Second Community Share offer

Your opportunity to invest in solar projects at St Barnabas’ School, Jericho, and The Cherwell School, Oxford
Dear potential investor,

We are pleased to present our second community share offer. You are invited to invest in solar panels on both St Barnabas School and on a second site at the Cherwell School, through Oxford North Community Renewables (ONCORE).¹

We have learned a great deal from our first project at the Cherwell School and are delighted to be working too with St Barnabas School in Jericho, Oxford.

Through these projects we intend to provide discounted electricity for the schools; increase North Oxford’s contribution to dealing with dangerous climate change; generate funds for Low Carbon Oxford North and their carbon cutting work; and we hope to do it by attracting local people, especially parents and local residents, to join us.

As for our first project, we expect returns to be around 4.2%, which can increase to 7.67% if you are eligible for EIS tax relief.

The technology is now mature and well understood; the returns from the Feed in Tariff are guaranteed and index linked.

The ONCORE team of local people, all of whom worked on our previous project, are now experienced in solar projects.

Our offer opens on Dec 10th and we have to raise the first £41,351 by January 17th in order to ensure the St Barnabas scheme goes ahead in February. The details are all contained in this document. If you have further questions we hope we can answer these for you, and please contact info@ONCORE.org.uk or call Sam Clarke on 01865 559631.

Yours

Brenda Boardman, Sam Clarke, Adriano Figueiredo, Jonathan Finnerty, Julia Patrick, the Directors

¹ For further information please see our website at www.oncore.org.uk
Details of the project

The share offer aims to raise £94,515 to fund the installation of solar photovoltaic panels on two roofs at St Barnabas School in Jericho and a further roof at the Cherwell School. St Barnabas is a Church of England (Voluntary Aided) primary school set in its own grounds in Jericho, Oxford. It is owned by a charitable trust and has 236 pupils of primary and nursery age. The new Cherwell site is the South site that was once St Frideswide Middle school in North Oxford.

The panels are expected to generate 53,346 kWh a year in total given normal sunshine levels. The electricity will be used by the schools most of the time; when the school demand drops, such as in the summer holidays, the electricity will be fed into the grid.

Benefits of the projects

Having already installed panels at The Cherwell School North site in 2011, ONCORE has demonstrated that the benefits of this type of scheme can be shared by the school, the community, the shareholders and the environment. Electricity generated by the existing solar installation has to date exceeded our projections and shareholders have been paid interest in accordance with the projections set out in the first share offer.

With only 11% of Britain’s electricity being clean and renewable, there is an urgent need to replace coal and gas fired power stations with clean sources of energy. By 2050 our emissions will have to be reduced by 80%. This scheme intends to make its contribution by reducing Oxford’s impact on climate change by 28 tonnes of CO₂ annually.

The schools and their communities will benefit as the electricity generated will be sold to them at a discount.

ONCORE plans to contribute £1000 to each of St Barnabas and the Cherwell School to help the schools display the energy being generated and to excite the pupils and engage them in renewable energy.

This might involve a display in the school showing how much electricity is being generated and lesson plans to help teachers make use of the resource.

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2 As calculated by the Government’s Standard Assessment Procedure 2013
The scheme offers projected returns to investors of 4.2%. Three, Taxpayers are expected to gain the benefit of the Enterprise Investment Scheme (EIS): this means that they would get 30% of their investment taken off their income tax payable for that year. This increases the effective returns to investors to 7.67%. For further details of EIS, see below.

The final benefit is that the surpluses of the scheme go to Low Carbon Oxford North. LCON is a local charity which exists to help the residents of the area to reduce their climate emissions. It organises courses, events and gives advice to householders. ONCORE estimates that on average an additional £1600 a year will be generated for LCON’s carbon busting projects.

The money to be raised
We need to raise £94,515 to cover both projects and need to raise £41,351 by January 17th for St Barnabas. The largest part of this cost is the installation cost of £83,140 (£35,826 for St Barnabas and £47,314 for Cherwell) which is based on fixed cost quotes.

We are seeking to raise all of this from existing and new investors. In the event that we do not raise this capital in full, we will install the St Barnabas project first, or if not possible the Cherwell scheme, and return any excess money to unsuccessful applicants in full. If we do not raise enough capital to fund either of the projects, we will return money to applicants in full.

If we raise more than the £94,515, the directors will close the share offer and apportion requests for shares on a basis to be determined at the discretion of the directors. In doing this, we envisage wishing to extend the range of our shareholding base to include members from the St Barnabas school community and residents of Jericho.

