application to subscribe for Offer Shares in whole or in part at its sole discretion for any reason. It also specifically reserves the right to determine or alter the timing of the allotment of such Offer Shares.

This Document is provided solely for the use of prospective investors with regard to evaluating the Offer. Nothing in this Document constitutes investment, legal, accounting or tax advice, or a representation that any investment strategy is suitable or appropriate to your individual circumstances, or otherwise constitutes a personal recommendation to you. This Document is intended only for the person to whom it is provided by the Co-operative. It may not be reproduced either in whole, or in part, without our written permission.

You should address any complaint in respect of this Document to PEC Renewables Limited. PEC Renewables Limited is responsible for ensuring that any complaint is investigated and resolved.

An investment in the withdrawable and non-transferable Shares in an Industrial and Provident Society is not treated as a controlled investment for the purposes of section 21 of the Financial Services and Markets Act 2000 pursuant to paragraph 14 of Schedule 1 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005. The issue of withdrawable and non-transferable Shares exempts this Document from the requirements of an approved prospectus set out in section 85(1) of the Financial Services and Markets Act 2000.



CHAIRMAN'S WELCOME

Dear Potential Member,

On behalf of the Directors of Plymouth Energy Community and PEC Renewables, I am delighted to invite you to take part in the first community energy share offer in Plymouth. Plymouth Energy Community has established PEC Renewables to deliver a range of renewable energy projects in Plymouth and we understand this to be the first Co-operative Share Offer in our city since the founding of the Plymouth Mutual Co-operative and Industrial Society in 1860. This is a small but significant step towards Plymouth taking control of its energy future, and marks the increasing interest that our community has in working together to improve the city.

Energy costs the Plymouth economy over £600m per year, and is a challenge for our businesses, community organisations and households. Fuel poverty is a serious issue affecting 13,500 households, and 1 in every 4 homes in certain neighbourhoods. As a Director of PEC Renewables I want to help change this, and support our transition to greener and leaner forms of energy. Whilst energy spend is currently a challenge for the city, it is also an opportunity if we can generate our own energy and retain the income and cost-saving benefits locally. Plymouth is one of the sunniest cities in the UK, and has a large number of suitable buildings where we can generate electricity from solar panels.

PEC Renewables is a professionally managed Industrial and Provident Society owned by its Members which has been established to install community-owned renewable energy generation in Plymouth.

We have agreements with an encouraging number of schools and businesses to install solar panels on their roofs, and interest from more. The installations will help reduce energy bills for the host building, provide some great educational benefits and generate income for Members. Any surplus funds will be used by Plymouth Energy Community to help Plymouth homes and businesses reduce their energy consumption and bills. The installations to be funded by this Offer could generate over £900,000 of surplus funds for Plymouth Energy Community over the next 20 years.

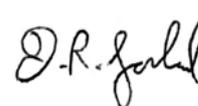
This community Share Offer is to fund a first portfolio of solar PV installations on over 20 local schools, community and business buildings. Funds raised from the Share Offer will be supplemented by a £500,000 loan facility that is already in place. We plan further community Share Offers for more renewable energy installations in the near future.

Based on the business plan approved by the Directors, we intend to pay Members a return of 6% per year for 20 years, as well as returning Members' capital. Members may also benefit from a one-off income tax saving of up to 30% of their investment (which increases the Member return to over 9%) and a number of other tax reliefs through the Enterprise Investment Scheme (EIS). This is subject to the Co-operative receiving EIS status from HMRC and the eligibility of each Member. The investment also qualifies for Inheritance tax relief. Members are encouraged to become actively involved in the Co-operative and will have an equal vote in decisions put to Members, regardless of the amount they invest.

We want Plymouth people to get behind this, and are giving first priority to local residents, although anyone in the country is welcome to apply for shares. We would also welcome participation from community organisations and businesses. We have set the minimum investment at just £50 to encourage involvement from across the community.

As a co-operative council, Plymouth City Council has proactively led the development of Plymouth Energy Community and PEC Renewables by providing funding, professional support and agreeing to host community-owned renewable energy installations on its buildings. We are proud of the Council's leadership and hope other councils will follow.

We are determined to make this a success, now and for the future. Together with my fellow Board Directors, I look forward to welcoming you as a Member of PEC Renewables and sharing the positive financial, social and community outcomes from your investment.



Dave Garland





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GLOSSARY



Applicant: An Applicant for Offer Shares through submission of an Application.

Application: An Application to subscribe for Offer Shares, made either by means of the form included in this Document, or the equivalent online form available at www.plymouthenergycommunity.com/invest, each of which must be completed and returned or submitted in accordance with the Terms and Conditions and guidance notes included in this Document.

Application Monies: The total gross sum received by the Co-operative from Applicants.

Board: The Board of Directors of the Co-operative.

Co-operative: PEC Renewables Limited (Registered Industrial and Provident Society number 32286 R).

Directors: The Directors of the Co-operative from time to time.

Document: This Share Offer document, including the Appendices to it.

EIS: Enterprise Investment Scheme.

FCA: The Financial Conduct Authority.

Green Electricity: Electricity generated by the renewable energy installations owned by the Co-operative.

IPS or Industrial and Provident Society: A Co-operative entity established and registered by the FCA under the Industrial and Provident Societies Act 1965 (as amended).

IRR or Internal Rate of Return: A way of representing investment returns to also reflect the time value of money; the discount rate at which the net present value of returns equals the net present value of investments.

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

Members: The Members of the Co-operative from time to time.

Offer: The Offer to subscribe for Offer Shares in the Co-operative described in this Document.

Offer Shares: A denomination of and confirmation of the withdrawable capital amounts paid by a proposed Member to the Co-operative and issued in the Co-operative, such capital amounts as reflected by the Shares held by a Member having the rights and restrictions attached to them as set out in the Rules, with each Share reflecting £1 of capital paid, offered on and subject to the Terms and Conditions, and payable in full on Application.

Plymouth Energy Community: Plymouth Energy Community Limited (Registered Industrial and Provident Society number 32108 R).

PEC Renewables: PEC Renewables Limited (Registered Industrial and Provident Society number 32286 R).

PEC Loan: The loan facility provided from Plymouth Energy Community to PEC Renewables as described on page 14.

Plant: The electricity generating equipment owned by the Co-operative.

Power Purchase Agreement (PPA): An Agreement for the sale of electricity.

Priority Applications: Applications received from Applicants in the priority classifications described in the Terms and Conditions.

Rules: The rules of the Co-operative from time to time, the current version of which is available at www.plymouthenergycommunity.com/invest.

Share Offer: The opportunity set out in this Document.

Shares: See Offer Shares.

Solar PV: The solar photovoltaic panels that convert sunlight into electricity.

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

EXPECTED TIMETABLE

The Board expects that the following timetable will apply:

Date	Action
26th February 2014	Share Offer open
28th March (unless closed early) 2014	First close date
3rd April 2014	First issue of Shares
By 25th April 2014	Share certificates posted
At discretion of the Directors	Further close(s) and issue(s)
Share Offer statistics (Assuming full subscription)	
Price per Share	£1
New Shares to be issued under the Share Offer	500,000
Net proceeds of the Share Offer	£450,000
Minimum Investment per Member	£50
Maximum Investment per Member	£20,000
Minimum Amount to be raised through the Share Offer	£50,000
Maximum Amount to be raised through the Share Offer (the Directors may extend this if the Offer is oversubscribed)	£500,000
Target investor 20-year IRR	6% (9.4% with EIS)
Target cumulative £ returned over 20 years per £1,000 invested, assuming capital is returned at the end of 20 years	£2,200

“Reducing our energy costs will mean we have more money to target on children’s learning.”

Nigel Sparrow, Headteacher, Mary Dean C of E Primary School



**TIME TO
INVEST**

ABOUT PEC RENEWABLES AND PLYMOUTH ENERGY COMMUNITY

This Share Offer is an opportunity to become an investor in and Member of PEC Renewables, which is a special purpose Co-operative set up by Plymouth Energy Community.

About Plymouth Energy Community

Plymouth faces significant issues in responding to the energy challenges linked to climate change and fuel poverty. The city has around 13,500 households in fuel poverty and a housing stock that is characterised by a large number of poorly insulated, energy inefficient properties. In response to this, Plymouth City Council has led the establishment of an independent 'not-for-profit' Co-operative called Plymouth Energy Community. Plymouth Energy Community has been created to help residents transform how they buy, use and generate power in the city. Its work focuses around three core energy goals:

- Reducing energy bills and fuel poverty;
- Improving energy efficiency;
- Generating a green energy supply in the city.

