



# SOLAR 2014 INVESTMENT PORTFOLIO

## Annual Performance Summary 2016/17

Investment in the Low Carbon Hub 2014 share offer enabled the development of a new wave of renewable energy projects for Oxfordshire. This report summarises the performance of the portfolio over the 2016/17 financial year.

### PERFORMANCE REVIEW

In 2016/17 we generated 997 MWh against a forecast generation of 1,032 MWh. The shortfall of 1.6% (35,000 kWh) is primarily due to weather related under performance in June 2016 compounded by inverter failures at three sites. This did not have a material impact on revenue generation due to a more favourable balance of exports versus on site usage in actual performance than had been assumed in our forecasts.

Electricity prices have remained fairly stable during this period. The feed-in tariff rate is index-linked to Retail Prices Index (RPI), and on 1 April 2016 the feed-in tariffs rose by 1.2% on the previous year's rates. By comparison, the 1 April 2017 rise was 2.5%.

£200,000 of the investment from this share raise is used as working capital, and is currently deployed under a loan agreement between Low Carbon Hub IPS and Sandford Hydro Ltd at an interest rate of 5%.

### PROJECTS IN THIS PORTFOLIO

- Oxford Bus Company
- Banbury Academy (*two installations*)
- Bure Park Primary School
- Charlbury Primary School
- Cheney School
- Chilton County Primary School
- Edward Feild School
- Fir Tree Junior School
- Larkrise Primary School
- Norbar Torque Tools
- Owen Mumford (*four installations*)
- Stonesfield School
- The Warriner School
- Thomas Reade Primary School
- West Kidlington Primary School
- Wheatley Park School (*two installations*)

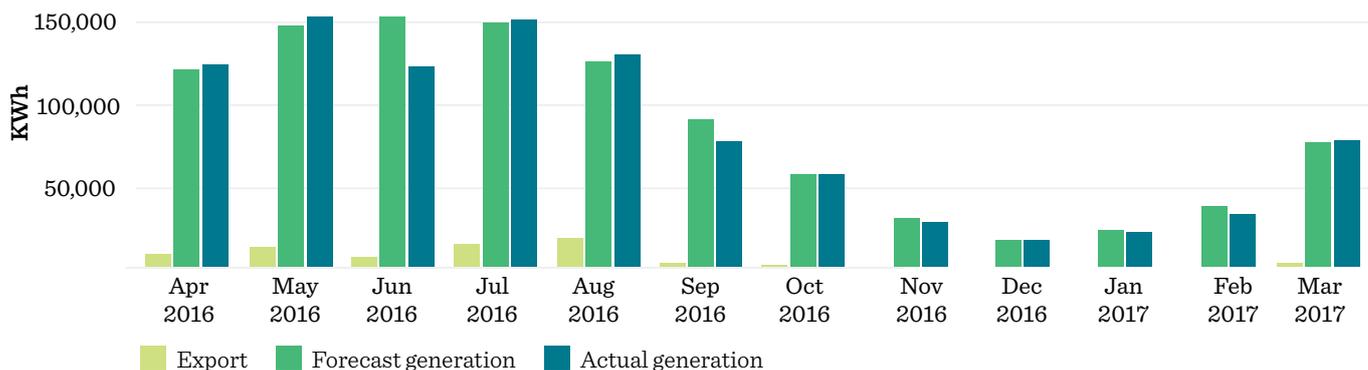
### PERFORMANCE: 2014 PORTFOLIO

#### Electricity generation

Total generation this year	<b>996,545 kWh</b>
As a percentage of predicted output	<b>96.6%</b>
CO <sub>2</sub> savings	<b>388 tonnes</b>

CO<sub>2</sub> savings based on UK electricity CO<sub>2</sub> intensities of 0.44932 kgCO<sub>2</sub>e/kWh (2016) and 0.50035 kgCO<sub>2</sub>e/kWh (2015)

#### Monthly generation results



### Returns

#### This financial year:

Interest declared per £ invested	<b>5p</b>
Total interest due to investors	<b>£ 92,200</b>
Savings on electricity bills by hosts	<b>£ 28,622</b>
Total IPS community benefit donation*	<b>£ 48,497</b>

#### Cumulative to date:

Interest to investors	<b>£ 92,200</b>
Savings on electricity bills by hosts	<b>£ 59,248</b>
Total IPS community benefit donation*	<b>£ 156,626</b>

This year sees the first payment of interest to Members and relates to the second full year of operation, in accordance with the share offer document.