What shares are being offered
ONCORE is an Industrial and Provident Society for community benefit (or ‘Community Benefit Society’) whose investors become members of the society. Members have one vote irrespective of their level of shareholding.

ONCORE is offering 20 year pledge shares in which investors waive their right to withdraw their capital at will. The Directors intend that interest on the investment is paid from the first full year of operation and capital returned in instalments over the 20 year period beginning at year 4.

For this share offer, £1 shares are being offered in multiples of £500. The minimum shareholding which you can apply for under this offer is therefore £500, and the maximum you can invest in ONCORE is £20,000 (so if you already own shares in ONCORE, you can only invest up to £20,000 in total). Directors hope to arrange a scheme with the Parent Teacher Associations to allow for small donations to be collected together for the purchase of shares in the name of the PTAs.

3 Returns to investors are calculated using the “internal rate of return” method over the 20 year life of the project.
The Directors

The directors are responsible for the running of the Community Benefit Society. The directors are with one exception, those who worked on the Cherwell scheme and thus now have considerable experience of working together. They are:

**Brenda Boardman**, Resident of Beechcroft Road, MBE, FEI (Fellow of the Energy Institute), DPhil, BA (hons), trustee of LCON, Emeritus Fellow, Environmental Change Institute, University of Oxford. Brenda continues to be active in undertaking research (for instance for Greenpeace) and in giving lectures, usually on fuel poverty. She teaches in Oxford and is an external examiner for the University of Cardiff and the Open University. She is also a trustee of the Centre for Sustainable Energy in Bristol and of the Chesshire-Lehmann Fund.

**Sam Clarke**, Resident of Victoria Road, BA, MBA, Chair of LCON, worked for many years in Oxfam finally as fundraising director, he then headed up two NGOs. Since then he has founded the Stop Climate Chaos Coalition, chaired Friends of the Earth and is now Chair of New Economics Foundation and Chair of the Soil Association Standards Board. He also chairs Oxford’s Low Carbon Hub.

**Adriano Figueiredo**, Resident of Ridgemont Close, BEng, MBA, general management, project management and project finance in different industry sectors. Adriano currently works with the Low Carbon Hub helping other community projects as well as setting up his own business to help deliver a low carbon future. Before that, as a senior manager at a property developer, he helped develop and implement the group’s strategy towards creating carbon neutral industrial buildings in the UK, Europe and Latin America.

**Julia Patrick**, Resident of Kingston Road, BA (Hons), MSc. Julia has worked as a director and consultant at the Low Carbon Hub, working with community groups to support community renewable energy projects, and developing a particular expertise in social enterprise structures and legal forms. She has extensive project management experience through working in central and regional government (mainly DTI / BIS) and earlier in her career qualified and practised as commercial solicitor at City law firm Freshfields. She recently completed an MSc in Environmental Change and Management.

**Jonathan Finnerty**, Treasurer, Resident of Jericho. Jonathan is a Chartered Accountant who has owned and run a media business and is now engaged in a new business manufacturing modular environmental buildings in Oxfordshire. Jonathan is involved in a number of local North Oxford community and environmental initiatives.

The rules of ONCORE require that directors stand for election every three years and that members may propose new directors. No directors have received any remuneration for their work. All directors or members of their family have invested in ONCORE.
How to Invest
To invest, please read this share offer document carefully. All applications are subject to the terms and conditions set out below and the Rules of ONCORE⁴. Investments are welcomed from existing members of ONCORE and new investors alike. To make your investment, please complete the application form attached and send it with your cheque to

Sam Clarke
Chairman
ONCORE
56 Victoria Road
Oxford
OX2 7QD

If you have questions about our plans, please email info@ONCORE.org.uk

You are advised to read the section on risks on page 8 to understand all the risks involved in an investment in ONCORE.

Our main income – the Feed in Tariff
The FIT is an incentive given by the government to encourage renewable electricity generation. It pays owners of solar panels (organisations or individuals) for the generation of electricity from the panels. The tariff is guaranteed for 20 years and is index linked. For the St Barnabas project, ONCORE pre-registered the scheme and fixed the tariff at 13.03 pence per kWh in April 2013. This tariff is valid for one year, and means we need to complete the St Barnabas installation by April 2014 to be eligible for the tariff.

For the Cherwell project, we intend to pre-register the scheme at the current feed in tariff of 12.57 pence per kWh.