Currently Plymouth Energy Community is providing the following community benefits:

- Providing bespoke advice to residents on how to reduce their energy bills by switching tariffs, and proactively targeting that advice at low income and vulnerable households;
- Partnering with British Gas to roll out the largest Energy Company Obligation funded programme for insulation in private households in the UK;

- Enabling a growing network of Energy Champions and volunteers to act as grass-roots advocates for action on energy;
- Funding the development of PEC Renewables.

About PEC Renewables

PEC Renewables has been set up by Plymouth Energy Community to deliver community-owned renewable energy installations in the city. This Share Offer will provide funding to enable PEC Renewables to install solar PV panels on the roofs of schools, business premises and other properties in Plymouth.

The renewable energy installations will help reduce energy costs for the host buildings. Green Electricity generated that can be used directly by the host building will be sold to the building occupier under a long-term agreement at a lower cost than they currently pay for electricity.

Green Electricity generated, that cannot be used directly by the host building, will be exported to the local electricity grid, and be sold to an electricity supplier. PEC Renewables will also receive Feed-in Tariff payments for all the electricity generated. The Feed-in Tariff is guaranteed for 20 years, and increases annually with inflation.

The income earned by PEC Renewables from the sale of Green Electricity generated and the Feed-in Tariff will be used as follows:

- Cover the costs of maintaining the renewable energy installations and running the Co-operative (e.g. management costs, insurances, accountancy and audit fees, etc), and building up a reserve fund;

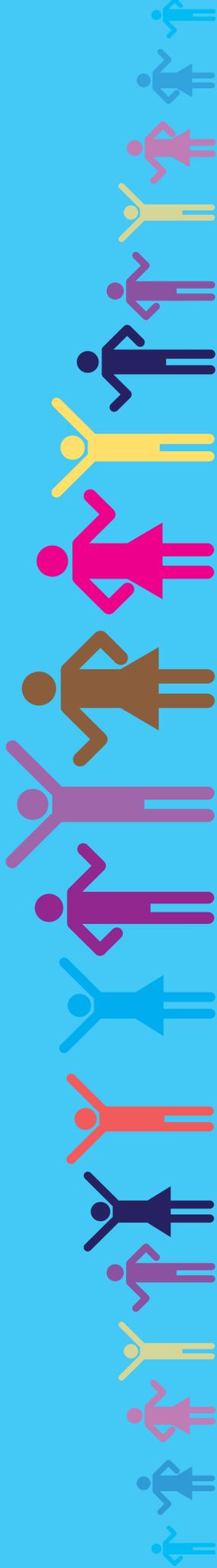
- Repay loans to the Co-operative and pay Members a return. Based on the business plan approved by the Directors, the intention is to pay Members interest on their Shares of 6% per year for 20 years, as well as returning Members' capital at the end of 20 years, or earlier subject to sufficient funds being available;

- Any surplus funds will be transferred to Plymouth Energy Community to support its community activities. The installations to be funded by this Offer could generate over £900,000 of surplus funds for Plymouth Energy Community over 20 years.

PEC Renewables is a community benefit society (a form of Industrial and Provident Society), which means it operates primarily for the benefit of the community rather than its Members. Members can be paid interest on their Shares that is sufficient to attract and retain investment in the enterprise.

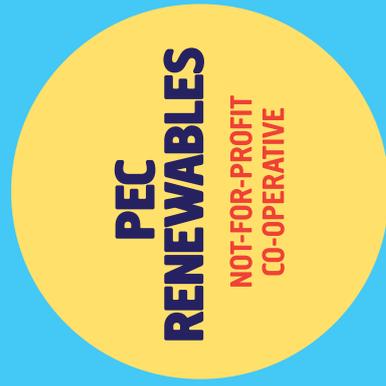
The Rules of PEC Renewables are available on www.plymouthenergycommunity.com/invest. The Rules set out the community objectives of PEC Renewables, how it will be governed, how its community purpose is protected (including an 'asset lock'), and how the interests of its Members are protected.

INVESTORS



Investors earn up to 6% per year for 20 years and have a say in how PEC Renewables is run

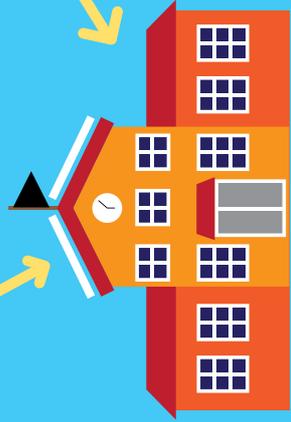
Investors invest some money into PEC Renewables



PEC Renewables installs solar PV panels and earns income from the Feed-in Tariff and electricity sales



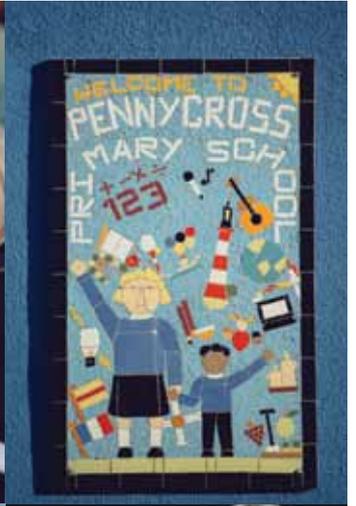
Solar PV panels make electricity from the sun



Schools/businesses get cheap electricity

Plymouth Energy
COMMUNITY™

Surplus funds from PEC Renewables are used by Plymouth Energy Community to give residents the power to transform how they buy, use and generate energy in the city



“Our teacher says we can use the money we save to buy more maths games...cool.”

William, Year 4 Maths group



THE RENEWABLE ENERGY INSTALLATIONS TO BE FUNDED BY THE SHARE OFFER

PEC Renewables aims to raise up to £500,000 through this Share Offer. In addition to funds raised through the Share Offer, PEC Renewables benefits from a £500,000 loan facility which it will use to cover seed costs and contribute to the cost of the first portfolio of renewable energy installations.

The loan facility is provided by Plymouth Energy Community, funded by a loan from Plymouth City Council. The loan is provided on favourable terms, with no payments due for the first 5 years. The principal is to be repaid in equal instalments over 15 years (from year 6 to 20) with interest paid on these dates based on the Consumer Price Index at each payment date.

The portfolio of renewable energy installations to be funded by the Share Offer will be solar PV panels on the roofs of schools, community and commercial properties in Plymouth. PEC Renewables will own the installations and enter into a long-term (20-year) lease with the owner of each building which will enable PEC Renewables to install and maintain the solar PV panels and other necessary equipment. Only a peppercorn rent will be paid.

The solar PV systems will be installed and maintained through an agreement with a reputable contractor.

The electricity bill payer for each building will enter into a Power Purchase Agreement with PEC Renewables which enables it to purchase the Green Electricity generated that can be consumed directly on-site at a lower cost than its existing electricity supply arrangements (around half the price in most cases). The host buildings will also benefit from an energy monitoring and display package that will help them understand, learn from and manage their energy generation and consumption.

At the time of finalising this Share Offer Document, PEC Renewables already has lease and Power Purchase Agreements in place with 9 buildings with potential for over 270kW of solar PV and requiring around £320,000 of funding (see Table A overleaf). PEC Renewables has agreement in principle for a further 7 buildings with potential for 245kW and requiring £270,000 of funding (see Table B overleaf). All of these buildings have been surveyed to confirm they are suitable. PEC Renewables is in detailed discussion with a number of further properties, some of which are set out in Table C overleaf.