\*Community benefit donations are based on an IPS operating surplus, rather than at portfolio level. This figure represents the total community benefit donation made by the IPS to Low Carbon Hub CIC, not just the income arising from this portfolio. In future years we would like to find an equitable way of attributing community benefit donations back to individual portfolios.

## KEY FACTS

### Projects

Number of installations	21
Total installed capacity	1.215 MW

### Funding

Total number of shareholders	357
Number of Class A investors	347
Number of Class B investors	10
Amount initially invested	£ 1,844,000
Capital returned	£ 0
Remaining investment capital	£ 1,844,000
Current debt funding towards capital costs	£ 0

### Lifetime anticipated benefits

Interest to investors	£ 1,490,344
Savings on electricity bills by hosts	£ 1,122,440
Community benefit income from this portfolio	£ 1,012,745

Expressed as nominal values and based on current equity levels.  
Excludes benefits derived from the working capital element.

## ABOUT INVESTMENT IN THIS PORTFOLIO

Class A shares are in the form of withdrawable shares. They cannot be sold, traded or transferred between members. They cannot increase in value.

Class B shares are in the form of transferable shares. Our ten pioneer investors between them hold £150,000 of Class B transferable shares. Their investment was through a private placement in 2013, and enabled us to install our first solar PV array at Oxford Bus Company. As set out in the 2014 Share Offer Document this installation has been incorporated into the 2014 portfolio and their return has been aligned to the terms set out in the 2014 Share offer, so all payments to investors are made on the same basis.

## ANTICIPATED RETURNS

In the first year of their investment, investors eligible for Enterprise Investment Scheme (EIS) were able to claim back 30% of their initial investment as tax relief. Investors eligible for Seed EIS were able to claim back 50% of their initial investment. Interest payments were then forecast to start from the end of the second full year of operation, a target that has been successfully met.

Decisions relating to annual interest payments will be based on the portfolio's performance during a financial year, and will also take into account The Low Carbon Hub IPS Limited's overall financial situation. We aim to notify

members of interest due the August after financial year close, and to make interest payments within 60 days of notification.

Income from investments in Registered Societies is treated as interest payments, not dividends, for tax purposes.

It is anticipated that capital will be gradually returned to investors from year four, with a number of shares being bought back each year such that all shares are bought back by twenty years after installation.

As set out in the original share offer document we anticipate for every £10,000 you invest, you could get back £21,123 after 20 years: your £10,000 initial capital; £3,000 as EIS tax relief; and £8,123 as interest.

Interest payments and capital repayments are not guaranteed and the decision to return capital will be made by the Directors.

Investors are reminded that any investment they make is an acknowledgement of their support for the development of renewable energy and, accordingly, a subscription for shares in the The Low Carbon Hub IPS Limited should primarily be regarded as an investment for social and environmental purposes rather than one that will produce a significant financial return.

## MANAGING YOUR INVESTMENT

The Registry Trust is responsible for the administration of shareholders' investments in Low Carbon Hub. They can be contacted on:

**Email:** [info@rtronline.org.uk](mailto:info@rtronline.org.uk)

**Telephone:** 020 7391 7295

Please contact them to:

- Notify us of changes to contact or bank account details
- Request nomination on death forms

Further information for investors can be found at [lowcarbonhub.org](http://lowcarbonhub.org)

## ABOUT LOW CARBON HUB

The Low Carbon Hub IPS Ltd is a Registered Society that operates for the benefit of the community. It generates income from the feed-in tariff and by selling renewable electricity. It aims to make a surplus that will enable The Low Carbon Hub IPS Limited and Low Carbon Hub CIC to lower carbon emissions across Oxfordshire by helping businesses, the public sector and communities to develop renewable energy projects and reduce energy demand. The two organisations work together as the Low Carbon Hub.

[www.lowcarbonhub.org](http://www.lowcarbonhub.org)

Low Carbon Hub, 9 Park End Street, Oxford OX1 1HH • [info@lowcarbonhub.org](mailto:info@lowcarbonhub.org)

The Low Carbon Hub IPS Limited is registered in England as a registered society under the Co-operative and Community Benefit Societies Act 2014.  
Registration number: 31903R, 9 Park End Street, Oxford OX1 1HH

Nothing in this document constitutes investment, tax, legal or other advice by The Low Carbon Hub IPS Limited, its Directors or advisers.