Other income
The returns from the scheme are dependent on two other sources of income: these are the electricity sold to the schools and the export of any excess. The solar panels will be generating during the day and mostly this will correspond with the school needing electricity. On these occasions ONCORE has agreed to sell this energy to the school at 87% of their standard tariff. In the event that there is more electricity generated than the school needs, it will be fed into the grid. ONCORE will be deemed to be exporting 50% at a price of 4.6p per kWh (in respect of St Barnabas), and for the Cherwell South site (where we expect to export more than for St Barnabas), exports will be monitored and ONCORE will earn 4.6p for everything exported.

Timing of the two schemes
The St Barnabas scheme must be built during the half term break in February 2014 to guarantee the Feed in Tariff of 13.03p per kWh, and we therefore need to raise the necessary funds for this scheme by mid January 2014, to enable us to place the order for the panels. We started discussions with St Barnabas in early 2013 and were able to fix the Feed in Tariff for this scheme in April 2013. Our discussions with the Cherwell School began in the summer.

⁴ For a copy of the Rules visit www.oncore.org.uk
We expect the Feed in Tariff to be fixed until November 2014. The Cherwell installation can, therefore, follow at a later date.

**How the income will be spent**

We are able to estimate the returns from the schemes during their lifetime, but we cannot be sure. To allow for this uncertainty, the directors intend to spend the income from the schemes in the order shown below

- Maintenance of the panels and equipment
- Operational costs of ONCORE (such as audits and insurances)
- The Shareholder returns indicated in this document
- LCON will receive the remaining surplus for its projects and take the risk of higher or lower results.

**How shareholder returns work**

The shares being offered are called 20 year pledge shares because shareholders are asked to waive their rights to withdraw capital early or in one lump sum. They provide interest from year 1 and capital is returned over the 20 year lifetime of the project starting at year 4 similar to a repayment mortgage. The expected schedule of repayments is as shown in the diagram. The scheme offers projected returns to investors of 4.2%, plus any EIS benefits you are entitled to.

**What happens at the end of the project**

The Feed in Tariffs last for 20 years and the panels are guaranteed by the manufacturer for 25 years. Panels may continue to operate successfully beyond 25 years.

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**Investors’ returns, for a £1000 investment**

<table>
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<th>Year</th>
<th>Capital outstanding (£)</th>
<th>Annual interest repayment (£)</th>
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**Capital repayments**

**Interest repayments**
Once ONCORE has been able to repay the shareholders’ share capital and projected returns, it intends to offer the schools the panels and a fund to help with their ultimate removal.

**Enterprise Investment Scheme**

EIS is the scheme set up by the Government to encourage people to invest in small organisations which are considered higher risk. HMRC has confirmed in writing that ONCORE will continue to benefit from its advance EIS assurance (received in relation to its first share offer) which would allow tax paying investors to qualify for 30% investment tax relief for this project. Thus any investor who pays income tax would be eligible to get tax relief on their investment. For example, an investment of £1000 would cost the investor £700. The returns will still be based on the £1000 investment. This has the effect of increasing the projected returns from 4.2 to 7.67%. Further information can be found at HMRC’s website or from your tax adviser.

**Low Carbon Oxford North (LCON) and ONCORE**

ONCORE was set up in 2011 by LCON and soon afterwards launched its first project with The Cherwell School. This was installed in December 2011 and has been operating successfully ever since.

The arrangement is that at least £4000 of the income generated from the original Cherwell project is expected to be passed annually to LCON. The first payment to LCON has been loaned back to ONCORE to enable it to meet the initial costs of this scheme. For this scheme Directors expect an average of £1600 will be generated for LCON each year. It will be used for its work in North Oxford aimed at helping residents reduce their carbon emissions. This currently includes courses on climate change, thermal imaging of properties, the development of a e-car club and advice to residents on reducing their carbon emissions.

**Risks identified**

The capital costs for this project are mostly comprised of the fixed cost quotes for installation we have received from Joju Ltd, our partner in this project and installer of the Cherwell North site project. The panels are guaranteed to produce a certain output each year (reducing by around 10% over their 25 year life) by the manufacturer.

The Feed in Tariff and Export price will be paid to ONCORE through a 20 year contract with an electricity supplier and the tariff will increase annually in line with RPI.