Your system is currently generating

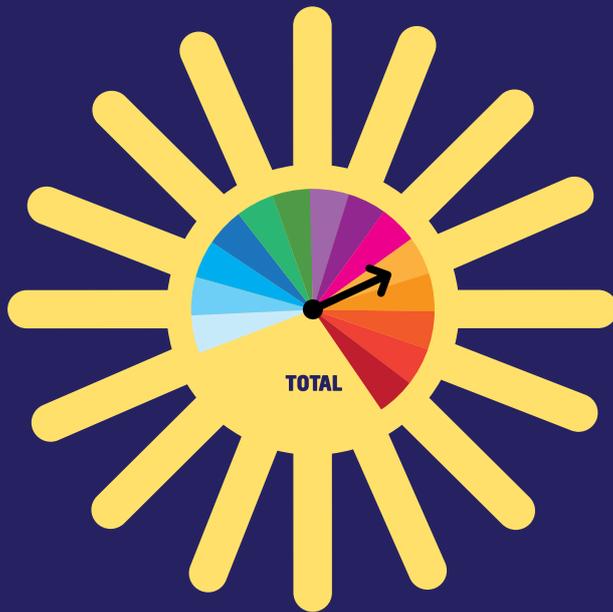
423 WATTS

Lifetime production
3847 kWh

Today's production
12.55 kWh

Today's usage
9.51 kWh

Today's net
+3.04



Total hours of daylight today

6.2 HOURS



These tables represent the schools and businesses that will benefit from the renewable energy installations to be funded by the Share Offer

Table A: Properties and installations where PEC Renewables has 20 year lease and Power Purchase Agreements in place

Property	Installation size (kW)
Montpelier Primary	30
Plaistow Hill Infants	30
Yealmpstone Farm Primary	30
Pennycross Primary	30
Salisbury Road Primary	30
St Maurice Primary	30
Woodford Primary	30
Boringdon Primary	30
Victoria Road Primary	30
Total	270
Illustrative installation cost	£320,000

Table B: Properties and installations where the landlord and occupier has agreed in principle to enter into a 20 year lease and Power Purchase Agreements with PEC Renewables

Property	Installation size (kW)
Widey Court Primary	30
Mary Dean C of E Primary	30
Healthy Living Centre	50
Tor Bridge Primary	50
Stoke Damerel Primary	25
Eggbuckland Vale Primary	30
Thornbury Primary	30
Total	245
Illustrative installation cost	£270,000

Table C: Properties and installations where the landlord and occupier has expressed interest in hosting solar PV installations owned by PEC Renewables

Property	Installation size (kW)
Oakwood Primary	60
Beechwood Primary	30
Courtlands Special School	30
High Street Primary	15
Weston Mill Primary	30
Life Centre	250
Science Park	30
Total	445
Illustrative installation cost	£490,000

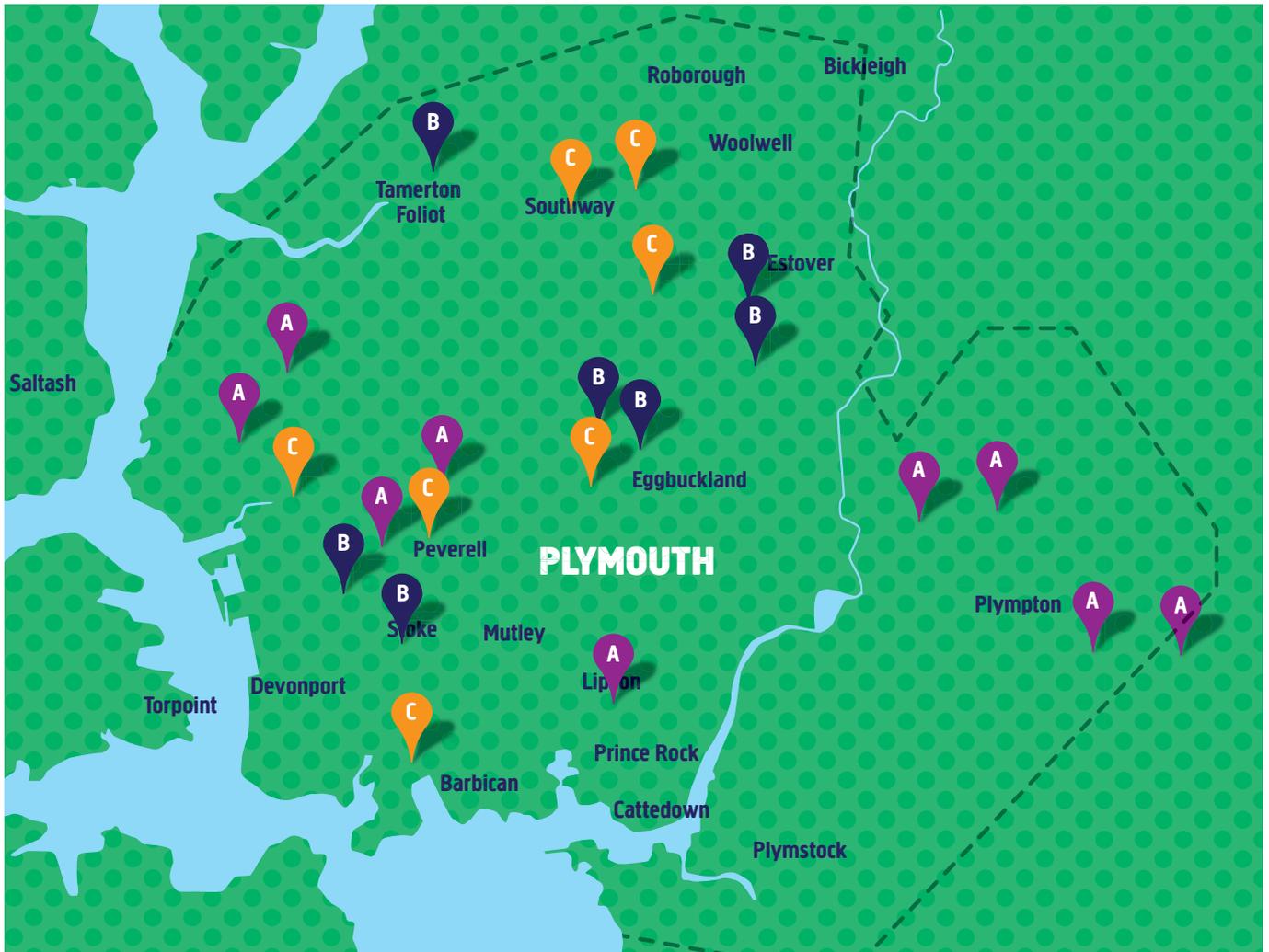
The Plymouth Energy Community Loan enables at least £400,000 of installations to be funded in addition to installations funded through the Share Offer. On the basis of the commitments and interest received to date, PEC Renewables is confident that it will be able to deploy all of the capital to be raised through the Share Offer from the Minimum of £50,000 to the target Maximum of £500,000 by the end of 2014, with the first installations going in over the Easter holidays.

If the Share Offer raises more than £500,000 then PEC Renewables may choose to deploy the excess into suitable installations rather than return funds to investors. It will only do this if the additional installations can be completed within 6 months of the final close of the Offer.

Some of the sites already identified offer the potential for PEC Renewables to install larger installations, to enable more capital to be deployed.

Updates on progress with installations and properties signing up to host PEC Renewables' installations will be provided through the website.

Future installations to be funded by future Share Offers, or an extension of this Share Offer, may include renewable electricity and heat generation technologies other than solar PV with similar investment characteristics.



Map shows the number of schools and businesses signed up or in advanced talks with the share scheme



EDUCATIONAL BENEFITS FOR SCHOOLS

“Children have already begun measuring our electricity use. Maths lessons are useful as well as interesting!”

**Richard Marsh, Headteacher,
Stoke Damerel Primary School**

Alongside the positive impact on a school's energy budget there will be a number of educational benefits for schools that have solar panels installed through the PEC Renewables community Share Offer.

The pupils will not just be reading or talking about solar energy, they will have their own facility, generating a significant amount of energy on their own school roof.

As part of the PEC Renewables scheme we intend to install an energy display on each school. The energy data will also be available for pupils to use for coursework.

The energy data will allow the pupils to see at first hand the amount of energy that the system is generating at any given time and how much energy the school is consuming. It will also allow them to explore how the amount of electricity generated depends on a number of variables – such as season, temperature, cloud cover and the elevation of the sun in the sky. This will provide a rich curriculum resource for all kinds of scientific and mathematical enquiry and data handling. It might even be that enterprising young “coders” may be able to write their own “apps” to interrogate the data feed from the system.

Many of the schools involved have Eco Clubs – which operate as extra-curricular activities where interested youngsters explore green issues. We hope that by engaging with the solar panel installation scheme, Eco Clubs will begin to work together across the family of Plymouth schools and explore environmental and energy issues. They will certainly be able to demonstrate how their school is reducing its carbon footprint by taking part in our solar scheme.

The city has recently signed up to the Plymouth and South West Peninsula City Deal which could see significant investment locally over the next 15 years in the fields of marine technology and research. We hope that our solar panel installation scheme will allow opportunities for engineering and technical issues to be taught which could tie in with the broad aims of the City Deal.

There are many areas of the school curriculum that could use the solar panel installation as a starting point for lessons. For example, the nature of sunlight, photosynthesis, where energy comes from, the science and manufacturing of the solar PV panels, and the challenges of climate change and energy are all possible topics for demonstrating learning and progress as part of outstanding lessons.

THE INVESTMENT OPPORTUNITY AND KEY BENEFITS

The primary purpose of PEC Renewables is to install and operate renewable energy generation installations in Plymouth for the benefit of the community. To do this PEC Renewables needs capital, and to attract capital it is able to use some of its income to pay Members a level of interest on their Shares sufficient to attract and retain their capital.

PEC Renewables is seeking to raise up to £500,000 through this Share Offer.

The Share Offer is open to any UK resident over 16 years of age (the minimum age of a Member under the rules) and applicants under 18 years of age must have their shares held by a nominee who is over 18 years of age (e.g. parent or guardian) in accordance with the Terms and Conditions. First priority will go to people resident within the Plymouth postcodes PL1 to PL7 and PL9, and second priority to people resident within other PL postcodes.

Individuals can invest between £50 and £20,000 each. Investors will become Members of PEC Renewables and will be entitled to one vote in Member decisions, regardless of the amount they invest or the number of Shares they hold.

Based on the business plan approved by the Directors, PEC Renewables intends to pay Members a return of 6% on their capital invested each year for 20 years and return Members' capital at the end of 20 years, or earlier as funds allow and subject to the approval of the Board.

The table to the right sets out the anticipated cash returns per £1,000 invested on the basis that the Member leaves their capital in the Co-operative and it is returned at the end of 20 years.

The return of Members' capital can be achieved by PEC Renewables purchasing the Shares back from the Members. Members will have the opportunity to apply to have some, or all, of their Shares bought back from year 6 onwards. The Directors intend to establish a cash reserve to enable up to 1/15th of the capital to be bought back by the Co-operative in each of the 15 years from years 6 to 20. If requests for Shares to be bought back are oversubscribed (i.e. greater than the amount the Directors deem appropriate to acquire) the amount of capital acquired per Member will be pro-rated according to their proportional holdings.

Estimated Member Returns per £1,000 investment			
Amount Invested	£1,000		
Estimated IRR without EIS	6.0% or £60 per year		
Total accumulated estimated cash return	£2,200		
Estimated IRR with EIS*	9.4%		
Time	Accumulated Member's Interest (£) at 6% per year	Capital repayments	Total cash received during period (£)
Years 1-5	300	-	300
Years 6-10	300	-	300
Years 11-15	300	-	300
Years 16-20	300	1,000	1,300
Total	1,200	1,000	2,200

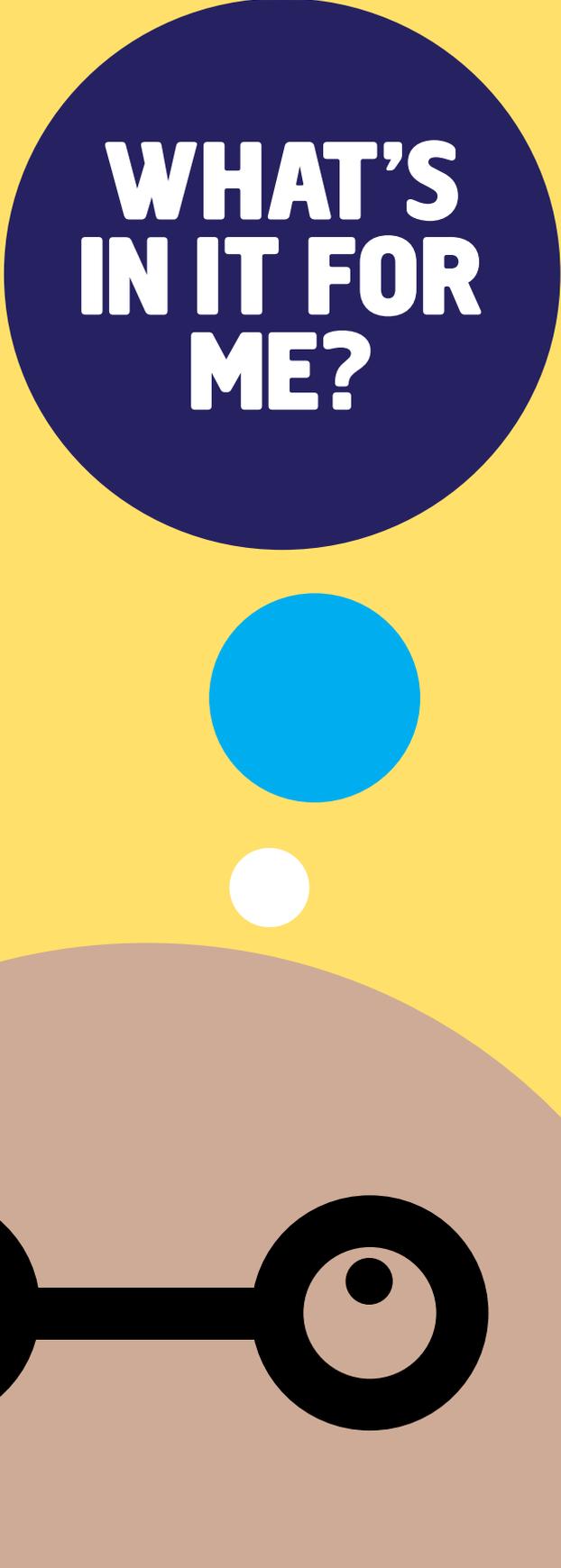
*The estimated IRR with EIS of 9.4% assumes that a taxpayer obtains full 30% income tax relief under EIS on their investment. For example, on a £1000 investment this will give a net cost of £700, thereby increasing the effective rate of return.

Payment of Share interest and repayment of capital will be subject to PEC Renewables earning sufficient profits and having sufficient cash reserves. The Directors have commissioned PEC Renewables' financial advisors Francis Clark LLP to assist them in producing financial projections and providing them with the relevant assumptions upon which the projections are based. The financial projections show that the business (including the intended target Member payments) is viable on the basis of assumptions made by the Directors at the time of the Offer and the installations specified. The projections from year 2 onwards show the cash generated in any one year covers interest payments by more than 2.7 times. Actual results, performance or achievements may differ from those expected due to known or unknown risks, uncertainties and other important factors.

Please refer to the section on key risk factors and their considerations. We would advise potential investors to seek their own financial advice if they are unsure of whether the opportunity is suitable for them.

Key benefits to investor Members

- One member, one vote - all Members have an equal say in decisions put to Members
- Target average share interest of 6% per year
- Up to 30% of your investment back as income tax relief (subject to EIS status being granted)
- Potential tax savings through capital gains deferral and loss relief
- Inheritance tax exempt - an income-earning asset that you can leave to your family
- Long-term stable income from Feed-in Tariff and electricity sales
- Help generate income for Plymouth Energy Community to help people in Plymouth tackle the challenges of energy costs, fuel poverty and climate change



**WHAT'S
IN IT FOR
ME?**

ENTERPRISE INVESTMENT SCHEME (EIS) TAX RELIEF

An investment in PEC Renewables is expected to be eligible for tax relief under the Enterprise Investment Scheme (EIS). EIS is a Government incentive to encourage investment in new businesses. Investments in qualifying companies provide the following benefits to investors:

Income tax relief - Eligible Investors can reduce the amount of income tax they pay by 30% of the amount invested in EIS Qualifying Investments made into the Co-operative. As an example, if an Investor invests £1000 in EIS qualifying Investments, the Investor can reduce the amount of income tax paid by £300. The amount of income tax relief claimed cannot exceed that which an eligible Investor is due to pay. The investment must be held for a minimum of three years from when PEC Renewables commences trade or from the date of the share issue, whichever is later.