5 Further information is available at http://www.hmrc.gov.uk/cis/
The Directors have identified the following risks which they will mitigate where they can:

- Local weather conditions may affect the amounts of electricity generated. Our estimates use Government approved methodology.\(^6\)
- The project may be delayed or incur unexpected additional technical financial or legal costs. The Directors have carried out as much advance planning and preparation including surveys, estimates and financial modelling as deemed necessary in their opinion.
- There may be interruptions to the generation of electricity caused by essential roof maintenance to the roofs on which the panels are located and costs incurred in temporarily removing the panels. Our financial model and lease allow for the costs of removing and reinstating the panels once during the 25 lease in circumstances where access to the roof for repairs was unforeseen.
- There may be interruptions to the generation of electricity caused by mechanical/electrical failure of equipment or poor installation. The panels are guaranteed to function for 25 years and the installation is covered for the first five years.
- The assumed proportions of the electricity generated that is supplied to the school may vary depending on the actual electricity demand at the school during daylight hours. In our projections we have assumed conservatively that 60% of electricity from the Cherwell School will be sold to the school.
- The price of the electricity sold to the school is set at a discount to the price charged by its main supplier which may go down as well as up. Current trends suggest that energy prices will increase.
- The finances for this project may be adversely affected by unforeseen costs on ONCORE’s existing investment at the Cherwell School. Equally the reverse may also be true and significant unforeseen costs for the new schemes would need to be covered by the original Cherwell investors. It is the directors’ view that the likelihood of either scheme not being able to meet unforeseen costs has been largely mitigated by insurances, prudent costing estimates and the economies of scale enjoyed by running more than one scheme under the same corporate umbrella.

The Directors whose names are above and ONCORE accept responsibility both individually and collectively for the information contained in the offer document. All statements of opinion contained in this Offer Document, all views expressed and all projections, forecasts or statements relating to expectations regarding future events or the possible future performance of ONCORE represent the assessment of ONCORE and the Directors based on information available to them as at the date of this Offer Document but are not to be read as guarantees or assurances that the particular events will in fact come about.

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\(^6\) The Standard Assessment Procedure 2013
Terms and Conditions

Your application
You cannot withdraw your application for shares after we receive your application form. The Directors do not have to accept your application for shares. They may decide not to issue shares to you or may allocate you fewer shares than you applied for. They do not have to give any reason for their decision. If the share offer is oversubscribed (i.e. the share offer attracts applications for more than the amount needed to finance the solar PV installation at St Barnabas School and the Cherwell School), shares will be allocated in order of receipt of application or as otherwise determined by the Directors. Once the full amount needed to finance the solar PV installations at St Barnabas School and the Cherwell School has been raised, the Directors of ONCORE will give notice of closure of the share offer, and any applications received after notice of closure will be returned to applicants.

Your application will be considered for approval at the first convenient Board of Directors meeting after you have applied, and therefore you should not expect an immediate response.

Your payment
Shares are payable in full on application. The Directors will acknowledge receipt of your cheque and application. They may cash your cheque as soon as it is received. ONCORE will hold your money on trust for you in a separate account until Directors consider your application.

The Directors will return your money to you (within 28 days of the Board of Directors meeting at which we consider your application) if they decide not to issue shares to you. If they decide to issue fewer shares to you than you applied for, they will return the balance to you (within 28 days of the Board of Directors meeting).

In this event ONCORE will not pay you interest on any money it returns to you. The money will belong to ONCORE (and the Directors no longer hold it in trust for you) as soon as the Directors issue shares to you (to the extent that they take it as payment for shares).

Your promises to us
You promise that:

• Your cheque will be honoured on presentation
• You, as an individual, are at least 16 years of age
• You have the authority to sign the application form. If you are signing it for another person, you will provide the Directors with evidence of your authority to sign if they ask to see it.
• You will supply us with proof of your identity and address if the Directors ask for it. We may need to do this to comply with the Money Laundering Regulations 2003. The Directors may have to hold back your shares until they see this.
• You are a resident in the United Kingdom

Demutualisation
You may not benefit financially from your shares if ONCORE converts, or transfers its business or is wound up. In this case, the only financial benefits you may receive from your shares are:

• The possibility of shares
• The possibility of the return of the money you paid for your shares

The Directors draw your attention to your obligations under rule 14 regarding the windfall if the Society converts, transfers its business or is wound up.

Should any greater financial benefit come into your hands, it will belong to such charity or community benefit society as we may nominate from time to time. You are to hold the benefit on trust for that charity or community benefit society.
To secure that (and your obligations under Rule 14.2 of our Rules) you appoint as your attorney the person holding office (from time to time) as our Secretary. That appointment is irrevocable. Your attorney has power to sign – on your behalf – an undertaking for which we may ask in accordance with Rule 14.3. (Footnote to our rules)

Miscellaneous
The law of England applies to these terms. The courts of England and Wales have exclusive jurisdiction. You will be bound by the rules of ONCORE (as may be amended from time to time) if the Directors issue shares to you.