Eligible Investors can claim the relief against their income tax liability in the tax year that the qualifying investment is made or such relief can be carried back for the preceding tax year to the extent the eligible Investor has not used their annual limit in the previous tax year. EIS income tax relief in respect of investments made, in the 2013/2014 tax year may be carried back into the 2012/2013 tax year up to the annual limit of £1,000,000.

Inheritance tax relief - Once an Investment in the Co-operative has been held for two years, eligible Investors should qualify for 100% Business Property Relief. This means that an Investment will be an exempt asset for Inheritance tax purposes, provided the Investment is held at date of death.

Capital gains tax deferral relief - Eligible Investors can defer capital gains up to the amount invested into the Co-operative. This applies to gains made in the three years before the effective date and future gains made up to one year after the effective date. Gains are deferred until the Investor sells their EIS qualifying Investment. Capital gains tax will apply to the deferred gain at the rate in force when the Investment is sold.

Loss relief - If the Investment was realised at a loss, Investors would be able to set the loss against their income and/or capital gains when calculating their tax liability in the year of realisation. This means that an Investor's maximum potential losses should not exceed 42% of their total Investment after taking the income tax and loss reliefs into account assuming that an Investor's marginal rate of tax is 40% (if an Investor's marginal rate is 50%, then the maximum exposure would be even lower at 35%).

EIS reliefs are only applicable to UK taxpayers. Individuals should always seek professional advice based upon their own personal circumstances. Nothing in this Document should be read to be tax or investment advice. The information above may be subject to change in the future.

For more information please see: www.hmrc.gov.uk/eis/

An advance assurance request has been submitted to HMRC to confirm that PEC Renewables meets the requirements for EIS. A response is expected before the First Close. Updates will be issued via the website www.plymouthenergycommunity.com/invest. In the meantime, the financial advisors to the Offer, Francis Clark LLP, have provided confirmation that in their professional opinion the business of the Co-operative and this Offer meets the requirements for EIS. A copy of the letter setting out this opinion is included in Appendix B.

FURTHER INFORMATION

Co-operative name

PEC Renewables Limited

Directors

See next page

Company Secretary

Barbara Hampson (who is also a Director)

Registered office

Floor 8, Civic Centre, Armada Way,
Plymouth, PL1 2AA

Registration number

32286 R

Date of incorporation

10th January 2014

Year end

30th June

Accountants and auditors

Bromhead and Co
Harscombe House, 1 Darklake View,
Plymouth PL6 7TL

Bankers

The Co-operative Bank

Ownership

The Co-operative will be owned by its Members on a one Member, one vote basis. The rights of the Members are set out in the Rules.

Regulation

As an Industrial and Provident Society, the Co-operative is regulated by the Financial Conduct Authority (FCA). This function of the FCA is distinct from its role as regulator of the financial services industry in the UK. The Co-operative will publish audited accounts each year.

Board of Directors

The Co-operative will be overseen by a voluntary Board of Directors who are responsible for the supervision of the day-to-day operation and key decision-making of the Co-operative and shall be governed in accordance with the Rules. In addition to the Directors listed overleaf, three additional Directors will be nominated and appointed from the Members in accordance with the Rules at the Co-operative's first Annual General Meeting. The Directors will bear ultimate responsibility to the Members.

“We are delighted to have the opportunity to reduce our energy bills and carbon footprint in this way.”

Steve Gerry, Chair of Governors, Mary Dean C of E Primary School

FURTHER INFORMATION

Dave Garland CPhys MInstP

Dave is a Physicist who worked for over three decades in secondary education. He was awarded a Microsoft Innovative Teachers (lifetime) award in 2009. He was Deputy Headteacher at saltash.net community school from 2002 to 2011, where he also took on the role of School Business Manager.

Dave was one of the key players in the school's conversion to Academy status during 2010/11 and was involved with arranging and running the school financial systems and working closely with its governors, solicitors and accountants.

Dave is currently a governor at Stuart Road Primary School (Plymouth) where he chairs the Quality & Standards sub-committee. He also sits on the Plymouth Independent School Appeals Panel.

He is particularly interested in solar energy technologies and the educational benefits to the host schools.

Dave is also a Director of Plymouth Energy Community.



Chris Penberthy

Councillor Chris Penberthy (Labour, St Peter and the Waterfront) is Plymouth City Council's Cabinet Member for Co-operatives and Community Development. His portfolio includes lead responsibility for social enterprise development and support, housing delivery, community safety, neighbourhood working and social inclusion.

Chris has spent most of his working life in charities including as Chief Executive of Volunteer Development England. He was awarded a fellowship of the Royal Society of Arts in recognition of his contribution to the voluntary and community sector.

Chris has held a variety of trusteeships and directorships in charities and social enterprises. He currently holds the Chair of Safer Plymouth, Plymouth Fairtrade Network and Millfields Inspired. He is Vice Chair of Plymouth District Co-operative Party, and on the Boards of the Millfields Community Economic Development Trust CIC, Plymouth Energy Community and Plymouth Municipal Charities.



“It’s cool! Eco Club works really hard to get the ‘green message’ to everyone — having solar panels on our roof is like the ultimate eco thing.”

Amber, Year 4

Peter Flukes M.B.E.

Peter has been Chief Executive of Wolseley Community Economic Development Trust since 1996, in the inner-city area of Plymouth.

Wolseley Trust is a Social Enterprise which manages 2 Business Parks - bringing job opportunities and self-employment opportunities directly into an inner-city area of multiple deprivation - and uses its own trading surplus from tenants’ rental income to commission services for the benefit of the local community, mainly delivered via the Trust’s Jan Cutting Healthy Living Centre, but also via support for other

community infrastructure partners. Peter was awarded an M.B.E. in 2010 for his work for the community within Plymouth and also his work nationally to support and help initiate Development Trusts across England, Wales and Scotland.

Peter is also a Director of Plymouth Energy Community.



Barbara Hampson

Barbara moved to Plymouth 13 years ago with her two sons. She trained as a teacher and has worked with children in recreational, community and educational settings. She has a keen interest in energy, the built environment and climate change.

Barbara is currently studying for an MA in Architectural Conservation (part time) and has a BA in Architectural Technology and the Environment and Business Office Information Systems, from the University of Plymouth.

She is an active volunteer and community activist with Transition Plymouth; Stonehouse Timebank; Stonehouse Action; Take A Part; Friends of Ham Woods and Little Patch of Ground Efford.

Barbara is also a Director of Plymouth Energy Community.



FURTHER INFORMATION

Director remuneration and disclosures

None of the Directors listed overleaf have, for at least the past three years, received any convictions (for any fraudulent offence or otherwise), or been involved in any bankruptcies, receiverships or liquidations, or received any public reprimand or sanction by a statutory or regulatory authority or designated professional body, or been disqualified from any function by any court.

Director time will be provided on an unpaid basis, but Directors may be reimbursed for reasonable out-of-pocket expenses. In addition to investing their time free of charge, some of the Directors intend to take up Shares from this Offer, but view this as a private matter.

Management and administration of PEC Renewables

The administration of the Co-operative will be professionally managed by Plymouth Energy Community through a long-term administrative services agreement, and suitable contractors. Plymouth Energy Community is currently staffed by Plymouth City Council employees. The administrative services agreement covers management of all aspects of the day-to-day operation of the Co-operative including: book-keeping, management accounting, preparation of annual accounts, audit, annual returns, and Member relations. It also covers asset management including: monitoring the performance of the installations, host relations and managing the contractors and agreements required to operate and maintain the installations.

PEC Renewables is using the Ethex positive investment platform to professionally manage the share application and payment process. A professional share registrar services provider (Registry Trust Ltd) will be employed to manage the issue of share certificates and ongoing member relations including share interest payments, the buy-back and issue of shares and maintaining the share register.

Installation and service and maintenance contractors

The contractors for the installation, maintenance and performance monitoring of the solar PV installations have been selected through a competitive procurement process that has included local companies. Quotes have been received that are within the target price ranges for the financial model, and contracts are being progressed with a shortlist of installers.

The contractors will have the following industry accreditations:



The Microgeneration Certification Scheme (MCS) is an industry-led and internationally recognised quality assurance scheme, supported by the Department of Energy and Climate Change (DECC). MCS certifies microgeneration products used to produce electricity from renewable sources. MCS also certifies installation companies to ensure the microgeneration products have been installed and commissioned to the highest standard for the consumer. To receive the Feed-in Tariff both the installed products and the installation company must be MCS certified.



The Renewable Energy Consumer Code (RECC) is a consumer code of conduct. It operates under the Consumer Code Approval Scheme run by the Trading Standards Institute. This demonstrates that the installer provides protection for deposits, advanced payments and for their workmanship guarantee in the event they stop trading. They must also ensure their subcontractors comply with these standards. Protection is normally provided via an insurance scheme.

Technology to be used

The installations will use high-quality equipment from a tier 1 supplier. The installers selected for the first portfolio of installations will be required to provide the following warranties:

Workmanship and installation warranty	10 years
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Panel performance warranty	20 years
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Inverter warranty	20 years
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Solar PV is a solid state technology and panel failure is rare. However, inverters are likely to need replacing within 20 years, so PEC Renewables has opted for a twenty year inverter warranty (an additional upfront cost) which helps to provide certainty over this cost. PEC Renewables intends to build up a reserve fund to cover foreseeable component replacement and repair costs that fall outside of these warranties.

Advisors to the Share Offer

Share Offer project management	Communities for Renewables CIC Tremough Innovation Centre, Penryn, Cornwall TR10 9TA www.cfrbic.co.uk
Legal advisors to the Share Offer	Foot Anstey LLP Salt Quay House, 4 North East Quay, Sutton Harbour, Plymouth, Devon PL4 0BN www.footanstey.com
Financial and tax advisors to the Share Offer	Francis Clark LLP North Quay House, Sutton Harbour, Plymouth, Devon PL4 0RA www.francisclark.co.uk
Share Application administration	Ethex The Old Music Hall, Cowley Rd, Oxford, OX4 1JE www.ethex.org.uk
Share issue administration, share registrar and ongoing shareholder relations	Registry Trust Ltd 153-157 Cleveland St, London, W1T 6QW

FURTHER INFORMATION

Income tax treatment of share interest received by Members

As PEC Renewables is registered as an Industrial and Provident Society, any payment to a Member which is not a capital repayment but refers to share interest paid is not treated as a distribution for tax purposes, i.e. it is not taxed as a dividend. Payments of this kind, whether described as interest, dividend or bonus, are treated as interest received by the Member.

The Co-operative will not deduct income tax from Member payments. Members therefore will be required to include the payment received on their personal income tax return for the tax year in which the payment is received and may be required to pay tax at their prevailing marginal rate of income tax, which will depend on their other income in the year.

The Co-operative is required to make a return to HM Revenue & Customs shortly after its year end providing details of the name and place of residence of each person to whom it has paid more than £15 in that period without the deduction of tax and the amount paid to each person in that period.

Shares and Share Certificates (clarification of terminology)

While this Document refers to 'Shares' throughout, the reference should not be confused with what is generally understood as shares in the conventional sense of share capital, made up of equity shares like those in a limited company, which appreciate or fall in value with the success of the company that issues them. The 'Shares' referred to in this Document are a denomination and confirmation of the amount of capital paid by a Member and any share certificates issued by the Co-operative act as a 'statement', confirming the number of Shares and therefore the amount of capital of the Co-operative held or paid by a Member.

The Co-operative will maintain a Register of Members which will include details of the number of Shares held by a Member and that number of Shares will be reflected in any share certificate issued. The Registers maintained by the Co-operative will be definitive evidence of the number of Shares held by a Member, with any share certificate issued providing a statement only of the Shares held in and therefore capital paid and not withdrawn, from the Co-operative in accordance with the Rules.

“Our solar panels will help produce natural energy for the school which helps the environment and costs less.”

Deven, Year 6





KEY RISK FACTORS AND HOW MANAGED

All investment and commercial activities carry risk, and investors should consider whether the Offer Shares are a suitable investment for them in light of their own personal circumstances, take appropriate advice and make their own risk assessment. Supporting the community purpose of PEC Renewables should be the primary motivation for investment, and investment in the Co-operative should be seen as a long-term social and environmental investment. An investment in PEC Renewables is an investment in a trading business and is not a loan or deposit. Depending on the personal circumstances of the investor and the proportion of assets they are considering investing, it may be inappropriate to invest savings in PEC Renewables.

In addition to the usual risks associated with an investment in a business, the Directors believe that the specific risks referred to below as well as other information in this Document should be considered carefully before acquiring Offer Shares. **Prospective investors are advised to consult a suitably authorised independent adviser who specialises in advising on investments of this kind.**

If any of the risks described in this Document actually occur, the Co-operative may not be able to conduct its business as currently planned and its financial condition, operating results and cash flows could be seriously harmed. In that case, inter alia, its ability to redeem the Offer Shares and/or pay interest to Members will be affected.

No inference ought to be drawn as to the order in which the following risk factors are presented as to their relative importance or potential effect.

Additional risks and uncertainties may also have an adverse effect on the Co-operative's business and the information set out below does not purport to be an exhaustive summary of the risks affecting the Co-operative. There may be additional risks of which the Directors are not aware.

Risks relating to the legal structure of PEC Renewables

- The value of the Shares will not increase and if the Co-operative does not achieve the financial performance forecasted at the time of the Offer investors may not get back the amount invested.
- The target share interest rate may not be achieved if the Co-operative does not achieve the financial performance forecasted at the time of the Offer. However, the intention is to pay the target share interest rate subject to the conditions set out in the Rules.
- Shares are not transferable and will not be traded on a recognised stock exchange or otherwise. However, Members may be able to sell their Shares back to the Co-operative (and the Co-operative may issue new Shares to new Members) subject to the constraints set out below and in the Rules.
- Shares can only be withdrawn in accordance with the Rules and the ability to withdraw Shares can be suspended at the sole discretion

of the Board (even if a notice of withdrawal has already been submitted to the Co-operative). If the Co-operative lacks sufficient cash to enable Shares to be withdrawn when desired, withdrawal may be delayed, or not possible. Investment in the Shares should be seen as a long-term proposition.

- Successful Applicants will become Members of the Co-operative and thereby own the Co-operative. If the Co-operative is unable to meet its debts and other liabilities, Members could lose up to the whole amount held in Shares (but no more than that amount).
- Investments in Industrial and Provident Societies are not like deposits at a bank. Neither the Financial Services Compensation Scheme, which applies to bank accounts, nor the Financial Ombudsman Service apply, nor is the Co-operative subject to prudential supervision by the FCA.

General investment risks

- Adverse changes in the marketplace (e.g. relating to the actions of other participants, changes to governmental or European regulations or changes to prices or other market conditions) could adversely affect the Co-operative's viability and financial performance.
- Changes in laws, regulations, government policy or applicable UK tax arrangements (including any changes to bases of taxation, tax relief and rates of tax) may affect the Co-operative and the attractiveness of an investment in a Co-operative.

- The Co-operative cannot predict the impact of future legislative or regulatory change to its business. However, the introduction of new legislation, amendment of existing legislation, developments in relevant common law or the interpretation of these laws could have a material adverse effect on the Co-operative. In addition, if the amount and complexity of new regulation increases, so too may the cost of compliance and the risk of non-compliance.
- The Co-operative's business may be affected adversely by changes in economic, political, administrative or other regulatory forces.
- Information, opinions and quotations in the Document are as at the date of writing and may change without notice. We are under no obligation to ensure that such updates are brought to the attention of any recipient of this Document.
- This Document has been prepared on the basis of current legislation, Rules and practice and the Directors' interpretation thereof.

Energy and renewable energy industry risks

- Installation costs may be higher than expected. However, the cost information set out in this Document is based on recent quotes.
- Future electricity prices may differ from the assumptions used in the financial projections (which the Directors considered to be reasonable at the time of the Offer).
- Solar PV panel performance projections are based on methodologies commonly used by the industry, but long-term changes to weather patterns and/or equipment underperformance may result in lower levels of electricity generation and therefore income.
- Abnormal short-term weather conditions could affect expected levels of electricity generation and therefore income, although overall patterns outside anticipated parameters are unlikely.