The registered office for Oxford North Community Renewables Limited is:
56 Victoria Road
Oxford
OX2 7QD

Other legal information
The list of risks identified above is not necessarily comprehensive. Our shares are not ‘investments’ for the purposes of the Financial Services Act 1986. Therefore you do not have the level of protection that you might otherwise be offered by the Act. In particular, this document does not need approval (and has not been approved) by an ‘approved person’ under section 57 of the Financial Services Act 1986. Our share offer is exempt from the Financial Services and Markets Act 2000 or subsidiary regulations; this means you have no right of complaint to an ombudsman. This document is not regulated by the Prospectus Regulations 2005, which do not apply because there is a specific exemption for community benefit societies. A community benefit society is registered with but not authorised by the Financial Conduct Authority and therefore the money you pay for your shares is not safeguarded by any depositor protection scheme or dispute resolution scheme. As the whole of your investment could carry a risk, please consider it carefully in the context of the complete share offer document, and if needed seek independent advice.

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 advisor duly authorized under the Financial Services and Markets Act 2000, or from another appropriately authorized independent financial adviser.

Oxford North Community Renewables Ltd was registered with the Financial Services Authority on 18/4/2011 (Registered number 31239R). We used governing documents supplied by Wessex Community Assets, specialists in community investments (www.wessex.ac.co.uk).

Our governing document, the Rules, is available at www.ONCORE.org.uk and explains member/ shareholder rights as well as the management and constitution of the society. Like any investment, there are risks associated with this investment. Should ONCORE get into financial difficulties: it may not be in a position to pay interest; it may have to write down the value of your shares; or you may lose all the money you pay for your shares.

If ONCORE is wound up, the assets will used first to meet all liabilities; next, to repay members for their shares; and finally any surplus remaining will be passed on to a charity, society or other body with similar objectives. Directors of ONCORE have duly considered all statements and opinions contained in this offer document and, to the extent reasonably possible, such statements have been independently verified. Documents supporting such verification are available for inspection at the offices of Blake Lapthorn solicitors for the period the offer remains open. Please contact Sara Thompson at Seacourt Tower, Westway, Botley, OX2 0FB email sara.thompson@bllaw.co.uk

Advisers and bankers
Solicitors: Blake Lapthorn
Solicitors, Seacourt Tower, Botley Road, Oxford, OX2 0FB
Bankers: Co-operative Bank, Triodos Bank

Additional Documents on www.oncore.org.uk
The Rules of ONCORE
Financial Model (Excel spreadsheet)
Frequently asked Questions
Application Form  Second Community Share Offer

I wish to become a member of Oxford North Community Renewables Limited in accordance with the rules.

To become a member requires the purchase of shares. For this offer, shares are offered in multiples of £500. The maximum possible shareholding in Oxford North Community Renewables is £20,000.

I apply for 20 year pledge shares* to the value of £_______.
I enclose payment for that amount (cheques payable to Oxford North Community Renewables)

Applicant  2nd applicant (if making joint application)

First name(s) ____________________________ __________________________
Last name __________________________________________
Address _____________________________________________ _____________________________________________
________________________________________________________________________________________________
Telephone __________________________________________ Email _______________________________________________
Bank Account name __________________ Account Number __________________________
Sort code ____________________________ (We need these details to enable ONCORE to pay annual interest on your shares.)

Notices by email and documents on our website

To reduce our administrative costs, we would like to be able to send you formal notices by email, and refer you (via email) to documents posted on our website. By signing this form you consent to receiving such notices by email and accessing documents through our website.

Agreement

• I am at least 16 years old.
• I agree to be bound by the terms and conditions included in the attached Offer document and the Rules of Oxford North Community Renewables Limited.
• I understand that the Board may reject my application and does not have to tell me why it has been rejected.
• I consent to receiving formal notices by email and formal documents via ONCORE’s website.

Signature ____________________________ Date __________
Name in print ____________________________

Data protection & money laundering

The data provided by you on this form will be stored within a computerised database. This data will only be used for ONCORE purposes and will not be disclosed to a third party. It is a term of the offer that to ensure complete compliance with the Money Laundering Regulations 2003, ONCORE may at its absolute discretion require verification of identity from any person seeking to invest.

* In selecting 20 Year Pledge shares you hereby give notice that you wish to withdraw shares progressively each year from year 4 until year 20 on a schedule determined by the directors, and to waive any right to make any further requests to withdraw your shares.

Please return, enclosing your cheque, to:
Oxford North Community Renewables Limited,
56 Victoria Road, Oxford OX2 7QD