- Although modern solar PV panels are reliable, technical failure can interrupt the generation of electricity or the distribution network and lead to unexpected costs. Manufacturer warranties and guarantees, and regular servicing, provide some protection.
- The companies who provide warranties and guarantees in respect of the Plant and equipment may default or may not have sufficient resources to support their obligations. In this case, PEC Renewables would need to incur higher costs in rectifying any issues that would otherwise have been rectified under those warranties and guarantees. The RECC assurance scheme provides some protection.
- Government policy towards renewable energy may change which could result in a reduction in the future support for renewable energy through the Feed-in Tariff. However, the Feed-in Tariff for an installation is currently guaranteed for 20 years from the point of registration, and PEC Renewables is not aware of any proposed change to this policy.

Financial risks

- Financial projections - The Directors have commissioned PEC Renewables' financial advisors Francis Clark LLP to assist them in producing financial projections and providing them with the relevant assumptions upon which the projections are based. The financial projections show that the business (including the intended target Member payments) is viable on the basis of reasonable assumptions made by the Directors at the time of the Offer and the installations specified in this Document. Actual results, performance or achievements may differ from those expected due to known or unknown risks, uncertainties and other important factors.

- Inflation - Feed-in Tariff payments are set by the UK Government and increase each year in line with the Retail Prices Index inflation. If long-term inflation is higher than the RPI assumption used in the base case projections, then the income received from Feed-in Tariff payments will increase, but so will costs. As both income and costs are linked to inflation in this way, the overall effect on investors of changes to assumed inflation are believed to be modest.
- Electricity prices - The level of income that will be received from the sale of electricity by PEC Renewables will be subject to changes in the electricity market and may go up or down.
- Feed-in Tariff - Depending on the size of PV array and timing of obtaining Pre-accreditation for each site, the tariff received may be lower than anticipated in the Financial Model.

Risks in relation to the Offer

- The planned installations may take longer than presently estimated which could affect the share interest paid in the first year.
- If the Minimum Amount is not reached then the Board may return all investment monies received. There will be no deduction of issue costs, which are funded by the PEC Loan.
- The target maximum to be raised through the Share Offer may not be reached meaning fewer projects can be completed. Due to the availability of the PEC Loan facility the project will still go ahead even if the Minimum Equity Investment is not reached.
- While the Co-operative has applied for advance assurance for EIS relief from HMRC, there can be no guarantee that this status will be achieved or maintained if it is granted. Furthermore if EIS status is granted the Co-operative can make no guarantee that individual investors will be eligible to claim such relief.

TERMS AND CONDITIONS OF THE OFFER

Eligibility

The Offer is open to any UK resident over 16 years of age (the minimum age of a Member under the Rules) and applicants under 18 years of age must have their shares held by a nominee who is over 18 years of age (e.g. parent or guardian) who meet the Membership eligibility criteria set out in the Rules and who submits a valid Application. The Offer is also open to eligible organisations. Rule 13 states that:

“The Board may at its absolute discretion admit to Membership any individual, corporate body or nominee of an unincorporated body, firm or partnership who supports the objects of the Co-operative and who has paid or agreed to pay any subscription or other sum due in respect of Membership for the time being in force.”

Minimum and maximum holdings and pricing

The minimum number of Offer Shares which can be applied for under this Offer is 50 and the maximum (for any person other than another Industrial and Provident Society) is 20,000. Each Offer Share costs £1.

Commitment on Application

Applications and payments can be submitted by following the Application procedure set out in Appendix A.

By delivering an Application an Applicant offers to subscribe on the Terms and Conditions contained in this Document for the number of Offer Shares specified, or such lesser number of Offer Shares as may be allocated by the Board in the event of an oversubscribed Offer.

An Applicant who receives Shares agrees to Membership of the Co-operative and to be bound by its Rules.

Once an Application has been made it cannot be withdrawn by the Applicant. This Document is the only market offering in respect of the Offer Shares.

Commitments by Applicants

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

- meets the eligibility criteria.
- is not (unless it is an Industrial and Provident Society) making Applications for a total of more than 20,000 Offer Shares.
- is not relying on any information or representation in relation to the Offer Shares, the Co-operative, or its activities which is not included in this Document.
- Will provide all additional information and Documentation reasonably requested by the Co-operative in connection with their Application, including as may be required to meet applicable taxation, money laundering or other legislation.

Any person signing an Application Form on behalf of another person undertakes that they are duly authorised to do so and must provide a copy of the authority under which they have signed it upon submitting the Application.

Offer timetable

The Offer timetable is set out in the opening pages of this Offer Document.

Procedures on receipt of Applications

Application Monies from an Applicant must be paid in full on submitting an Application.

Cheques (and alternative means of payment) may be presented on receipt and may be rejected if they do not clear on first presentation. Surplus Application Monies may be retained pending clearance of all Applicants' cheques.

The Co-operative will use reasonable endeavours to return Application Monies in respect of all unsuccessful Applications (or in respect of the proportion of an Application which is unsuccessful in the event of an oversubscribed Offer) to Applicants within 4 weeks of the Close following the Application. The Offer will be closed at the end of the Offer Period, and may be reduced or extended at the discretion of the Directors.

When Application Monies (or any part thereof) are returned by the Co-operative to Applicants, they may be made by bank transfer, where the Applicant has supplied appropriate account details, or by crossed cheque, payable to the Applicant, sent to the postal address on the Application form. Any such payments so transmitted shall be transmitted at the risk of the Applicants.

Applications may be rejected in whole, or in part, or be scaled down, by the Board without reasons being given.

Incomplete or inaccurate Application forms may be accepted as if complete and accurate.

Multiple Applications from the same Applicant will be allowed providing that they would not, if accepted, result in a Member (other than an Industrial and Provident Society) holding more than the limit of 20,000 Offer Shares.

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.

The Offer is a single Offer for the market as a whole and tranches of Offer Shares are not reserved for any category of investor, save that Priority Applications will be given priority when determining successful Applicants where the Offer is oversubscribed.

In case of oversubscription

If Applications are received for an amount that exceeds the target Maximum to be raised through the Offer, the Directors reserve the right to scale down and/or reject some Applications. If this is necessary, priority will then be given to Applications according to the following criteria:

1st priority

- **Resident within Plymouth postcodes PL1 - PL7 and PL9**

2nd priority

- **Resident within all other PL postcodes.**

If the Offer becomes oversubscribed by Priority Applications, such Priority Applications may also be proportionately scaled down within priority classes. However, subscriptions in respect of Priority Applications of £500 or less will not be scaled down.

Finalising the Offer

The Directors intend to publish details about whether the Offer Shares applied for have reached the Minimum Equity Investment and (if applicable) the Maximum Equity Investment online at www.plymouthenergycommunity.com/invest.

The Co-operative shall have no liability to pay any interest on such Application Monies either until they are applied in paying up Offer Shares or until they are returned. While Application Monies are being so held, the Co-operative undertakes to Applicants not to use such funds, subject to the Minimum Amount being reached at which point costs incurred by the Co-operative in connection with the Offer will be paid.

The Co-operative intends to issue welcoming letters and Share Certificates to successful Applicants within one month of notification of the allotment and issue of Offer Shares. The Board will not approve any Share transfers or withdrawals (each in accordance with the Rules) prior to the issue of Share Certificates.

Consequences if the Offer is unsuccessful

If less than the Minimum Amount is raised or the Board considers that for these or any other reason it is not likely to be able to proceed with the business plan, Application Monies will be returned to the Applicants in full.

Governing Law

This Document and the Terms and Conditions are subject to English law.

APPENDIX A. APPLICATION FORM AND GUIDANCE

Introduction

These notes are designed to help you. Before completing the Application Form you should consider taking appropriate financial or other advice, particularly in relation to any aspect of the Document which is not clear to you.

Your attention is particularly drawn to:

- The Risk Factors set out in this Document which describe risks relating to an investment in the Offer Shares;
- The Terms and Conditions of the Offer set out in this Document. By completing the Application Form you will make an irrevocable Offer which may be accepted by the Co-operative; and
- The Rules of the Co-operative available on www.plymouthenergycommunity.com/invest, because by subscribing for Offer Shares you may become a Member of the Co-operative and be bound by those Rules.

Applying for Offer Shares

The Offer is open to individuals, groups, Industrial and Provident Societies and other legal entities.

To save costs and paper, PEC Renewables would prefer investors to apply and pay for Shares online at: www.plymouthenergycommunity.com/invest. Once you have clicked the online investment option you will be directed to register on the Ethex website, who are responsible for managing Share Applications and the payment process. However, those who are not able to do so can apply using the Application Form at the back of this Document and making a payment by cheque only.

Subject to the Terms and Conditions, an Application is considered to be validly submitted when the Co-operative has received both the Application Form and the Application Monies which relate to it.

Amount to invest

The price of each Offer Share is £1. You should decide how many Offer Shares you want to subscribe for and put that number in the relevant box in the Application. The minimum number of Offer Shares you can apply for is 50. The maximum number of Offer Shares you can apply for (by law applicable to Industrial and Provident Societies) is 20,000 (except for investment by other Industrial and Provident Societies).

Any annual interest payments (and any other distributions) will be based on the number of Shares you hold, and you will 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 duly authorised, on behalf of an organisation, Industrial and Provident Society or other legal entity.

In accordance with the Rules, individuals under the age of 16 cannot become Members. Applicants under 18 years of age must have their shares held by a nominee who is over 18 years of age (e.g. parent or guardian) who meet the Membership eligibility criteria. If you wish to invest as a trustee or nominee on behalf of an individual under the age of 18 it is recommended that you take advice on any tax implications, and please note that the maximum investment of £20,000 includes any Shares subscribed for as a nominee for others. Shares issued in these circumstances can be transferred to an individual when he or she becomes 18 and the Board will endeavour to assist with that transfer when evidence of the individual having attained the age is presented to the Board. If you do wish to subscribe for Offer Shares as a nominee or trustee of a child, please indicate that intention as shown on the Application Form (please note, only a paper application can be accepted in these circumstances).

Payment

You should make payment for the exact amount shown in the box under 'Amount to invest' in the Application. If there is a discrepancy between the amount shown in that box and the amount presented for payment, we may at our discretion accept your Application for Offer Shares up to the value of your cleared payment, or reject your Application without further communication.

There are a number of payment options for online applications which are explained on the website. If you apply by completing the postal Application Form attached to this Document we can only accept payment by cheque.

Priority Application

The number of Offer Shares you apply for will not necessarily be the number of Shares you will receive. If the Offer is oversubscribed your Application may be scaled down, or even rejected in its entirety.

All eligible Applications are welcome, but in the event that the Offer is oversubscribed, the Directors will endeavour to give priority in accordance with the stated priority categories set out in the Terms and Conditions.

Declaration

In signing the Application Form or in submitting an Application online, as an individual, you are personally making an irrevocable Offer to enter into a contract to subscribe for Offer Shares with the Co-operative, subject to the Terms and Conditions. If you are signing on behalf of another individual or on behalf of another legal person you are personally representing that this is in accordance with due explicit authorisation for you to commit that other individual or person to enter into a contract to subscribe for Offer Shares in the Co-operative.

Under Money Laundering Regulations 2007, 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.

SHARE APPLICATION FORM

To save costs and paper we would prefer to receive applications and payments online. If you are able to do so please apply online at: www.plymouthenergycommunity.com/invest

If you wish to apply by post, please cut out the Application Form on the next page.

Words and expressions defined in the Document shall have the same meaning when used in this Application Form.

IMPORTANT: BEFORE COMPLETING AN APPLICATION ONLINE OR BY POST YOU MUST:

Read the Share Offer Document in full

Pay special attention to the Risk Factors set out on page 31 - 32 of the Share Offer Document

Consider whether you need to take financial or other advice in relation to the Document and your prospective investment

Read the Rules of the Co-operative available at www.plymouthenergycommunity.com/invest

PLEASE USE CAPITALS AND DARK INK

SHARE APPLICATION FORM

Amount to invest

I wish/my organisation wishes to invest a total amount of £
in Offer Shares in PEC Renewables Limited on the terms and conditions set out in the Document at the price of £1.00 per Offer Share.

You may invest not less than £50.00 and (except for Industrial and Provident Societies) not more than £20,000. If applying using this Form we can only accept payment by cheque made payable to PEC Renewables Limited. The cheque must be included with the Application Form.

Applicant details

Title (Please Circle): Mr / Mrs / Ms / Other

Forenames: Surname:

Date of birth:

Address:

Postcode:

Daytime telephone: Email address:

We prefer to save paper as far as possible by communicating electronically.
Please tick if:

You are willing to receive future communications solely by email

You are willing to receive any future distributions by bank transfer

If so, Account Name:

A/C No.: Sort Code:

Applicant details

If Applicant is nominee for a child (noting any tax implications)

Child's name: Date of birth:

Child's address and postcode (if different from above):

Applicant details

If Applicant is an organisation, show their address above and provide:

Organisation name:

Type of organisation:

Registration number:

Your role (as authorised signatory) in the organisation:



SHARE APPLICATION FORM



Declaration

I understand that the payment supporting this Application will be presented upon receipt and I warrant that it will be paid on first presentation.

I understand that my application will be handled by Ethex and that Ethex may need to contact me for further information to be able to complete my order.

I understand that:

- this Application may be withdrawn if a supplementary Document is issued, but not otherwise and if and when accepted by the Co-operative forms a contract subject to English law on the Terms and Conditions of the Document;
- Applications from non-UK residents will not be accepted;
- If the Offer is oversubscribed it is possible that an otherwise eligible Application will not be accepted in part or in whole; and that
- If insufficient funds are raised by the Offer, my subscription may be returned.

I confirm that:

- I have read the Document, including the Risk Factors, the Rules and the Guidance Notes to this Application Form and am not relying on any information or representation in relation to the Offer which is not included in the Document;
- I am over 18 and the Applicant meets the Offer eligibility criteria;
- I am responsible for obtaining any financial and tax advice concerning this Offer and I have not relied on the Co-operative or its advisers for any such advice;
- The Co-operative is hereby authorised to make such enquiries as are deemed necessary to confirm the eligibility of this Application;
- The Applicant is not (unless an Industrial and Provident Society) making an Application or multiple Applications for a total of more than 20,000 Shares;
- The Applicant will provide any additional information on request from the Co-operative in connection with this Application (including any information to provide the Co-operative with satisfactory evidence of your identity); and
- If signing this Application on behalf of any person/organisation, I have their explicit authority;
- I understand if my Application is successful I will become a member of the Co-operative and agree to be bound by its rules.

Signature:

Date:

Please send your completed Application Form and cheque to: PEC Renewables Limited, Floor 8, Civic Centre, Armada Way, Plymouth, PL1 2AA.

APPENDIX B. LETTER FROM FRANCIS CLARK LLP - ENTERPRISE INVESTMENT SCHEME ADVANCE ASSURANCE

FRANCISCLARK

CHARTERED ACCOUNTANTS

PRIVATE & CONFIDENTIAL

The Board of Directors
PEC Renewables Limited
Floor 8
Civic Centre
Plymouth
PL1 2AA

Dear Sirs

Enterprise Investment Scheme

In accordance with our engagement letter dated 16 December 2013, you have requested us to seek EIS advance assurance for a proposed share offer in PEC Renewables Limited ("PEC Renewables" or the "Company").

Eligibility for relief

In order for an individual investor to be eligible for EIS relief on an amount subscribed by him for an issue of shares in a Company a number of conditions must be met relating to the investment itself, the investor and the Company issuing shares.

Summary

Based on the information and representations provided to us by you, we have reviewed the conditions for EIS eligibility.

On the assumption that your business plan and details of the proposed share issues as contained in the Offer document dated 26 February 2014 and based on the information and representations provided to us by you, we believe that the proposed share issue should meet the investment requirements to qualify for EIS relief.

We have submitted a clearance application to H M Revenue & Customs ("HMRC") in order to obtain confirmation from them that these conditions have been met and that subject to any disqualifying events taking place in the three years after the commencement of trade following the share issue, EIS relief will be available.

We have no reason to believe that HMRC will not grant clearance to this application. We cannot however, provide assurance on when and if HMRC clearance will be granted and neither can we confirm every investor will be able to claim relief available. The actual availability of EIS tax relief will depend upon PEC Renewables using funds raised as planned, and there being no disqualifying events, which may be affected by unknown future circumstances. It will also be dependent upon an individual investor's personal circumstances.

We cannot comment on an individual investor's eligibility for the relief. An individual considering an investment in PEC Renewables who wishes to rely on obtaining tax reliefs under EIS should seek their own independent taxation and investment advice.



Yours faithfully

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